

Annual report 2015

VOLUME 2:

CONTROLLED ENTITIES FINANCIAL STATEMENTS



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Macquarie University Annual 2015 Report - Volume 2

Controlled Entities

Annual Financial Statements

For the year ended 31 December 2015

Table of contents

Access Macquarie Limited	5
Australian Proteome Analysis Facility Limited	41
CMBF Limited	67
COH Property Trust	97
Macquarie Education South Africa NPC	111
Macquarie University Clinical Associates Limited	123
Macquarie University Property Investment Company Pty Limited	143
Macquarie University Property Investment Company No.3 Pty Limited	159
Macquarie University Property Investment Trust	175
MGSM Limited	189
MUH Operations Pty Ltd	223
MUH Operations No.2 Pty Limited	239
MUPH Clinic Pty Limited	277
MUPH Hospital Pty Limited	293
Risk Frontiers Flood (Australia) Pty Limited	309
Risk Frontiers Group Pty Limited	341
U@MQ Limited	371

Macquarie Education South Africa NPC was de-registered during 2015.

Macquarie University Clinical Associates Limited was incorporated during 2015.

Access Macquarie Limited

ABN 59 003 849 198

Financial Statements

For the Year Ended 31 December 2015

Contents
For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporation Act 2001	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	31
Independent Auditor's Report	32

Directors' Report 31 December 2015

The directors present their report on Access Macquarie Limited for the financial year ended 31 December 2015.

1. General information

Directors

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

P John Gorman

Qualifications

BBus, MBA, FCPA.

Experience

Appointed Chief Financial Officer of Macquarie University in September 2007. Previous experience as the Chief Financial Officer for a NSW State Owned Corporation operating in the waste management industry; Chief Financial Officer and, in some instances, Company Secretary, for several publicly-listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, financial and management reporting and organisational change.

Areas of Responsibility

Non-Executive Director

Janet Greely

Qualifications

BSc (Hons), an MA and a PhD in Psychology.

Experience

Professor Janet Greeley has an enviable track record as a university researcher and administrator, and is now Executive Dean of the Faculty of Human Sciences at Macquarie University. She has extensive experience in executive management and lists her areas of research interest as the psychology of addictive behaviour, especially the role of learning in drug tolerance and dependence. Professor Greeley has held academic positions at the University of New South Wales, James Cook University and served on a number of government advisory committees, and a range of professional societies. Amongst other memberships, she is a representative on the Strategic Policy Advisory Committee of the Australian Medical Council and she is an alternate member of the HEARing CRC.

Areas of Responsibility

Non-Executive Director

Mark Gabbott

Qualifications

BA(Hons), MSc, PhD.

Experience

Mark was appointed Executive Dean of the Faculty of Business and Economics at Macquarie University, Sydney in 2008. After working in government for 6 years in consumer policy and protection, he joined the University of Stirling as a Research Fellow and completed a Ph.D in Marketing. He was Lecturer and then Senior Lecturer at Stirling researching and teaching in the areas of Electronic and Direct Marketing, Services Marketing, Consumer Behaviour and Consumer Policy. Mark joined Monash University in 1997 as Professor and was appointed Head of Department in 2000. He was appointed Deputy Dean, at Monash in 2006 and had responsibility for Business Development, and Education.

Areas of Responsibility

Non-Executive Director

Directors' Report 31 December 2015

1. General information continued

Directors continued

Thushyanthan Sathiamoorthy

Qualifications	MComm, BComm, CPA.
Experience	Thushy joined Access Macquarie Limited as Chief Financial Officer in April 2010. Thushy is a senior finance executive with corporate experience in a range of industries including IT, telecommunications and R&D. Prior to joining Access MQ, Thushy held senior roles at HP, NICTA, Compaq, Oracle and Nestle. Appointed Managing Director of Access Macquarie Limited on 5 April 2011.
Areas of Responsibility	Managing Director

Sakkie Pretorius

Qualifications	B.Sc.Agric. M.Sc.Agric. Ph.D.
Experience	Professor Sakkie Pretorius joined Macquarie University in July 2013 to take up the role of Deputy Vice-Chancellor, Research. He is internationally recognised as a pioneer in molecular microbiology and biotechnology, and the translation of research outcomes to industry.
Areas of Responsibility	Non-Executive Director

Jim Lee

Qualifications	PhD, P.Eng
Experience	Professor Jim Lee joined Macquarie University as Deputy Vice-Chancellor (International) in December 2013. Prior to his appointment at Macquarie University, Professor Lee held several administrative portfolios at Queens University, Ontario, Canada including Associate Dean in the Faculty of Arts and Science, Academic Integrity Advisor to the Provost and Vice-Principal (Academic), and Vice-Provost International. His research in the field of geology and geological engineering has been international in scope, he has published widely in international scholarly scientific journals, and has collaborated with a variety of national and multinational industry partners. Jim Lee resigned on 23rd September 2015.
Areas of Responsibility	Non-Executive Director

John Simons

Qualifications	BA, PhD, Cert. Pal, FHEA, FOCAE, FRSA, FZSL, FRSN
Experience	Professor John Simons is the Deputy Vice-Chancellor (Academic) at Macquarie University. His previous role with Macquarie University was Executive Dean, Faculty of Arts. Prior to joining Macquarie University he worked at the universities of Wales, Exeter, Winchester, Edge Hill and Lincoln in the UK and has held various visiting Professorships and Fellowships in the USA where he is also an alumnus of the State Department's International Visitor Program. In the 1990s he worked extensively in Eastern Europe on projects to build universities after the fall of communism.
Areas of Responsibilities	Non-Executive Director

Directors' Report 31 December 2015

1. General information continued

Directors continued

Paul Schreier

Qualifications	MA, MEng, PhD
Experience	Dr Schreier joined Macquarie University as Chief Operating Officer in March 2013. Prior to his appointment he had a long international career in the public and private sectors in the UK, Europe and Asia before returning to Australia in 2010 where he joined the Department of the Prime Minister and Cabinet. He held a number of high-level policy positions across a range of domestic policy areas and his time in the Department culminated in appointment as a Deputy Secretary.
Areas of Responsibility	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Ms Gayathri Wijesurya BCom, LLB held the position of Company Secretary during until 31st August 2015. Gayathri is the solicitor for Macquarie University for the last 7 years and prior to this, she worked as Intellectual Property and Legal Officer for Access Macquarie Ltd. Wayne Blanch CPA held the position of Company Secretary from 23rd September to 31st December 2015. Wayne Blanch is the Chief Operational Officer for Access Macquarie Ltd.

Review of operations

The surplus of the Company for this year ended 31 December 2015 was \$95,000. (2014: \$697,000 deficit)

Principal activities

The principal continuing activities of the Company during the financial year consisted of the management of:

- (a) Provision of English language training,
- (b) Conducting IELTS tests,
- (c) Research projects,
- (d) Consulting projects and
- (e) The Macquarie Technology Business Incubator.

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

Short term objectives

The Company's short term objectives are to:

- Provide high quality English Preparation Courses for students planning to study at Macquarie University
- Increase research projects.

Long term objectives

The Company's long term objectives are to:

- Be recognised as a leader in English language preparation courses,
- Increase Macquarie University's 'social impact' footprint, and
- Increase Access Macquarie's brand position in emerging markets.

Strategy for achieving the objectives

Access Macquarie's strategy for achieving both its short and long term objectives are to continue investment in technology, business development, marketing and project management while ensuring appropriate controls are in place to safeguard the assets of the Company.

Directors' Report 31 December 2015

1. General information continued

Strategy for achieving the objectives continued

How principal activities assisted in achieving the objectives

Access Macquarie provided English language training to students from over 40 countries and IELTS testing over 15,000 candidates in 2015. Our quality teaching resulted in our students achieving 15% higher grades of the first year at Macquarie University.

Our continued management of research and consulting projects serves as a vital link between academics and researchers from Macquarie University and the industry. In 2015, the Access Macquarie Research and Consulting practice attracted approximately \$14 Million in research and consulting engagement.

Performance measures

The Company uses internal KPI's to measure performance on the three revenue streams being student numbers, average revenue per student, average duration per student for CME; the IELTS test centre bases performance measurements around the number of applicants sitting each exam and the internal cost per applicant; while CRT measures performance based on tender success rates and client satisfaction levels.

Environmental regulations

The Company is not subject to any significant environmental regulations.

Likely Developments and expected results of operations

Future developments are not expected to significantly affect the future operations of the Company.

Members guarantee

Access Macquarie Limited is a company limited by guarantee, has no share capital and declares no dividends. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1 for members that are corporations and \$1 for all other members, subject to the provisions of the Company's constitution.

Indemnification of Directors and Officers

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

Significant changes in the state of affairs

No significant change in the nature of these activities occurred during the year.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

Dividends paid or recommended

Access Macquarie Limited is a company limited by guarantee, has no share capital and declares no dividends.

Proceedings on behalf of the Company

No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' Report
31 December 2015

Meetings of directors

During the financial year, four meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
P John Gorman	4	4
Janet Greely	-	-
Prof Mark Gabbott	4	2
Thushyanthan Sathiamoorthy	4	4
Sakkie Pretorius	4	3
Jim Lee	2	1
John Simons	4	3
Paul Schreier	2	1

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page of the financial report.

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

Director: 
 P John Gorman

Director: 
 Thushyanthan Sathiamoorthy

Dated 24 March 2016



To the Directors
Access Macquarie Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Access Macquarie Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'James Sugumar'. The signature is written in a cursive, flowing style.

James Sugumar
Director, Financial Audit Services

22 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Fees and charges	2(a)	15,509	18,346
Consulting	2(b)	6,566	7,882
Royalties, trademarks and licences		96	221
Grants and contributions	2(d)	7,746	6,648
Interest revenue	2(c)	392	474
Total revenue from continuing operations		30,309	33,571
Expenses			
Employee benefits expense	3(a)	(18,876)	(20,948)
Licensing/Registration/Membership fees		(374)	(340)
Depreciation, amortisation expense	3(b)	(359)	(318)
Commission	3(d)	(3,500)	(4,756)
Macquarie University redirection and department fee		(315)	(1,119)
Rental		(1,426)	(1,379)
Travel expenses		(803)	(881)
Professional services		(1,226)	(862)
Printing and stationery		(268)	(200)
Advertising and marketing		(444)	(410)
Consultancies		(608)	(621)
Other expenses		(1,277)	(1,759)
Accommodation		(653)	(588)
Finance costs	3(c)	(85)	(87)
Total expenses from continuing operations		(30,214)	(34,268)
Net result before income tax		95	(697)
Other comprehensive income		95	(697)
Total comprehensive income for the year attributable to: Owners of Access Macquarie Limited		95	(697)

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

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	1,154	14,056
Trade and other receivables	5	1,236	1,263
Other financial assets	6	9,574	-
Total current assets		11,964	15,319
Non-current assets			
Property, plant and equipment	7	578	556
Intangible assets	8	3,489	768
Total non-current assets		4,067	1,324
Total assets		16,031	16,643
LIABILITIES			
Current liabilities			
Trade and other payables	9	5,460	6,507
Provisions	10	2,158	2,277
Other liabilities	11	1,769	1,432
Total current liabilities		9,387	10,216
Non-current liabilities			
Provisions	10	699	577
Total non-current liabilities		699	577
Total Liabilities		10,086	10,793
NET ASSETS		5,945	5,850
EQUITY			
Accumulated fund		5,945	5,850
TOTAL EQUITY		5,945	5,850

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 2015

2015

	Accumulated fund
	\$'000
At 1 January 2015	5,850
Total comprehensive income for the year	95
Transactions with owners as owners	-
At 31 December 2015	5,945

2014

	Accumulated fund
	\$'000
At 1 January 2014	6,547
Total comprehensive income for the year	(697)
Transactions with owners as owners	-
At 31 December 2014	5,850

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 2015

	2015	2014
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	33,028	36,218
Payments to suppliers and employees	(33,645)	(35,829)
Interest received	392	474
Net cash provided by (used in) operating activities	18	863
	<u>(225)</u>	<u>863</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(381)	(103)
Payment for intangible assets	(2,722)	(768)
Net cash used by investing activities	(3,103)	(871)
	<u>(3,103)</u>	<u>(871)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan payment to Parent Entity	(9,574)	-
Net cash used by financing activities	(9,574)	-
	<u>(9,574)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents held	(12,902)	(8)
Cash and cash equivalents at beginning of year	14,056	14,064
Cash and cash equivalents at end of financial year	4	14,056
	<u>1,154</u>	<u>14,056</u>

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 2015

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, the Corporations Act 2001, Section 41B(1) of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulation 2015*, other authoritative pronouncements of the Australian Accounting Standards Board .

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

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

Principles of consolidation

Access Macquarie Ltd has exercised its option under AASB 2011-5 not to prepare consolidated financial statements for Access Macquarie Ltd.

Historical cost convention

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

Critical accounting estimates

(i) Significant accounting judgement

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

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

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that periods, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Rounding of amounts

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

(b) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Notes to the Financial Statements For the Year Ended 31 December 2015

Transaction and balances

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

(c) Revenue and other income

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

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

(d) Leases

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

(e) Cash and cash equivalents

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

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. Recognising receivables original invoice amount is not materially different from amortised cost due to their short term nature. Trade receivables are carried at amount due. Bad debts are written off during the year in which they are identified and provision for doubtful debts is created based on a review of all outstanding amounts periodically or at year end. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

Notes to the Financial Statements For the Year Ended 31 December 2015

(g) Other Financial Assets

Loan to Parent Entity

Loans to Macquarie University are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. They arise when the Company provides money, goods and services directly to a debtor with no intention of selling the receivable. They are included in current assets except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans to Parent Entity are presented as other financial assets in the statement of financial position.

(h) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions. Defined superannuation contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(i) Goods and Services Tax (GST)

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

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

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

(j) Property, plant and equipment

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

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

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

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

Notes to the Financial Statements For the Year Ended 31 December 2015

Fixed asset class	Depreciation rate
Computer Equipment	33.33%
Computer Software	25%
Leasehold improvements	33.33%

(k) Trade and other payables

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

(l) Impairment of assets

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

(m) Intangible Assets

Software

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

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

The useful lives of intangible assets are assessed to be finite.

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

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

(n) Provisions

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

Notes to the Financial Statements For the Year Ended 31 December 2015

(o) Income Tax

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

(p) Adoption of new and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has assessed the standards and their impact on the Company. The following table summarises those future requirements, and their impact on the Company:

AASB 15	1 January 2018	AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	The impact of AASB 15 is being assessed and will be adopted accordingly in future.
AASB 2015-2: Amendments to AASB 101	1 January 2016	This standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information and in what order to disclose in the financial statements. Also the amendments make clear that the materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	The impact is assessed and will be taken to consideration in 2016.
AASB 2015-6: Extending Related Party Disclosures to Not-For-Profit Public Sector Entities	1 January 2016	This Standard makes amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not-for-profit public sector entities.	The Standard will be implemented from 2016.

(q) Repairs and Maintenance

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

(r) Comparative amounts

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Revenue from continuing operations

(a) Fees and charges

	2015	2014
	\$'000	\$'000
Project revenue	5,351	5,443
Tuition and education service revenue	8,264	9,980
Other fees and charges	1,282	2,706
Personnel services income	612	217
Total fees and charges	15,509	18,346

(b) Consulting

	2015	2014
	\$'000	\$'000
IELTS Tests fee	4,905	6,550
Project Consulting	1,620	1,187
Other	41	145
Total Consulting	6,566	7,882

(c) Interest revenue

	2015	2014
	\$'000	\$'000
Interest from financial assets	392	474
Total investment revenue	392	474

(d) Grants and contributions

	2015	2014
	\$'000	\$'000
Mind spot Grants	6,058	4,900
Kids & Traffic	1,598	1,598
Other	90	150
Total grants and contributions	7,746	6,648

Notes to the Financial Statements
For the Year Ended 31 December 2015

3 Expenses

(a) Employment benefit expense

	2015	2014
	\$'000	\$'000
Salaries	15,878	17,720
Superannuation contributions	1,711	1,649
Payroll tax	1,053	1,027
Workers compensation	192	182
Annual Leave	(77)	(17)
Long service leave	76	135
Other	43	252
Total employment benefit expense	18,876	20,948

(b) Depreciation and Amortisation

	2015	2014
	\$'000	\$'000
Plant and equipment	27	21
Motor vehicles	13	1
Lease hold fittings	83	86
Office furniture and fittings	32	22
Computer equipment	204	188
Total depreciation and amortisation	359	318

(c) Finance costs

Interest expenses included in the finance cost were:

	2015	2014
	\$'000	\$'000
Interest expense	85	87
Total finance costs	85	87

(d) Commission

	2015	2014
	\$'000	\$'000
IELTS commission	2,405	3,205
ELC commission	1,075	1,544
Other	20	7
Total commission	3,500	4,756

Notes to the Financial Statements
For the Year Ended 31 December 2015

4 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and on hand	1,154	1,626
Deposits at call	-	12,430
Total cash and cash equivalents	1,154	14,056

Deposits at call had a term of 90 days or less and bear fixed interest with a weighted average of 2.93% (2014: 3.42%)

(a) Reconciliation of cash

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

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	1,154	14,056
Balance as per statement of cash flows	1,154	14,056

5 Trade and other receivables

	2015	2014
	\$'000	\$'000
CURRENT		
Trade receivables	640	449
Prepayments	294	246
Accrued income	172	-
GST receivable	4	54
Related party receivable	126	481
Interest receivable	-	33
Total current trade and other receivables	1,236	1,263

(a) Impairment of receivables

As of 31 December 2015, trade receivables of \$400,185 (2014: 346,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of trade receivables as follows:

	2015	2014
	\$'000	\$'000
Up to 3 months	271	260
Over 3 months	130	86
Balance at end of the year	401	346

Notes to the Financial Statements
For the Year Ended 31 December 2015

(b) Fair value and credit risk.

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or re pledged. Refer to note 13 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

(c) Movements in the provision for impairment of receivables are as follows

	2015	2014
	\$'000	\$'000
At 1 January	-	18
Allowance for impairment recognised during the year	-	-
Receivables written off during the year as uncollectable	-	(18)
Total	-	-

(d) Impaired receivables

As of 31 December 2015, none of the trade receivables were impaired. (2014: Nil)

6 Other financial assets

	2015	2014
	\$'000	\$'000
Loan to Parent Entity	9,574	-
Total other financial assets	9,574	-

The loans to Macquarie University are short term in nature maturing on January 2016. The balance of the loan as at 31 December 2015 consist of \$9.5 million in principal and accrued interest of \$74,000. The average interest rate of the loan during the year was 2.93%.

Notes to the Financial Statements
For the Year Ended 31 December 2015

7 Property, plant and equipment

Movements in carrying amounts of property, plant and equipment

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

	Plant and Equipment \$'000	Furniture, Fixtures and Fittings \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Year ended 31 December 2014						
Balance at the beginning of the year	15	194	-	377	185	771
Additions	37	5	11	50	-	103
Depreciation / amortisation charge	(21)	(22)	(1)	(188)	(86)	(318)
Balance at the end of the year	31	177	10	239	99	556
At 31 December 2014						
Gross fair value	56	219	11	581	257	1,124
Accumulated depreciation /amortisation	(25)	(42)	(1)	(342)	(158)	(568)
Carrying amount at fair value	31	177	10	239	99	556

Notes to the Financial Statements
For the Year Ended 31 December 2015

8 Intangible Assets(in progress)

	2015	2014
	\$'000	\$'000
Internal costs capitalised	2,042	279
External consultant costs capitalised	1,080	489
Mind spot platform	367	-
Computer software at cost under development	3,489	768

HSC Study Lab

	2015	2014
	\$'000	\$'000
Year ended 31 December 2015		
Balance at the beginning of the year	768	-
Additions	2,354	768
Closing value at 31 December 2015	3,122	768

Mind spot platform

	2015	2014
	\$'000	\$'000
Year ended 31 December 2015		
Balance at the beginning of the year	-	-
Additions	367	-
Closing value at 31 December 2015	367	-
Total Computer software at cost under development	3,489	768

The intangible assets in progress relate to development of HSC online program which is called "HSC Study Lab" and Mind spot platform. This is an online study resource for Australian high school students which supplements classroom teaching based on the NSW Board of Studies Syllabus and includes comprehensive interactive online learning through videos, animations, simulations, interactive activities, discussion forum and assessments.

Notes to the Financial Statements
For the Year Ended 31 December 2015

9 Trade and other payables

	2015	2014
	\$'000	\$'000
CURRENT		
Trade Payables	1,047	819
Accrued expense	2,409	2,852
Intercompany Accruals	1,946	1,776
Intercompany Payables	58	1,060
	<hr/>	<hr/>
Total current Trade and other payables	5,460	6,507

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value. The Company has an existing credit card facility for \$400,000 with National Australia Bank (NAB). As at 31 December 2015, the balance of credit card payable recorded under accrued expense amount to \$101,104.

10 Provisions

	2015	2014
	\$'000	\$'000
CURRENT		
Long service leave	629	658
Other employment related costs	113	112
Royalty	150	150
Annual leave	1,266	1,357
	<hr/>	<hr/>
Total current provisions	2,158	2,277
NON-CURRENT		
Long service leave	699	577
	<hr/>	<hr/>
Total non-current provisions	699	577
	<hr/>	<hr/>
Total provisions	2,857	2,854

Notes to the Financial Statements
For the Year Ended 31 December 2015

(a) Settlement of annual leave provision

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. No discounting was applied to leave expected to be taken after 12 months as this is deemed immaterial by management.

	2015	2014
	\$'000	\$'000
Leave obligations expected to be settled within next 12 months	1,013	1,085
Leave obligations expected to be settled after 12 months	253	272
Total	1,266	1,357

(b) Settlement of current long service liability

	2015	2014
	\$'000	\$'000
Current provisions expected to be settled within next 12 months	356	297
Current provisions expected to be settled after 12 months	273	361
Total	629	658

11 Other liabilities

	2015	2014
	\$'000	\$'000
CURRENT		
Revenue received in advance	1,769	1,378
Lease liability	-	54
Total current other liabilities	1,769	1,432
Total other liabilities	1,769	1,432

12 Commitments

Lease commitments- Company as lessee

	2015	2014
	\$'000	\$'000
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	1,109	966
- between one year and five years	2,987	1,303
- later than five years	373	-
Total future minimum lease payments (including GST)	4,469	2,269

The Lease commitments include the leases of Siemens building (6 years 6 months) and E3b building (5 years).

Notes to the Financial Statements For the Year Ended 31 December 2015

13 Financial risk management

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

This note discloses the Company's objectives, policies and processes for managing and measuring these risks. The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Company is exposed to are described below:

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

(a) Objectives, policies and processes

Risk management is carried out by the Board of Directors. The Chief Operating Officer has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are tabled at the board meeting for the Board of Directors' approval. Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Board should be aware of.

The Company holds the following financial instruments:

	Note	2015 \$'000	2014 \$'000
Financial Assets			
Cash and cash equivalents	4	1,154	14,056
Trade and other receivables	5	937	963
Other financial assets			
Loan to Parent Entity	6	9,574	-
Total financial assets		11,665	15,019
Financial Liabilities			
Trade and other payables	9	5,172	6,061
Total financial liabilities		5,172	6,061

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

(b) Liquidity risk

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

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

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-out flows due in day-to-day business. At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

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

Notes to the Financial Statements For the Year Ended 31 December 2015

(a) based on their contractual maturities:

(i) all non-derivative financial liabilities, and

(ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows

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

(i) derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows (not applicable to the Company in 2015 or 2014)

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

	Less than one year		Between 1 and 5 years		Over 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	5,156	6,053	5	8	11	-	5,172	6,061
Total	5,156	6,053	5	8	11	-	5,172	6,061

(c) Market risk

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

(d) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company. As at 31 December 2015, the Company do not have assets and liabilities that are measured and recognised at fair value meet the requirements of the fair value measurement hierarchy.

