

Financial statements

The University of Newcastle

Income statement

For the year ended 31 December 2014

		Consolidated		Parent	
		2014 \$'000	2013 Restated*	2014 \$'000	2013 Restated*
Notes					
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	298,246	320,033	298,246	320,033
HELP - Australian Government Payment	2	142,534	134,638	142,534	134,638
State and local Government financial assistance	3	2,162	602	2,162	602
HECS-HELP - Student payments		8,167	9,060	8,167	9,060
Fees and charges	4	112,296	112,312	105,667	106,004
Investment revenue	5	21,803	21,592	21,182	20,826
Royalties, trademarks and licences	6	323	1,010	117	135
Consultancies and contracts	7	78,181	70,366	63,846	57,341
Other revenue	8	30,605	28,723	34,223	27,543
Total revenue from continuing operations		694,317	698,336	676,144	676,182
Other income					
Gains on disposal of assets		-	1,469	-	1,218
Total income from continuing operations		694,317	699,805	676,144	677,400
Expenses from continuing operations					
Employee related expenses	9	380,102	374,167	364,043	358,961
Deferred government employee benefits for superannuation	9	728	533	728	533
Depreciation and amortisation	10	36,703	36,516	36,440	36,021
Repairs and maintenance	11	27,996	31,441	27,588	31,000
Borrowing costs		5,086	4,901	5,086	4,901
Impairment of assets	12	(511)	1,337	(536)	1,257
Loss on disposal of assets		10,386	1,135	8,741	1,135
Other expenses	13	189,777	185,057	184,148	180,392
Total expenses from continuing operations		650,267	635,087	626,238	614,200
Net result before income tax		44,050	64,718	49,906	63,200
Income tax expense	14	211	116	-	-
Net result after income tax for the year		43,839	64,602	49,906	63,200
Net result attributable to members of University of Newcastle	33	43,839	64,602	49,906	63,200

* See note 39 for details on restatement for prior period error.

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

Statement of comprehensive income

For the year ended 31 December 2014

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	Restated*	\$000	Restated*
Net result for the year	43,839	64,602	49,906	63,200
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	7,178	17,734	7,171	17,707
Exchange differences on translation of foreign operations	252	472	-	-
Cash flow hedges, net of tax	(74)	1,129	(74)	1,129
Total	7,356	19,335	7,097	18,836
<i>Items that will not be reclassified to profit or loss</i>				
Gain on revaluation of property, plant and equipment, net of tax	12,345	22,445	10,952	23,838
Net actuarial (losses) gains recognised in respect of Defined Benefit Plans and University Pension Fund	(2,985)	900	(2,985)	900
Total	9,360	23,345	7,967	24,738
Total other comprehensive income for the year, net of tax	16,716	42,680	15,064	43,574
Total comprehensive income for the year	60,555	107,282	64,970	106,774
Total comprehensive income attributable to:				
The University of Newcastle	60,555	107,282	64,970	106,774

* See note 39 for details on restatement for prior period error.

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

Statement of financial position

As at 31 December 2014

		Consolidated			Parent		
	Notes	2014 \$000	2013 Restated* \$000	1 Jan 2013 Restated* \$000	2014 \$000	2013 Restated* \$000	1 Jan 2013 Restated* \$000
Assets							
Current assets							
Cash and cash equivalents	15	19,328	12,716	22,122	11,234	7,006	17,860
Trade and other receivables	16	39,587	38,073	36,111	38,955	37,341	35,280
Inventories	17	20	103	148	20	-	-
Other financial assets	18	170,978	135,135	194,537	160,778	119,535	178,587
Total current assets		229,913	186,027	252,918	210,987	163,882	231,727
Non-current assets							
Trade and other receivables	16	392,794	309,841	361,796	392,794	309,841	361,796
Other financial assets	18	270,085	299,040	208,082	269,689	297,454	207,918
Property, plant and equipment	19	974,744	915,491	833,320	974,426	914,273	831,071
Intangible assets	20	2,399	3,502	2,660	1,934	3,113	2,421
Total non-current assets		1,640,022	1,527,874	1,405,858	1,638,843	1,524,681	1,403,206
Total assets		1,869,935	1,713,901	1,658,776	1,849,830	1,688,563	1,634,933
Liabilities							
Current liabilities							
Trade and other payables	21	40,578	35,308	39,929	35,984	30,411	35,002
Current tax liabilities		232	164	174	-	-	-
Provisions	23	95,858	90,713	86,437	93,912	88,646	84,581
Other liabilities	25	10,412	9,117	8,528	6,807	5,183	5,537
Total current liabilities		147,080	135,302	135,068	136,703	124,240	125,120
Non-current liabilities							
Trade and other payables	21	273	387	494	273	387	494
Borrowings	22	85,000	85,000	85,000	85,000	85,000	85,000
Provisions	23	441,142	357,401	408,555	440,855	356,981	408,009
Derivative financial instruments	24	3,594	3,520	4,649	3,594	3,520	4,649
Total non-current liabilities		530,009	446,308	498,698	529,722	445,888	498,152
Total liabilities		677,089	581,610	633,766	666,425	570,128	623,272
Net assets		1,192,846	1,132,291	1,025,010	1,183,405	1,118,435	1,011,661
Equity							
Reserves	26	555,525	538,809	496,129	554,709	539,645	496,071
Retained earnings	26	637,321	593,482	528,881	628,696	578,790	515,590
Total equity		1,192,846	1,132,291	1,025,010	1,183,405	1,118,435	1,011,661

* See note 39 for details on restatement for prior period error.

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

Statement of changes in equity

For the year ended 31 December 2014

	Note	Consolidated			Parent		
		Reserves \$'000	Retained earnings \$'000	Total \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2013		496,129	529,466	1,025,595	496,071	516,175	1,012,246
Retrospective changes	39	-	(586)	(586)	-	(585)	(585)
Balance as restated		496,129	528,880	1,025,009	496,071	515,590	1,011,661
Net result for the year		-	64,602	64,602	-	63,200	63,200
Changes in the fair value of available-for-sale financial assets		17,734	-	17,734	17,707	-	17,707
Exchange differences on translation of foreign operations		472	-	472	-	-	-
Cash flow hedges, net of tax		1,129	-	1,129	1,129	-	1,129
Gain on revaluation of property, plant and equipment		22,445	-	22,445	23,838	-	23,838
Other comprehensive income		900	-	900	900	-	900
Total comprehensive income		42,680	64,602	107,282	43,574	63,200	106,774
Balance at 31 December 2013		538,809	593,482	1,132,291	539,645	578,790	1,118,435
Balance at 1 January 2014		538,809	593,482	1,132,291	539,645	578,790	1,118,435
Net result for the year		-	43,839	43,839	-	49,906	49,906
Changes in the fair value of available-for-sale financial assets		7,178	-	7,178	7,171	-	7,171
Exchange differences on translation of foreign operations		252	-	252	-	-	-
Cash flow hedges, net of tax		(74)	-	(74)	(74)	-	(74)
Gain on revaluation of property, plant and equipment		12,345	-	12,345	10,952	-	10,952
Other comprehensive income		(2,985)	-	(2,985)	(2,985)	-	(2,985)
Total comprehensive income		16,716	43,839	60,555	15,064	49,906	64,970
Balance at 31 December 2014		555,525	637,321	1,192,846	554,709	628,696	1,183,405

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

Statement of cash flows

For the year ended 31 December 2014

	Notes	Consolidated		Parent	
		2014 \$000	2013 Restated*	2014 \$000	2013 Restated*
Cash flows from operating activities					
Australian Government grants	2(i)	443,568	456,132	443,568	456,132
State Government grants		2,162	602	2,162	602
HECS-HELP – Student payments		8,167	9,060	8,167	9,060
Receipts from student fees and other customers		232,939	222,418	206,819	195,463
Dividends received		1,164	1,764	1,164	1,764
Payments to suppliers and employees (inclusive of GST)		(618,050)	(625,373)	(592,079)	(600,868)
Interest received		8,611	11,885	8,075	11,101
Interest paid		(5,050)	(4,857)	(5,050)	(4,857)
GST recovered (paid)		17,009	14,768	17,489	15,060
Income taxes paid		(158)	(146)	-	-
Net cash provided by operating activities	33	90,362	86,253	90,315	83,457
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		180	444	175	353
Proceeds from sale of available-for-sale financial assets		13,936	46,791	14,106	46,791
Proceeds from redemption of held to maturity investments		204,808	336,533	201,480	316,733
Payments for purchase of property, plant and equipment		(93,725)	(93,836)	(93,627)	(93,013)
Payments for purchase of available-for-sale financial assets		(6,440)	(79,314)	(6,438)	(79,311)
Payments for purchase of held to maturity investments		(202,379)	(306,541)	(201,751)	(285,891)
Proceeds from repayment of interest bearing loans		61	57	61	57
Payments for purchase of intellectual property		(385)	(255)	-	-
Proceeds from repayment of other loans		57	120	57	120
Net cash used in investing activities		(83,887)	(96,001)	(85,937)	(94,161)
Cash flows from financing activities					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(150)	(150)	(150)	(150)
Net cash (used) in financing activities		(150)	(150)	(150)	(150)
Net increase (decrease) in cash and cash equivalents held		6,325	(9,898)	4,228	(10,854)
Cash and cash equivalents at beginning of year		12,716	22,122	7,006	17,860
Effects of exchange rate changes on cash and cash equivalents		287	492	-	-
Cash and cash equivalents at end of financial year	15	19,328	12,716	11,234	7,006

* See note 39 for details on restatement for prior period error.