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

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

(e) Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2014: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

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Interest rate risk

	-1%		+1%	
	Results	Equity	Results	Equity
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	(12)	-	12	-
Trade and other receivables	-	-	-	-
Other Financial Assets	(95)	-	95	-
Financial Liabilities				
Trade and other payables	-	-	-	-
Total increase /decrease	(107)	-	107	-

(f) Fair value estimation

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level3)

As at 31 December 2015, the Company do not have assets and liabilities that are measured and recognised at fair value that meet the requirements of the fair value measurement hierarchy.

14 Key management personnel disclosures

(a) Directors

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

Mr Thushyanthan Sathiamoorthy

Prof Mark Gabbott

Prof Sakkie Pretorius

Mr John Gorman

Prof Jim Lee (resigned on 23rd September 2015)

Prof Janet Greely (resigned on 16th January 2015)

Paul Schreier (appointed on 28th July 2015)

John Simons (appointed on 28th January 2015)

Notes to the Financial Statements
For the Year Ended 31 December 2015

(b) Key management personnel compensation

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

	2015	2014
	\$'000	\$'000
Short-term employee benefits	645	571
Total key management personnel	645	571

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

15 Remuneration of auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
Audit of financial statements	57,000	56,000
Total remuneration for audit and other assurance services	57,000	56,000

16 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 31 December 2015 (31 December 2014: None).

17 Related Parties

(a) Parent entity and subsidiaries.

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

(b) Key management personnel

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

Mr Thushyanthan Sathiamoorthy, Prof Mark Gabbott, Prof Janet Greely, Mr. John Gorman, Prof Sakkie Pretorius Prof John Simons, Prof Jim Lee and Prof Paul Schreier . All of these persons were directors as at 31 December 2015 except Prof Jim Lee, Prof John Simons and Prof Paul Schreier .

Notes to the Financial Statements
For the Year Ended 31 December 2015

(c) Transactions with related parties

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

	Purchases	Sales	Receivables	Payables
	\$'000	\$'000	\$'000	\$'000
2015				
Macquarie University	2,446	5,961	9,672	2,001
Australian Proteome Analysis Facility Ltd	-	177	26	-
MGSM Limited	9	252	-	-
MUH Operations No.2 Pty Ltd	-	6	2	-
Risk Frontiers Flood (Australia) Pty Ltd	-	613	-	-
U@MQ Ltd.	41	-	-	3
	2,496	7,009	9,700	2,004
2014				
Macquarie University	3,127	6,436	460	2,882
Australian Proteome Analysis Facility Ltd	-	196	21	-
MGSM Limited	5	266	-	-
Risk Frontiers Flood (Australia) Pty Ltd	-	618	-	-
U@MQ Ltd	113	-	-	8
	3,245	7,516	481	2,890

18 Cash flow information

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

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

	2015	2014
	\$'000	\$'000
Net results for the year	95	(697)
Non-cash flows in profit:		
- depreciation and amortisation	359	318
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	76	(267)
- (increase)/decrease in prepayments	(48)	-
- increase/(decrease) in trade and other payables	(710)	1,379
- increase/(decrease) in provisions	3	130
Cash flows from operations	(225)	863

Notes to the Financial Statements For the Year Ended 31 December 2015

19 Events occurring after the reporting date

The financial report was authorised for issue on 24 March 2016 by the Board of Directors.

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

20 Members' guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 December 2015 the number of members was 1 (2014: 1).

21 Company details

The current office of the Company is:

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

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

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 30, are in accordance with the *Corporations Act 2001*; *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*
 - (a) comply with Australian Accounting Standards including the Australian Accounting Interpretations and
 - (b) are in accordance with the *Corporations Act 2001*; *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*
 - (c) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year then ended of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstance which would render any particulars in the financial statements to be misleading or inaccurate.

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

Director 
P John Gorman

Director 
Thushyanthan Sathiamoorthy

Dated 24 March 2016



INDEPENDENT AUDITOR'S REPORT

Access Macquarie Limited

To Members of the New South Wales Parliament and Members of Access Macquarie Limited

I have audited the accompanying financial statements of Access Macquarie Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

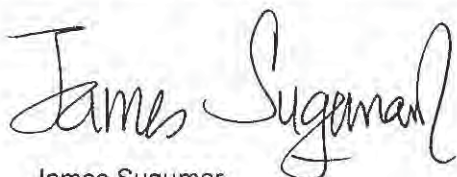
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Access Macquarie Limited on 22 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

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Australian Proteome Analysis Facility Limited

ABN 81 101 734 098

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	22
Independent Auditor's Report	23

Directors' Report 31 December 2015

The directors present their report on Australian Proteome Analysis Facility Limited for the financial year ended 31 December 2015.

1. General information

(a) Information on directors

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

Dr John Ballard

Qualifications	BSc(Hons 1) PhD DSc.
Experience	Authored more than 300 research publications, inventor of 10 patents.
Special responsibilities	Non-executive Chairman of the board.
Other current directorships in listed entities	Director of BR Angels Pty Ltd and BioAngels Inc.
Other directorships in listed entities held in the previous three years	AdAlta Pty Ltd and Neubody Pty Ltd.

Professor Sakkie Pretorius

Qualifications	BSc, MSc (Agriculture), PhD UFS
Experience	<p>Internationally recognised pioneer in molecular microbiology and biotechnology, and the translation of research outcomes to industry. Established a reputation for innovation and was appointed Professor of Microbiology in 1993 at Stellenbosch University (SUN). He also became the founding Director of South Africa's Institute for Wine Biotechnology at SUN. In USA and Europe, Professor Pretorius also established a reputation for excellence – He conducted research into molecular yeast genetics at the Albert Einstein College of Medicine in New York and at the Max Planck Institute for Biophysical Chemistry in Göttingen, Germany, and became a part-time professor at the Katholieke Universiteit Leuven in Belgium. In 2003, Professor Pretorius become Director of Research at the Australian Wine Research Institute (AWRI). He was also appointed Affiliate Professor in the School of Agriculture, Food and Wine at the University of Adelaide. In 2004, he became Managing Director and CEO of the AWRI. In 2011, he was appointed Deputy Vic-Chancellor and Vice-President : Research and Innovation at the University of South Australia - a position which he held until the middle of 2013.</p> <p>He is committed to academic excellence that creates value and opportunity for students, staff, industry and the wider community. He is highly interested in authentic leadership principles and has completed an executive leadership course at Harvard University in February 2013.</p>
Special responsibilities	Appointed Deputy Vice-Chancellor (Research) Macquarie University July 2013, & appointed as non-executive director of Australian Proteome Analysis Facility Limited on 6 August 2013. Resigned as non-executive director of Australian Proteome Analysis Facility Limited on 11 May 2015.

Directors' Report 31 December 2015

1. General information (continued)

(a) Information on directors (continued)

Associate Professor Mark Molloy

Qualifications

BSc (Hons 1) PhD Macquarie

Experience

Mark is a biochemist with substantial experience in proteomics, specialising in separation sciences and quantitative mass spectrometry. He has strong interests in biomedical applications, in particular molecular cancer biology, and has developed methods to quantitatively profile changes in protein phosphorylation to study cell signalling. Mark has > 90 peer reviewed publications and graduated 7 PhD students.

Mark conducted PhD research with Prof. Keith Williams in the fledgling APAF facility, and then went on to post-doctoral research with Prof. Philip Andrews in the Dept. Biological Chemistry at the University of Michigan Medical School.

Mark was employed as a Senior Principal Scientist at Pfizer Inc, in Ann Arbor, USA leading a team to identify biomarkers of new drug entities. He returned to APAF in 2004 to direct biomedical research projects, and became APAF Director in September 2009.

Special responsibilities

Executive Facility Director, oversees the operations of the Australian Proteome Analysis Facility.

Mr Thushy Sathimoorthy

Qualifications

CPA, MCom

Experience

Thushy Sathimoorthy joined Access Macquarie Limited as Chief Financial Officer in March 2010 and was appointed as Managing Director in April 2011, and Director of APAF in May 2011.

Thushy is a senior finance executive with corporate experience in a range of industries including IT, telecommunications and R&D. Prior to joining Access MQ, Thushy held senior roles at HP, NICTA, Compaq, Oracle and Nestle. Thushy is a qualified CPA and holds a Master of Commerce from Macquarie University.

Special responsibilities

Non-executive

Directors' Report 31 December 2015

1. General information (continued)

(a) Information on directors (continued)

Prof Barbara Messerle

Qualifications	Ph.D. University of Sydney 1987. Postdoctoral Fellow ETH Zürich, Switzerland 1987-1989, Gritton Research Fellow, University of Sydney 1990-1991; ARC Queen Elizabeth II Fellow 1992-1997, and ARC Senior Research Fellow 1997-1998, at the University of Sydney. ARC Senior Research Fellow 1999-2002 at UNSW.
Experience	<p>Prof Messerle returned to Australia and after a number of years as an ARC Queen Elizabeth II Fellow and ARC Senior Research Fellow, became an academic and Head of the Chemistry School at the University of New South Wales.</p> <p>Prof Messerle's research today is about developing catalysts and new methodologies for promoting the selective and efficient synthesis of important biologically active molecules. Understanding the structure and function of reactive molecular species has always underpinned her research. Prof Messerle has authored over 105 peer reviewed research publications, been awarded more than \$17m in grant funding, and has supervised or co-supervised 19 PhD students and 2 Masters students to completion.</p> <p>Prof Messerle's professional affiliations include Fellow of the Royal Australian Chemical Institute (FRACI); Member of the Australian and New Zealand Society for Magnetic Resonance (ANZMAG); Member of the American Chemical Institute; and Fellow of the Royal Society of NSW.</p>
Special responsibilities	Executive Dean, Faculty of Science and Engineering, Macquarie University, appointed as non-executive director of Australian Proteome Analysis Facility Limited on 11 May 2015.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Company secretary

Mr Robert McLean held the position of Company Secretary during the year and to the date of this report.

(c) Principal activities

The principal activity of Australian Proteome Analysis Facility Limited during the financial year was to provide services to the Australian Proteome Analysis Facility as per the National Collaborative Research Infrastructure Scheme (NCRIS) Facility Service Level Agreement (SLA).

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

(d) Review of operations

The deficit for the year ended 31 December 2015 is \$18,654 (2014: \$9,362 deficit).

The Company measures its performance by reference to its ability to provide the highest level of technology in proteomics for the Australian biotechnology community, including training scientists and maximising use of the facility. The Company contributes to KPI's published in the BioPlatforms Australia Limited annual report to the Parliament of Australia.

(e) Short term objectives

The Company's short term objectives are to:

Achieve the targets and milestones and contribute to yearly reports to Federal and NSW governments on outcomes of our research activity.

(f) Long term objectives

The Company's long term objectives are to:

Establish and maintain the Australian Proteome Analysis Facility, to provide the highest level of technology in

Directors' Report 31 December 2015

1. General information (continued)

(f) Long term objectives (continued)

proteomics for the Australian biotechnology community, including training scientists and maximising use of the facility.

(g) Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- ! Developed a pricing and access policy to provide fair access to all researchers
- ! Monitoring changes in research activity requests in the development of new services
- ! Introduction of instrumentation and/or techniques not previously available

(h) Performance measures

The following measures are used within the Company to monitor performance:

The Company measures its performance by reference to its ability to provide the highest level of technology in proteomics for the Australian biotechnology community, including training scientists and maximising use of the facility. The Company contributes to KPI's published in the BioPlatforms Australia Limited annual report to the Parliament of Australia and reports on achievement of the targets and milestones and contribute to yearly reports to Federal and NSW Governments on outcomes of our research activity.

(i) Significant changes in state of affairs

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

(j) Matters subsequent to the end of the financial year

Since the end of the financial year and to the date of this report, there has been no other matter or circumstance which has arisen which has significantly affected or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

(k) Environmental regulation

The Company is not subject to any significant environmental regulations.

(l) Likely developments and expected results of operations

Coupled with the carry forward of funding and additional funding under National Collaborative Research Infrastructure Scheme (NCRIS) to June 2016 and likely beyond, the Company is able to maintain the Company's current research capabilities.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

(m) Members guarantee

Australian Proteome Analysis Facility Limited is a company limited by guarantee, has no share capital and is not permitted to pay dividends. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for members that are corporations and \$10 for all other members, subject to the provisions of the company's constitution.

At 31 December 2015 the collective liability of members was \$10 (2014: \$10).

(n) Indemnification of Directors and Officers

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

Directors' Report
31 December 2015

1. General information (continued)

(n) Indemnification of Directors and Officers (continued)

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

2. Meetings of directors

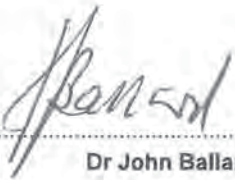
During the financial year, four meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Dr John Ballard	4	3
Professor Sakkie Pretorius	1	1
Associate Professor Mark Molloy	4	4
Mr Thushy Sathimoorthy	4	3
Prof Barbara Messerle	3	2
Company Secretary	4	4

3. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 6 of the financial statements.

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

Director: 
Dr John Ballard - Chairman

Director: 
Associate Professor Mark Molloy - Facility Director

Dated 10 March 2016



To the Directors
Australian Proteome Analysis Facility Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of the Australian Proteome Analysis Facility Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

7 March 2016
SYDNEY

Statement of Comprehensive Income
For the Year Ended 31 December 2015

		2015	2014
	Note	\$'000	\$'000
Revenue from continuing operations			
Fees and Charges	2	1,002	1,112
Interest revenue	2	19	23
Other revenue	2	19	18
		<hr/>	<hr/>
Total revenue from continuing operations		1,040	1,153
Expenses			
Management Fees - Macquarie University	12(d).	(811)	(899)
Management Fees - Access Macquarie Limited	12(d).	(177)	(196)
Other expenses		(71)	(67)
		<hr/>	<hr/>
Total expenses from continuing operations		(1,059)	(1,162)
(Deficit)/Surplus		<hr/> (19) <hr/>	<hr/> (9) <hr/>
Other comprehensive income for the year		<hr/> - <hr/>	<hr/> - <hr/>
Total comprehensive income for the year, attributable to owner of Australian Proteome Analysis Facility Limited		<hr/> (19) <hr/>	<hr/> (9) <hr/>

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

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	3	376	666
Trade and other receivables	4	508	142
Total current assets		884	808
Total assets		884	808
LIABILITIES			
Current liabilities			
Trade and other payables	5	637	542
Total current liabilities		637	542
Total liabilities		637	542
NET ASSETS		247	266
EQUITY			
Retained earnings	6	247	266
TOTAL EQUITY		247	266

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 2015

2015

	Retained Earnings	Total
Note	\$'000	\$'000
Balance at 1 January 2015	266	266
Net operating result	(19)	(19)
Other comprehensive income	-	-
Total comprehensive income	(19)	(19)
Balance at 31 December 2015	247	247

2014

	Retained Earnings	Total
Note	\$'000	\$'000
Balance at 1 January 2014	275	275
Net operating result	(9)	(9)
Other comprehensive income	-	-
Total comprehensive income	(9)	(9)
Balance at 31 December 2014	266	266

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 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		1,105	1,190
Payments to suppliers and employees		(1,063)	(1,472)
Interest received	2	19	23
Net cash provided by (used in) operating activities		61	(259)
 Cash flows from investing activities			
Loans to parent entity - Macquarie University		(351)	-
Net cash used by investing activities		(351)	-
 Net increase (decrease) in cash and cash equivalents held			
Cash and cash equivalents at beginning of year		666	925
Cash and cash equivalents at end of financial year	3	376	666

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 2015

1 Summary of Significant Accounting Policies

(a). Reporting entity

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

The financial statements for the year ended 31 December 2015 have been authorised for issue by the directors of the company on 10 March 2016.

(b). Basis of Preparation

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

The financial statements are general purpose financial statements that have been prepared on an accrual basis and in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the *Corporations Act 2001*.

Historical cost convention

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

Critical accounting estimates

(i) Significant accounting judgement

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

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

(ii) Significant accounting estimates and assumptions

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

(c). Revenue and other income

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

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

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

Interest revenue

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

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(c). Revenue and other income (continued)

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

Other revenue

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

(d). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e). Trade Receivables

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

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

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

(f). Trade and other payables

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

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

(g). Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(h). Income Tax Exemption

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

(i). Rounding of amounts

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j). Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

(k). Going concern

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

2 Revenue and Other Income

(a). Revenue from continuing operations

	Note	2015 \$'000	2014 \$'000
Services			
- Fees and charges		1,002	1,112
Total services		1,002	1,112
Other revenue from ordinary activities			
- Interest revenue		19	23
- Other revenue		19	18
Total other revenue from ordinary activities		38	41
Total Revenue		1,040	1,153

Notes to the Financial Statements

For the Year Ended 31 December 2015

3 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and in hand	175	126
Deposits at call	201	540
Total Cash and cash equivalents	376	666

Deposits at call have a term of 90 days or less and bear fixed interest with a weighted average of 3.2% (2014 : 2.9%)

(a). Reconciliation of cash

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

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	376	666
Balance as per statement of cash flows	376	666

4 Trade and other receivables

	2015	2014
	\$'000	\$'000
Current		
Trade receivables	138	146
Provision for impairment of receivables	(a). -	(4)
Net trade receivables	138	142
Loan receivable from Macquarie University	351	-
Other amounts receivable from Macquarie University	19	-
Total current trade and other receivables	508	142

Notes to the Financial Statements

For the Year Ended 31 December 2015

4 Trade and other receivables (continued)

(a). Impairment of receivables

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

	2015	2014
	\$'000	\$'000
Balance at beginning of the year	4	3
Additional impairment loss recognised	-	1
Reversal of impairment	(4)	-
Balance at end of the year	-	4

(b). Credit risk

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

The other classes of receivables do not contain impaired assets.

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

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

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

5 Trade and other payables

	2015	2014
	\$'000	\$'000
Current		
Accrued expenses	19	38
Related Parties	250	205
Fees in advance	368	299
Total current trade and other payables	637	542

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

6 Retained Earnings

	2015	2014
	\$'000	\$'000
Retained earnings at the beginning of the financial year	266	275
(Deficit)/Surplus for the year	(19)	(9)
Retained earnings at end of the financial year	247	266

7 Commitments

The Company had no commitments at 31 December 2015 (2014 : \$nil).

Notes to the Financial Statements

For the Year Ended 31 December 2015

8 Financial Risk Management

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

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

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

The Company does not speculate in financial assets.

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

Specific risks

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

Financial instruments held

	2015	2014
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	376	666
Trade and other receivables*	138	142
Trade receivable from parent entity*	19	-
Loan receivable from parent entity*	351	-
	884	808
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables*	258	233
	258	233

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

Liquidity risk

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

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

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

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

	Less than 6 months		6 to 12 months		1 to 5 years		Carrying amount	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and Other Payables	258	233	-	-	-	-	258	233
Total	258	233	-	-	-	-	258	233

Notes to the Financial Statements

For the Year Ended 31 December 2015

8 Financial Risk Management (continued)

Market risk

(i) Foreign currency sensitivity

Most of the Company transactions are carried out in Australian Dollars. At the reporting date there were no financial assets or liabilities denominated in foreign currency (2014: nil).

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to foreign currency risk.

(ii) Cash flow interest rate sensitivity

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

The following table illustrates the sensitivity of the Surplus/(deficit) for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2014: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

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

	2015		2014	
	+1.00%	-1.00%	+1.00%	-1.00%
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents				
Surplus/(deficit)	(4)	4	(7)	7
Equity	(4)	4	(7)	7
Trade and Other Receivables				
Surplus/(deficit)	(5)	5	(2)	2
Equity	(5)	5	(2)	2
Trade and Other Payables				
Surplus/(deficit)	(3)	3	(2)	2
Equity	(3)	3	(2)	2

Credit risk

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

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

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

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

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

Notes to the Financial Statements For the Year Ended 31 December 2015

8 Financial Risk Management (continued)

Credit risk (continued)

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

Price risk

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

Fair value estimation

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

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

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

Credit risk

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

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

The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

9 Key Management Personnel Disclosures

(a). Directors

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

Dr John Ballard,
Professor Sakkie Pretorius,
Professor Barbara Messerle,
Associate Professor Mark Molloy,
Mr Thusy Sathiamoorthy.

All of these persons were also directors during the year ended 31 December 2014, except for Professor Barbara Messerle, who was appointed on 11 May 2015 to replace Professor Sakkie Pretorius who resigned on 11 May 2015.

(b). Remuneration of Board Members

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

	2015	2014
Nil to \$9,999	4	3
\$10,000 to \$19,999	-	-
\$20,000 to \$29,999	1	1

Notes to the Financial Statements

For the Year Ended 31 December 2015

9 Key Management Personnel Disclosures (continued)

(c). Totals of remuneration paid

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

	2015	2014
	\$'000	\$'000
Short term employee benefits	<u>20</u>	<u>20</u>
Total remuneration paid to Key Management Personnel by Australian Proteome Analysis Facility Limited	<u>20</u>	<u>20</u>

10 Remuneration of Auditors

	2015	2014
	\$'000	\$'000
Remuneration of the auditor of the Company, the Audit Office of NSW, for:		
- Audit of financial statement	<u>15</u>	<u>16</u>
Total remuneration of Auditors	<u>15</u>	<u>16</u>

11 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014:None).

12 Related Parties

The Company's main related parties are as follows:

(a). Entities exercising control over the Group

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

(b). Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 9: Key Management Personnel Compensation.

(c). Other related parties

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

Notes to the Financial Statements For the Year Ended 31 December 2015

12 Related Parties (continued)

(d). Transactions with related parties

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

The following transactions occurred with related parties:

	\$'000	\$'000	\$'000	\$'000	\$'000
	P&L Transactions			Balance sheet	
	Revenue	Expense	Trade Receivable	Loan Receivable	Payable
2015					
Access Macquarie Ltd	-	177	-	-	26
Macquarie University	79	811	19	351	224
	79	988	19	351	250
2014					
Access Macquarie Ltd	-	196	-	-	21
Macquarie University	152	899	-	-	184
	152	1,095	-	-	205

13 Reconciliation of result for the year to cash flows from operating activities

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

	2015	2014
	\$'000	\$'000
(Deficit)/Surplus for the year	(19)	(9)
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	(16)	(38)
- increase/(decrease) in other operating liabilities	96	(212)
Net cash inflow/(outflow) from operating activities	61	(259)

14 Events Occurring After the Reporting Date

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

Notes to the Financial Statements For the Year Ended 31 December 2015

15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. There is one class of member and that member is Macquarie University through its delegate, the Deputy Vice Chancellor. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 31 December 2015 the number of members was 1 (2014: 1).