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

Notes to the financial statements

For the year ended 31 December 2014

Contents

	page
1. Summary of significant accounting policies	65
2. Australian Government financial assistance including HECS-HELP and other Australian	77
3. State and Local Government financial assistance	79
4. Fees and charges	79
5. Investment revenue	79
6. Royalties, trademarks and licences	79
7. Consultancies and contracts	80
8. Other revenue	80
9. Employee related expenses	80
10. Depreciation and amortisation	81
11. Repairs and maintenance	81
12. Impairment of assets	81
13. Other expenses	82
14. Income tax expense	82
15. Cash and cash equivalents	82
16. Trade and other receivables	83
17. Inventories	84
18. Other financial assets	84
19. Property, plant and equipment	84
20. Intangible assets	86
21. Trade and other payables	87
22. Borrowings	87
23. Provisions	88
24. Derivative financial instruments	90
25. Other liabilities	90
26. Reserves and retained surplus	91
27. Key management personnel	92
28. Remuneration of auditors	94
29. Contingencies	94
30. Commitments	94
31. Interests in other entities	95
32. Events occurring after reporting date	96
33. Reconciliation of net result after income tax to net cash flows from operating activities	96
34. Financial risk management	97
35. Fair value measurements	100
36. Defined benefits plans	102
37. Acquittal of Australian Government financial assistance	107
38. Land values and use	111
39. Correction of retrospective error	111

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. The University of Newcastle applies Tier 1 reporting requirements.

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

- *Higher Education Support Act 2003* (Cwth) (Financial Statement Guidelines) and *ACNC Act 2012* (Cwth)
- *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. The University of Newcastle and its subsidiaries together are referred to in this financial report as the Group.

Date of authorisation for issue

The financial statements were authorised for issue by the Council of the University of Newcastle on 22 April 2015.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss and 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 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).

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- 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(w).
- 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(w). These benefits are independently valued by an actuary where certain key assumptions are taken into account as outlined in note 36(c).
- 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.

Change in capitalisation threshold

On 1 January 2014 the Group increased the capitalisation threshold it applies to tangible and intangible assets from \$1,000 to \$5,000. The change resulted in a loss on disposal of assets of \$7,780,000 being reported in the 2014 Income statement.

(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 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

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 arrangements

Joint operations

Where relevant, the Group's share of assets, liabilities, revenue and expenses of a joint operation are incorporated into the financial statements under the appropriate headings.

(iv) Joint ventures

The interest in a joint venture 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.

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(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.

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 or 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 end of the reporting period;
- 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. In some cases this may not be probable until consideration is received or an uncertainty is removed. 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.

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

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

(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 or loss are also recognised outside profit or 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 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.

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(g) Business combinations (continued)

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(q)). 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.

(l) 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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

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 or 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 non-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.

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 or 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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(m) Derivatives (continued)

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 'borrowing 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 reporting 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.

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 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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(o) Property, plant and equipment (continued)

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 or 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:

	2014	2013
Buildings	40-70 years	40-70 years
Plant and equipment	2-10 years	2-10 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 Pty Ltd in November 2014.

(p) Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair

and minor renewal costs are also recognised as expenses, as incurred.

(q) 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 2 to 10 years.

(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.

(r) 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. During the year this arrangement was extended to cover the NSW State Authorities Non-Contributory Superannuation Scheme (SANCS). This arrangement is

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(r) Unfunded superannuation (continued)

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).

(s) 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.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. 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.

(u) Borrowing costs

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

Finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are included in the definition of borrowing costs.

(v) 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.

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.

(w) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before twelve months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave, accumulating sick leave and long service leave liabilities.

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 twelve 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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(w) Employee benefits (continued)

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. 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) Deferred government benefit for superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education (Education), the effects of the unfunded superannuation liabilities of the University of Newcastle and its controlled entities were recorded in the Income Statement and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Statement of Financial

Position under Provisions have been determined by Mercer Consulting (Australia) Pty Ltd and relate to SSS, SASS and SANCS on an emerging cost basis.

Deferred government benefits for superannuation are the amounts recognised as reimbursement rights as they are the amounts expected to be received from the Australian Government for the emerging costs of the superannuation funds for the life of the liability. Refer to note 36 for specific treatment.

(v) 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 the expense and liability for 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. The expense and liability are recognised when the Group 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.

Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within twelve months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before twelve months after the end of the reporting period are discounted to present value.

(x) 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.

(y) 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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

(y) Goods and services tax (GST) (continued)

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.

(z) Comparative amounts

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

(aa) 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.

(ab) 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 2014 reporting periods. The University's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 (2014) Financial instruments, was issued on 17 December 2014 (effective 1 January 2018).

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 Financial Instruments: Recognition and Measurement 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 into AASB 9:

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

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 group 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 this standard is adopted.

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:
 - establish the principle that the basis of depreciation and amortisation is the expected pattern of consumption of the future economic benefits of an asset
 - clarify it is not appropriate to use revenue based methods to calculate depreciation of assets
 - clarify that it is not appropriate to use revenue based methods to measure the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

There is no significant impact expected upon adoption of these amendments.

(ac) 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 group.

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

Notes to the financial statements (continued)

For the year ended 31 December 2014

1. Summary of significant accounting policies (continued)

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

▪ Interpretation 21 Accounting for Levies

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 group is not liable to pay any government levies, therefore there was no impact on the financial statements as a result of adoption of this interpretation.

▪ AASB 10 Consolidated Financial Statements

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 January 2013 has had no impact to the Group's financial statements.

▪ AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Joint Ventures and requires each party to a joint arrangement to recognise its rights and obligations arising from the arrangement. The standard redefines which arrangements qualify as joint ventures and removes the option to account for joint ventures using proportionate consolidation.

As the Group has no joint ventures, the adoption of this standard from 1 January 2013 has had no impact to the Group's financial statements.

▪ AASB 12 Disclosure of Interests in Other Entities

AASB 12 contains all required disclosures for 'other entities' (i.e. subsidiaries, associates and joint ventures previously in AASB 127, 128 and 131 and Interpretations 112 and 113). Entities will have to disclose more information about:

- the nature of and risks associated with its interests in controlled entities
- the financial effects of those interests

There has been no significant impact to the financial statements as a result of the adoption of this standard.

▪ AASB 127 Separate Financial Statements

The revised version of AASB 127 prescribes the accounting and disclosure requirements for controlled entities when an entity prepares separate financial statements.

There has been no significant impact to the financial statements as a result of the adoption of this revised standard.

▪ AASB 128 Investments in Associates and Joint Ventures

This standard requires investments in associates and joint ventures to be accounted for using the equity method, including investors with joint control of, or significant influence over, an investee.

There has been no significant impact to the financial statements as a result of the adoption of this revised standard.

Notes to the financial statements (continued)

For the year ended 31 December 2014

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

Australian Government loan programs		Consolidated		Parent		
		2014	2013	2014	2013	
		\$000	\$000	\$000	\$000	
Notes						
(a) Commonwealth Grants Scheme and other grants						
Commonwealth Grants Scheme		213,300	213,236	213,300	213,236	
Indigenous Support Program		2,246	2,368	2,246	2,368	
Disability Support Program		148	122	148	122	
Learning and Teaching Performance Fund		259	180	259	180	
Partnership and Participation Program		6,160	6,184	6,160	6,184	
Total Commonwealth Grants Scheme & other grants		37(a)	222,113	222,090	222,113	222,090
(b) Higher Education Loan Programs (HELP)						
HECS-HELP		121,349	116,105	121,349	116,105	
FEE-HELP		18,209	15,891	18,209	15,891	
SSAF-HELP		2,976	2,642	2,976	2,642	
Total Higher Education Loan Programs		37(b)	142,534	134,638	142,534	134,638
(c) Scholarships						
Australian Postgraduate Awards		6,110	5,919	6,110	5,919	
International Postgraduate Research Scholarships		499	513	499	513	
Commonwealth Education Costs Scholarship		301	115	301	115	
Commonwealth Accommodation Scholarships		280	194	280	194	
Indigenous Access scholarships		95	(1)	95	(1)	
Indigenous Staff Scholarships		(2)	43	(2)	43	
Total Scholarships		37(c)	7,283	6,783	7,283	6,783
(d) Education research						
Joint Research Engagement Program		8,877	8,394	8,877	8,394	
Research Training Scheme		15,179	15,290	15,179	15,290	
Research Infrastructure Block Grants		5,737	5,522	5,737	5,522	
Sustainable Research Excellence in Universities		4,111	4,068	4,111	4,068	
Total Education research		37(d)	33,904	33,274	33,904	33,274
(e) Other capital funding						
Education Investment Fund		-	26,414	-	26,414	
Total other capital funding		37(e)	-	26,414	-	26,414
(f) Australian Research Council						
Discovery						
Projects		7,178	8,097	7,178	8,097	
Fellowships		4,696	3,759	4,696	3,759	
Indigenous Researchers Development		271	176	271	176	
Total discovery		37(f)(i)	12,145	12,032	12,145	12,032

Notes to the financial statements (continued)

For the year ended 31 December 2014

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

	Notes	Consolidated		Parent	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
(f) Australian Research Council (continued)					
Linkages					
Infrastructure		150	480	150	480
Projects		1,709	2,546	1,709	2,546
Total linkages	37(f)(ii)	1,859	3,026	1,859	3,026
Networks and Centres					
Centres		4,237	2,300	4,237	2,300
Total Networks and Centres	37(f)(iii)	4,237	2,300	4,237	2,300
Total Australian Research Council		18,241	17,358	18,241	17,358
(g) Other Australian Government financial assistance					
Non-capital					
Indigenous Tutorial Assistance Scheme		557	292	557	292
Miscellaneous government grants		14,731	12,153	14,731	12,153
Total non-capital		15,288	12,445	15,288	12,445
Capital					
Miscellaneous government grants		1,417	1,669	1,417	1,669
Total capital		1,417	1,669	1,417	1,669
Total other Australian Government financial assistance		16,705	14,114	16,705	14,114
Total Australian Government financial assistance		440,780	454,671	440,780	454,671
(h) Reconciliation					
Australian Government Grants		298,246	320,033	298,246	320,033
Higher education loan programs (HELP)	2(b)	142,534	134,638	142,534	134,638
Total Australian Government financial assistance		440,780	454,671	440,780	454,671
(i) Australian Government grants received – cash basis					
CGS and Other Education Grants		222,170	222,273	222,170	222,273
Higher Education Loan Programs (HELP)		142,263	136,120	142,263	136,120
Scholarships		7,283	5,505	7,283	5,505
Education research		33,904	33,274	33,904	33,274
Other capital funding		-	26,414	-	26,414
ARC grants - Discovery		12,145	12,032	12,145	12,032
ARC grants - Linkages		1,859	3,027	1,859	3,027
ARC grants - Networks and Centres		4,237	2,300	4,237	2,300
Other Australian Government financial assistance		16,394	14,114	16,394	14,114
Total Australian Government grants received - cash basis		440,255	455,059	440,255	455,059
HELP OS (Net)		3,313	1,073	3,313	1,073
Total Australian Government funding received - cash basis		443,568	456,132	443,568	456,132