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 21 :
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the performance for the year then ended of the company
 - (b) are in accordance with the *Corporations Act 2001*
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director


Dr John Ballard - Chairman

Director


Associate Professor Mark Molloy - Facility Director

Sydney
Dated 10 March 2016



INDEPENDENT AUDITOR'S REPORT

Australian Proteome Analysis Facility Limited

To Members of the New South Wales Parliament and Members of Australian Proteome Analysis Facility Limited

I have audited the accompanying financial statements of Australian Proteome Analysis Facility Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

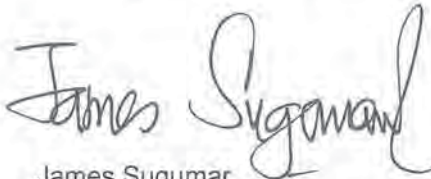
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Proteome Analysis Facility Limited on 7 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

14 March 2016
SYDNEY

CMBF Limited

ABN 46 003 407 609

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	24
Independent Auditor's Report	26

Directors' Report

31 December 2015

The directors present their report on CMBF Limited (the Company) for the financial year ended 31 December 2015.

1. General information

Directors

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

A. M. Cooper

Qualifications	BEC (Hons), PhD, DIP FPAAssoc.
Experience	Anne joined Macquarie University in 2002 with fifteen years of banking experience, specialising in balance sheet management issues. Anne held executive positions in the Institutional and Funds Management / Insurance arms of a major Australian Bank. Anne is currently the Deputy Director of the Applied Finance Centre, a lecturer in the Master of Applied Finance degree and a member of the Australian Financial Markets Association (AFMA) Advisory Board.
Area of responsibilities	Executive director
Period of directorship	Full period

P. R. Dodd

Qualifications	BComm, DipEd, MComm, MSc, PhD
Experience	Peter Dodd has over 25 years of senior management experience in both the private sector and universities. Peter was Chief Operating Officer and Deputy Vice-Chancellor at Macquarie University from 2009 until 2012. Prior to that he was Chief Financial Officer of North American Energy Partners, which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of Northern Alberta. Peter had over 20 years in Investment Banking and was Global Head of Corporate Finance for ABN Amro. Earlier, he was Professor of Finance and later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the Graduate School of Business at the University of Chicago. Currently, he is a non-executive director of Investa Office Fund, Networks NSW and is Chairman of Macquarie University Hospital.
Area of responsibilities	Non-executive director, Chairman
Period of directorship	Full Period

S. B. Dowton

Qualifications	MB, BS, MD, FACMG, FRACP
Experience	Professor S Bruce Dowton is the Vice-Chancellor of Macquarie University. He is a paediatrician, clinical geneticist, molecular biologist, researcher and academic, and has served as a senior medical executive at a range of universities, healthcare institutions and consulting organisations. Most notably, he served as a paediatrician at the Massachusetts General Hospital for Children, and as Clinical Professor of Paediatrics at Harvard Medical School. Professor Dowton joined the University in September 2012. In early 2013 he began a highly consultative process to establish a long-term strategic framework for the University, re-focusing the organisation's core activities of teaching and research around a concept of "a university of service and engagement." The document resulting from this process, Our University: A Framing of Futures in August 2013 emboldens the University's long-term vision and priorities. Dowton's highly engaging personal style has since become a hallmark of his Vice-Chancellorship.
Area of responsibilities	Non-executive director
Period of directorship	Full Period

Directors' Report

31 December 2015

1. General information (continued)

Directors (continued)

T. M. Gabbott

Qualifications

BA (Hons), MSc, PhD

Experience

Mark Gabbott was appointed Executive Dean of the Faculty of Business and Economics at Macquarie University in 2008. After working in government for 6 years in consumer policy and protection, he joined the University of Stirling as a Research Fellow and completed a PhD in Marketing. He was Lecturer and then Senior Lecturer at Stirling University researching and teaching in the areas of Electronic and Direct Marketing, Services Marketing, Consumer Behaviour and Consumer Policy. Mark joined Monash University in 1997 as Professor and was appointed Head of Department in 2000. He was appointed Deputy Dean at Monash in 2006 and had responsibility for Business Development and Education.

Area of responsibilities

Non-executive director

Period of directorship

Full period

P. J. Gorman

Qualifications

BBus, MBA, FCPA

Experience

John Gorman was appointed Chief Financial Officer of Macquarie University in September 2007. Previous experience as the Chief Financial Officer for a NSW State Owned Corporation operating in the waste management industry, Chief Financial Officer and, in some instances, Company Secretary, for several publicly listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development. Strengths in the areas of capital raising and debt structure, investment management, financial and management reporting and organisational change.

Area of responsibilities

Non-executive director

Period of directorship

Full period

K. M. Jameson

Qualifications

BSc (Hons), SF Fin

Experience

Kevin Jameson has extensive experience teaching within the Masters in Applied Finance program, in addition to over 30 years global experience in the finance industry. He is a currently a member of the Advisory Council of the Centre for International Finance & Regulation, Chair of Benchmarks Committee of the Australian Financial Markets Association and a member of the Editorial Board of JASSA: The Finsia Journal of Applied Finance. He has been the Australian Head of Capital Markets, Country Head for Japan and Regional Head of Treasury & Capital Markets for Asia (based in Tokyo) and Global Managing Director of Capital Markets (based in London) for a large UK banking and investment group. He has also been a Director of the Sydney Futures Exchange (and Chairman of its New Products Committee), a Director of and advisor to several private investment businesses, and Chairman of a technology company specialising in products and services for the wholesale asset management industry, operating in Sydney, Europe and the US.

Area of responsibilities

Managing Director, Executive director

Period of directorship

Full period

Directors' Report

31 December 2015

1. General information (continued)

Directors (continued)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

H. Krskova held the position of Company Secretary during the year and to the date of this report.

Principal activities

The principal continuing activity in the course of the financial year was the provision of educational services to the Finance Industry and administration of courses on behalf of Macquarie University.

There were no significant changes in the nature of the Company's activity occurred during the year.

Review of operations

The surplus of the Company for the year ended 31 December 2015 is \$47,000 (2014: \$155,000).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the year.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Environmental regulations

The Company is not subject to any significant environmental regulations.

Likely developments and expected results of operations

Further information on likely developments in the operations of the company and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the company.

Members' guarantee

CMBF Limited is a company limited by members' guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is not to exceed \$1 for each member, subject to the provisions of the company's constitution. During the financial year, 2 new members were appointed and 1 member resigned with a total of 14 members at 31 December 2015.

Indemnification of Directors and Officers and Insurance of Officers

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

Short and long-term objectives

The Company will continue to offer educational services to the finance industry in both the short and long term.

Strategy for achieving the objectives

The company has in place a number of continuing marketing and promotional activities which ensure the achievement of a satisfactory level of student enrolments and educational service contracts.

Measurement of performance and key performance indicators

Performance is measured through the Financial Statements which show a consistent level of surplus and adequate liquidity. These measures represent the company's key performance indicators.

Directors' Report 31 December 2015

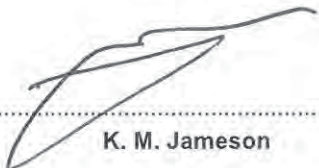
Meetings of directors

During the financial year, no meetings of directors (including committees of directors) were held. Directors liaised in person, via emails and circulating resolutions.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 5 of the financial report.

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

Director: 
K. M. Jameson

Director: 
P. J. Gorman

Dated 15th March, 2016.



To the Directors
CMBF Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of CMBF Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive style with a long horizontal stroke at the end.

James Sugumar
Director, Financial Audit Services

14 March 2016
SYDNEY

Statement of Comprehensive Income
For the Year Ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Management fee	3	3,251	2,888
Other fees and charges		183	253
Interest received		90	42
		<u>3,524</u>	<u>3,183</u>
Total revenue from continuing operations			
Expenses from continuing operations			
Employee benefits expense	4	(2,541)	(2,120)
Depreciation and amortisation expense	9	(20)	(16)
Other expenses	5	(916)	(892)
		<u>(3,477)</u>	<u>(3,028)</u>
Total expenses from continuing operations			
Net Results from continuing operations			
		<u>47</u>	<u>155</u>
Other comprehensive income for the year			
		<u>-</u>	<u>-</u>
Total comprehensive income for the year, attributable to owners of CMBF Limited			
		<u>47</u>	<u>155</u>

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

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	2,972	1,614
Trade and other receivables	7	29	55
Other financial assets	8	-	1,232
Total current assets		3,001	2,901
Non-current assets			
Plant and equipment	9	37	29
Total non-current assets		37	29
Total assets		3,038	2,930
LIABILITIES			
Current liabilities			
Trade and other payables	10	137	106
Provisions	11	211	178
Other liabilities	12	-	1
Total current liabilities		348	285
Non-current liabilities			
Provisions	11	69	71
Total non-current liabilities		69	71
Total liabilities		417	356
Net assets		2,621	2,574
EQUITY			
Accumulated funds		2,621	2,574
Total equity		2,621	2,574

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 2015

2015

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

2014

	Accumulated funds
	\$'000
Balance at 1 January 2014	2,419
Net result	<u>155</u>
Total comprehensive for the year	<u>155</u>
Balance at 31 December 2014	<u>2,574</u>

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

Statement of Cash Flows
For the Year Ended 31 December 2015

		2015	2014
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		3,456	3,231
Payments to suppliers and employees		(3,440)	(3,015)
Interest received		84	92
Finance costs		2	-
GST recovered / paid		52	-
Net cash provided by / (used in) operating activities	19	154	308
Cash flows from investing activities			
Payments for plant and equipment	9	(28)	(18)
Payment for held-to-maturity investments		1,232	-
Net cash provided by / (used in) investing activities		1,204	(18)
Cash flows from financing activities			
Net cash provided by / (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents held			
Cash and cash equivalents at beginning of year		1,358	290
		1,614	1,324
Cash and cash equivalents at end of financial year	6	2,972	1,614

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 2015

1 Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

In 2014, CMBF Limited owned a 100% subsidiary Macquarie Education South Africa NPC (MESA). MESA was a not for profit company (NPC) established under the Companies Act 2008, of the Republic of South Africa (RSA).

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

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

The financial statements for the year ended 31 December 2015 have been authorised for issue by the directors of the company on 15 March 2016.

(b) Basis of Preparation

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

The financial statements are general purpose financial statements that have been prepared on an accruals basis and in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015 and the Corporations Act 2001.

Historical cost convention

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

Critical accounting estimates

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

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

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

(c) Revenue and other income

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

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

Revenue is recognised for the major business activities as follows:

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

(i) Revenue

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

(ii) Management Fee

Accrued on a monthly basis as per service agreement.

(iii) Course revenue

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

(iv) Facilities rental

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

(v) Consulting

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

(vi) Interest revenue

Interest income is recognised as it accrue.

(d) Cash and cash equivalents

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

(e) Trade receivables

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

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

(f) Plant and Equipment

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

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

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(f) Plant and Equipment (continued)

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

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

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

Fixed asset class	Depreciation rate
- Plant and equipment	3.3 years

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

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

(g) Trade and other payables

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

(h) Provisions

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

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

(i) Employee benefits

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

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

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

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(i) Employee benefits (continued)

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

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

(iii) Retirement benefit obligations

Certain employees of the Company are entitled to benefits from UniSuper superannuation plan on retirement, disability or death. The defined contribution section received fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions. Defined superannuation contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(j) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(k) Income Tax Exemption

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

(l) Rounding of amounts

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

(m) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(n) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ended 31 December 2015 are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the AASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	The impact of this standard is expected to be minimal	1 January 2016
IFRS 16 [^]	Leases	The key features of IFRS 16 are as follows: Lessee accounting - Lessees are required to recognise assets and liabilities for all leases with a term more than 12 months, unless the underlying asset is of low value. - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. - Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, not to exercise an option to terminate the lease. - IFRS 16 contains disclosure requirements for lessees.	1 January 2019	The impact of this standard is expected to be minimal	1 January 2019

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(n) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		<p>Lessor accounting</p> <p>- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p> <p>IFRS 16 supersedes:</p> <p>(a) IAS 17 Leases</p> <p>(b) IFRIC 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases-Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.</p>			

(o) Finance costs

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

2 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Critical Accounting Estimates and Judgments (continued)

Key estimates - receivables

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

3 Revenue from continuing operations

	2015	2014
	\$'000	\$'000
Fee and charges		
- Management fee	3,251	2,888

4 Employee related expenses

	2015	2014
	\$'000	\$'000
Academic		
Wages & Salaries	750	558
Superannuation contributions	95	65
Payroll tax	46	35
Long service leave	8	12
Annual leave	2	1
Total academic	901	671
General		
Wages & Salaries	1,406	1,263
Superannuation contributions	130	112
Payroll tax	85	71
Workers compensation	4	1
Long service leave	12	(2)
Annual leave	3	4
Total general	1,640	1,449
Total employee related expenses	2,541	2,120

Notes to the Financial Statements
For the Year Ended 31 December 2015

5 Other expenses

	2015	2014
	\$'000	\$'000
Advertising, marketing and promotions	526	465
Audit fees, banks charges, legal costs and insurance	22	21
Consulting	186	225
Equipment costs and licenses	29	34
General consumables and materials	35	34
Travel	55	36
Miscellaneous expenses	63	77
Total other expenses	916	892

6 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and in hand	972	1,614
Term deposits	2,000	-
Total cash and cash equivalents	2,972	1,614

In 2015, Deposits at call have a term of 90 days or less, and bear fixed interest with a weighted average of 2.12% (2014: 3.69%).

(a) Reconciliation of cash

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

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	2,972	1,614
Balance as per statement of cash flows	2,972	1,614

7 Trade and other receivables

	2015	2014
	\$'000	\$'000
Current		
Trade receivables	5	12
GST receivable	12	8
Accrued income	6	-
Prepayments	6	11
Other receivables	-	24
Total current trade and other receivables	29	55

As at 31 December 2015 no trade debtors were past due or impaired (2014: nil).

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Trade and other receivables (continued)

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

8 Other financial assets

	2015	2014
	\$'000	\$'000
Current		
Held-to-maturity term deposits	-	1,232
Total current assets	-	1,232

Term deposits have a term of 91 to 365 days and bear fixed interest with a weighted average of 2.83% (2014). Term deposits in 2015 had terms less than 90 days, therefore have been reported as cash or cash equivalent. Refer to note 14 for information on the risk management policy of the Company.

9 Plant and equipment

	Plant and Equipment	Total
	\$'000	\$'000
At 1 January 2014		
Gross amount	83	83
Accumulated depreciation	(56)	(56)
Carrying amount	27	27
Year ended 31 December 2014		
Gross amount	27	27
Additions	18	18
Depreciation	(16)	(16)
Carrying amount	29	29
At 31 December 2014		
- Cost	101	101
- Accumulated Depreciation	(72)	(72)
Carrying amount	29	29
Year ended 31 December 2015		
Gross amount	29	29
Additions	28	28
Depreciation charge	(20)	(20)
Carrying amount	37	37
At 31 December 2015		
- Cost	129	129
- Accumulated Depreciation	(92)	(92)
Carrying amount	37	37

Notes to the Financial Statements

For the Year Ended 31 December 2015

10 Trade and other payables

	2015	2014
	\$'000	\$'000
Current		
Trade payables	23	65
Related parties	3	-
Accrued expense	111	41
Total current trade and other payables	137	106

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

11 Provisions

	2015	2014
	\$'000	\$'000
Current		
Annual leave	143	133
Long service leave	68	45
Total current provisions	211	178
Non-current		
Long service leave	69	71
Total non-current provisions	69	71

Current provisions include total employee benefits of \$68,000 (2014: \$45,000) that are expected to be settled more than 12 months after the reporting date.

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

12 Other liabilities

	2015	2014
	\$'000	\$'000
Current		
Prepaid income	-	1
Total current liabilities	-	1

13 Commitments

The company had no capital expenditure or leasing arrangements at 31 December 2015 (2014: \$nil).

14 Financial Risk Management

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

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

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

The Company does not speculate in financial assets.

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

Specific risks

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

Financial instruments held

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

	Note	2015 \$'000	2014 \$'000
Financial assets			
Cash and Cash Equivalents	6	2,972	1,614
Trade and other receivables (excluding statutory receivables and prepayments)	7	11	36
Other financial assets		-	1,232
		2,983	2,882
Financial liabilities			
Trade and other payables	10	137	106
Borrowings		-	-
		137	106

(a) Objectives, policies and processes

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

(b) Liquidity risk

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

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

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

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

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

	Less than 6 months		6 to 12 months		1 to 5 years		Carrying amount	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade and other payables	137	106	-	-	-	-	137	106

Notes to the Financial Statements
For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(c) Market risk

(i) Foreign currency sensitivity

Most transactions are carried out in Australian Dollars. At the reporting date there were no financial assets denominated in foreign currency (2014: nil). In 2015, there were financial liabilities denominated in foreign currency HKD 5,000 and SGD 600 (2014: nil)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to foreign currency risk.

		\$'000			
	Carrying amount	-1% Profit	-1% Equity	+1% Profit	+1% Equity
2015					
Financial Assets					
Cash and cash equivalents	2,972	(30)	(30)	30	30
2014					
Financial Assets					
Cash and cash equivalents	1,614	(16)	(16)	16	16

(d) Credit risk

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

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

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

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

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

Total receivables less than three months post due but not impaired in 2015 is \$4,540 (2014: \$12,034)

(e) Fair value estimation

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

15 Key Management Personnel Disclosures

(a) Names of responsible persons and executive officers

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

(i) Executive directors

K. M. Jameson

A. M. Cooper

(ii) Non-executive directors

P. R. Dodd

S. B. Downton

T. M. Gabbott

P. J. Gorman

(b) Remuneration of Board Members and Executives

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

	2015	2014
Remuneration of Executive Directors		
250,000 to 269,999	-	1
270,000 to 289,999	1	-

(c) Totals of remuneration paid

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

	2015	2014
	\$'000	\$'000
Short-term employee benefits	273	266
Total remuneration paid to Key Management Personnel by CMBF Limited	273	266

Short-term employee benefits include salary and superannuation.

16 Remuneration of Auditors

	2015	2014
	\$'000	\$'000
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit fee for parent entity's financial statements	11	11
- Audit fees for subsidiary's financial statements paid by parent entity	3	3
Total remuneration of Auditors	14	14

Notes to the Financial Statements

For the Year Ended 31 December 2015

17 Contingencies

At 31 December 2015, in the opinion of the Directors, the Company did not have any contingent assets or liabilities.

18 Related Parties

The Company's main related parties are as follows:

(a) Entities exercising control over the Company

Macquarie University has full control over the company..

(b) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Disclosures.

(c) Transactions with related parties

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

The following transactions occurred with related parties in 2015:

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

The following transactions occurred with related parties in 2014:

	Revenue \$'000	Expenses \$'000	Receivables \$'000	Payables \$'000
Macquarie University	2,894	19	-	-
MGSM Ltd	-	2	-	-
	<u>2,894</u>	<u>21</u>	<u>-</u>	<u>-</u>

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

	2015 \$'000	2014 \$'000
Audit fee - Audit Office of NSW - audit of financial statements	3	3
Audit fee - KPMG Republic of South Africa - audit of financial statements	-	3
Tax clearance and filing for deregistration - KMPG Republic of South Africa - audit of financial statements	3	-
Deregistration of MESA - Edward Nathan Sonnenberg Inc	1	-
	<u>7</u>	<u>6</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

19 Cash Flow Information

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

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

	2015	2014
	\$'000	\$'000
Surplus for the year	47	155
Non-cash flows in surplus:		
Depreciation and amortisation	20	16
Changes in operating assets and liabilities:		
(Increase)/decrease in trade debtors	26	129
Increase/(decrease) in trade creditors	31	19
Increase/(decrease) in other operating liabilities	(1)	(26)
Increase/(decrease) in other provisions	31	15
Net cash inflow / (outflow) from operating activities	154	308

20 Events Occurring After the Reporting Date

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

21 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by members' guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 December 2015 the number of members was 14 (2014: 13). During the year, 2 new members were appointed and 1 member resigned, with a total of 14 members at 31 December 2015.

22 Economic dependency

During the year the company received \$3,250,728 (2014: \$2,888,000) as fees from Macquarie University. The fees were received by the company for the administration of the Master of Applied Finance Program. This is the major source of income for the company. The company occupies premises on the campus of Macquarie University for which a rent of \$2,000 (2014: \$2,000) is payable to the University for the year ended 31 December 2015. During the year Macquarie University provided accommodation facilities in Sydney CBD and other resources to enable the company to administer the Program. Macquarie University determines what income and expenses are allocated to CMBF Limited.

END OF AUDITED FINANCIAL STATEMENTS

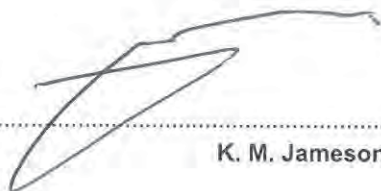
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 22:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance for the year then ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. They are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director



K. M. Jameson

Director



P. J. Gorman

Dated

15th March 2016



INDEPENDENT AUDITOR'S REPORT

CMBF Limited

To Members of the New South Wales Parliament and Members of CMBF Limited

I have audited the accompanying financial statements of CMBF Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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:

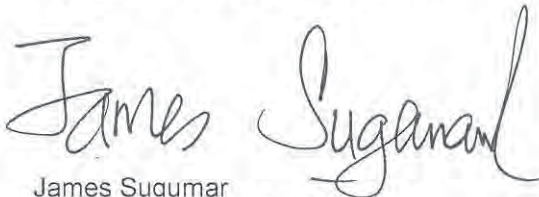
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CMBF Limited on 14 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

15 March 2016
SYDNEY

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COH Property Trust

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

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

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Other revenue	-	-
Total revenue	<u>-</u>	<u>-</u>
Expenses		
Other expenses	-	-
Total expenses	<u>-</u>	<u>-</u>
Profit for the year	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to members of COH Property Trust	<u>-</u>	<u>-</u>

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

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	-	-
Total Current assets		-	-
TOTAL ASSETS		-	-
LIABILITIES			
Current liabilities			
Total Current liabilities		-	-
TOTAL LIABILITIES		-	-
NET ASSETS		-	-
EQUITY			
Contributed Unit Capital	3	-	-
Accumulated funds		-	-
TOTAL EQUITY		-	-

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 2015

2015

	Units on Issue	Accumulated funds	Total
	\$	\$	\$
Balance at 1 January 2015	-	-	-
Total comprehensive income	-	-	-
Balance at 31 December 2015	-	-	-

2014

	Units on Issue	Accumulated funds	Total
	\$	\$	\$
Balance at 1 January 2014	-	-	-
Total comprehensive income	-	-	-
Balance at 31 December 2014	-	-	-

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 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	-	-
9	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of financial year	-	-
2	-	-

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

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

(a) Reporting entity

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

The financial statements for the year ended 31 December 2015 have been authorised for issue by the Trustees on the 30 March 2016.

(b) Basis of Preparation

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

The Trustees have assessed the Trust as a for-profit entity for financial reporting purposes.

Compliance with IFRS

The financial statements of the Trust comply with Australian Accounting Standards some of which contain requirements that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

(d) Revenue and other income

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue and other income continued

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

(e) Income Tax Exemption

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

(f) Cash and cash equivalents

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

(g) Rounding of amounts

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

(h) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	-	-
	<u>-</u>	<u>-</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	-	-
Balance as per statement of cash flows	<u>-</u>	<u>-</u>

3 Contributed Unit Capital

	2015	2014
	\$	\$
Balance at 1 January	-	-
Balance at 31 December	<u>-</u>	<u>-</u>

4 Commitments

There were no commitments for expenditure of a capital nature as at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The Trustees of the Trust during the year were:

Patrick John Gorman

Peter Raymond Dodd

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

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Trust, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Trust.

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Contingencies

The Trust did not have any contingent assets or liabilities at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

a) Parent entities

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

The Trust had no controlled entities during 2015.

b) Trustees

The names of persons who were Trustees of the Trust at any time during the financial year are as follows: Patrick John Gorman and Peter Raymond Dodd.

c) Transactions with related parties

There were no transactions with related parties in 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the Trust.

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

	2015	2014
	\$	\$
Operating result for the period	-	-
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	-	-
Net cash flows from operating activities	<u>-</u>	<u>-</u>

10 Events Occurring After the Reporting Date

There are no events after the balance sheet date of which the Trustees are aware that will have a material effect on the Trust's operations (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Statement by the Trustees

In the Trustees' opinion:

1. The financial statements and notes, as set out on pages 1 to 8:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the performance for the year ended of the Trust; and
 - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.
2. In the Trustees' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Trustee



P. R. Dodd

Trustee



P. J. Gorman

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

COH Property Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of COH Property Trust (the Trust), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

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

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

The Trustees' Responsibility for the Financial Statements

The Trustees are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Trustees 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.

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 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 management, 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.

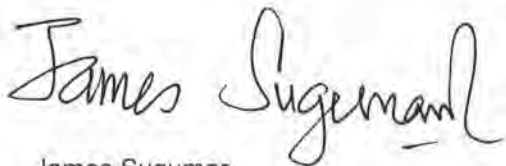
My opinion does *not* provide assurance:

- about the future viability of the Trust
- that it carried out its 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 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 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.



James Sugumar
Director, Financial Audit Services

31 March 2016
SYDNEY

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Macquarie Education South Africa NPC

Financial Statements

For the Period from 1 January to 12 March 2015

Contents

For the Period from 1 January to 12 March 2015

	Page
Financial Statements	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Declaration	8
Independent Auditor's Report	9

Statement of Comprehensive Income
For the Period from 1 January to 12 March 2015

	1 January to 12 March 2015	1 January to 31 December 2014
Note	\$	\$
Revenue		
Revenue from discontinued operations	-	-
Total revenue	-	-
Expenses		
Expenses	-	-
Total expenses	-	-
Net Results	-	-
Other comprehensive income	-	-
Total comprehensive income attributable to members of CMBF Limited	-	-

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

Statement of Financial Position

As at 12 March 2015

	1 January to 12 March 2015	1 January to 31 December 2014
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Total current assets	-	-
Total assets	-	-
LIABILITIES		
Current liabilities		
Trade and other payables	-	-
Total current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
EQUITY		
Retained Earnings	-	-
Contributed equity	-	-
Total equity	-	-

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

Statement of Changes in Equity
For the Period from 1 January to 12 March 2015

2015				
		Retained Earnings	Contributed Equity	Total
	Note	\$	\$	\$
Balance at 1 January 2015				
Net results for the period		-	-	-
Balance at 12 March 2015		-	-	-
2014				
		Retained Earnings	Contributed Equity	Total
	Note	\$	\$	\$
Balance at 1 January 2014				
Net results for the period		-	-	-
Balance at 31 December 2014		-	-	-

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

Statement of Cash Flows

For the Period from 1 January to 12 March 2015

		1 January to 12 March 2015	1 January to 31 December 2014
Note		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
	Receipts from customers	-	-
	Payments to suppliers and employees	-	-
	Net cash provided by (used in) operating activities	-	-
7			
CASH FLOWS FROM INVESTING ACTIVITIES:			
	Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
	Net cash provided by (used in) financing activities	-	-
	Net increase (decrease) in cash and cash equivalents held	-	-
	Cash and cash equivalents at beginning of year	-	-
	Cash and cash equivalents at end of the period	-	-

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

Notes to the Financial Statements

For the Period from 1 January to 12 March 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

Macquarie Education South Africa NPC was a not-for-profit company, registered and domiciled in South Africa, and wholly owned by CMBF Limited.

The registered office of MESA was 137 Daisy Street, Corner Grayson Drive, Sandown, Gauteng 2196. The principal place of business was South Africa.

MESA was established on 27 January 2012 for the initial purpose of applying for regulatory approvals in connection with the delivery of the Masters of Financial Regulation program in the Republic of South Africa.

MESA has not traded since its inception. On 8 August 2014, the sole member (CMBF Limited) of the company resolved to authorise the directors of the company to proceed with deregistration. MESA was successfully deregistered on 12 March 2015. This is the last set of financials statements for the Company.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards which includes Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and other authoritative pronouncements of the Australian Accounting Standards Board. The directors have assessed the entity as a not-for-profit entity for financial reporting purposes.

The financial statements cover the period from 1 January to 12 March 2015 and have been authorised for issued by the Directors on the 15 March 2016.

Historical cost convention

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

(c) Critical accounting estimates and judgments

Key judgements are disclosed as required.

(d) Revenue recognition

Revenue is recognised on an accruals basis as earned.

(e) Cash and cash equivalents

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

(f) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 12 March 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

Notes to the Financial Statements

For the Period from 1 January to 12 March 2015

2 Commitments

There were no commitments for capital expenditure or leases at 12 March 2015 (31 December 2014: nil).

3 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the period from 1 January 2015 to 12 March 2015 and up to the date of this report are:

K. M. Jameson appointed 27 January 2012

P. J. Gorman appointed 27 January 2012

R. G. Trevor appointed 27 January 2012

Remuneration paid or payable, or otherwise made available to Directors, is paid by the direct parent, CMBF Limited.

4 Remuneration of Auditors

	1 January to 12 March 2015 \$'000	1 January to 31 December 2014 \$'000
Remuneration of the auditor of the Macquarie Education South Africa NPC, Audit Office of NSW, for:		
- Audit of financial statements	3	3

CMBF Limited paid the audit fees on behalf of the Company.

5 Contingencies

In the opinion of the Directors, the Company did not have any contingent liabilities or assets at 12 March 2015 (31 December 2014: None).

6 Related Parties

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

	1 January to 12 March 2015 \$'000	1 January to 31 December 2014 \$'000
Audit fee - Audit Office of NSW	3	3
Audit fee - KPMG Republic of South Africa	-	3
Tax Clearance and filing for deregistration - KPMG Republic of South Africa	3	-
Deregistration of MESA - Edward Nathan Sonnenberg Inc	1	-
	<u>7</u>	<u>6</u>

Notes to the Financial Statements

For the Period from 1 January to 12 March 2015

7 Cash Flow Information

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

	1 January to 12 March 2015 \$'000	1 January to 31 December 2014 \$'000
Surplus for the period	-	-
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

8 Events Occurring After the Reporting Date

The company was deregistered on 12 March 2015. Therefore, there were no significant events subsequent to balance date.

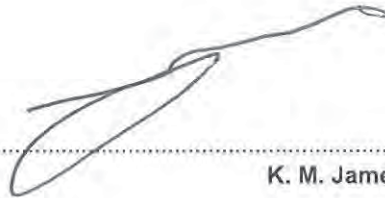
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 1 to 7:
 - (a) give a true and fair view of the financial position as at 12 March 2015 and the performance for the period from 1 January to 12 March 2015 of the company; and
 - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2015*.
2. They are not aware of any circumstances that would render any particulars included in the financial report to be misleading or inaccurate.

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

Director



K. M. Jameson

Director



P. J. Gorman

Sydney
Dated 15th March, 2016.



INDEPENDENT AUDITOR'S REPORT

Macquarie Education South Africa NPC

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Macquarie Education South Africa NPC (the Company), which comprise the statement of financial position as at 12 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the period 1 January 2015 to 12 March 2015, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 12 March 2015, and of its financial performance and its cash flows for the period 1 January 2015 to 12 March 2015 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 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 management, 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:

- that it carried out its 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 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 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.



James Sugumar
Director, Financial Audit Services

15 March 2016
SYDNEY

Macquarie University Clinical Associates Limited

ABN 56 606 405 270

Financial Statements

For the Period from 12 June 2015 to 31 December 2015

Financial Statements

For the Period 12 June to 31 December 2015

Contents

	Page
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	16
Independent Auditor's Report	17

Directors' Report

31 December 2015

The directors present their report on Macquarie University Clinical Associates Limited for the period 12 June to 31 December 2015.

1. General information

Information on directors

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

Professor S B Downton

Qualifications

MB, BS, MD, FACMG, FRACP

Experience

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

Area of responsibility

Chairman

Period of directorship

Commenced as a Director on 12 June 2015

Emeritus Professor B H Barraclough, AO

Qualifications

MB, BS, FRACS, DDU, FACS, FAICD

Experience

Board Member of Cabrini Health, Chair of the Advisory Council for the CSIRO Digital Productivity and Services Flagship. Former Dean of Education, Royal Australasian College of Surgeons and Associate Dean (Clinical Strategy) of the University of Western Sydney Medical School.

Area of responsibility

Non Executive Director

Period of directorship

Commenced as a Director on 2 November 2015

Ms C A Bryant

Qualifications

B SC (UNSW); Grad Dip Ed (Armidale)

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

Adjunct Professor M R Compton, AM

Qualifications

BSc, MBA (UNSW), FAIM, FAICD, AFCHSE

Experience

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

Area of responsibility

Non Executive Director

Period of directorship

Commenced as a Director on 12 November 2015

Directors' Report

31 December 2015

Information on directors continued

Mr P J Gorman

Qualifications

BBus, MBA, FCPA, FTIA

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

Professor R F Kefford, AM

Qualifications

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

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 4 November 2015

Professor H P McNeil

Qualifications

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

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

Dr P J R Schreier

Qualifications

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

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 June 2015

Directors' Report

31 December 2015

Information on directors continued

Professor M Stoodley

Qualifications

BmedSc, MB.BS(Hons), PhD, FRACS

Experience

Clinical Program Head Neurosciences, Professor of Neurosurgery and senior neurosurgeon with clinical expertise in neurovascular surgery. Directs the neurosurgery laboratory at the Faculty of Medicine and Health Sciences and continues research on syringomyelia as well as developing new biological treatments for brain arteriovenous malformations (AVMs).

Area of responsibility

Director

Period of directorship

Commenced as a Director on 4 November 2015

Professor S M Willcock

Qualifications

PhD, FRACGP, MBBS (Hons), Dip Obs

Experience

Clinical Program Head Primary Care and Wellbeing and academic general practitioner who has worked in both rural and metropolitan NSW. Educational and research interests include musculoskeletal medicine, generational change in the medical workforce and the health of doctors. Previously Chairman of General Practice Education and Training Ltd (resigned 2012), a Commonwealth company responsible for general practice training on behalf of the government and Minister for Health and Ageing.

Area of responsibility

Director

Period of directorship

Commenced as a Director on 4 November 2015

Directors have been in office since 12 June 2015 to the date of this report unless otherwise stated.

Company secretary

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

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

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

Ongoing financial support from parent - Macquarie University

On 3 December 2015, Macquarie University Council approved funds would be lent to Macquarie University Clinical Associates Limited to enable it to meet its obligations.

Principal activities

The principal activity of Macquarie University Clinical Associates Limited, a company Limited by guarantee, is to facilitate and foster medical research and teaching in conjunction with its parent, Macquarie University and other appropriate educational, medical and research institutions.

No significant changes in the nature of the Company's activity occurred during the financial period 12 June to 31 December 2015.

Directors' Report

31 December 2015

Review of operations

The result of the Company during the financial period 12 June to 31 December 2015 is a deficit of \$ (143).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the period 12 June to 31 December 2015.

Events after the reporting date

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

Future developments and results

Macquarie University Health Sciences Centre strategy was developed in 2015.

One of the objectives of this new strategy is to deliver ongoing growth in Clinic operations, medical research and teaching in conjunction with its parent, Macquarie University and other appropriate educational, medical and research institutions.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

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

Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Professor S B Dowton	4	4
Emeritus Professor B H Barraclough, AO	2	2
Ms C A Bryant	4	4
Adjunct Professor M R Compton, AM	2	1
Mr P J Gorman	4	4
Professor R F Kefford, AM	2	1
Professor H P McNeil	4	4
Dr P J R Schreier	4	4
Professor M Stoodley	2	-
Professor S M Willcock	2	2

Directors' Report

31 December 2015

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period 12 June to 31 December 2015 has been received and can be found on page 6 of the financial report.

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

Director: 

Director: 

Dated

24/3/2016



To the Directors
Macquarie University Clinical Associates Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Macquarie University Clinical Associates Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive, flowing style.

James Sugumar
Director, Financial Audit Services

18 March 2016
SYDNEY

Statement of Comprehensive Income

For the Period 12 June to 31 December 2015

	Note	12 June to 31 December 2015 \$'000
Revenue		
Revenue from continuing operations		-
Total revenue		<u>-</u>
Expense		
Employee benefits	2	(26)
Professional & governance	2	(117)
Total expenses		<u>(143)</u>
Deficit for the year		<u>(143)</u>
Other comprehensive income for the year		<u>-</u>
Total comprehensive income for the year attributable to members of Macquarie University Clinical Associates Limited		<u><u>(143)</u></u>

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

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3	<u>-</u>
TOTAL CURRENT ASSETS		<u>-</u>
NON-CURRENT ASSETS		
Property, plant and equipment		<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>-</u>
TOTAL ASSETS		<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4	142
Provisions	5	<u>1</u>
TOTAL CURRENT LIABILITIES		<u>143</u>
NON-CURRENT LIABILITIES		
TOTAL LIABILITIES		<u>143</u>
NET ASSETS		<u><u>(143)</u></u>
EQUITY		
Accumulated Deficit		<u>(143)</u>
TOTAL EQUITY		<u><u>(143)</u></u>

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

Statement of Changes in Equity
For the Period 12 June to 31 December 2015

2015

	Retained Earnings 000's	Total 000's
Balance at 12 June 2015	-	-
Deficit for the year	(143)	(143)
Balance at 31 December 2015	<u>(143)</u>	<u>(143)</u>

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

Statement of Cash Flows

For the Period 12 June to 31 December 2015

	Note	12 June to 31 December 2015 000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by/(used in) operating activities		-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used by investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities		-
Net increase/(decrease) in cash and cash equivalents held		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of financial year	3	-

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

Notes to the Financial Statements

For the Period 12 June to 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

Macquarie University Clinical Associates Limited is a company limited by guarantee and the liability of Members is limited. The company is wholly owned by Macquarie University. The Company was registered and incorporated in Australia on 12 June 2015.

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

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

(b) Basis of preparation

These financial statements are the first set prepared for the Company and have no comparative information. The general purpose financial statements have been prepared on an accrual basis in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, Public Finance and Audit Regulation 2015 and the *Corporations Act 2001*.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

(d) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project by project basis with reference to the underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

Notes to the Financial Statements

For the Period 12 June to 31 December 2015

1 Summary of Significant Accounting Policies continued

(e) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled. Using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave, accumulating sick leave and long service leave is recognised in current provisions for employee benefits if it is expected to be settled wholly before twelve months after the end of the reporting period. It is measured at the present value expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(f) Trade and other payables

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

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other shortterm, 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.

(h) Provisions

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

(i) Rounding of amounts

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

Notes to the Financial Statements

For the Period 12 June to 31 December 2015

1 Summary of Significant Accounting Policies continued

(j) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

2 Expenses

	2015 000's
Employee benefits	
Employee costs	23
Annual Leave	1
Superannuation	2
Total employee benefits	<u>26</u>
Professional & Governance	
Professional	115
Governance	2
Total professional and governance	<u>117</u>
3 Cash and cash equivalents	
Cash at bank	-
Cash on hand	-
Cash at bank and on hand	<u>-</u>
4 Trade and other payables	
CURRENT	
Related parties - parent	132
Employee benefits	4
Accruals	6
Total current trade and other payables	<u>142</u>

Notes to the Financial Statements

For the Period 12 June to 31 December 2015

5 Provisions

2015
000's

CURRENT

Employee benefits - annual leave

1

Total current provisions

1

6 Commitments

There were no commitments for lease or capital expenditure at 31 December 2015.

7 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

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

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

8 Remuneration of Auditors

Remuneration of the auditor, the Audit Office of NSW, for:

- Audit of financial statements

4

Total

4

9 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015.

Notes to the Financial Statements

For the Period 12 June to 31 December 2015

10 Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	Purchases	Sales	Other transactions	Balance outstanding	
				Owed to the company	Owed by the company
Macquarie University	132	-	-	-	132
Total	132	-	-	-	132

11 Events Occurring After the Reporting Date

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

End of audited financial statements

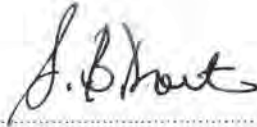
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 15:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cashflows for the period 12 June to 31 December 2015 of the Company;
 - (b) are in accordance with the *Corporations Act 2001*, and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable based on the financial support from the parent entity, Macquarie University.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director



Director



Dated

24.3.2016



INDEPENDENT AUDITOR'S REPORT

Macquarie University Clinical Associates Ltd

To Members of the New South Wales Parliament and Members of Macquarie University Clinical Associates Ltd

I have audited the accompanying financial statements of Macquarie University Clinical Associates Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 12 June to 31 December 2015, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the period 12 June to 31 December 2015
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

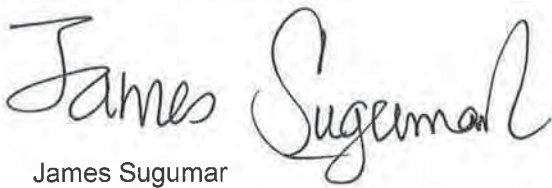
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 18 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

31 March 2016
SYDNEY

Macquarie University Property Investment Company Pty Limited

ABN 86 124 571 277

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Audit Report	13

Directors' Report

31 December 2015

The directors present their report on Macquarie University Property Investment Company Pty Limited for the financial year ended 31 December 2015.

1. General information

Directors

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

Peter Raymond Dodd

Patrick John Gorman

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Patrick John Gorman has held the position of Company secretary during and at the end of the financial year.

Principal activities

The principal activity of Macquarie University Property Investment Company Pty Limited is to act as the trustee for Macquarie University Property Investment Trust.

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

2. Operating results and review of operations for the year

Operating results

The Company did not trade during the financial year and therefore reported a nil operating result (2014: Nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

There has been no activity involving financial transactions for the year ending 31 December 2015.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Directors' Report

31 December 2015

3. Other items continued

Future developments and results

Future developments are not expected to significantly affect the status of the company.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

Meetings of directors

During the financial year, one meeting of directors was held. Attendance by each director during the year was as follows:

	Number eligible to attend	Number attended
Peter Raymond Dodd	1	1
Patrick John Gorman	1	1


Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 3 of the financial statements.

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

Director:

 P. R. Dodd

Director:

 P. J. Gorman

Dated 30 March 2016



To the Directors
Macquarie University Property Investment Company Pty Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Macquarie University Property Investment Company Pty Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Revenue	-	-
Total revenue	-	-
Expenses		
Expenses	-	-
Total expenses	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of Macquarie University Property Investment Company Pty Limited	-	-

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

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
Total Current assets		<u>2</u>	<u>2</u>
TOTAL ASSETS		<u>2</u>	<u>2</u>
LIABILITIES			
Current liabilities			
Total Current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>2</u>	<u>2</u>
EQUITY			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>2</u>	<u>2</u>

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

Statement of Changes in Equity

For the Year Ended 31 December 2015

2015

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2015	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2015	2	-	2

2014

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2014	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2014	2	-	2

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 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	9	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	2	2
Cash and cash equivalents at end of financial year	2	2

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

Macquarie University Property Investment Company Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee for the Macquarie University Property Investment Trust.

The registered office of the company is Macquarie University Property Investment Company Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.

The directors have determined that the company is a profit entity for financial reporting purposes.

The directors believe the preparation of the financial statements on a going concern basis is appropriate for the Company as it is indemnified by the activities of the Company.

The financial statements for the year ended 31 December 2015 have been authorised for issued by the Directors on the 30 March 2016.

Compliance with IFRS

The financial statements and notes of Macquarie University Property Investment Company Pty Limited comply with Australian Accounting Standards, some of which contain requirements that are inconsistent with International Financial Reporting (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue recognition

Revenue is recognised on an accrual basis.

(e) Cash and cash equivalents

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

(f) Rounding of amounts

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

(g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	2	2
Balance as per statement of cash flows	<u>2</u>	<u>2</u>

3 Contributed equity

	2015	2014
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder - Macquarie University (100%). There are no issued but unpaid shares.

4 Commitments

There were no commitments for capital expenditure at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

Patrick John Gorman
Peter Raymond Dodd

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

(a) Transactions with related parties

There were no transactions with related parties during 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the company.

9 Cash Flow Information

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

	2015	2014
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the company declare that:

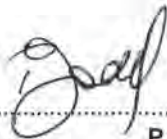
1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cash flows for the year ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director



P. R. Dodd

Director



P. J. Gorman

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

Macquarie University Property Investment Company Pty Ltd

To Members of the New South Wales Parliament and Members of Macquarie University Property Investment Company Pty Ltd

I have audited the accompanying financial statements of Macquarie University Property Investment Company Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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:

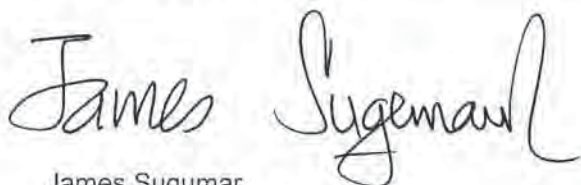
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

4 April 2016
SYDNEY

MU Property Investment Company No.3 Pty Limited

A.C.N 136 874 612

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Audit Report	13

Directors' Report

31 December 2015

The directors present their report on Macquarie University Property Investment Company No.3 Pty Limited for the financial year ended 31 December 2015.

1. General information

Directors

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

Patrick John Gorman
Peter Raymond Dodd

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Patrick John Gorman held the position of Company Secretary during and at the end of the financial year.

Principal activities

The principal activity of Macquarie University Property Investment Company No.3 Pty Limited is to act as the Trustee Company for the COH Property Trust.

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

2. Operating results and review of operations for the year

Operating results

The Company did not trade during the financial year and therefore reported a nil operating result (2014: Nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

There has been no activity involving financial transactions since its incorporation.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Directors' Report

31 December 2015

3. Other items continued

Future developments and results

Future developments are not expected to significantly affect the status of the company.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

Meetings of directors

During the financial year, one meeting of directors was held. Attendance by each director during the year was as follows:

	Number eligible to attend	Number attended
Peter Raymond Dodd	1	1
Patrick John Gorman	1	1


Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 3 of the financial statements.

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

Director:

 Patrick John Gorman

Director:

 Peter Raymond Dodd

Dated 30 March 2016



To the Directors
MU Property Investment Company No. 3 Pty Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MU Property Investment Company No. 3 Pty Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive, flowing style.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Revenue	-	-
Total revenue	-	-
Expenses		
Expenses	-	-
Total expenses	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of MU Property Investment Company No.3 Pty Limited	-	-

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

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	1	1
Total Current assets		<u>1</u>	<u>1</u>
TOTAL ASSETS		<u>1</u>	<u>1</u>
LIABILITIES			
Current liabilities			
Total Current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>1</u>	<u>1</u>
EQUITY			
Contributed equity	3	1	1
Accumulated funds		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>1</u>	<u>1</u>

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

Statement of Changes in Equity

For the Year Ended 31 December 2015

2015

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2015	1	-	1
Total comprehensive income	-	-	-
Balance at 31 December 2015	<u>1</u>	<u>-</u>	<u>1</u>

2014

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2014	1	-	1
Total comprehensive income	-	-	-
Balance at 31 December 2014	<u>1</u>	<u>-</u>	<u>1</u>

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

Statement of Cash Flows
For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	9	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of financial year	2	1

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

Macquarie University Property Investment Company No.3 Pty Limited is a private company, registered and domiciled in Australia. It has one share issued, valued at \$1, and is wholly owned and controlled by Macquarie University.