Notes to the financial statements (continued)

For the year ended 31 December 2014

3. State and Local Government financial assistance

Government grants were received during the reporting period for the following purposes:

	Notes	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Non-Capital					
State Government Contributions		1,162	602	1,162	602
Total		1,162	602	1,162	602
Capital					
State Government Capital Contributions		1,000	-	1,000	-
Total		1,000	-	1,000	-
Total State and Local Government financial assistance		2,162	602	2,162	602

4. Fees and charges

Course fees and charges				
Fee-paying onshore overseas students	68,525	70,709	68,525	70,709
Fee-paying offshore overseas students	10,660	10,735	4,067	4,472
Fee-paying domestic postgraduate students	11,169	10,104	11,169	10,104
Fee-paying domestic undergraduate students	46	77	46	77
Fee-paying domestic non-award students	424	428	424	428
Course and conference fees	1,656	1,860	1,627	1,859
Course materials	619	531	619	531
Total course fees and charges	93,099	94,444	86,477	88,180
Other non-course fees and charges				
Student accommodation	10,058	9,454	10,052	9,454
Other fees and charges	4,943	4,318	4,942	4,274
Student services and amenities fees from students	4,196	4,096	4,196	4,096
Total other fees and charges	19,197	17,868	19,190	17,824
Total fees and charges	112,296	112,312	105,667	106,004

5. Investment revenue

Distributions*	10,191	8,715	10,191	8,715
Interest	11,603	12,751	10,981	11,985
Other investment revenue	9	126	10	126
Total investment revenue	21,803	21,592	21,182	20,826

* Cumulative (gains) losses on available-for-sale investments transferred to the income statement are disclosed within note 26(b)

6. Royalties, trademarks and licences

Licence fees	323	1,010	117	135
Total royalties, trademarks and licences	323	1,010	117	135

Notes to the financial statements (continued)

For the year ended 31 December 2014

7. Consultancies and contracts

Notes	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Consultancies	1,259	1,068	1,237	987
Contract research				
National Health & Medical Research Council	12,531	14,390	12,531	14,390
Hunter Medical Research Institute	6,049	4,840	6,049	4,840
Co-operative research centre	968	1,091	968	1,091
Industry research	16,452	15,712	2,218	2,768
Other contract revenue	40,922	33,265	40,843	33,265
Total contract research	76,922	69,298	62,609	56,354
Total consultancies and contracts	78,181	70,366	63,846	57,341

8. Other revenue

Cost recoveries	9,947	12,136	10,303	12,704
Donations and bequests	1,026	802	5,977	802
Insurance recoveries	822	643	796	634
Other related party revenue	-	-	3,547	2,640
Scholarships and prizes	1,190	1,453	1,206	1,492
Sponsorship	3,226	3,786	3,290	3,592
Advertising	1,292	1,254	1,292	1,254
Sale of goods	2,048	2,097	146	-
Rents	2,140	2,517	859	1,002
Other revenue	8,914	4,035	6,807	3,423
Total other revenue	30,605	28,723	34,223	27,543

9. Employee related expenses

Academic				
Salaries	137,247	131,944	135,659	130,449
Contributions to funded superannuation schemes	21,555	21,013	21,498	20,955
Payroll tax	9,040	8,739	9,040	8,739
Workers compensation	978	1,135	978	1,135
Long service leave	4,703	4,257	4,703	4,257
Annual leave	7,977	11,695	7,969	11,710
Other				
Parental leave	1,585	1,555	1,585	1,555
Contract severance	398	928	398	928
Voluntary separation	771	1,243	770	1,090
Total academic	184,254	182,509	182,600	180,818

Notes to the financial statements (continued)

For the year ended 31 December 2014

9. Employee related expenses (continued)

	Notes	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Professional and teaching					
Salaries		144,408	138,999	133,276	128,159
Contribution to funded superannuation schemes		20,783	21,219	19,704	20,131
Payroll tax		9,487	9,378	9,026	8,895
Workers compensation		1,360	1,214	951	1,182
Long service leave		4,197	3,717	3,953	3,557
Annual leave		7,380	12,627	6,399	11,714
Other					
Parental leave		1,563	1,533	1,561	1,534
Contract severance		399	1,430	399	1,430
Voluntary separation		6,271	1,541	6,174	1,541
Total professional and teaching		195,848	191,658	181,443	178,143
Total employee related expenses		380,102	374,167	364,043	358,961
Deferred government employee benefits for superannuation	36(e)	728	533	728	533
Total employee related expenses, including deferred government employee benefits for superannuation		380,830	374,700	364,771	359,494

10. Depreciation and amortisation

Depreciation					
Buildings and infrastructure		22,475	20,730	22,429	20,684
Plant and equipment		12,586	14,565	12,676	14,219
Artworks and libraries		-	2	-	2
Total depreciation		35,061	35,297	35,105	34,905
Amortisation					
Intangibles		1,642	1,219	1,335	1,116
Total depreciation and amortisation		36,703	36,516	36,440	36,021

11. Repairs and maintenance

Buildings		8,826	11,122	8,760	11,108
Cleaning		6,615	6,393	6,396	6,147
Repairs and maintenance - general		12,555	13,926	12,432	13,745
Total repairs and maintenance		27,996	31,441	27,588	31,000

12. Impairment of assets

Impairment losses - financial assets					
Trade receivables		1,152	1,323	1,122	1,322
Other financial assets - Available-for-sale		-	58	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2014

12. Impairment of assets (continued)

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	Restated \$000	\$000	Restated \$000
Reversal of impairment losses - financial assets				
Trade receivables	(1,566)	(44)	(1,561)	(65)
Recovery of receivables written off in prior years	(97)	-	(97)	-
Total impairment of assets	(511)	1,337	(536)	1,257

13. Other expenses

Advertising, marketing and promotions	4,467	4,778	4,352	4,660
Consumables	25,965	25,867	24,864	24,425
Insurances	2,170	2,459	2,041	2,331
Minor equipment	16,407	12,554	15,342	11,672
Operating lease rental	3,931	4,137	3,915	4,125
Professional services	47,951	45,466	47,047	44,893
Scholarships, grants and prizes	37,763	37,653	37,596	37,613
Telecommunications	4,008	3,906	3,846	3,811
Travel, staff development and entertainment	17,904	19,894	17,137	19,097
Utilities	6,678	7,327	6,708	7,311
Related party expenses	-	-	193	216
Other expenses	22,533	21,016	21,107	20,238
Total other expenses	189,777	185,057	184,148	180,392

14. Income tax expense

(a) Income Tax Expense

Current tax	211	116	-	-
	211	116	-	-
Income tax expense is attributable to:				
Net result from continuing operations	211	116	-	-
Aggregate income tax expense	211	116	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Net results from continuing operations before income tax expense	44,050	64,718	49,906	63,200
Tax at the Australian rate of 30% (2013: 30%)	13,215	19,415	14,972	18,960
Tax effect of amounts which are not (taxable) deductible in calculating taxable income	(12,800)	(19,150)	(14,972)	(18,960)
Difference in overseas tax rates	(204)	(149)	-	-
Income tax expense	211	116	-	-

15. Cash and cash equivalents

Cash at bank, on hand, and cash equivalents	19,328	12,716	11,234	7,006
Total cash and cash equivalents	19,328	12,716	11,234	7,006

Notes to the financial statements (continued)

For the year ended 31 December 2014

15. Cash and cash equivalents (continued)

(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:

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	Restated \$000	\$000	Restated \$000
Cash and cash equivalents	19,328	12,716	11,234	7,006
Balance as per Statement of cash flows	19,328	12,716	11,234	7,006

(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. The weighted average interest rate was 2.41% as at 31 December 2014 (2013: 3.13%).

16. Trade and other receivables

Current				
Trade receivables	22,889	21,997	19,337	18,573
Provision for impairment	(1,152)	(2,141)	(1,122)	(2,123)
Prepayments	15,067	13,197	14,984	13,084
Related party receivables	-	-	2,880	2,728
Other receivables	2,783	5,020	2,876	5,079
Total current receivables	39,587	38,073	38,955	37,341
Non-current				
Deferred government benefit for superannuation* (note 1(r))	392,201	309,183	392,201	309,183
Other receivables	593	658	593	658
Total non-current receivables	392,794	309,841	392,794	309,841

* This meets the definition of a reimbursement right under AASB 119 Employee Benefits. Refer to note 36 (d) for details of the relationship between the reimbursement right and the related obligation.

(a) Impaired receivables

As at 31 Dec 2014 current receivables of the Group with a nominal value of \$1,152,476 (2013: \$2,141,257) were impaired. The amount of the provision was \$1,152,476 (2013: \$2,141,257). The individually impaired receivables mainly relate to student fees. The aging of these receivables is as follows:

Over 3 months	1,152	2,141	1,122	2,123
	1,152	2,141	1,122	2,123

As at 31 December 2014 trade receivables of the Group with a nominal value of \$6,044,000 (2013: \$9,776,045) 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	6,044	9,798	5,419	8,248
	6,044	9,798	5,419	8,248

Movements in the provision for impaired receivables are as follows:

At 1 January	2,141	1,667	2,123	1,649
Provision for impairment recognised during the year	1,152	1,323	1,122	1,322
Receivables written off during the year as uncollectible	(575)	(849)	(562)	(848)
Reversal of previously impaired receivables	(1,566)	-	(1,561)	-
	1,152	2,141	1,122	2,123

The creation and release of the provision for impaired receivables has been included in 'impairment of assets' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

Notes to the financial statements (continued)

For the year ended 31 December 2014

17. Inventories

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
Retail stock on hand	20	103	20	-
Total current inventories	20	103	20	-

18. Other financial assets

Current				
Held to maturity investments	170,978	135,135	160,778	119,535
Total current other financial assets	170,978	135,135	160,778	119,535
Non-current				
Available-for-sale financial assets	213,861	206,773	213,495	206,415
Held to maturity investments	56,224	92,267	56,194	91,039
Total non-current other financial assets	270,085	299,040	269,689	297,454

19. Property, plant and equipment

Land				
At independent valuation	54,210	51,530	54,210	51,530
Total land	54,210	51,530	54,210	51,530
Buildings				
At independent valuation	701,417	660,590	701,417	660,590
At cost	2,231	46,766	2,231	46,766
Accumulated depreciation	(3,209)	(4,562)	(3,209)	(4,562)
Total buildings	700,439	702,794	700,439	702,794
Infrastructure				
At independent valuation	60,121	55,614	60,121	55,614
At cost	1,244	3,941	1,244	3,941
Accumulated depreciation	(592)	(678)	(592)	(678)
Total Infrastructure	60,773	58,877	60,773	58,877
Capital works in progress				
At cost	108,784	46,026	108,784	46,026
Total capital works in progress	108,784	46,026	108,784	46,026
Plant and equipment				
At cost	122,903	128,023	122,075	125,323
Accumulated depreciation	(77,878)	(77,154)	(77,368)	(75,670)
Total plant and equipment	45,025	50,869	44,707	49,653
Artworks and library				
At fair value	5,347	5,347	5,347	5,347
At cost	166	49	166	46
Accumulated depreciation	-	(1)	-	-
Total artworks and library	5,513	5,395	5,513	5,393
Total property, plant and equipment	974,744	915,491	974,426	914,273

Notes to the financial statements (continued)

For the year ended 31 December 2014

19. Property, plant and equipment (continued)

	Land \$000	Build- ings \$000	Infra- structure \$000	Capital Works in Progress \$000	Plant & Equip- ment \$000	Artwork and Libraries \$000	Total \$000
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year:							
Consolidated							
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	-
Asset 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
Balance at 1 January 2014	51,530	702,794	58,877	46,026	50,869	5,395	915,491
Additions	-	-	-	92,252	-	-	92,252
Transfers in (out)	-	11,365	2,299	(29,494)	15,710	120	-
Assets disposals	-	(289)	(1,360)	-	(8,955)	(2)	(10,606)
Depreciation expense	-	(20,076)	(2,386)	-	(12,599)	-	(35,061)
Revaluation increase recognised in equity	2,680	6,645	3,343	-	-	-	12,668
Balance at 31 December 2014	54,210	700,439	60,773	108,784	45,025	5,513	974,744
Parent							
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 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
Balance at 1 January 2014	51,530	702,794	58,877	46,026	49,653	5,393	914,273
Additions	-	-	-	92,002	-	-	92,002
Transfers in (out)	-	11,365	2,299	(29,244)	15,460	120	-
Assets disposals	-	(289)	-	-	(7,730)	-	(8,019)
Depreciation expense	-	(20,076)	(2,353)	-	(12,676)	-	(35,105)
Revaluation increase recognised in equity	2,680	6,645	1,950	-	-	-	11,275
Balance at 31 December 2014	54,210	700,439	60,773	108,784	44,707	5,513	974,426

(a) Valuations of land and buildings

The University's land and buildings were revalued at 30 November 2014 by independent valuers Global Valuation Services Pty Ltd. 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 have acted knowledgeably, prudently and without compulsion.

Notes to the financial statements (continued)

For the year ended 31 December 2014

20. Intangible assets

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Computer software				
Cost	24,669	24,754	24,592	24,601
Accumulated amortisation and impairment	(22,735)	(21,622)	(22,658)	(21,488)
Net carrying value	1,934	3,132	1,934	3,113
Intellectual property				
Cost	3,642	3,249	-	-
Accumulated amortisation and impairment	(3,177)	(2,879)	-	-
Net carrying value	465	370	-	-
Total intangibles	2,399	3,502	1,934	3,113

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

	Computer software \$000	Intellectual property \$000	Total \$000
Consolidated			
Balance at 1 January 2013	2,463	197	2,660
Additions	1,757	255	2,012
Transfer in (out) of work in progress	49	-	49
Amortisation expense	(1,137)	(82)	(1,219)
Closing value at 31 December 2013	3,132	370	3,502
Balance at 1 January 2014	3,132	370	3,502
Additions	892	385	1,277
Disposals	(85)	-	(85)
Transfer in (out) of work in progress	(653)	-	(653)
Amortisation expense	(1,352)	(290)	(1,642)
Closing value at 31 December 2014	1,934	465	2,399
Parent			
Balance at 1 January 2013	2,421	-	2,421
Additions	1,759	-	1,759
Transfer in (out) of work in progress	49	-	49
Amortisation expense	(1,116)	-	(1,116)
Closing value at 31 December 2013	3,113	-	3,113
Balance at 1 January 2014	3,113	-	3,113
Additions	892	-	892
Disposals	(83)	-	(83)
Transfer in (out) of work in progress	(653)	-	(653)
Amortisation expense	(1,335)	-	(1,335)
Closing value at 31 December 2014	1,934	-	1,934

Notes to the financial statements (continued)

For the year ended 31 December 2014

21. Trade and other payables

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Current				
<i>Unsecured liabilities</i>				
Trade creditors	33,559	29,629	32,741	28,068
OS-HELP liability to Australian Government	1,042	209	1,042	209
Other payables	5,977	5,470	2,201	2,134
Total current trade and other payables	40,578	35,308	35,984	30,411
Non-current				
<i>Unsecured liabilities</i>				
Other non-current payables	273	387	273	387
Total non-current trade and other payables	273	387	273	387

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:

Australian dollar	40,484	35,020	36,027	30,326
Canadian dollar	-	3	-	3
Euro	28	176	28	176
Great British pound	58	3	58	3
Singaporean dollar	387	440	-	-
US dollar	64	165	64	165
Total	41,021	35,807	36,177	30,673

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 34.

22. Borrowings

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. All facilities are unsecured.

Credit card facility				
Total facilities	10,000	10,000	10,000	10,000
Used at balance date	(1,321)	-	(1,321)	-
Unused at balance date	8,679	10,000	8,679	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

Notes to the financial statements (continued)

For the year ended 31 December 2014

22. Borrowings (continued)

	Consolidated		Parent	
(a) Financing arrangements	2014 \$000	2013 \$000	2014 \$000	2013 \$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	-	-	-	-

(b) Fair value

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

	2014		2013	
	Carrying amount \$000	Fair value \$000	Carrying amount \$000	Fair value \$000
Consolidated				
Recorded in the statement of financial position				
<i>Non-traded financial liabilities</i>				
Unsecured bank loan	85,000	85,000	85,000	85,000
Total non-current borrowings	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) Recorded in the statement of financial position

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 5.4%, (2013 5.7%).

23. Provisions

	Consolidated		Parent	
	2014 \$000	2013 Restated \$000	2014 \$000	2013 Restated \$000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	21,112	19,388	20,316	18,507
Long service leave	14,220	13,002	14,002	12,777
Redundancy	2,350	761	2,350	761
Contract severance	400	509	400	509
Pension entitlements	1,924	1,876	1,924	1,876
Other provisions				
Parental leave	1,525	1,489	1,525	1,489
Unused sick leave	834	1,139	834	1,139
	42,365	38,164	41,351	37,058

Notes to the financial statements (continued)

For the year ended 31 December 2014

23. Provisions (continued)

	Consolidated		Parent	
	2014 \$000	2013 Restated \$000	2014 \$000	2013 Restated \$000
Current provisions expected to be settled after more than 12mths				
Employee benefits				
Annual leave	3,398	4,463	3,307	4,326
Long service leave	44,906	43,423	44,065	42,599
Contract severance	5,189	4,663	5,189	4,663
	53,493	52,549	52,561	51,588
Total current provisions	95,858	90,713	93,912	88,646
Non-current provisions				
Employee benefits				
Long service leave	14,653	13,130	14,366	12,710
Pension entitlements	34,288	32,032	34,288	32,032
Defined benefit obligation	392,201	312,239	392,201	312,239
Total non-current provisions	441,142	357,401	440,855	356,981

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(w) 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(w).

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(w) 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(w) 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(w) 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(w) to this report.

Provision for pension entitlements

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

Provision for defined 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:

Notes to the financial statements (continued)

For the year ended 31 December 2014

23. Provisions (continued)

	Annual Leave \$000	Long Service Leave \$000	Redun- dancy \$000	Contract severance \$000	Pensions \$000	Other \$000	Total \$000
Consolidated							
Current							
Opening balance at 1 January 2014	23,851	56,425	761	5,172	1,876	2,628	90,713
Additional provisions	23,002	9,167	2,349	752	1,924	2,862	40,056
Provisions used	(22,343)	(6,466)	(761)	(335)	(1,876)	(3,130)	(34,911)
Balance at 31 December 2014	24,510	59,126	2,349	5,589	1,924	2,359	95,858

	Long Service Leave \$000	Pensions \$000	Deferred Super- annuation \$000	Total \$000
Consolidated				
Non-current				
Opening balance at 1 January 2014	13,130	32,032	312,240	357,402
Additional provisions	1,523	(729)	79,961	80,755
Amounts transferred to reserves	-	2,985	-	2,985
Balance at 31 December 2014	14,653	34,288	392,201	441,142

24. Derivative financial instruments

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Non-current				
Interest rate swap - cash flow hedge	3,594	3,520	3,594	3,520
Total derivative financial instruments	3,594	3,520	3,594	3,520

(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 5.4% (2013: 5.7%) and the variable net rate is at the end of the reporting period was 3.6% (2013: 3.8%).