The company was incorporated on 16 September 2009.

The registered office of the company is Macquarie University Property Investment Company No.3 Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.

The financial statements for the year ended 31 December 2015 have been authorised for issued by the Directors on the 30 March 2016.

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

Compliance with IFRS

The financial statements and notes of Macquarie University Property Investment Company No.3 Pty Limited comply with Australian Accounting Standards, some of which contain requirements that are inconsistent with International Financial Reporting (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement is recognised on an accrual basis.

(e) Cash and cash equivalents

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

(f) Rounding of amounts

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

(g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash in hand	1	1
	<u>1</u>	<u>1</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	1	1
Balance as per statement of cash flows	<u>1</u>	<u>1</u>

3 Contributed equity

	2015	2014
	\$	\$
Contributed equity	1	1
Equity per share	1	1

Major shareholder – MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

4 Commitments

There were no commitments for capital expenditure at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

Patrick John Gorman
Peter Raymond Dodd

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

Notes to the Financial Statements For the Year Ended 31 December 2015

7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

(a) Transactions with related parties

There were no transactions with related parties during 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the company.

9 Cash Flow Information

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

	2015	2014
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cash flows for the year ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

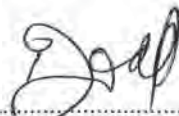
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Patrick John Gorman

Director



Peter Raymond Dodd

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

Macquarie University Property Investment Company No.3 Pty Ltd

To Members of the New South Wales Parliament and Members of Macquarie University Property Investment Company No.3 Pty Ltd

I have audited the accompanying financial statements of Macquarie University Property Investment Company No.3 Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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:

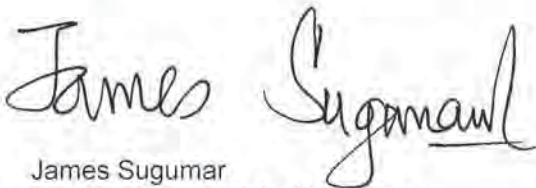
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

1 April 2016
SYDNEY

Macquarie University Property Investment Trust (MUPIT)

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

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

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Other revenue	-	-
Total revenue	<u>-</u>	<u>-</u>
Expenses		
Other expenses	-	-
Total expenses	<u>-</u>	<u>-</u>
Profit for the year	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to members of MUPIT	<u>-</u>	<u>-</u>

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

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	2	2
Total Current assets		<u>2</u>	<u>2</u>
TOTAL ASSETS		<u>2</u>	<u>2</u>
LIABILITIES			
Current liabilities			
Total Current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>2</u>	<u>2</u>
EQUITY			
Contributed Unit Capital	3	2	2
Accumulated funds		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>2</u>	<u>2</u>

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

Statement of Changes in Equity

For the Year Ended 31 December 2015

2015

	Units on Issue	Accumulated funds	Total
	\$	\$	\$
Balance at 1 January 2015	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2015	<u>2</u>	<u>-</u>	<u>2</u>

2014

	Units on Issue	Accumulated funds	Total
	\$	\$	\$
Balance at 1 January 2014	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2014	<u>2</u>	<u>-</u>	<u>2</u>

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

Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	-	-
9		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	2	2
Cash and cash equivalents at end of financial year	2	2
2		

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

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

(a) Reporting entity

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

The financial statements for the year ended 31 December 2015 have been authorised for issue by the Trustees on the 30 March 2016.

(b) Basis of Preparation

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

The Trustees have assessed the Trust as a for-profit entity for financial reporting purposes.

Compliance with IFRS

The financial statements of the Trust comply with Australian Accounting Standards some of which contain requirements that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

(d) Revenue and other income

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue and other income continued

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

(e) Income Tax Exemption

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

(f) Cash and cash equivalents

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

(g) Rounding of amounts

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

(h) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Trust.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	2	2
	<u>2</u>	<u>2</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	2	2
Balance as per statement of cash flows	<u>2</u>	<u>2</u>

3 Contributed Unit Capital

	2015	2014
	\$	\$
Balance at 1 January	2	2
Balance at 31 December	<u>2</u>	<u>2</u>

4 Commitments

There were no commitments for expenditure of a capital nature as at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The Trustees of the Trust during the year were:

Patrick John Gorman

Peter Raymond Dodd

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

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Trust, Audit Office of NSW, for:		
- Audit of financial statements	3,000	4,000

Macquarie University paid the audit fees on behalf of the Trust.

Notes to the Financial Statements
For the Year Ended 31 December 2015

7 Contingencies

The Trust did not have any contingent assets or liabilities at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

a) Parent entities

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

The Trust had no controlled entities during 2015.

b) Trustees

The names of persons who were Trustees of the Trust at any time during the financial year are as follows: Patrick John Gorman and Peter Raymond Dodd.

c) Transactions with related parties

There were no transactions with related parties in 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the Trust.

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

	2015	2014
	\$	\$
Operating result for the period	-	-
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	-	-
Net cash flows from operating activities	<u>-</u>	<u>-</u>

10 Events Occurring After the Reporting Date

There are no events after the balance sheet date of which the Trustees are aware that will have a material effect on the Trust's operations (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Statement by the Trustees

In the Trustees' opinion:

1. The financial statements and notes, as set out on pages 1 to 8:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the performance for the year ended of the Trust; and
 - (b) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.
2. In the Trustees' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Trustee



P. R. Dodd

Trustee



P. J. Gorman

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

Macquarie University Property Investment Trust

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Macquarie University Property Investment Trust (the Trust), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

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

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

The Trustee' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 trustees, 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 Trust
- that it carried out its 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 other information that 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.



James Sugumar
Director, Financial Audit Services

4 April 2016
SYDNEY

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MGSM Limited

ABN 83 153 973 481

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	30
Independent Auditor's Report	31

Directors' Report

31 December 2015

The directors present their report on MGSM Limited (the "Company") for the financial year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The Company was incorporated on 27 October 2011 with 14 members. The Company is an unlisted public company, limited by guarantee, with the liability of each member limited to \$ 1.00.

The directors have assessed the Company as a not for profit entity for the purpose of financial reporting.

Directors

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

Names	Position	Appointed
Prof J Simons	Chair, Non-Executive	04/03/2014
Prof A Frino	Dean, Executive	26/09/2013
Mr P J Gorman	Non-Executive	17/09/2015
Mr M Gabbott	Non-Executive	17/09/2015
Mr P Schreier	Non-Executive	17/09/2015

Dr M Irving was the Chair from the start of the financial year until he resigned effective 13 May 2015. Dr P Dodd was a director from the start of the financial year until he resigned effective 13 May 2015. Mr J Gorman was an Alternate Director to John Simons from 1 April 2012 until his appointment as a Director on 17 September 2015.

All other directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Company secretary

Ms A Hely held the position of Company secretary from 1 January to 17 July 2015. Mr P Stewart was appointed Company secretary from 17 July 2015, and remained in that position up to the date of this report.

Principal activities

The principal continuing activities of MGSM Limited during the financial year were:

- (a) promoting management education, conducting education and award courses,
- (b) research in the field of management,
- (c) operation of an executive hotel and conference centre.

Review of operations

The surplus of the Company for the year ended 31 December 2015 is \$ 453,623 (2014: \$1,578,574).

A review of the operations of the Company during the financial year and the results of those operations found that the Company's overall performance remained positive, with revenue up 2% on prior year.

Short term objectives

The Company's short term objectives are to continue to provide quality management education which is nationally and internationally recognised, and to achieve the targets and milestones as approved by the board of directors.

Long term objectives

The Company's long term objectives are to increase the international recognition of its graduate management education, and to foster research in conjunction with Macquarie University and other approved educational institutions.

Directors' Report

31 December 2015

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- ! combining rigour with relevance in the Company's research and teaching
- ! assured learning outcomes
- ! enhanced career opportunities for graduates
- ! an active, high calibre alumni network

Performance measures

The following measures are used within the Company to monitor performance:

- ! performance compared to annual budgets and targets across all revenue generating portfolios
- ! key performance indicators, including, number of enrolled students, completion rates, revenue margin, and international rankings

Significant changes in state of affairs

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

Matter subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements, or notes thereto, that has arisen since the end of the financial year, which will significantly affect, or may significantly affect, the operations of the Company, the results of the operation, or the state of affairs of the Company in future financial years.

Environmental regulation

The Company is not subject to any significant environmental regulations.

Likely Developments and expected results of operations

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Members guarantee

MGSM Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1 for each member, subject to the provisions of the Company's constitution.

At 31 December 2015 the Company had 18 (2014:15) members.

Indemnification of Directors and Officers and Insurance of Officers

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

Directors' Report
31 December 2015

Meetings of directors


During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

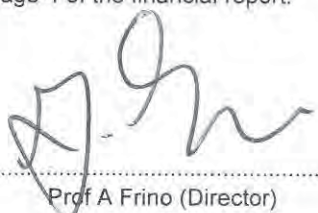
	Directors' Meetings	
	Number eligible to attend	Number attended
Prof J Simons	4	4
Prof A Frino	4	4
Mr P J Gorman	4	4
Mr M Gabbott	2	1
Mr P Schreier	2	2
Dr M Irving	2	2
Dr P Dodd	2	2

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 4 of the financial report.

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

Director: 
 Prof J Simons (Chair)

Director: 
 Prof A Frino (Director)

Dated 29 March 2016



To the Directors
MGSM Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MGSM Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

23 March 2016
SYDNEY

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	2015	2014
	000's	000's
Note	\$	\$
Revenue from continuing operations		
Revenue	29,300	28,738
Other income	792	899
	<u>30,092</u>	<u>29,637</u>
Expenditure from continuing operations		
Employee benefits expense	(8,861)	(8,567)
Personnel services expense	(7,793)	(7,432)
Course expenditure	(4,838)	(4,129)
Consultancy fees	(2,716)	(2,337)
Accommodation & Catering	(1,141)	(1,294)
Operating lease expense	(782)	(856)
Facility rental cost	(171)	(123)
Macquarie University levy	(2,802)	(2,746)
Other expenses	(534)	(574)
	<u>(29,638)</u>	<u>(28,058)</u>
Net result from continuing operations	<u>454</u>	<u>1,579</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year, attributable to owners of MGSM Limited	<u>454</u>	<u>1,579</u>

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

Statement of Financial Position

As At 31 December 2015

	2015	2014
	000's	000's
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	4 3,603	2,669
Trade and other receivables	5 23,646	1,478
Inventories	6 53	50
Other financial assets	7 -	22,800
Total current assets	27,302	26,997
Non-current assets		
Other financial assets	7 375	375
Plant and equipment	8 763	470
Intangible assets	9 8	44
Total non-current assets	1,146	889
Total assets	28,448	27,886
LIABILITIES		
Current liabilities		
Trade and other payables	10 3,067	2,809
Provisions	11 884	946
Other liabilities	12 636	485
Total current liabilities	4,587	4,240
Non-current liabilities		
Provisions	11 245	484
Total non-current liabilities	245	484
Total liabilities	4,832	4,724
NET ASSETS	23,616	23,162
EQUITY		
Accumulated funds	23,616	23,162
TOTAL EQUITY	23,616	23,162

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 2015

2015

	Accumulated funds 000's
Note	\$
Balance as at 1 January 2015	<u>23,162</u>
Net result attributable to members of the entity	<u>454</u>
Balance at 31 December 2015	<u><u>23,616</u></u>

2014

	Accumulated funds 000's
Note	\$
Balance as at 1 January 2014	<u>21,583</u>
Net result attributable to members of the entity	<u>1,579</u>
Balance at 31 December 2014	<u><u>23,162</u></u>

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

Statement of Cash Flows
For the Year Ended 31 December 2015

	2015	2014
	000's	000's
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	28,848	28,812
Payments to suppliers and employees	(28,785)	(28,333)
Interest received	775	976
Net cash provided by operating activities	838	1,455
20		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	47	-
Proceeds from sale of held-to-maturity investments	37,100	42,375
Purchase of plant and equipment	(501)	(106)
Loans to related parties - payments made	(22,250)	-
Payment for held-to-maturity investments	(14,300)	(43,175)
Net cash provided by (used in) investing activities	96	(906)
Net increase in cash and cash equivalents held		
	934	549
Cash and cash equivalents at beginning of year	2,669	2,120
Cash and cash equivalents at end of financial year	3,603	2,669
4		

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

MGSM Limited (the "Company") is a not-for-profit, unlisted public company, limited by guarantee, which was incorporated and domiciled in Australia on 27 October 2011 under the Corporations Act 2001. The Company is wholly owned by Macquarie University, with its registered office located at 99 Talavera Road, North Ryde.

The financial statements for the year ended 31 December 2015 have been authorised for issue by the directors of the Company on 29 March 2016.

(b) Basis of Preparation

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

The financial statements are general purpose financial statements that have been prepared on an accruals basis and in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the *Corporations Act 2001*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, or modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

Critical accounting estimates

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

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

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

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income. During the year, revenue transactions in Hong Kong dollars were translated into the functional currency using exchange rates fixed under forward exchange agreements and at spot rates provided by the bank.

(d) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) *Course Revenue*

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

(ii) *Facilities rental and hotel operations*

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

(iii) *Consulting*

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

(iv) *Interest income*

Interest income is recognised as it accrues.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(g) Trade receivables

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

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to shortterm receivables are not discounted if the effect of discounting is immaterial.

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

(h) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(i) Investments and other financial assets

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

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as noncurrent assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held to maturity investments

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The net book value of plant and equipment approximates the fair value. Acquisition and additions of noncurrent assets are capitalised and depreciated over two to ten years if the value is more than \$5,000.

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

Depreciation and amortisation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	10.0 years
Motor vehicles	6.7 years
Computer hardware	3.3 years
Leasehold improvements CBD Sydney	amortised over term of lease

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(k) Intangible assets

(i) Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT development and software. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straightline basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of the technical feasibility and where the Company has an intention and ability to use the asset.

(ii) Intellectual Property

Costs incurred in the purchase of intellectual property and materials related to specified executive education programs, including general marketing and brand information, database and network information, and website content. Amortisation is calculated on a straightline basis over 3 years.

(l) Trade and other payables

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

(m) Provisions

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(m) Provisions (continued)

The company's lease of premises in Sydney CBD was renewed from 1 January 2015, for a further term of two (2) years. There is no requirement to make good the premises in the new lease agreement, so the make good provision from the prior year has been written back in the current year.

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

(n) Employee benefits

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

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

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

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

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

(iv) Personnel services

Certain employees of Macquarie University are seconded to the Company. The Company reimburses Macquarie University for their salary, superannuation and oncosts. All other employee benefit liabilities associated with these employees are reflected in the financial statements of Macquarie University.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payable are stated inclusive of the amount of GST receivable or payable.

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

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

(p) Income tax exemption

The Commissioner of Taxation has granted the company exemption from the payment of income tax, under subdivision 50B of the *Income Tax Assessment Act 1997*.

(q) Rounding of amounts

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

(r) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(s) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	1 January 2018	A simpler approach for classification and measurement of financial assets, and changes in relation to financial liabilities.	No material impact on the financial statements
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	Clarifies the inappropriateness of revenue as the basis for calculation of depreciation or amortisation of an asset.	No material impact as this basis is not used by the Company
AASB 15 Revenue from Contracts with Customers	1 January 2018	Revenue should reflect the amount of consideration to which the entity expects to be entitled in exchange for goods and services promised.	The company is currently evaluating the impact of the new standard
AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 January 2016	The Company to apply professional judgement in determining what information to disclose in the financial statements.	No material impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2016	Removes Australian guidance on materiality from Australian Accounting Standards.	No material impact on the financial statements.
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	1 January 2017	Extends the scope of the Standard to include not-for-profit public sector entities.	No material impact on the financial statements.
AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]	1 January 2017	Exempts not-for-profit public sector entities from certain requirements of the Standard.	No material impact on the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Revenue from continuing operations

(a) Revenue

	2015 000's \$	2014 000's \$
Course revenue	23,567	23,458
Hotel and facilities revenue	4,412	3,902
Other revenue	1,321	1,378
Total revenue	29,300	28,738

Revenue is recognised at gross and the levy payable to the parent entity is recognised as an expense.

(b) Other income

	2015 000's \$	2014 000's \$
Interest revenue	785	899
Foreign currency translation gains	7	-
Total other income	792	899

3 Expenditure from continuing operations

	2015 000's \$	2014 000's \$
<i>Employee benefit expense</i>		
Salary and wages	7,111	6,803
Superannuation	707	647
Payroll tax	450	451
Workers compensation	13	(3)
Annual leave	471	482
Long service leave	109	187
Total employee benefits expense	8,861	8,567

Notes to the Financial Statements

For the Year Ended 31 December 2015

3 Expenditure from continuing operations (continued)

	2015 000's \$	2014 000's \$
<i>Personnel services expense</i>		
Salary	6,531	6,242
Superannuation	781	720
Payroll tax	455	445
Workers compensation	26	25
Total personnel services expense	<u>7,793</u>	<u>7,432</u>
Other expenses includes:		
<i>Depreciation</i>		
Plant and equipment	87	49
Motor vehicles	17	18
Computer hardware	2	6
Total depreciation	<u>106</u>	<u>73</u>
<i>Amortisation</i>		
Software	2	2
Leadership consortium	34	34
Total amortisation	<u>36</u>	<u>36</u>
Total depreciation and amortisation	<u>142</u>	<u>109</u>

4 Cash and cash equivalents

	2015 000's \$	2014 000's \$
Cash at bank and in hand	<u>3,603</u>	<u>2,669</u>
	<u>3,603</u>	<u>2,669</u>

Reconciliation of cash

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

	2015 000's \$	2014 000's \$
Cash and cash equivalents	<u>3,603</u>	<u>2,669</u>
Balance as per statement of cash flows	<u>3,603</u>	<u>2,669</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

5 Trade and other receivables

	2015	2014
	000's	000's
Note	\$	\$
Current		
Trade receivables	591	325
Provision for impairment	(5)	-
	<u>586</u>	<u>325</u>
Net trade receivables		
Prepayments	112	442
GST receivable	24	92
Loan receivable from parent entity	22,250	-
Trade receivables from related parties	629	377
Accrued income	45	242
	<u>23,646</u>	<u>1,478</u>

(a) Impairment of receivables

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

	2015	2014
	000's	000's
	\$	\$
Balance at beginning of the year	-	1
Provision for impairment	5	-
Provision used	-	(1)
	<u>5</u>	<u>-</u>
Balance at end of the year	5	-

Trade and other receivables, excluding Loan receivable from parent entity, are non-interest bearing. Due to the short term nature of these receivables, their carrying amounts are considered to be approximate to their fair value.

Loan receivable from parent entity has arisen from a Central Treasury Agreement with Macquarie University signed by the Company in March 2015. Within the terms of the agreement, the monies loaned to the parent entity are interest bearing, and interest revenue received and receivable has been recognised in these statements.

6 Inventories

	2015	2014
	000's	000's
	\$	\$
Current		
Stationery - at cost	24	31
Catering - at cost	11	10
Alcoholic beverages - at cost	18	9
	<u>53</u>	<u>50</u>
Total current inventories	53	50

Write downs of inventories to net realisable value during the year were \$ nil (2014: \$ nil).

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Other financial assets

	2015 000's \$	2014 000's \$
Current		
Held to maturity term deposits	-	22,800
Total current financial assets	<u>-</u>	<u>22,800</u>
Non-current		
Held to maturity term deposits	<u>375</u>	375
Total non-current financial assets	<u>375</u>	<u>375</u>
Total other financial assets	<u>375</u>	<u>23,175</u>

Term deposits bear fixed interest at a weighted average of 3.33% (2014: 3.68%). Refer to note 15 for more information on the risk management policy of the Company.

8 Plant and equipment

	Plant and Equipment 000's \$	Motor Vehicles 000's \$	Computer Equipment 000's \$	Leasehold Improvement 000's \$	Total 000's \$
Year ended 31 December 2014					
Opening net carrying amount	345	92	8	-	445
Additions	98	-	-	-	98
Depreciation expense	(49)	(18)	(6)	-	(73)
Closing net carrying amount	<u>394</u>	<u>74</u>	<u>2</u>	<u>-</u>	<u>470</u>
At 31 December 2014					
- Cost	533	121	19	2	675
Accumulated depreciation	(139)	(47)	(17)	(2)	(205)
Net carrying amount	<u>394</u>	<u>74</u>	<u>2</u>	<u>-</u>	<u>470</u>
Year ended 31 December 2015					
Opening net carrying amount	394	74	2	-	470
Additions	393	62	-	-	455
Disposals - written down value	-	(56)	-	-	(56)
Depreciation expense	(87)	(17)	(2)	-	(106)
Closing net carrying amount	<u>700</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>763</u>
At 31 December 2015					
- Cost	925	90	18	2	1,035
Accumulated depreciation	(225)	(27)	(18)	(2)	(272)
Net carrying amount	<u>700</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>763</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

9 Intangible Assets

	Computer software 000's \$	Intellectual Property 000's \$	Total 000's \$
Year ended 31 December 2014			
Opening net carrying amount	4	76	80
Amortisation	(2)	(34)	(36)
Closing net carrying amount	2	42	44
At 31 December 2014			
- Cost	10	101	111
- Accumulated amortisation and impairment	(8)	(59)	(67)
Net carrying amount	2	42	44
Year ended 31 December 2015			
Opening net carrying amount	2	42	44
Amortisation	(2)	(34)	(36)
Closing net carrying amount	-	8	8
At 31 December 2015			
- Cost	10	101	111
- Accumulated amortisation and impairment	(10)	(93)	(103)
Net carrying amount	-	8	8

10 Trade and other payables

	2015 000's \$	2014 000's \$
Current		
Trade payables	164	87
Sundry payables and accrued charges	938	1,301
Related party payables	1,965	1,421
Total current trade and other payables	3,067	2,809

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

11 Provisions

	2015 000's \$	2014 000's \$
Current		
<i>Employee benefits</i>		
Annual leave	429	419
Long service leave	455	527
Total current provisions	884	946
Non-current		
Make good provision	-	261
<i>Employee benefits</i>		
Long service leave	245	223
Total non-current provisions	245	484
Total provisions	1,129	1,431

Current provisions include employee benefits for long service leave of \$ 308,000 (2014: \$ 412,000) that are expected to be settled more than 12 months after the reporting date.

The present value of long service leave provisions is based on a valuation by an independent actuary.

The following financial assumptions were used:

<i>Salary growth rates:</i>	Year 1	3.0% (2014: 2.5%)
	Year 2+	3.0% (2014: 3.0%)
<i>Discount rate:</i>		2.9% (2014: 2.8%)

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2015	Make good provision \$
Carrying amount at start of year	261
Unused amounts reversed	(261)
Carrying amount at end of year	-

12 Other liabilities

	2015 000's \$	2014 000's \$
Current		
Deposits on hand	70	108
Course fees received in advance	566	377
Total other current liabilities	636	485

Notes to the Financial Statements

For the Year Ended 31 December 2015

13 Capital and Leasing Commitments

(a) Operating Leases - Company as lessee

Future minimum lease payments by the Company under non-cancellable operating leases:

	2015 000's \$	2014 000's \$
Not later than one year	980	869
Between one year and five years	190	950
Total Operating Lease Commitments (inclusive of GST)	1,170	1,819

The company leases office space in Sydney CBD and computer equipment. The company does not have an option to acquire the office space at the end of the lease. The company may, at its absolute discretion, acquire the computer equipment at the end of the lease.