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	10,412	9,117	6,807	5,183
Total current other liabilities	10,412	9,117	6,807	5,183

Notes to the financial statements (continued)

For the year ended 31 December 2014

26. Reserves and retained surplus

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	Restated \$000	\$000	Restated \$000
(a) Reserves				
Available-for-sale investments revaluation	36,137	28,959	35,998	28,827
Foreign currency translation surplus	677	425	-	-
Cash flow hedge	(3,594)	(3,520)	(3,594)	(3,520)
Property, plant and equipment revaluation	524,390	512,045	524,390	513,438
Defined benefit actuarial remeasurements	(2,085)	900	(2,085)	900
Total reserves	555,525	538,809	554,709	539,645
(b) Movements in reserves				
Available-for-sale investments revaluation				
Balance as at 1 January	28,959	11,225	28,827	11,120
Revaluation increment (decrement)	6,220	18,965	6,213	18,938
Transfers to income statement	958	(1,231)	958	(1,231)
Balance as at 31 December 2014	36,137	28,959	35,998	28,827
Foreign currency translation surplus				
Balance as at 1 January	425	(47)	-	-
Currency translation differences arising during the year	252	472	-	-
Balance as at 31 December 2014	677	425	-	-
Cash flow hedge				
Balance as at 1 January	(3,520)	(4,649)	(3,520)	(4,649)
Revaluation increment (decrement)	(74)	1,129	(74)	1,129
Balance as at 31 December 2014	(3,594)	(3,520)	(3,594)	(3,520)
Property, plant and equipment revaluation				
Balance as at 1 January	512,045	489,600	513,438	489,600
Revaluation increment (decrement)	12,668	23,632	11,275	25,025
Transfers to net profit-gross	(323)	(1,187)	(323)	(1,187)
Balance as at 31 December 2014	524,390	512,045	524,390	513,438
Defined benefit actuarial remeasurements				
Balance as at 1 January	900	-	900	-
Revaluation increment (decrement)	(2,985)	900	(2,985)	900
Balance as at 31 December 2014	(2,085)	900	(2,085)	900
Total reserves	555,525	538,809	554,709	539,645
(c) Retained earnings				
Retained earnings at the beginning of the year	593,482	528,880	578,790	515,590
Net result for the year	43,839	64,602	49,906	63,200
Retained earnings at end of the year	637,321	593,482	628,696	578,790

Notes to the financial statements (continued)

For the year ended 31 December 2014

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.

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 Pension are recognised in other comprehensive income as described in note 1(w) and accumulated in a separate reserve within equity.

27. Key management personnel

(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
Dr Tom Griffiths
Ms Leanne Holt
Professor Mark Jones
Mr Brian Kennaugh
Dr Geoff Leonard AM
Conjoint Professor Geoff Lillis
Ms Deborah Wright
Mr Robert Kennedy
Ms Michelle McPherson
Professor Pablo Moscato
Dr Roslyn Larkin
Associate Professor Wayne Reynolds
Ms Nerida Lithgow
Mr Vivak Bhavitheren Ravindran

(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 Kevin Hall
Mr Nat McGregor
Professor Andrew Parfitt
Professor Nick Talley
Laureate Professor John Aitken
Professor Liz Burd
Professor Richard Dunford
Mr Paul Dunn
Mrs Winnie Eley
Professor John Germov
Professor Deborah Hodgson
Professor Bill Hogarth
Mr Earle Macgregor
Professor Brett Ninness
Professor Eileen McLaughlin
Mr Craig Wallis

Notes to the financial statements (continued)

For the year ended 31 December 2014

27. Key management personnel (continued)

(c) Remuneration of key management personnel

	Consolidated		Parent	
	2014 Number	2013 Number	2014 Number	2013 Number
Council and Board Members of subsidiary entities				
\$nil	12	17	-	2
\$1 to \$9,999	10	8	3	1
\$10,000 to \$19,999	9	7	8	5
\$20,000 to \$29,999	-	1	-	1
\$30,000 to \$39,999	2	1	2	1
\$40,000 to \$49,999	1	-	1	-
\$60,000 to \$69,999	1	-	1	-
\$80,000 to \$89,999	1	-	1	-
\$100,000 to \$109,999	1	-	1	-
\$110,000 to \$119,999	1	-	1	-
\$130,000 to \$139,999	-	2	-	2
\$150,000 to \$159,999	-	1	-	1
\$230,000 to \$239,999	-	1	-	-
\$240,000 to \$249,999	1	3	1	2
\$380,000 to \$389,999	1	-	-	-
\$700,000 to \$709,999	1	1	1	1
	41	42	20	16
Other key management personnel				
\$nil	-	1	-	1
\$20,000 to \$29,999	2	-	2	-
\$30,000 to \$39,999	-	1	-	-
\$50,000 to \$59,999	-	1	-	1
\$70,000 to \$79,999	1	-	1	-
\$80,000 to \$89,999	-	1	-	1
\$100,000 to \$109,999	-	1	-	1
\$110,000 to \$119,999	-	3	-	1
\$130,000 to \$139,999	-	1	-	1
\$140,000 to \$149,999	-	1	-	1
\$150,000 to \$159,999	1	-	1	-
\$160,000 to \$169,999	-	1	-	1
\$180,000 to \$189,999	2	-	-	-
\$190,000 to \$199,999	-	2	-	1
\$200,000 to \$209,999	1	2	1	2
\$240,000 to \$249,999	-	1	-	1
\$250,000 to \$259,999	-	1	-	1
\$260,000 to \$269,999	-	1	-	1
\$270,000 to \$279,999	1	-	1	-
\$320,000 to \$329,999	2	-	2	-
\$330,000 to \$339,999	1	1	1	1

Notes to the financial statements (continued)

For the year ended 31 December 2014

27. Key management personnel (continued)

(c) Remuneration of key management personnel (continued)

	Consolidated		Parent	
	2014 Number	2013 Number	2014 Number	2013 Number
Other key management personnel (continued)				
\$340,000 to \$349,999	1	1	1	1
\$380,000 to \$389,999	-	1	-	1
\$400,000 to \$410,999	2	-	2	-
\$410,000 to \$419,999	2	1	2	1
\$430,000 to \$439,999	2	-	2	-
\$440,000 to \$449,999	-	1	-	1
\$450,000 to \$459,999	-	2	-	2
\$700,000 to \$709,999	1	1	1	1
	19	26	17	22

(d) Key management personnel compensation

	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Short-term employee benefits	6,995	6,831	6,187	6,016
Termination benefits	267	492	267	340
Total key management personnel compensation	7,262	7,323	6,454	6,356

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.

	\$	\$	\$	\$
Audit services				
<i>Audit and review of financial statements</i>				
Audit Office of NSW	355,765	345,670	273,800	267,870
BDO Singapore	16,188	15,986	-	-
Total remuneration for audit services	371,953	361,656	273,800	267,870

29. Contingencies

Contingent liabilities

The University has a \$2,700,000 bank guarantee as security for a rental bond which expires on 31 May 2027 (2013: \$500,000).

Contingent assets

The University has no contingent assets as at 31 December 2014 (2013: \$nil).

30. Commitments

(a) Capital commitments

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

	\$000	\$000	\$000	\$000
Property, plant and equipment				
Within one year	8,752	58,576	8,752	58,576
Later than one year	1,264	571	1,264	571
Total	10,016	59,147	10,016	59,147

Notes to the financial statements (continued)

For the year ended 31 December 2014

30. Commitments (continued)

(b) Lease commitments

Operating leases Commitments for minimum lease payments

in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Parent	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Within one year	2,622	1,307	2,360	1,150
Between one year and five years	11,371	5,341	11,029	5,268
Greater than five years	5,522	-	5,522	-
Total future minimum lease payments	19,515	6,648	18,910	6,418

(c) Other expenditure commitments (GST excluded)

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

Due within one year	74,412	55,558	74,412	55,558
Due after one year, but within five years	2,308	25,165	2,308	25,165
Net commitments	76,720	80,723	76,720	80,723

31. Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 31 December 2014 are set out below in accordance with the accounting policy described in note 1(b). The proportion of ownership interest held by the group equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Class of shares	Ownership interest held by the group	
			2014 %	2013 %
Newcastle Innovation Ltd (Company limited by guarantee)	Australia	Not applicable	100	100
UoN Services Limited (Company limited by guarantee)	Australia	Not applicable	100	100
UON Singapore Pte Ltd	Singapore	Ordinary	100	100

(i) Significant restrictions

Cash and short-term deposits held in Singapore are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from Singapore, other than through normal dividends. The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is \$6,496,417 (2013: \$4,894,827).

(b) Interests in associates

Set out below are the associates of the group as at 31 December 2014 which, in the opinion of management, are material to the group. The proportion of ownership interest held by the group equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Class of shares	Ownership interest held by the group		Nature of relationship	Measurement method	Carrying amount	
			2014 %	2013 %			2014 \$000	2013 \$000
Hunter Medical Research Institute	Australia	N/A	27	27	Associate ¹	Equity method	-	-

The following associates of the Group are not material to the group:

Mineral Carbonation International	Australia	Ordinary	30	30	Associate ²	Equity method	3	3
ResTech	Australia	Ordinary	30	30	Associate ³	Equity method	177	164

Notes to the financial statements (continued)

For the year ended 31 December 2014

31. Interests in other entities (continued)

(b) Interests in associates (continued)

¹ Hunter Medical Research Institute is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at nil value and as such no financial information has been disclosed. Hunter Medical Research Institute has a 30 June reporting period.

² Mineral Carbonation International Pty Limited is an associate acquired in 2013. For the purposes of the University's financial statements and due to the lack of audited or published accounts, the University's equity interest is based on management's unaudited financial statements for the year ended 30 September 2014.

³ ResTech Pty Limited is an associate acquired in 2007. For the purposes of the University's financial statements, the University's equity interest is based on the unaudited financial statements for the year ended 30 June 2014.

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 net result after income tax to net cash flows from operating activities

	Consolidated		Parent	
	2014	2013	2014	2013
	\$000	Restated \$000	\$000	Restated \$000
Net result for the year	43,839	64,602	49,906	63,200
Add non-cash items:				
Depreciation and amortisation	36,703	36,516	36,440	36,021
Impairment of available-for-sale financial assets	-	58	-	-
Net (gain) loss on sale of property, plant and equipment	9,431	1,135	7781	1,135
Net (gain) loss on disposal of financial assets	955	(1,469)	961	(1,218)
Fair value of assets donated to the Group	(88)	(34)	(88)	(34)
Net exchange differences	(30)	(23)	-	-
Net amortisation of bond premiums (discounts)	4	(114)	4	(114)
Non-cash donation from UoN Services Limited	-	-	(4,485)	-
Changes in operating assets and liabilities:				
(Increase) decrease in trade debtors	(892)	1,583	(764)	1,877
(Increase) decrease in other receivables	(83,693)	(4,280)	(83,771)	(4,661)
(Increase) decrease in related party receivables	-	-	(152)	(296)
(Increase) decrease in inventories	83	45	(20)	-
(Increase) decrease in other financial assets	(10,768)	(9,770)	(10,768)	(9,770)
Increase (decrease) in other operating assets	-	(4)	-	-
Increase (decrease) in trade creditors	3,930	(4,731)	4,673	(4,667)
Increase (decrease) in other operating liabilities	4,920	(4,070)	4,444	(4,749)
Increase (decrease) in provision for income taxes payable	68	(10)	-	-
Increase (decrease) in other provisions	85,900	6,819	86,154	6,733
Net cash provided by operating activities	90,362	86,253	90,315	83,457

Notes to the financial statements (continued)

For the year ended 31 December 2014

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 2014 and 2013, 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.

Notes to the financial statements (continued)

For the year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

At 31 December 2014, 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 $\pm \$2,465$ million (2013: $\pm \$2,401$ million), mainly as a result of the impact on interest income from cash and cash equivalents.

(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	Interest Rate Risk				Foreign Exchange Rate Risk				Other price risk			
		-1%		+1%		-1%		+1%		-1%		+1%	
		Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000	Result \$000	Equity \$000
31 Dec 2014													
Financial assets													
Cash and cash equivalents	19,328	(193)	(193)	193	193	(66)	(66)	65	65	-	-	-	-
Trade and other receivables	417,314	-	-	-	-	(1)	(1)	-	-	-	-	-	-
Financial assets - Available-for-sale	213,861	-	-	-	-	-	-	-	-	-	(2,139)	-	2,139
Financial assets - Held to maturity	227,202	(2,272)	(2,272)	2,272	2,272	-	-	-	-	-	-	-	-
Financial liabilities													
Trade and other payables	40,851	-	-	-	-	(2)	(2)	3	3	-	-	-	-
Bank loans	85,000	850	850	(850)	(850)	-	-	-	-	-	-	-	-
Derivative financial instruments	3,594	(850)	(850)	850	850	-	-	-	-	-	-	-	-
Total increase (decrease)		(2,465)	(2,465)	2,465	2,465	(69)	(69)	69	69	-	(2,139)	-	2,139
31 Dec 2013													
Financial assets													
Cash and cash equivalents - at bank	12,716	(127)	(127)	127	127	(49)	(49)	49	49	-	-	-	-
Trade and other receivables	334,717	-	-	-	-	-	-	-	-	-	-	-	-
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

Notes to the financial statements (continued)

For the year ended 31 December 2014

34. Financial risk management (continued)

(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.

(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 2014							
Financial assets							
Cash and cash equivalents	2.4%	19,238	-	-	-	-	19,238
Trade and other receivables		-	-	-	-	417,314	417,314
Other financial assets		-	170,978	56,224	-	213,861	441,063
Total financial assets		19,238	170,978	56,224	-	631,175	877,615
Financial liabilities							
Trade and other payables		-	-	-	-	40,851	40,851
Borrowings	5.4%	85,000	-	-	-	-	85,000
Derivative financial instruments		-	-	3,594	-	-	3,594
Total financial liabilities		85,000	-	3,594	-	40,851	129,445
31 December 2013							
Financial assets							
Cash and cash equivalents	3.3%	12,716	-	-	-	-	12,716
Trade and other receivables		-	-	-	-	334,717	334,717
Other financial assets		-	135,135	92,267	-	206,773	434,175
Total financial assets		12,716	135,135	92,267	-	541,490	781,608
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

Notes to the financial statements (continued)

For the year ended 31 December 2014

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 approximates 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 fair values of financial assets and liabilities at balance date are:

	Carrying amount		Fair value	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assets				
Cash and cash equivalents	19,328	12,716	19,328	12,716
Trade and other receivables	417,314	334,717	417,314	334,717
Other financial assets				
Available-for-sale	213,861	206,773	213,861	206,773
Held-to-maturity	227,202	227,402	227,202	227,402
Total financial assets	877,705	781,608	877,705	781,608
Financial liabilities				
Trade and other payables	40,851	35,695	40,851	35,695
Borrowings	85,000	85,000	85,000	85,000
Derivative financial instruments	3,594	3,520	3,594	3,520
Total financial liabilities	129,445	124,215	129,445	124,215

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

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 2014.

Notes to the financial statements (continued)

For the year ended 31 December 2014

35. Fair value measurements (continued)

(b) Fair value hierarchy		2014	Level 1	Level 2	Level 3
<i>(i) Recognised fair value measurements (continued)</i>		\$000	\$000	\$000	\$000
Notes					
Fair value measurements at 31 December 2014					
Recurring fair value measurements					
Financial assets					
Other financial assets	18				
Available-for-sale		213,861	208,550	5,311	-
Total financial assets		213,861	208,550	5,311	-
Non-financial assets					
Property, plant and equipment	19				
Land		54,210	-	54,210	-
Buildings		701,417	-	701,417	-
Infrastructure		60,121	-	60,121	-
Artworks and library		5,347	-	5,347	-
Total non-financial assets		821,095	-	821,095	-
Financial liabilities					
Derivative financial instruments	24	3,594	3,594	-	-
Total financial liabilities		3,594	3,594	-	-
Fair value measurements at 31 December 2013					
Recurring fair value measurements					
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	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2014

35. Fair value measurements (continued)

(b) Fair value hierarchy (continued)

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.

(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 SANCS, SSS and SASS schemes are described in Note 1(r).

The University expects to make a contribution to the NSW State schemes during the next financial year as follows: SSS \$nil (2013: \$nil), SASS \$nil (2013: \$nil), SANCS \$nil (2013: \$2.4m).

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 11.3 years (2013: 10.7 years) and the pension benefit obligation is 11.5 years (2013: 12.0 years). The expected maturity analysis of undiscounted pension benefit obligations is as follows:

Notes to the financial statements (continued)

For the year ended 31 December 2014

36. Defined benefits plans (continued)

(a) Fund specific disclosures (continued)	Less than 1 year \$000	Between 1-2 years \$000	Between 2-5 years \$000	Over 5 years \$000	Total \$000
Defined benefit obligations – 31 Dec 2014	28,946	29,095	89,922	512,615	660,578
Pension benefit obligations – 31 Dec 2014	1,734	2,066	6,521	32,522	42,979

(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.

	2014 % Active Market	2013 % Active Market
Australian equity instruments	26.9%	33.9%
Overseas equity instruments	30.5%	28.3%
Australian fixed interest securities	6.7%	4.4%
Overseas fixed interest securities	2.5%	2.2%
Property	8.8%	8.1%
Cash	7.2%	8.0%
Alternative	17.4%	15.1%
Total	100%	100.0%

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

	2014 %	2013 %
Discount rate(s)	2.8%	4.3%
Expected rate(s) of salary increase	2.3%	2.3%
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:

		Impact on defined benefit obligation	
Change in assumption		Increase in assumption	Decrease in assumption
Discount rate	1.0%	Decrease by 11.1%	Increase by 10.7%
Salary growth rate	0.5%	Increase by 0.4%	Decrease by 0.4%
CPI growth rate	0.5%	Increase by 4.9%	Decrease by 5.0%

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.