14 Financial Risk Management

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

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

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

The main risks MGSM Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and foreign currency risk.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loan to parent entity, and leases

The totals for each category of financial instruments are as follows:

	2015 000's \$	2014 000's \$
Financial Assets		
Cash and cash equivalents	3,603	2,669
Trade and other receivables	1,372	944
Loan receivable from parent entity	22,250	-
Other financial assets	375	23,175
Total financial assets	27,600	26,788
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	3,068	2,809
Total financial liabilities	3,068	2,809

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(a) Liquidity risk

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

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

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

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

The majority of the Company's financial liabilities are expected to mature within the next 6 months.

(b) Market risk

(i) Foreign exchange risk

Most of the Company transactions are carried out in Australian Dollars. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are denominated in a currency that was not the functional currency.

To mitigate the Company's exposure to foreign currency risk, non-Australian Dollar cash flows are monitored and forward exchange contracts are entered into in accordance with Company's risk management policies

Whilst these forward contracts are economic hedges of the cash flow risk, the Company does not apply hedge accounting to these transactions. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

During the year, the Company entered into a number of forward exchange agreements for Hong Kong dollars (HKD). At the end of the reporting period, all contracts had expired.

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(ii) Cash flow interest rate sensitivity

The following tables summarise the sensitivity of the Company's financial assets and financial liabilities to interest rate risk in the current and prior years:

	Carrying amount 000's \$	-1% Profit 000's \$	-1% Equity 000's \$	+1% Profit 000's \$	+1% Equity 000's \$
31 December 2015					
Financial assets					
Cash and cash equivalents	3,603	(26)	(26)	26	26
Trade and other receivables	1,372	-	-	-	-
Loan receivable from parent entity	22,250	(112)	(112)	112	112
Other financial assets	375	(4)	(4)	4	4
Financial liabilities					
Trade and other payables	3,068	-	-	-	-
Total increase (decrease)		(142)	(142)	142	142
	Carrying amount 000's \$	-100bps Profit 000's \$	-100bps Equity 000's \$	+70bps Profit 000's \$	+70bps Equity 000's \$
31 December 2014					
Financial assets					
Cash and cash equivalents	2,669	(23)	(23)	23	23
Trade and other receivables	944	-	-	-	-
Other financial assets	23,175	(249)	(249)	249	249
Financial liabilities					
Trade and other payables	2,809	-	-	-	-
Total increase (decrease)		(272)	(272)	272	272

(c) Credit risk

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

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, outstanding receivables and committed transactions.

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(d) Fair value estimation

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

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

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

15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 31 December 2015 the number of members was 18 (2014: 15).

16 Key Management Personnel Disclosures

(a) Directors

The following persons were directors of the Company during the financial year:

(i) Chairman - non-executive

Dr M Irving AM (resigned 13 May 2015)
Prof J Simons

(ii) Executive director

Prof A Frino (Dean)

(iii) Non-executive directors

Dr P Dodd (resigned 13 May 2015)
Mr P J Gorman (previously alternate, appointed director 17 September 2015)
Mr M Gabbott (appointed 17 September 2015)
Mr P Schreier (appointed 17 September 2015)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Name	Position	Employer
Prof C Areni	Interim Pro-Dean; Vice Dean	Macquarie University
Prof R Petty	Associate Dean, International (Hong Kong)	Macquarie University
Prof M Behnia	Deputy Dean, Research & International	Macquarie University
Ms M Kershaw	Director, Executive Education	MGSM Limited
Ms A Hely	Executive Director	MGSM Limited
Mr P Stewart	Director, Operations; Executive Director	MGSM Limited
Mr R Hosmann	Director, Business Development & Marketing	MGSM Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

16 Key Management Personnel Disclosures (continued)

(b) Other key management personnel (continued)

Prof M Behnia was appointed Deputy Dean, Research & International on 1 January 2015. Mr P Stewart was appointed Executive Director on 20 July 2015, following the departure of Ms A Hely;

(c) Remuneration of directors and key management personnel

The bands of remuneration paid to directors and key management personnel during the year are as follows:

	2015 Number	2014 Number
Remuneration of directors and key management personnel		
Nil to \$99,999	-	1
\$200,000 to \$299,999	3	2
\$300,000 to \$399,999	2	4
\$400,000 to \$499,999	2	2
\$500,000 to \$599,999	1	-

(d) Totals of remuneration paid

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

	2015 000's \$	2014 000's \$
Short-term employee benefits	1,365	1,288
Personnel services	1,449	1,519
	<u>2,814</u>	<u>2,807</u>

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

Personnel services include payments to Macquarie University for those employees seconded to the Company, and include salary, superannuation, and oncosts.

(e) Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

Notes to the Financial Statements

For the Year Ended 31 December 2015

17 Remuneration of Auditors

(a) Audit Office of NSW

	2015	2014
	\$	\$
Audit services:		
Audit of financial statement	46,500	46,000

18 Contingencies

(a) Contingent Liabilities

MGSM Limited had the following contingent liabilities at 31 December 2015 (and 31 December 2014):

Guarantees

Bank guarantees amounting to \$ 374,550 have been provided to third parties. These bank guarantees are secured by interest bearing deposits of \$374,550 (refer Note 7).

(b) Contingent Assets

The Company had no contingent assets at 31 December 2015 (2014: Nil).

19 Related Parties

The Company's main related parties are as follows:

(a) Entities exercising control over the Group

The ultimate parent entity, which exercises 100% control over the Company, is Macquarie University.

(b) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

Notes to the Financial Statements

For the Year Ended 31 December 2015

19 Related Parties (continued)

(c) Transactions with related parties

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

The following transactions occurred with related parties:

	Balances outstanding				
	Revenue 000's \$	Expenses 000's \$	Trade Receivable 000's \$	Loan Receivable 000's \$	Payable 000's \$
31 December 2015					
Macquarie University	1,876	11,186	629	22,250	1,963
Related parties within Macquarie Group					
Access Macquarie Ltd	9	252	-	-	-
U@MQ Ltd	-	12	-	-	1
MUH	-	1	-	-	1
CMBF	1	-	-	-	-
Total related parties Macquarie Group	1,886	11,451	629	22,250	1,965
Other related parties					
KMP related parties	-	38	-	-	-
Total other related parties	-	38	-	-	-
31 December 2014					
Macquarie University	1,650	10,613	377	-	1,420
Related parties within Macquarie Group					
Access Macquarie Ltd	5	266	-	-	-
U@MQ Ltd	1	1	-	-	-
CMBF	2	-	-	-	-
Total related parties Macquarie Group	1,658	10,880	377	-	1,420
Other related parties					
KMP related parties	-	82	-	-	-
Total other related parties	-	82	-	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2015

20 Cash Flow Information

(a) Reconciliation of net result for the year to cashflows from operating activities

	2015	2014
	000's	000's
	\$	\$
Net result from continuing operations	454	1,579
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	141	109
- net loss on disposal of property, plant and equipment	14	-
Changes in assets and liabilities:		
- increase in trade and other receivables	(836)	(37)
- (increase) decrease in inventories	(2)	15
- decrease (increase) in other assets	330	(327)
- increase (decrease) in trade and other payables	1,039	(141)
- (decrease) increase in provisions	(302)	257
Cashflows from operating activities	<u>838</u>	<u>1,455</u>

21 Events Occurring After the Reporting Date

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

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes as set out on pages 5 to 29:
 - (a) give a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial year ended on that date;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. The directors are not aware of any circumstances which would render any details in the financial statements misleading and inaccurate.

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

Director



Prof J Simons (Chair)

Director



Prof A Frino (Director)

Dated 29 March 2016



INDEPENDENT AUDITOR'S REPORT

MGSM Limited

To Members of the New South Wales Parliament and Members of MGSM Limited

I have audited the accompanying financial statements of MGSM Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

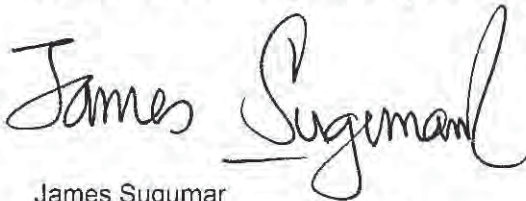
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of MGSM Limited on 23 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

4 April 2016
SYDNEY

MUH Operations Pty Ltd

ABN 60 139 479 691

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Audit Report	13

Directors' Report

31 December 2015

The directors present their report on MUH Operations Pty Ltd for the financial year ended 31 December 2015.

1. General information

Directors

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

Peter Raymond Dodd
Malcolm Geoffrey Irving

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Ms Gayathri Wjiesuriya held the position of Company Secretary during and at the end of the financial year.

Principal activities

The principal activity of MUH Operations Pty Ltd during the financial year was to hold the warranties relating to the construction of Macquarie University Private Hospital.

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

2. Operating results and review of operations for the year

Operating results

The Company did not trade during the financial year and therefore reported a nil operating result (2014: Nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

There has been no activity involving financial transactions since its incorporation.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Directors' Report

31 December 2015

3. Other items continued

Future developments and results

Future developments are not expected to significantly affect the status of the company.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

Meetings of directors

During the financial year, one meeting of directors was held. Attendance by each director during the year was as follows:

	Number eligible to attend	Number attended
Peter Raymond Dodd	1	1
Malcolm Geoffrey Irving	1	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 3 of the financial statements.

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

Director:

 Peter Raymond Dodd

Director:

 Malcolm Geoffrey Irving

Dated 30 March 2016



To the Directors
MUH Operations Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MUH Operations Pty Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'James Sugumar'.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Revenue	-	-
Total revenue	-	-
Expenses		
Expenses	-	-
Total expenses	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of MUH Operations Pty Limited	-	-

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

Statement of Financial Position
 As at 31 December 2015

	2015	2014
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2 1	1
Total Current assets	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>1</u>	<u>1</u>
LIABILITIES		
Current liabilities		
Total Current liabilities	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS	<u>1</u>	<u>1</u>
EQUITY		
Contributed equity	3 1	1
Accumulated funds	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>1</u>	<u>1</u>

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

Statement of Changes in Equity
For the Year Ended 31 December 2015

2015

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2015	1	-	1
Total comprehensive income	-	-	-
Balance at 31 December 2015	<u>1</u>	<u>-</u>	<u>1</u>

2014

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2014	1	-	1
Total comprehensive income	-	-	-
Balance at 31 December 2014	<u>1</u>	<u>-</u>	<u>1</u>

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

Statement of Cash Flows
 For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	9	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of financial year	2	1

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

MUH Operations Pty Ltd is a private company, registered and domiciled in Australia. It has one share issued, valued at \$1, and is wholly owned and controlled by Macquarie University.

The company was incorporated on 16 September 2009.

The registered office of the company is MUH Operations Pty Ltd, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.

The financial statements for the year ended 31 December 2015 have been authorised for issued by the Directors on the 30 March 2016.

Compliance with IFRS

The financial statements and notes of MUH Operations Pty Ltd comply with Australian Accounting Standards, some of which contain requirements that are inconsistent with International Financial Reporting (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement is recognised on an accrual basis.

(e) Cash and cash equivalents

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

(f) Rounding of amounts

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

(g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash in hand	1	1
	<u>1</u>	<u>1</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	1	1
Balance as per statement of cash flows	<u>1</u>	<u>1</u>

3 Contributed equity

	2015	2014
	\$	\$
Contributed equity	1	1
Equity per share	1	1

Major shareholder - Macquarie University (100%). There are no issued but unpaid shares.

4 Commitments

There were no commitments for capital expenditure at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

Peter Raymond Dodd
Malcolm Geoffrey Irving

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

(a) Transactions with related parties

There were no transactions with related parties during 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the company.

9 Cash Flow Information

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

	2015	2014
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cash flows for the year ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director 

Peter Raymond Dodd

Director 

Malcolm Geoffrey Irving

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

MUH Operations Pty Ltd

To Members of the New South Wales Parliament and Members of MUH Operations Pty Ltd

I have audited the accompanying financial statements of MUH Operations Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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 Company
- that it carried out its 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 other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of MUH Operations Pty Ltd on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

5 April 2016
SYDNEY

MUH Operations No. 2 Pty Ltd

ABN 46 141 203 125

Financial Statements

For the Year Ended 31 December 2015

Financial Statements

For the Year Ended 31 December 2015

Contents

	Page
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	33
Independent Auditor's Report	34

Directors' Report

31 December 2015

General Information

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

Dr P R Dodd
Qualifications
Experience

BCom, DipEd, MCom, MSc, PhD
Has over 25 years of senior management experience in both the private sector and universities. Most recently, Peter was Chief Operating Officer and Deputy Vice-Chancellor at Macquarie University. Prior to that he was Chief Financial Officer of North American Energy Partners, which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of Northern Alberta. Peter has over 20 years experience in Investment Banking and was Global Head of Corporate Finance for ABN Amro. Earlier, he was Professor of Finance, later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the Graduate School of Business at the University of Chicago. Currently, he is a Non Executive Director of Investa Office Fund, Networks NSW, and is Chairman of Macquarie University Hospital.

Area of responsibility
Period of directorship

Non-Executive Chairperson
Commenced 18 December 2009

Emeritus Professor
B H Barraclough, AO
Qualifications
Experience

MB, BS, FRACS, DDU, FACS, FAICD
Board Member of Cabrini Health, Chair of the Advisory Council for the CSIRO Digital Productivity and Services Flagship. Former Dean of Education, Royal Australasian College of Surgeons and Associate Dean (Clinical Strategy) of the University of Western Sydney Medical School.

Area of responsibility
Period of directorship

Non Executive Director, Chairman of the Clinical Risk Committee & Member of the Audit & Risk Committee
Commenced as a Director on 5 December 2012

Adjunct Professor
M R Compton, AM
Qualifications
Experience

BSc, MBA (UNSW), FAIM, FAICD, AFCHSE
Experienced CEO in the public company and health care and life sciences environments. Current and former Board Director with listed and unlisted healthcare and life science companies.

Area of responsibility
Period of directorship

Non Executive Director and Member of the Audit & Risk Committee
Commenced 27 April 2010

Dr M G Irving, AM
Qualifications
Experience

BCom, FCPA, SF Fin, Hon DLitt, FAICD Life
Has held a number of directorships and chairs covering the corporate, tertiary, health, government and community service sector. Chair of MGSM Ltd (Retired May 2015). Member of Macquarie University Council from 1993 until retirement in December 2010 (including as Deputy Chancellor of Macquarie University Council). Chair of the University's Finance and Facilities Committee from 1993 until retirement.

Area of responsibility
Period of directorship

Non Executive Director, Chair of the Audit & Risk Committee and Member of the Clinical Risk Committee
Commenced 18 December 2009

Directors' Report

31 December 2015

The names of each person who has been a Director during the year and at the date of this report are: (continued)

Ms E M Johnstone

Qualifications

LLB, MA (Hons), BA (Hons), FAICD

Experience

Former Corporate Partner of a major international law firm leading the Company Law and Governance practice, prior substantial senior executive experience managing strategic planning and marketing functions and leading organisational change programs. Several Board and Member appointments to international, state, professional and community bodies. She is a Fellow of the Australian Institute of Company Directors and a previous Business and Professional Women's Association (BPW) Business Woman of the Year.

Area of responsibility

Non Executive Director, Member of the Audit & Risk Committee, Member of Clinical Risk Committee

Period of directorship

Commenced 27 April 2010

Mr G M Jones

Qualifications

BA (Macq.), MA (Macq.)

Experience

Member of Macquarie University Council and currently Chair of the University Discipline Committee. He also has an interest in School Governance and is working with the Department of Education and Communities on developing effective models of School Governance for use in public schools.

Area of responsibility

Non Executive Director

Period of directorship

Commenced as a Director on 17 October 2013

Professor H P McNeil

Qualifications

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

Experience

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

Area of responsibility

Director

Period of directorship

Commenced as a Director on 12 February 2015

Alternate Directors:

Ms E Crouch

Qualifications

BEc (Macq.), FAICD

Experience

Deputy Chancellor of Macquarie University, Director of Chandler Macleod Group and consultant to government and the private sector. Ms Crouch spent 16 years with the Federal Government before moving into the private sector, where she held various positions including the role of Chief Executive of the Housing Industry Association.

Area of responsibility

Alternate Director

Period of directorship

Commenced as an Alternate Director to Mr G Jones on 17 October 2013

Directors' Report

31 December 2015

The names of each person who has been a Director during the year and at the date of this report are: (continued)

Mr P J Gorman

Qualifications

Experience

BBus, MBA, FCPA, FTIA, MAICD

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

Area of responsibility

Period of directorship

Alternate Director

Commenced as an Alternate Director to Dr Dodd on 28 September 2010

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Ms Carol Bryant held the position of Company Secretary during and at the date of this report.

Ms Emma Lawler held the position of Company Secretary during and at the date of this report.

Ongoing financial support from parent - Macquarie University

The Company continues to receive financial support from its parent, Macquarie University through a loan facility. As at 31 December 2015, the total 10 year evergreen facility was \$120 million, of which \$98 million has been drawn down. At 31 December 2015, \$22 million remained available to be drawn. On 3 December 2015, Macquarie University Council approved funds would continue to be lent to MUH Operations No. 2 Pty Ltd to enable it to meet its obligations.

Measuring the Company's performance

Performance of the Company's operations are measured in terms of occupancy levels, patient days, average length of stay, patient revenue per patient day, labour work hours per patient day and clinical and pharmaceutical supplies costs per patient day.

The Board reviews the Company's performance at each meeting.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of the operation, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

Macquarie University Health Sciences Centre strategy was developed in 2015. One of the objectives of this new strategy is to deliver ongoing growth for the Hospital and Clinic operations including increases in occupancy level and improved financial results.

Environmental regulation

The Company is subject to environmental regulation in respect of the transport and disposal of medical waste. The Company contracts with reputable, licenced businesses to dispose of waste and there have been no investigations or claims during the financial year. The Directors believe that the Company has complied with all environmental regulations.

Directors' Report

31 December 2015

Principal activities

There were no significant changes in the nature of the Company's activities during the year.

Throughout the year the principal activity of the company was providing health care services. Our vision for the hospital is to earn recognition by providing care of the highest quality to every patient. The Hospital is an integral part of Macquarie University Health Sciences Centre and our commitment towards integrating clinical care, learning and research is reflected through our engagement with Macquarie University Clinical Associates and the Faculty of Medicine and Health Sciences (FMHS).

Review of operations

The result for the year ended 31 December 2015 is a deficit of \$21.3 million (2014: \$19.5 million).

Dividend paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payments of dividend has been made.

Meetings of directors

During the financial year 11 meetings of directors and 4 audit and risk committee meetings were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Clinical Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr P R Dodd (Chair)	11	10	-	-	-	-
Adjunct Professor M R Compton	11	9	4	3	-	-
Dr G M Irving	11	10	4	3	7	5
Ms E M Johnstone**	11	11	4	3	1	1
Mr G Jones	11	10	-	-	-	-
Emeritus Professor B Barraclough	11	11	4	4	7	7
Professor H P McNeil	11	9				
Ms E Crouch*	1	1				

Alternate Director attendance* Directors' Meetings

	Number attended
Mr P J Gorman	10
Ms E Crouch	7

* Alternate Directors attended Board meetings as well as Directors. Ms Crouch attended 1 Board meeting as Mr Jones' Alternate Director when Mr Jones was absent from the meeting.

** Ms Johnstone is an Alternate Committee Member to Dr Irving on the clinical risk committee and attended 1 meeting as an Alternate Member and a further 1 meeting as an observer.

Ms Katrina Zdrilic attended 4 Audit and Risk Committee meetings as a member of the Committee.

Directors' Report

31 December 2015

Indemnification of Directors and Officers and Insurance of Officers

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

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

Sign off information

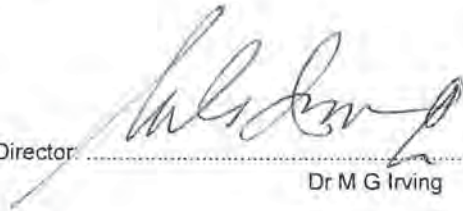
Signed in accordance with a resolution of the Board of Directors:

Director:



Dr P R Dodd

Director:



Dr M G Irving

Dated:



To the Directors
MUH Operations No. 2 Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MUH Operations No. 2 Pty Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Comprehensive Income
For the Year Ended 31 December 2015

	Notes	2015 \$'000	2014 \$'000
Revenue			
Sales of goods and services	2	99,636	97,953
Other revenue	2	8,628	8,024
Total revenue		108,264	105,977
Expenses			
Cost of goods and services	3	(50,013)	(50,504)
Employee benefits expense	3	(48,288)	(44,870)
Facility management	3	(22,294)	(21,430)
General administration	3	(882)	(889)
Information technology and communication	3	(2,106)	(2,165)
Professional & governance	3	(2,196)	(1,948)
Finance costs	3	(3,180)	(3,136)
Allowance for impairment on other financial assets and receivables	3	(623)	(579)
Total expenses		(129,582)	(125,521)
Deficit for the year		(21,318)	(19,544)
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of MUH Operations No. 2 Pty Ltd		(21,318)	(19,544)

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

Statement of Financial Position

As at 31 December 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	2,946	1,683
Trade and other receivables	5	19,617	15,929
Inventories	6	4,464	4,318
Other assets	7	118	118
Total current assets		27,145	22,048
Non-current assets			
Receivables	5	141	510
Other assets	7	1,131	821
Total non-current assets		1,272	1,331
TOTAL ASSETS		28,417	23,379
LIABILITIES			
Current liabilities			
Trade and other payables	8	13,191	10,860
Other liabilities	10	742	429
Provisions	11	2,546	3,784
Total current liabilities		16,479	15,073
Non-current liabilities			
Borrowings	9	97,820	72,964
Other liabilities	10	2,354	2,515
Provisions	11	801	546
Total non-current liabilities		100,975	76,025
TOTAL LIABILITIES		117,454	91,098
NET ASSETS		(89,037)	(67,719)
EQUITY			
Issued capital	12	70,000	70,000
Accumulated deficit		(159,037)	(137,719)
TOTAL EQUITY		(89,037)	(67,719)

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 2015

2015

	Issued Capital \$'000	Accumulated Deficit \$'000	Total \$'000
Balance at 1 January 2015	70,000	(137,719)	(67,719)
Deficit for the year	-	(21,318)	(21,318)
Shares issued during the year	-	-	-
Balance at 31 December 2015	70,000	(159,037)	(89,037)

2014

	Issued Capital \$'000	Accumulated Deficit \$'000	Total \$'000
Balance at 1 January 2014	70,000	(118,175)	(48,175)
Deficit for the year	-	(19,544)	(19,544)
Shares issued during the year	-	-	-
Balance at 31 December 2014	70,000	(137,719)	(67,719)

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

Statement of Cash Flows
For the Year Ended 31 December 2015

	2015	2014
Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from sale of goods and services	104,634	105,765
Payments to suppliers and employees	<u>(108,770)</u>	<u>(106,245)</u>
Net cash flows from operating activities	19 <u>(4,136)</u>	(480)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	8,400	1,500
Repayments of borrowings	<u>(3,000)</u>	-
Net cash flows from financing activities	<u>5,400</u>	1,500
Net increase (decrease) in cash and cash equivalents held	1,264	1,020
Cash and cash equivalents at beginning of year	<u>1,682</u>	<u>663</u>
Cash and cash equivalents at end of financial year	4 <u><u>2,946</u></u>	<u>1,683</u>

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

MUH Operations No. 2 Pty Ltd is a not for profit company limited by shares, incorporated and domiciled in Australia and wholly owned by Macquarie University.