(d) Statement of financial position amounts	Pension \$000	SANCS \$000	SSS \$000	SASS \$000	Total \$000
Present value of obligation – 2014					
Defined benefit obligation at the start of the year	29,307	9,081	379,374	57,687	475,450
Current service cost	-	390	497	1,948	2,835
Interest expense	728	366	15,767	2,316	19,178
	30,035	9,838	395,638	61,952	497,463
Remeasurements					
Actuarial losses (gains) arising from changes in financial assumptions	2,985	826	66,257	3,573	73,642
Actuarial losses (gains) arising from liability experience	-	288	(2,346)	1,233	(825)
	2,985	1,114	63,912	4,807	72,818

Notes to the financial statements (continued)

For the year ended 31 December 2014

36. Defined benefits plans (continued)

(d) Statement of financial position amounts (continued)

	Pension \$000	SANCS \$000	SSS \$000	SASS \$000	Total \$000
Contributions					
Contributions from plan participants	-	-	421	783	1,204
	-	-	421	783	1,204
Payments from plan					
Benefits paid	(1,924)	(1,494)	(20,374)	(7,786)	(31,578)
Taxes, premiums and expenses paid	-	(262)	959	(330)	367
	(1,924)	(1,756)	(19,415)	(8,116)	(31,211)
Defined benefit obligation at end of year	31,097	9,196	440,555	59,426	540,274
Present value of plan assets – 2014					
Fair value of plan assets at the start of the year	-	6,026	72,475	55,403	133,903
Interest income	-	244	2,671	2,253	5,168
	-	6,270	75,145	57,656	139,071
Remeasurements					
Actual return on plan assets less interest income	-	176	2,034	1,382	3,593
	-	176	2,034	1,382	3,593
Contributions					
Employers	-	422	382	1,589	2,394
Plan participants	-	-	421	783	1,204
	-	422	803	2,373	3,598
Payments from plan					
Benefits paid	-	(1,494)	(20,374)	(7,786)	(29,654)
Taxes, premiums and expenses paid	-	(262)	959	(330)	367
	-	(1,755)	(19,415)	(8,116)	(29,286)
Fair value of plans assets at the end of the year	-	5,114	58,568	53,295	116,976
Net liability – 2014					
Defined benefit obligation	31,097	9,196	440,555	59,426	540,274
Fair value of plan assets	-	5,114	58,568	53,295	116,976
Net liability	31,097	4,083	381,988	6,131	423,298
Amounts recognised in the stmt of financial position – 2014					
Liabilities					
Provision for deferred government benefits for superannuation	-	4,083	381,988	6,131	392,201
Provision for pension entitlements	31,097	-	-	-	31,097
Total liabilities	31,097	4,083	381,988	6,131	423,298
add: On-costs on pension entitlements	5,115	-	-	-	5,115
Total pension entitlements (incl on-costs)	36,212	-	-	-	36,212
Total liabilities recognised in statement of financial position	36,212	4,083	381,988	6,131	428,413
Assets					
Receivable for deferred government contribution for superannuation (Reimbursement right)	-	4,083	381,988	6,131	392,201
Total assets recognised in statement of financial position	-	4,083	381,988	6,131	392,201
Net liability recognised in the statement of financial position	36,212	-	-	-	36,212

Notes to the financial statements (continued)

For the year ended 31 December 2014

36. Defined benefits plans (continued)

(d) Statement of financial position amounts (continued)	Pension \$000	SANCS \$000	SSS \$000	SASS \$000	Total \$000
Present value of obligation – 2013					
Defined benefit obligation at the start of the year	31,022	9,994	428,293	57,924	527,233
Current service cost	-	436	809	2,134	3,379
Interest expense	993	307	13,822	1,815	16,937
	32,015	10,737	442,924	61,873	547,549
Remeasurements					
Actuarial losses (gains) arising from changes in financial assumptions	(832)	(503)	(44,847)	(2,282)	(48,464)
Actuarial losses (gains) arising from liability experience	-	73	(2,735)	3,181	519
	(832)	(430)	(47,582)	899	(47,945)
Contributions					
Contributions from plan participants	-	-	570	831	1401
	-	-	570	831	1401
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	9,081	379,373	57,688	475,449
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	-	210	2,181	1,540	3,931
	-	5,936	77,722	51,139	134,797
Remeasurements					
Actual return on plan assets less interest income	-	845	10,263	7,615	18,723
	-	845	10,263	7,615	18,723
Contributions					
Employers	-	471	460	1,732	2,663
Plan participants	-	-	568	831	1,399
	-	471	1,028	2,563	4,062
Payments from plan					
Benefits paid	-	(1,362)	(18,994)	(5,615)	(25,971)
Taxes, premiums and expenses paid	-	136	2,456	(300)	2,292
	-	(1,226)	(16,538)	(5,915)	(23,679)
Fair value of plans assets at the end of the year	-	6,026	72,475	55,402	133,903
Net liability – 2013					
Defined benefit obligation	29,307	9,081	379,373	57,688	475,449
Fair value of plan assets	-	6,026	72,475	55,402	133,903
Net liability	29,307	3,055	306,899	2,284	341,546

Notes to the financial statements (continued)

For the year ended 31 December 2014

36. Defined benefits plans (continued)

(d) Statement of financial position amounts (continued)	Pension \$000	SANCS \$000	SSS \$000	SASS \$000	Total \$000
Amounts recognised in the statement of financial position – 2013					
Liabilities					
Provision for deferred government benefits for superannuation	-	3,055	306,899	2,284	312,238
Provision for pension entitlements	29,307	-	-	-	29,307
Total liabilities	29,307	3,055	306,899	2,284	341,546
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	3,055	306,899	2,284	346,147
Assets					
Receivable for deferred government contribution for superannuation (Reimbursement right)	-	-	306,899	2,284	309,183
Total assets recognised in statement of financial position	-	-	306,899	2,284	309,183
Net liability recognised in the statement of financial position	33,908	3,055	-	-	36,964

(e) Amounts recognised in other statements

Amounts recognised in the Income statement – 2014

The amounts recognised in the income statement are restricted to Pension scheme in accordance with note 1(r). The amounts are included in employee benefits expense (note 9).

Current service cost	728	-	-	-	728
Total expense recognised in the Income statement	728	-	-	-	728

Amounts recognised in the Statement of comprehensive income – 2014

The amounts recognised in the statement of comprehensive income are restricted to Pension scheme in accordance with note 1(r). The amounts are included in reserves (note 26(b)).

Remeasurements					
Actuarial losses (gains) arising from changes in financial assumptions	2,985	-	-	-	2,985
Total remeasurements	2,985	-	-	-	2,985
Total remeasurements recognised in the Statement of comprehensive income	2,985	-	-	-	2,985

Notes to the financial statements (continued)

For the year ended 31 December 2014

37. Acquittal of Australian Government financial assistance

(a) Education - CGS and other

Education grants

		Common-wealth Grants Scheme ¹		Indigenous Support Program		Partnership & Participation Program ²	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note						
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		213,357	213,301	2,246	2,486	6,160	6,184
Net accrual adjustments		(57)	(65)	-	(118)	-	-
Revenue for the period	2(a)	213,300	213,236	2,246	2,368	6,160	6,184
Surplus (deficit) from the previous year		-	-	-	-	800	-
Total revenue including accrued revenue		213,300	213,236	2,246	2,368	6,960	6,184
Less expenses including accrued expenses		(213,300)	(213,236)	(2,246)	(2,368)	(6,761)	(5,384)
Surplus (deficit) for the reporting period		-	-	-	-	199	800

		Disability Support Program		Promotion of Excellence in Learning and Teaching		Total ³	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note						
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		148	122	259	180	222,170	222,273
Net accrual adjustments		-	-	-	-	(57)	(183)
Revenue for the period	2(a)	148	122	259	180	222,113	222,090
Surplus (deficit) from the previous year		-	86	(5)	(25)	795	61
Total revenue including accrued revenue		148	208	254	155	222,908	222,151
Less expenses including accrued expenses		(148)	(208)	39	(160)	(222,416)	(221,356)
Surplus (deficit) for the reporting period		-	-	293	(5)	492	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. No amounts have been brought forward, received, utilised or carried forward during 2013 and 2014 for the following: Capital Development Pool, Diversity and Structural Adjustment Fund (including Collaboration and Structural Adjustments Program), Transitional Cost Program.

Notes to the financial statements (continued)

For the year ended 31 December 2014

37. Acquittal of Australian Government financial assistance (continued)

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

		HECS-HELP (Australian Government payments only)		FEE-HELP ⁴		SSAF-HELP		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note								
Cash payable (receivable) at the beginning of the year		-	-	-	-	-	-	-	-
Financial assistance received in cash during the reporting period		121,118	116,107	18,228	17,283	2,917	2,730	142,263	136,120
Cash available for the period	2(b)	121,118	116,107	18,228	17,283	2,917	2,730	142,263	136,120
Revenue earned		(121,349)	(116,105)	(18,209)	(15,891)	(2,976)	(2,642)	(142,534)	(134,638)
Cash payable (receivable) at the end of the year		(231)	2	19	1,392	(59)	88	(271)	1,482

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

(c) Scholarships

		Australian postgraduate awards		International postgraduate research scholarships		Common- wealth Education Cost Scholarship ⁵		Common- wealth Accommodation Scholarships ⁵	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note								
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		6,110	5,919	499	513	301	(416)	280	(226)
Net accrual adjustments		-	-	-	-	-	531	-	420
Revenue for the period	2(c)	6,110	5,919	499	513	301	115	280	194
Surplus (deficit) from the previous year		915	1,222	(6)	(6)	98	168	123	107
Total revenue including accrued revenue		7,025	7,141	493	507	399	283	403	301
Less expenses including accrued expenses		(6,178)	(6,226)	(442)	(513)	(269)	(185)	(239)	(178)
Surplus (deficit) for the reporting period		847	915	51	(6)	130	98	164	123

		Indigenous access scholarship		Indigenous staff scholarships		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note						
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		95	(328)	(2)	43	7,283	5,505
Net accrual adjustments		-	326	-	-	-	1,277
Revenue for the period	2(c)	95	(1)	(2)	43	7,283	6,783
Surplus (deficit) from the previous year		79	175	43	2	1,252	1,668
Total revenue including accrued revenue		174	173	41	45	8,535	8,450
Less expenses including accrued expenses		(174)	(94)	(41)	(2)	(7,343)	(7,198)
Surplus (deficit) for the reporting period		-	79	-	43	1,192	1,252

5. Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively

Notes to the financial statements (continued)

For the year ended 31 December 2014

37. Acquittal of Australian Government financial assistance (continued)

(d) Education research

		Joint Engagement Research ⁶		Research Training Scheme		Research Infrastructure Block Grants	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only ⁷	Notes						
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)	2(d)	8,877	8,394	15,179	15,290	5,737	5,522
Surplus (deficit) from the previous year		514	1,761	48	798	647	1,008
Total revenue including accrued revenue		9,391	10,155	15,227	16,088	6,384	6,530
Less expenses including accrued expenses		(9,166)	(9,641)	(15,212)	(16,040)	(6,268)	(5,883)
Surplus (deficit) for the reporting period		225	514	15	48	116	647

		Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)	2(d)	-	-	4,111	4,068	33,904	33,274
Surplus (deficit) from the previous year		-	287	-	-	1,209	3,854
Total revenue including accrued revenue		-	287	4,111	4,068	35,113	37,128
Less expenses including accrued expenses		-	(287)	(3,117)	(4,068)	(33,763)	(35,919)
Surplus (deficit) for the reporting period		-	-	994	-	1,350	1,209

6. Includes Institutional Grants Scheme.

7. The reported surplus for Joint Research Engagement, Research Training Scheme, Research Infrastructure Block Grants, Commercialisation Training Scheme and Sustainable Research Excellence in Universities (\$1.350 million) for 2014 are expected to be rolled over for future use by the University.