The registered office of the company is:

MUH Operations No. 2 Pty Ltd
3 Technology Place
Macquarie University NSW 2109

The financial statements for the year ended 31 December 2015 have been authorised for issue by the directors of the company on 30 March 2016.

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

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, the *Corporations Act 2001*, the *Public Finance & Audit Act 1983*, Public Finance and Audit Regulations 2015 and Australian Accounting Standards and Interpretations. The directors have determined that the company is a not for profit entity for financial reporting purposes.

Going concern

The financial statements have been prepared on a going concern basis. The Company continues to receive financial support from Macquarie University, the parent entity, to meet its obligations.

Historical cost convention

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

Critical accounting estimates

(i) Significant accounting judgement

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

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

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(b) Basis of preparation (continued)

Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(d) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Fees and charges - sale of patient goods

A sale is recognised when patient goods have been provided to the patient, the patient has accepted the goods provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient goods include prostheses and associated items used during surgery.

Prostheses charges are based on scheduled charges for specific medical devices and associated items provided.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(d) Revenue recognition (continued)

(ii) Fees and charges - sale of patient services

A sale is recognised when patient services have been provided, the patient account has been accepted for payment, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

Patient services include surgical fees, hospital accommodation, nursing services, drugs and other materials consumed in the treatment of patients.

Service charges are based on the price specified in contracts and at point of sale, net of discounts and returns at time of sale.

(iii) Other revenue

Other revenue is recognised when the goods and services are provided. For fixed price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

Other revenue includes facilities sub leasing, parking, functions and events, and retail operations. These are mainly provided to non patients.

(iv) Consulting revenue

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

(v) Interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 13). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis, over the period of the lease.

Lease income from the operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term (note 13).

(f) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(g) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

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

(h) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises the actual value of direct materials only, applied under the First In First Out (FIFO) basis.

Cost of inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(i) Investments and other financial assets

Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the Company's separate financial statements, investments in associates are accounted as other financial assets, due to:

- The parent entity, Macquarie University, prepares consolidated financial statements
- The parent and the Company are not for profit entities complying with Australian Accounting Standards

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period. Gains or Losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year.

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j) Fair value estimation

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company does not have any financial instruments traded in active or inactive markets, derivative contracts or long term debt instruments, for each reporting date under review.

(k) Trade and other payables

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

(l) Provisions

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

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

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled. Using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. Management has assessed the Company's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave, accumulating sick leave and long service leave is recognised in current provisions for employee benefits if it is expected to be settled wholly before twelve months after the end of the reporting period. It is measured at the present value expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(m) Employee benefits (continued)

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

(iii) Retirement benefit obligations

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

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

(n) Goods and Services Tax (GST)

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

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

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

(o) Income Tax exemption

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

(p) New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the Company.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

(r) Revenue received in advance

Revenue received in advance is recorded when patients pay anticipated hospital fees in advance of surgical and medical services being provided. Until the surgical and medical services have been provided, there remains a likelihood that patient arrangements may change and the intended services may not proceed at the intended time or may change in nature, resulting in a change to the intended fee.

As a result, patient fees paid in advance are recognised as a revenue received in advance until there is acceptance about the hospital's legal entitlement to collect patient fees for services rendered. In other words, revenue received in advance is transferred to revenue when the surgical and medical goods and services have been provided to the patient, the patient has accepted the goods and services provided, and it is probable that financial benefits of the related receivables will flow to the hospital and can be measured reliably.

(s) Rounding of amounts

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Revenue and Other Revenue

Revenue from continuing operations

	2015	2014
	\$'000	\$'000
Sale of goods and services		
Prostheses	26,515	26,933
Patient services revenue	73,121	71,020
Total sale of goods and services	<u>99,636</u>	<u>97,953</u>
Other revenue		
Rental Income	5,106	5,117
Interest revenue	46	56
Commercial operations	1,248	1,125
Consulting revenue	1,902	1,247
Other	326	479
Total other revenue	<u>8,628</u>	<u>8,024</u>
Total revenue	<u>108,264</u>	<u>105,977</u>

Notes to the Financial Statements
For the Year Ended 31 December 2015

3 Expenses

	2015	2014
	\$'000	\$'000
Cost of goods and services		
Prostheses	26,560	27,094
Medical supplies	20,466	20,596
Catering and amenities	2,987	2,814
Total cost of goods and services	50,013	50,504
Employee benefits and expenses		
Employee costs	39,327	36,539
Annual leave	4,976	4,664
Workers compensation	4	17
Superannuation	3,635	3,354
Recruitment and training	346	296
Total employee benefits and expenses	48,288	44,870
Facilities management		
Maintenance and services	6,179	5,900
Property and equipment rental	16,115	15,530
Total facilities management	22,294	21,430
General administration		
General administration expense	882	889
Total general administration expense	882	889
Information technology and communication		
Information technology	2,051	2,098
Communication	55	67
Total information technology and communication	2,106	2,165
Professional & governance		
Professional services	2,046	1,858
Governance	150	90
Total professional & governance	2,196	1,948
Finance costs		
Interest expense	3,180	3,136
Allowance for impairment		
Receivable from associate	1,041	579
Preference share equity in associate	(418)	-
Total allowance for impairment	623	579
Total expenses	129,582	125,521

Notes to the Financial Statements

For the Year Ended 31 December 2015

4 Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash on hand	4	4
Cash at bank	2,942	1,679
Cash at bank and in hand	<u>2,946</u>	<u>1,683</u>

(a) Risk exposure

The Company's exposure to interest rate risk is discussed in note 14. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Cash on hand

Cash on hand is non-interest bearing.

(c) Cash at bank

Bank balance, which includes the trading account and cash maximiser accounts, are bearing floating interest rates between 0% and 1.95% (2014: between 0% and 2.45%).

Notes to the Financial Statements
For the Year Ended 31 December 2015

5 Trade and Other Receivables

	2015	2014
	\$'000	\$'000
CURRENT		
Trade receivables - patient fees	8,753	7,253
Trade receivables - non-patient fees	1,563	1,142
GST and other	911	401
Allowance for impairment (a)	(350)	(213)
	<u>10,877</u>	<u>8,583</u>
Related party receivables		
Receivable from other entities within the group	368	59
Receivable from associates	60	46
	<u>428</u>	<u>105</u>
Accrued revenue		
Accrued patient fee revenue	7,015	6,022
Accrued commercial activity revenue	192	433
	<u>7,207</u>	<u>6,455</u>
Prepayments		
Insurance	95	197
Maintenance service contracts	1,010	589
	<u>1,105</u>	<u>786</u>
Total current trade and other receivables	<u>19,617</u>	<u>15,929</u>
NON-CURRENT		
Receivables from associates	3,972	3,300
Allowance for impairment (c)	(3,831)	(2,790)
Total non-current trade and other receivables	<u>141</u>	<u>510</u>
Total trade and other receivables	<u>19,758</u>	<u>16,439</u>

(a) Impairment of receivables - current

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

Balance at beginning of the year	(213)	(165)
Additional impairment loss recognised	(385)	(178)
Provision used	248	130
Balance at end of the year	<u>(350)</u>	<u>(213)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

5 Trade and Other Receivables (continued)

(b) Past due but not impaired

As at 31 December 2015, trade receivables of \$2.5m (2014 \$1.5m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and no objective evidence of impairment required. The ageing analysis of these trade receivables is as follows:

	2015	2014
	\$'000	\$'000
Up to 3 months	1,517	980
3 to 6 months	1,007	518
	<u>2,524</u>	<u>1,498</u>

(c) Impaired receivables - non-current

As at 31 December 2015, the amount of the provision was \$3.8m (2014 - \$2.8m)

Balance at the beginning of the year	(2,790)	(2,211)
Allowance for impairment recognised during the year	(1,041)	(579)
	<u>(3,831)</u>	<u>(2,790)</u>

(d) Past due but not impaired - non-current

As of 31 December 2015, trade receivables of \$0.07m (2014 - \$0.44m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

Up to 3 months	68	133
Greater than 3 months	4	311
	<u>72</u>	<u>444</u>

(e) Fair value and credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the Company is considered to relate to the class of assets described as 'trade and other receivables'.

Notes to the Financial Statements
For the Year Ended 31 December 2015

6 Inventories at Cost

	2015 \$'000	2014 \$'000
Theatre and medical	4,426	4,270
Catering and amenities	38	48
Total current inventories	4,464	4,318

Write downs of inventories during the year were NIL (2014: NIL).

7 Other Assets

CURRENT

Lease incentive	118	118
Total current other assets	118	118

NON-CURRENT

Share in associates	(a) 1,000	1,000
Allowance for impairment	(a) (582)	(1,000)
Lease incentive	713	821
Total non-current other assets	1,131	821

Total other assets	1,249	939
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(a) Movement of net share in associates

Share in associates	1,000	1,000
Allowance for impairment	(582)	(1,000)
Net investment in associates	418	-

8 Trade and Other Payables

CURRENT

Trade payables	8,834	7,006
Accruals	4,357	3,854
Total current trade and other payables	13,191	10,860

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

9 Borrowings

	2015	2014
	\$'000	\$'000
NON-CURRENT		
Loans from related parties (unsecured)	97,820	72,964
Total non-current borrowings	97,820	72,964

As at 31 December 2015, the total 10 year financial accommodation (evergreen facility) was \$120 million, of which \$98 million has been drawn down. At 31 December 2015 \$22 million remained available to be drawn. No formal agreement was made to repay outstanding amounts of the loan in the short term.

10 Other Liabilities

CURRENT		
Revenue received in advance	580	267
Lease incentive	162	162
Total current other liabilities	742	429
NON-CURRENT		
Lease incentive	2,354	2,515
Total non-current other liabilities	2,354	2,515
Total other liabilities	3,096	2,944

11 Provisions

CURRENT		
Employee benefits - annual leave	2,378	2,472
Other provision	(a) 168	1,312
Total current provisions	2,546	3,784

The portion of annual leave settled beyond 12 months is not assessed by management as material.

NON-CURRENT		
Employee benefits - long service leave	801	546
Total non-current provisions	801	546
Total provision	3,347	4,330

(a) Other provision - current

Balance at beginning of the year	1,312	1,400
Additional provision recognised during the year	220	276
Provision used during the year	(1,364)	(364)
Balance at the end of the year	168	1,312

Notes to the Financial Statements

For the Year Ended 31 December 2015

12 Issued Capital

	2015 \$'000	2014 \$'000
Class B Funding Shares	70,000	70,000
Total issued capital	70,000	70,000

The holder of a Class B Funding Share has the following rights:

- i) a right to attend a meeting of members;
- ii) a right to attend and vote at a meeting of Class B Shareholders; and
- iii) a right, on a winding up, after satisfaction of all the Company's debts and liabilities, to payment of the amount then paid up on the share.

The holder of a Class B Funding Share does not have:

- i) a right to vote at a meeting of members;
- ii) a right to participate in a dividend;
- iii) a right to payment on cancellation of the share;
- iv) a right to repayment of capital in a reduction of the Company's share capital; and
- v) a right to participate in a buy back of the Company's shares; or a right to participate in the distribution of the surplus property of the Company on winding up.

13 Commitments

(a) Lease commitments: Company as lessee

Non-cancellable operating leases

The Company leases the hospital, medical equipment, and other plant and machinery from its parent, Macquarie University. Major risks occurring with the buildings and equipment are insured by the University and are the responsibility of the University. The Company does not have an option to acquire the building at the end of the lease.

	2015 \$'000	2014 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	18,559	17,508
Later than one year but not later than five years	34,348	44,276
Later than five years	77,369	80,168
Present value of minimum lease payments (including GST)	130,276	141,952

Notes to the Financial Statements

For the Year Ended 31 December 2015

13 Commitments (continued)

(b) Revenue commitments: Company as lessor

The Company also leases the upper floors of the Clinic building from the University, and sub leases some space to medical specialists.

Rental revenue commitments have arisen upon negotiated contracts with medical specialists, with some contracts extending to 5 years.

Within one year	3,356	3,927
Later than one year and not later than five years	9,753	12,254
Later than five years	-	2,922
Total (including GST)	13,109	19,103

(c) Capital commitments

The Company does not have any capital commitments as at 31 December 2015 (31 December 2014: NIL).

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Company holds the following financial instruments:

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	2,946	1,683
Trade and other receivables (excluding pre-payment and statutory receivables)	17,742	15,252
Total financial assets	20,688	16,935
Trade and other payables	13,191	10,860
Borrowings	97,820	72,964
Total financial liabilities	111,011	83,824

(a) Liquidity risk

Liquidity arises from the company's management of working capital and the finance charges and principle repayments. It is the risk that the company will encounter difficulties in meeting their financial obligations as they fall due.

Liquidity risk management ensures maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility to meet obligations when due and close out market positions. Refer to Directors' report for details of the loan facility from the parent entity, Macquarie University.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows:

- (a) based on their contractual maturities:
 - (i) all non-derivative financial liabilities; and
- (b) based on the remaining period to the expected settlement date:
 - (i) derivative financial liabilities for which the contractual maturities are not essential or an understanding of the timing of the cash flows (not applicable to the company in 2015 or 2014).

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(a) Liquidity risk (continued)

	Less than 6 months		Greater than 5 Years	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Borrowings	-	-	97,820	72,964
Trade payables	13,191	10,860	-	-
Total	13,191	10,860	97,820	72,964

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from operational borrowings from its parent, Macquarie University. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value.

As at the end of the reporting period, the Company had the following variable rate borrowings:

	31 December 2015		31 December 2014	
	%	\$'000	%	\$'000
Loans	4.23	97,820	4.74	72,964
Net exposure to cash flow interest rate risk	4.23	97,820	4.74	72,964

An analysis by maturities is provided in 14(a).

The Company's borrowings attract variable interest rates on a quarterly basis. The Company's borrowings and receivables are carried at amortised cost.

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(ii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

	Balance	-1%	Equity	+1%	Equity
	\$'000	Profit	\$'000	Profit	\$'000
		\$'000		\$'000	
31 December 2015					
Financial assets					
Cash and cash equivalents	2,946	(29)	(29)	29	29
Other non-current assets - receivables from associates	141	(1)	(1)	1	1
Total increase/(decrease) in financial assets	3,087	(30)	(30)	30	30
Financial liabilities					
Borrowings	(97,820)	978	978	(978)	(978)
Total Increase/(decrease) in financial liabilities	(97,820)	978	978	(978)	(978)
Total increase/(decrease)	(94,733)	948	948	(948)	(948)
31 December 2014					
Financial assets					
Cash and cash equivalents	1,683	(17)	(17)	17	17
Other non-current assets - receivables from associates	510	(5)	(5)	5	5
Total increase/(decrease) in financial assets	2,193	(22)	(22)	22	22
Financial liabilities					
Borrowings	(72,964)	730	730	(730)	(730)
Total increase/(decrease) in financial liabilities	(72,964)	730	730	(730)	(730)
Total increase/(decrease)	(70,771)	708	708	(708)	(708)

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Financial Risk Management (continued)

(c) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer.

	2015	2014
	\$'000	\$'000
Trade receivables		
Counterparties - Patient Debtors	8,753	7,253
Counterparties - Others Non Patient Debtors	2,474	1,543
	<u>11,227</u>	<u>8,796</u>
Cash at bank and short term bank deposit	<u>2,946</u>	<u>1,683</u>

15 Key Management Personnel Disclosures

(a) Directors

The following persons were directors of MUH Operations No. 2 Pty Ltd during the financial year:

(i) Chairman - Non-executive

Dr P R Dodd

(ii) Non-executive directors

Dr M G Irving

Emeritus Professor B H Barraclough

Adjunct Professor M R Compton

Ms E M Johnstone

Mr G M Jones

Professor H P McNeil

Ms E Crouch (Alternate Director to Mr G Jones)

Mr P J Gorman (Alternate Director to Dr Dodd)

(b) Executive management

Ms C. Bryant, Chief Executive Officer

Mr P. Jasani, Chief Financial Officer

Ms C. Kennedy, Director Clinical Services

Professor D. Gillatt, Director of Medical Services

Notes to the Financial Statements

For the Year Ended 31 December 2015

15 Key Management Personnel Disclosures (continued)

(c) Key management personnel compensation

The totals of remuneration paid to the key management personnel of MUH Operations No. 2 Pty Ltd during the year are as follows:

	2015 \$'000	2014 \$'000
Short-term employee benefits	1,145	1,070
Total key management personnel remuneration	1,145	1,070

16 Remuneration of Auditors

The Audit Office of NSW - External Audit

Audit of financial statements	97	90
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Deloitte Touche Tohmatsu - Internal Audit

Internal audit, review of financial systems and controls	-	19
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PriceWaterhouseCoopers - Internal Audit

Internal audit, review of financial systems and controls	93	-
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	190	109
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17 Contingencies

At the reporting date, the Company had a number of claims outstanding which it is currently evaluating. Management has assessed that none of these claims would result in material financial exposure for the Company or require specific disclosure in the financial statements.

18 Related Parties

(a) Parent entities

The ultimate parent entity, which exercises control over the Company, is Macquarie University which controls 100% of the company.

(b) Directors

Refer to note 15 for the list of Directors.

(c) Financial support from Macquarie University

On 3 December 2015 Macquarie University council resolved that funds would continue to be lent to MUH Operations No. 2 Pty Ltd to enable MUH Operations No. 2 Pty Ltd to meet its obligations.

(d) Transactions with related parties

Amounts receivable from and payable to the parent entity are included in Notes 5, 8 and 9 of the financial statements. There were no commercial transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Related Parties (continued)

(d) Transactions with related parties (continued)

	Revenue \$'000	Expenses \$'000	Receivable \$'000	Payable \$'000	Loan \$'000	Equity \$'000
Related parties						
Macquarie University	1,615	20,311	367	2,765	97,820	70,000
Access Macquarie Ltd	-	6	-	2	-	-
MGSM Ltd	1	-	1	-	-	-
Total	1,616	20,317	368	2,767	97,820	70,000

19 Reconciliation of Result for the Year to Net Cashflows from Operating Activities

	2015 \$'000	2014 \$'000
Deficit for the year	(21,318)	(19,544)
Non-cash flows in profit		
Non-cash rent expense	16,277	15,692
Non-cash interest expense	3,180	3,135
Changes in assets and liabilities		
(increase)/decrease in trade and other receivables	(4,457)	(446)
(increase)/decrease in other operating assets	(146)	33
(increase)/decrease in inventories	(320)	(147)
increase/(decrease) in trade creditors	2,217	498
increase/(decrease) in income operating liabilities	(162)	(162)
increase/(decrease) in employee provisions	593	461
Net cashflows from operating activities	(4,136)	(480)

20 Events Occurring After the Reporting Date

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

End of audited financial statements.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 32:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the performance for the year ended of the Company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable based on the financial support from the parent entity, Macquarie University.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director:



Dr P R Dodd

Director:



Dr M G Irving

Dated



INDEPENDENT AUDITOR'S REPORT

MUH Operations No. 2 Pty Ltd

To Members of the New South Wales Parliament and Members of MUH Operations No. 2 Pty Ltd

I have audited the accompanying financial statements of MUH Operations No. 2 Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

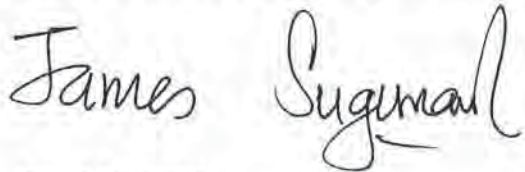
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of MUH Operations No. 2 Pty Ltd on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

5 April 2016
SYDNEY

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MUPH Clinic Pty Limited

ACN 127 854 111

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Audit Report	13

Directors' Report

31 December 2015

The directors present their report on MUPH Clinic Pty Limited for the financial year ended 31 December 2015.

1. General information

Directors

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

Patrick John Gorman
Peter Raymond Dodd

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Patrick John Gorman held the position of Company Secretary during and at the end of the financial year.

Principal activities

The principal activity of MUPH Clinic Pty Limited was to act as the Trustee Company for the MUPH Clinic Sub Trust, this trust was deregistered in 2010 and the Company has remained dormant since.

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

2. Operating results and review of operations for the year

Operating results

The Company did not trade during the financial year and therefore reported a nil operating result (2014: Nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

There has been no activity involving financial transactions since its incorporation.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Directors' Report 31 December 2015

3. Other items continued

Future developments and results

Future developments are not expected to significantly affect the status of the company.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

Meetings of directors

During the financial year, one meeting of directors was held. Attendance by each director during the year was as follows:

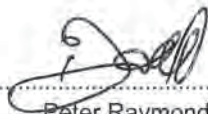
	Number eligible to attend	Number attended
Peter Raymond Dodd	1	1
Patrick John Gorman	1	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 3 of the financial statements.

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

Director: 
Patrick John Gorman

Director: 
Peter Raymond Dodd

Dated 30 March 2016



To the Directors
MUPH Clinic Pty Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MUPH Clinic Pty Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Revenue	-	-
Total revenue	<u>-</u>	<u>-</u>
Expenses		
Expenses	-	-
Total expenses	<u>-</u>	<u>-</u>
Profit for the year	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to members of MUPH Clinic Pty Limited	<u>-</u>	<u>-</u>

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

Statement of Financial Position
As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
Total Current assets		<u>2</u>	<u>2</u>
TOTAL ASSETS		<u>2</u>	<u>2</u>
LIABILITIES			
Current liabilities			
Total Current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>2</u>	<u>2</u>
EQUITY			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>2</u>	<u>2</u>

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

Statement of Changes in Equity
For the Year Ended 31 December 2015

2015

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2015	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2015	2	-	2

2014

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2014	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2014	2	-	2

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 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	9	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	2	2
Cash and cash equivalents at end of financial year	2	2

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

MUPH Clinic Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee Company for the MUPH Clinic Sub Trust.

The registered office of the company is MUPH Clinic Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.

MUPH Clinic Pty is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

The financial statements for the year ended 31 December 2015 have been authorised for issued by the Directors on the 30 March 2016.

Compliance with IFRS

The financial statements and notes of MUPH Clinic Pty Limited comply with Australian Accounting Standards, some of which contain requirements that are inconsistent with International Financial Reporting (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to the underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(e) Cash and cash equivalents

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

(f) Rounding of amounts

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

(g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	2	2
Balance as per statement of cash flows	<u>2</u>	<u>2</u>

3 Contributed equity

	2015	2014
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder - MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

4 Commitments

There were no commitments for capital expenditure at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

Patrick John Gorman
Peter Raymond Dodd

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

Notes to the Financial Statements For the Year Ended 31 December 2015

7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

(a) Transactions with related parties

There were no transactions with related parties during 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the company.

9 Cash Flow Information

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

	2015	2014
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2014: Nil).