(e) Other capital funding

		Teaching and Learning Capital Fund		Education Investment Fund		Total ⁸	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Notes						
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		-	-	-	26,414	-	26,414
Surplus (deficit) from the previous year		-	3,297	30,068	17,699	30,068	20,996
Total revenue including accrued revenue	2(e)	-	3,297	30,068	44,113	30,068	47,410
Less expenses including accrued expenses		-	(3,297)	(12,060)	(14,045)	(12,060)	(17,342)
Surplus (deficit) for the reporting period		-	-	18,008	30,068	18,008	30,068

8. No amounts have been brought forward, received, utilised or carried forward during 2013 and 2014 for the Better Universities Renewal Fund.

Notes to the financial statements (continued)

For the year ended 31 December 2014

37. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants

(f) Australian Research Council Grants		Projects		Fellowships		Indigenous Researchers Development		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Parent (University) only	Note								
(i) Discovery									
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		7,178	8,097	4,696	3,759	271	176	12,145	12,032
Surplus (deficit) from the previous year		5,995	5,497	2,374	2,322	130	125	8,499	7,944
Total revenue including accrued revenue	2(f)	13,173	13,594	7,070	6,081	401	301	20,644	19,976
Less expenses including accrued expenses		(7,696)	(7,599)	(4,138)	(3,707)	(305)	(171)	(12,139)	(11,477)
Surplus (deficit) for the reporting period		5,477	5,995	2,932	2,374	96	130	8,505	8,499

		Infrastructure		International		Projects		Total	
	Note	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
(ii) Linkages									
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)	2(f)	150	480	-	-	1,709	2,546	1,859	3,026
Surplus (deficit) from the previous year		614	821	-	-	2,266	2,901	2,880	3,722
Total revenue including accrued revenue		764	1,301	-	-	3,975	5,447	4,739	6,748
Less expenses including accrued expenses		(764)	(687)	-	-	(2,153)	(3,181)	(2,917)	(3,868)
Surplus (deficit) for the reporting period		-	614	-	-	1,822	2,266	1,822	2,880

		Industrial Transformation Research Program		Centres		Total	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Note							
(iii) Networks and Centres							
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)	2(f)	1,867	-	2,370	2,300	4,237	2,300
Surplus (deficit) from the previous year		-	-	409	942	409	942
Total revenue including accrued revenue		1,867	-	2,779	3,242	4,646	3,242
Less expenses including accrued expenses		-	-	(2,728)	(2,833)	(2,728)	(2,833)
Surplus (deficit) for the reporting period		1,867	-	51	409	1,918	409

Notes to the financial statements (continued)

For the year ended 31 December 2014

37. Acquittal of Australian Government financial assistance (continued)

	Note	Parent	
		2014 \$000	2013 \$000
Cash received during the reporting period		3,313	1,073
Cash spent during the reporting period		(2,480)	(1,498)
Net cash received		833	(425)
Cash surplus (deficit) from the previous period		272	697
Cash surplus (deficit) for the reporting period		1,105	272

(h) Student Services and Amenities Fee (SSAF)

Unspent (overspent) revenue from previous period		349	-
SSAF-HELP	2(b)	2,976	2,642
Student Services and Amenities Fee	4	4,196	4,068
Total amounts available to be expended		7,521	6,710
Student services expenses during the period		(6,623)	(6,361)
Unspent (overspent) Student Services and Amenities Fee		898	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:

Land Use		
Mixed teaching, research, student accommodation and other University purposes including commercial tenancies.	36,655	35,475
Student accommodation or leased to residential tenants	7,305	7,055
Teaching research and other University purposes	10,250	9,000
	54,210	51,530

39. Correction of retrospective error

(a) Prior period error

Subsequent to 31 December 2013, the University received updated guidance as to the interpretation of the requirements of AASB 119 Employee Benefits to incorporate superannuation contributions tax payable into the calculation of the University's defined benefit obligation, which had been incorrectly excluded by the schemes Trustee in 2013. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the University has retrospectively restated the comparative amounts relating to its defined benefit liability, net interest expense, service cost and Other Comprehensive Income (if applicable) for 31 December 2013 and adjusted the opening balance of its defined benefit obligation as at 1 January 2013.

As a consequence, the deferred government employee benefits for superannuation expense was understated by \$82,000 for the year ended 31 December 2013 and other comprehensive income was overstated by \$257,000 for the same period. As at 31 December 2013 both the non-current receivable and non-current provision for the defined benefit scheme was understated by \$45,572,000 and \$45,982,000 respectively due to this error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods and is summarised below within note 39 (b).

Notes to the financial statements (continued)

For the year ended 31 December 2014

39. Correction of retrospective error (continued)

(b) Impact on financial statements

Prior year restatement increase (decrease)

(i) Impact on prior years

	Consolidated			Parent		
	2013 (Previously stated) \$000	Defined benefit scheme* \$000	2013 (Restated) \$000	2013 (Previously stated) \$000	Defined benefit scheme* \$000	2013 (Restated) \$000
Income statement (extracts)						
Expenses						
Deferred super expense	451	82	533	451	82	533
Total expenses from continuing operations	635,005	82	635,087	614,118	82	614,200
Net result before income tax	64,800	(82)	64,718	63,282	(82)	63,200
Net result after income tax for the year	64,684	(82)	64,602	63,282	(82)	63,200
Net result attributable to members of the University of Newcastle	64,684	(82)	64,602	63,282	(82)	63,200
Statement of comprehensive income (extracts)						
Net result for the year	64,684	(82)	64,602	63,282	(82)	63,200
Net actuarial losses (gains) recognised in respect of Defined Benefit Plans and University Pension Fund	643	257	900	643	257	900
Total	23,088	257	23,345	24,481	257	24,738
Total other comprehensive income for the year, net of tax	42,423	257	42,680	43,317	257	43,574
Total comprehensive income for the year	107,107	175	107,282	106,599	175	106,774
Total comprehensive income attributable to:						
The University of Newcastle	107,107	175	107,282	106,599	175	106,774
Statement of cash flows (extracts)						
No impact on the Statement of cash flows.						

* The column for the defined benefit scheme increase and decrease in the above table shows the reconciliation between the assets, liabilities and retained earnings prior to the correction of the prior period error and the assets, liabilities and retained earnings after processing the correction.

Notes to the financial statements (continued)

For the year ended 31 December 2014

39. Correction of retrospective error (continued)

(b) Impact on financial statements (continued)

Prior year restatement increase (decrease)

(i) Impact on prior years (continued)

	Consolidated			Parent		
	31 December 2013 (Previously stated) \$000	Defined benefit scheme* \$000	31 December 2013 (Restated) \$000	1 January 2013 (Previously stated) \$000	Defined benefit scheme* \$000	1 January 2013 (Restated) \$000
Statement of financial position (extracts)						
Consolidated						
Non-current assets						
Trade and other receivables	264,269	45,572	309,841	308,545	53,251	361,796
Total non-current assets	1,482,302	45,572	1,527,874	1,352,607	53,251	1,405,858
Total assets	1,668,329	45,572	1,713,901	1,605,525	53,251	1,658,776
Non-current liabilities						
Provisions	311,419	45,982	357,401	354,719	53,836	408,555
Total non-current liabilities	400,326	45,982	446,308	444,862	53,836	498,698
Total liabilities	535,628	45,982	581,610	579,930	53,836	633,766
Net assets	1,132,701	(410)	1,132,291	1,025,595	(585)	1,025,010
Equity						
Reserves	538,552	257	538,809	496,129	-	496,129
Retained earnings	594,149	(667)	593,482	529,466	(585)	528,881
Total equity	1,132,701	(410)	1,132,291	1,025,595	(585)	1,025,010
Parent						
Non-current assets						
Trade and other receivables	264,269	45,572	309,841	308,545	53,251	361,796
Total non-current assets	1,479,109	45,572	1,524,681	1,349,955	53,251	1,403,206
Total assets	1,642,991	45,572	1,688,563	1,581,682	53,251	1,634,933
Non-current liabilities						
Provisions	310,999	45,982	356,981	354,173	53,836	408,009
Total non-current liabilities	399,906	45,982	445,888	444,316	53,836	498,152
Total liabilities	524,146	45,982	570,128	569,436	53,836	623,272
Net assets	1,118,845	(410)	1,118,435	1,012,246	(585)	1,011,661
Equity						
Reserves	539,388	257	539,645	496,071	-	496,071
Retained earnings	579,457	(667)	578,790	516,175	(585)	515,590
Total equity	1,118,845	(410)	1,118,435	1,012,246	(585)	1,011,661

Statement by Members of Council

As at 31 December 2014

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 2014 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 2014 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.
8. The financial statements and notes satisfy the requirements of the Australian Charities and *Not-for-profits Commission Act 2012* (Cwth) and are signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

On behalf of the Council of the University of Newcastle.



Mr Paul Jeans
Chancellor



Professor Caroline McMillen
Vice-Chancellor and President

Dated 22 April 2015

Independent Auditor's Report



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 2014, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Council 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 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 31 December 2014 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*
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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 preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Australian Charities and Not-for-profits Commission Act 2012* and the Guidelines, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Independent Auditor's Report (continued)

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

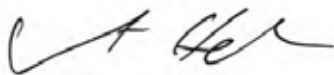
My opinion does *not* provide assurance:

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



Grant Hehir
Auditor-General

22 April 2015
SYDNEY