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration


The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cash flows for the year ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director

Patrick John Gorman

Director

Peter Raymond Dodd

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

MUPH Clinic Pty Ltd

To Members of the New South Wales Parliament and Members of MUPH Clinic Pty Ltd

I have audited the accompanying financial statements of MUPH Clinic Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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:

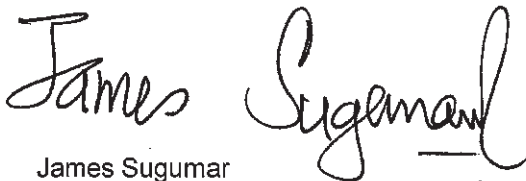
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of MUPH Clinic Pty Ltd on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

5 April 2016
SYDNEY

MUPH Hospital Pty Limited

ABN 76 127 854 120

Financial Statements

For the Year Ended 31 December 2015

Contents
For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Audit Report	13

Directors' Report

31 December 2015

The directors present their report on MUPH Hospital Pty Limited for the financial year ended 31 December 2015.

1. General information

Directors

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

Patrick John Gorman
Peter Raymond Dodd

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Patrick John Gorman held the position of Company Secretary during and at the end of the financial year.

Principal activities

The principal activity of MUPH Hospital Pty Limited was to act as the Trustee Company for the MUPH Hospital Sub Trust, this trust was deregistered in 2010 and the Company has remained dormant since.

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

2. Operating results and review of operations for the year

Operating results

The Company did not trade during the financial year and therefore reported a nil operating result (2014: Nil).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

There has been no activity involving financial transactions since its incorporation.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Directors' Report

31 December 2015

3. Other items continued

Future developments and results

Future developments are not expected to significantly affect the status of the company.

Environmental issues

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

Indemnification and insurance of officers and auditors

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

Meetings of directors

During the financial year, one meeting of directors was held. Attendance by each director during the year was as follows:

	Number eligible to attend	Number attended
Peter Raymond Dodd	1	1
Patrick John Gorman	1	1


Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 3 of the financial statements.

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

Director:

 Patrick John Gorman

Director:

 Peter Raymond Dodd

Dated 30 March 2016



To the Directors
MUPH Hospital Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of MUPH Hospital Pty Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive, flowing style.

James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	2015	2014
	\$	\$
Revenue		
Revenue	-	-
Total revenue	-	-
Expenses		
Expenses	-	-
Total expenses	-	-
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to members of MUPH Hospital Pty Limited	-	-

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

Statement of Financial Position
 As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	<u>2</u>	<u>2</u>
Total Current assets		<u>2</u>	<u>2</u>
TOTAL ASSETS		<u>2</u>	<u>2</u>
LIABILITIES			
Current liabilities			
Total Current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>2</u>	<u>2</u>
EQUITY			
Contributed equity	3	<u>2</u>	<u>2</u>
Accumulated funds		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>2</u>	<u>2</u>

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

Statement of Changes in Equity
For the Year Ended 31 December 2015

2015

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2015	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2015	2	-	2

2014

	Contributed equity	Accumulated funds	Total
Note	\$	\$	\$
Balance at 1 January 2014	2	-	2
Total comprehensive income	-	-	-
Balance at 31 December 2014	2	-	2

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 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by (used in) operating activities	9	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of year	2	2
Cash and cash equivalents at end of financial year	2	2

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

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

(a) Reporting entity

MUPH Hospital Pty Limited is a private company, incorporated and operating in Australia and acts as the Trustee Company for the MUPH Hospital Sub Trust. The registered office of the company is MUPH Hospital Pty Limited, Office of Financial Services, Building E11A, Macquarie University NSW 2109.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.

MUPH Hospital Pty is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

The financial statements for the year ended 31 December 2015 have been authorised for issued by the Directors on the 30 March 2016.

Compliance with IFRS

The financial statements and notes of MUPH Hospital Pty Limited comply with Australian Accounting Standards, some of which contain requirements that are inconsistent with International Financial Reporting (IFRS) requirements.

Historical cost convention

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

(c) Critical accounting estimates and judgments

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(d) Revenue recognition

Revenue is recognised by reference to the stage of completion of the project. The stage of completion is determined on a project-by-project basis with reference to the underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(e) Cash and cash equivalents

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

(f) Rounding of amounts

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

(g) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

(h) Income tax

The company is exempt from the payment of tax by virtue of section 50-B of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Cash and cash equivalents

	2015	2014
	\$	\$
Cash in hand	2	2
	<u>2</u>	<u>2</u>

(a) Reconciliation of cash

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

	2015	2014
	\$	\$
Cash and cash equivalents	2	2
Balance as per statement of cash flows	<u>2</u>	<u>2</u>

3 Contributed equity

	2015	2014
	\$	\$
Contributed equity	2	2
Equity per share	1	1

Major shareholder - MU Hospital Pty Limited (100%). There are no issued but unpaid shares.

4 Commitments

There were no commitments for capital expenditure at 31 December 2015 (31 December 2014: Nil).

5 Key Management Personnel Disclosures

The directors of the company are key management personnel. They have authority and responsibility for planning, directing and controlling the activities of the company. Names of office holders who have held office during the financial year ended 31 December 2015 and up to the date of this report are:

Patrick John Gorman
 Peter Raymond Dodd

Remuneration paid or payable, or otherwise made available to Directors, is paid by related parties.

6 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
- Audit of financial statements	3,000	3,000

Macquarie University paid the audit fees on behalf of the Company.

Notes to the Financial Statements
For the Year Ended 31 December 2015

7 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014: Nil).

8 Related Parties

(a) Transactions with related parties

There were no transactions with related parties during 2015 except for the payment of the audit fee of \$3,000 by the parent entity on behalf of the company.

9 Cash Flow Information

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

	2015	2014
	\$	\$
Profit for the year	-	-
Changes in assets and liabilities		
- (increase)/ decrease in trade and other receivables	-	-
Net cash flows from operating activities	-	-

10 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations (2014: Nil).


END OF AUDITED FINANCIAL STATEMENTS


Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 11:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the financial performance and cash flows for the year ended of the company;
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director 
Patrick John Gorman

Director 
Peter Raymond Dodd

Sydney
Dated 30 March 2016



INDEPENDENT AUDITOR'S REPORT

MUPH Hospital Pty Ltd

To Members of the New South Wales Parliament and Members of MUPH Hospital Pty Ltd

I have audited the accompanying financial statements of MUPH Hospital Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 directors, 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:

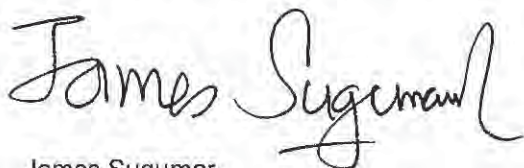
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 29 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

31 March 2016
SYDNEY

Risk Frontiers Flood (Australia) Pty Ltd

ABN 96 130 190 206

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	28
Independent Auditor's Report	29

Directors' Report

31 December 2015

The directors present their report on Risk Frontiers Flood (Australia) Pty Ltd for the financial year ended 31 December 2015.

General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Peter Dodd

Qualifications PhD Rochester, Msc Rochester, MComm Queensland, BComm Newcastle.

Experience

Joined Macquarie University as Deputy Vice Chancellor and Chief Operating Officer in July 2009. He has over 25 years of senior management in both the private sector and universities. Most recently he was Chief Financial Officer of North American Energy Partners which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of North Alberta. Prior to that he was Managing Director of Access Macquarie. Peter had over 20 years in Investment Banking and was Global Head of Corporate Finance for ABN Amro. He was Professor of Finance and later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the graduate School of Business at the University of Chicago.

Area of Responsibility

Executive Director

James Piper

Qualifications

BSc Otago, PhD Otago, FOSA, FAIP.

Experience

Deputy Vice-Chancellor (Research) (DVC(R)) at Macquarie University in Sydney from 2003 to 2013. Extensive expertise and experience gained from over 30 years of research in lasers, optics and photonics, and applications in micro fabrication. Distinguished awards including the Pawsey Medal (1982), the Australian Optical Society Medal (1997) and more recently the Carnegie Centenary Professorship from the Carnegie Trust Universities of Scotland (2004)

Area of Responsibility

Executive Director

Kevin John McAneney

Qualifications

B.SC.(Hons) M.S.,Ph.D.

Experience

Reappointed on August 2012 and John's specialty hazards interests are in bushfire, flood, volcanic and seismic risk and decision-making and policy issues surrounding a wide range of natural hazards. He has expertise in Probabilistic Modelling, Quantitative Risk Assessment and Cost Benefit and Real Options analyses. John's earlier background was in physics, soil science, weather risk and financial risk analysis. He has 95 refereed publications on various aspects of weather risk, boundary layer physics and natural catastrophe risks.

Peter Cheeseman

Qualifications

M.Sc Nottingham,UK.

Experience

Directors' Report

31 December 2015

Appointed on 14 March 2013 as a director. He is the head of research and innovation across the Asia Pacific area at Aon Benfield. There is a large focus on bespoke client solutions covering aspects related to natural catastrophe analysis particularly in providing direct pricing or underwriting solutions to enable insurers to technically factor in the loadings for catastrophes.

Area of Responsibility

Non-Executive Director

No Director has received or become entitled to receive a benefit, other than disclosed in the accounts, because of a contract made by the Company, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company, or a related body corporate, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with an entity in which he/she has a substantial financial interest.

Directors have been in office since the start of the financial year and to the date of this report unless otherwise stated.

Company secretary

Ms Gayathri Wijesurya held the position of Company Secretary during the year until 31st August 2015. There was no reappointment as it is not required as per section 204A(1) of *Corporations ACT 2001*.

Principal activities

The principal activity of Risk Frontiers Flood (Australia) Pty Ltd during the financial year was specialising in quantitative flood risk assessment and risk management for residential properties in Australia and develops and supplies specialised flood risk databases to the insurance industry.

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

Review of operations

The Company commenced operations on 17 March 2008. The Company negotiated and executed an agreement, in September 2008, with the Insurance Council of Australia ("ICA") to provide its services and a national flood information database ("NFID") to the ICA and to corporate Members of the ICA.

The Company has also been maintaining NFID as part of a five year maintenance program. Pursuant to its contract with the Company, Willis Reinsurance Australia Limited, has been providing certain sub-contracted services to the Company relating to the additions to NFID and its maintenance

In 2010 the Company began investigating aspects of volcanic risk as it pertains to natural hazard risk to insured properties and this work has continued through 2015.

During 2010 and 2011 the ICA, pursuant to the above agreement with RFFA, has been developing the market for sub-licensing NFID to insurance companies and actuaries that are not members of the ICA. This should result in further revenue for the Company in 2015 and ensuing years.

Directors' Report

31 December 2015

Meetings of Directors

	Number eligible to attend	Number attended
Peter Dodd	4	4
James Piper	4	4
Kevin McAnaney	4	4
Peter Cheesman	4	4

Operating results

The profit of the Company after providing for income tax amounted to \$14,000 (2014:\$27,000).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulation

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

Rounding of amounts

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

Indemnification and insurance of officers and auditors

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

Directors' Report

31 December 2015

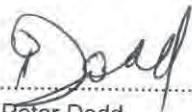
Proceedings on behalf of company

No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for such purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 5 of the financial report.

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

Director:

Peter Dodd

Director:

Kevin John McAneney

Dated 22 March 2016



To the Directors
Risk Frontiers Flood (Australia) Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Risk Frontiers Flood (Australia) Pty Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

21 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Rendering of services	2	1,038	997
Expenses from continuing operations			
Consultants		(358)	(721)
Personnel services expense	3	(612)	(217)
Other expenses	3	(48)	(46)
Total expenses from continuing operations		(1,018)	(984)
Profit /(loss) before income tax		20	13
Income tax benefit / (expense)	9	(6)	14
Profit from continuing operations after income tax		14	27
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		14	27
Total comprehensive income attributable to Owners of Risk Frontiers Flood (Australia) Pty Limited		14	27

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

Statement of Financial Position

As at 31 December 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	18	73
Trade and other receivables	5	272	123
Total current assets		290	196
Non-current assets			
Plant and equipment	6	-	1
Deferred tax assets	10	8	7
Total non-current assets		8	8
Total assets		298	204
LIABILITIES			
Current liabilities			
Trade and other payables	7	120	47
Current Tax Liability		7	-
Total current liabilities		127	47
Total liabilities		127	47
NET ASSETS		171	157
EQUITY			
Retained earnings		171	157
TOTAL EQUITY		171	157

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 2015

2015

	Retained Earnings \$'000
Balance at 1 January 2015	<u>157</u>
Profit /(loss) for the year	14
Other comprehensive income	-
Balance at 31 December 2015	<u>171</u>

2014

	Retained Earnings \$'000
Balance at 1 January 2014	<u>130</u>
Profit /(loss) for the year	27
Other comprehensive income	-
Balance at 31 December 2014	<u>157</u>

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

Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	993	1,283
Payments to suppliers and employees	(1,049)	(1,233)
Income taxes paid	1	14
Net cash provided by / (used in) operating activities	16	64
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	-	-
Net increase / (decrease) in cash and cash equivalents held	(55)	64
Cash and cash equivalents at beginning of year	73	9
Cash and cash equivalents at end of financial year	4	73

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 2015

This financial report covers Risk Frontiers Flood (Australia) Pty Ltd as an individual entity. Risk Frontiers Flood (Australia) Pty Ltd is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Risk Frontiers Flood (Australia) Pty Ltd is Australian dollars.

The financial statements were authorised for issue by the board members of the company on 22 March 2016.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*. The financial statements are presented in Australian dollars. The directors have assessed the entity as a for profit entity for financial reporting purposes. Risk Frontiers Flood (Australia) Pty Ltd is wholly owned by Risk Frontiers Group Pty Ltd which, in turn, is wholly owned by Access Macquarie Limited. The ultimate parent entity is Macquarie University.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Critical Accounting estimates

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

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

Rounding of amounts

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

Comparative amounts

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

(b) Historical cost convention

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(c) Plant and Equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are expensed during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line basis from the date that management determine that the asset is available for use.

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

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	20-33%

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

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

(f) Trade and other payables

Trade and other payables are carried at amortised cost. Trade and other payables are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services

(g) Income Tax

The tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(g) Income Tax continued

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the Australian Taxation Office, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(h) Trade Receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Payment terms are 30 days net. Bad debts are written off during the period in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

(i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Investment income

Interest is recognised using the effective interest method.

Service Revenue

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

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

(j) Borrowing costs

Borrowing costs (or finance costs) are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs may include:

- (i) Interest on bank overdrafts and short-term and long-term borrowings;
- (ii) Amortisation of discounts or premiums relating to borrowings;
- (iii) Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- (iv) Finance charges in respect of finance leases; and
- (v) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(k) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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

(l) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of Risk Frontiers Flood (Australia) Pty Ltd's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction. At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(m) Adoption of new and revised accounting standards

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial report. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The Company did not early adopt any new accounting standards that are not yet effective. The Company has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact as follows

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Company:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2015-2: Amendments to AASB 101	1 January 2016	This standard makes amendments to AASB101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information and in what order to disclose in the financial statements. Also the amendments make clear that the materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	The impact is assessed and will be taken to consideration in 2016.
AASB 2015-6: Extending Related Party Disclosures to Not- For -Profit Public Sector Entities	1 January 2016	This Standard makes amendments to AASB124 Related Party Disclosures to extend the scope of that Standard to include not -for -profit public sector entities.	The Standard will be implemented from 2016.
AASB 15	1 January 2018	AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	The impact of AASB 15 is being assessed and will be adopted accordingly in future

(o) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Company policy is to capitalise assets with a value in excess of \$5000. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(p) Related party disclosure

Where the term “related parties” is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Group or were subject to control or significant influence by the Group. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families or such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Revenue from continuing operations

	2015	2014
	\$'000	\$'000
Rendering of services		
Database fees	1,038	997
Total Revenue	<u>1,038</u>	<u>997</u>

3 Expenses

The result for the year includes the following specific expenses:

	2015	2014
	\$'000	\$'000
Personnel services expense		
Reimbursement of salaries and annual management recharge	612	217
Other expenses		
Auditor's Remuneration	10	15
Legal Fees	-	22
Depreciation	1	2
Accounting fees	36	6
Other expenses	1	1
Total other expenses	<u>48</u>	<u>46</u>

4 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Short-term bank deposits	-	3
Cash at bank and on hand	18	70
Total cash at bank and on hand	<u>18</u>	<u>73</u>

(a) Reconciliation of cash

Cash and cash equivalents comprise of cash at bank, cash on hand and deposits with maturity of less than 90 days. The above figures are reconciled to the Statement of Cash Flows as follows:

	2015	2014
	\$'000	\$'000
Cash and cash equivalents	18	73
Balance at 31 December 2015 per statement of cash flows	<u>18</u>	<u>73</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

5 Trade and other receivables

	2015	2014
	\$'000	\$'000
CURRENT		
Trade receivables	248	88
Other receivables	-	11
Accrued Income	24	24
Total trade and other receivables	272	123

6 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$'000
2015	
Balance at 1 January 2015	1
Additions	-
Depreciation	(1)
Balance at 31 December 2015	-
At 31 December 2015	
Cost	44
Accumulated depreciation	(44)
Carrying amount at 31 December 2015	-
	Plant and Equipment \$'000
2014	
Balance 1 January 2014	3
Additions	-
Depreciation	(2)
Balance 31 December 2014	1
At 31 December 2014	
Cost	44
Accumulated depreciation	(43)
Carrying amount at 31 December 2014	1

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Trade and other payables

	2015	2014
	\$'000	\$'000
CURRENT		
Trade payables	61	28
Accrued expenses	26	10
GST payable	33	9
Total Trade and other payables	120	47

8 Financial Risk Management

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

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

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

Objectives, policies and processes

The main risks Risk Frontiers Flood (Australia) Pty Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk. Market risk consists of interest rate risk, foreign currency risk and equity price risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2015	2014
Note	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	4 18	73
Trade and other receivables	5 272	123
Total financial assets	290	196
Financial Liabilities		
Trade and other payables	7 87	39
Total financial liabilities	87	39

Trade and other receivables excludes statutory receivables and prepayments and Trade other payables excludes statutory payables and unearned income.

Notes to the Financial Statements

For the Year Ended 31 December 2015

Liquidity risk

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

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

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

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

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

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

	less than 1 year		1 to 5 years		More than 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	87	39	-	-	-	-	87	39
Total	87	39	-	-	-	-	87	39

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not exposed to market risk. The Company has no exposure to foreign currency risk and does not enter into commodity contracts. The Company has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

(i) Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2014: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

Notes to the Financial Statements

For the Year Ended 31 December 2015

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

	2015		2014	
	+1%	-1%	+1%	-1%
Financial Assets				
Cash and cash equivalents	-	-	1	(1)
Net results	-	-	-	-
Equity	2	(2)	2	(2)
Trade and other receivables	-	-	-	-
Financial Liabilities				
Trade and other payables	-	-	-	-

Credit risk

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

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

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

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. The Board has established procedures to recover outstanding amounts. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to credit risk to a single receivable or group receivables under financial instruments entered into by the Company.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not passed due or impaired whose terms have been negotiated.

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

8 Financial Risk Management continued

Credit risk continued

	Gross amount \$'000	Past due and impaired \$'000	Past due but not impaired (days overdue)				Within initial trade terms \$'000
			< 30	31-60	61-90	> 90	
			\$'000	\$'000	\$'000	\$'000	
2015							
Trade receivables	272	-	-	-	-	-	272
Total	272	-	-	-	-	-	272
2014							
Trade receivables	123	-	-	-	-	-	123
Total	123	-	-	-	-	-	123

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

Fair value hierarchy

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

For the Year Ended 31 December 2015

9 Income Tax Expense

(a) The major components of tax expense / (income) comprise:

	2015 \$'000	2014 \$'000
Current tax (benefit) / expense		
Deferred tax	-	(14)
Current Tax	7	-
	<u>7</u>	<u>(14)</u>
Deferred income tax (revenue) /expense included in income tax expenses comprises:		
Decrease/(increase) in deferred tax asset	(5)	(7)
(Decrease)/increase in deferred tax liabilities	-	(7)
Recoupment of prior year tax losses	4	-
	<u>(1)</u>	<u>(14)</u>

(b) Reconciliation of income tax to prima facie tax payable

	2015 \$'000	2014 \$'000
Profit from continuing operations	20	13
Income Tax at Australian tax rate -30%	6	4
Add:		
- Under-provision for income tax of -prior periods	-	(18)
- Income Tax expense	6	(14)
	<u>6</u>	<u>(14)</u>

10 Tax

	Opening Balance at 1 January \$'000	Charged to Income \$'000	Charged directly to Equity \$'000	Carried Forward losses \$'000	Prior year adjustments \$'000	Closing Balance at 31 December \$'000
Deferred tax assets						
2015						
Accruals	-	1	-	-	2	3
Carried Forward losses	-	-	-	(5)	9	4
		<u>1</u>		<u>(5)</u>		<u>7</u>
2014						
Accruals	3	-	5	-	-	8
Carried Forward losses	4	-	-	(4)	-	-
	<u>7</u>	<u>-</u>	<u>5</u>	<u>(4)</u>	<u>-</u>	<u>8</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

10 Tax continued

	Opening Balance \$'000	Charged to Income \$'000	Charged directly to Equity \$'000	Changes in Tax Rate \$'000	Prior year adjustments \$'000	Closing Balance \$'000
Deferred tax liability						
2014						
Accrued Income	7	-	-	-	(7)	-
Balance at 31 December 2014	7	-	-	-	(7)	-

There is no movement in Deferred Tax Liability for the year ended 2015.

(a) Deferred Tax Assets

	2015 \$'000	2014 \$'000
Temporary differences attributable to		
Accrued Expenses	8	3
Carried forward losses	-	4
Total Deferred tax Assets	8	7

11 Key Management Personnel Disclosures

The total remuneration paid to the key management personnel of Risk Frontiers Flood (Australia) Pty Ltd during the year as follows which is the aggregate amount of income received or due and receivable in respect of the financial year by all Directors of the company directly or indirectly from the company or from any related party:

	2015 \$'000	2014 \$'000
Short-term employee benefits	-	-
	-	-

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 15: Related Party Transactions.

Notes to the Financial Statements

For the Year Ended 31 December 2015

12 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, The Audit Office of NSW, for:		
Audit of Financial statements	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

13 Capital and non-capital expenditure commitments

There were no material capital and lease expenditure commitments as at 31 December 2015.(2014:Nil)

14 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 31 December 2015 (31 December 2014: None).

15 Related Parties

The Company's main related parties are as follows:

(a) Entities exercising control over the Group

The ultimate parent entity, which exercises control over the Company, is Macquarie University.

(b) Key management personnel

Names of the directors who have held office during the financial year are,

Peter Dodd

James Piper

John Gorman

Kevin John McAneney

Peter Cheesman

For details of disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Compensation. Kevin John McAneney and Delphine McAneney are employees of Access Macquarie Limited which paid for their services in 2015 and Delphine McAneney is paid \$16,859 for her services by Access Macquarie Ltd .(2014:26,854)

Notes to the Financial Statements

For the Year Ended 31 December 2015

(c) Transactions with related parties

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

The following transactions occurred with related parties:

	Purchases	Sales	Owed to the company	Owed by the company
2015				
Access Macquarie Limited	612	-	-	-
2014				
Access Macquarie Limited	618	-	-	-

16 Cash Flow Information

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

	2015	2014
	\$'000	\$'000
Profit/(Loss) for the year	14	27
Non-cash flows in profit:		
- depreciation	1	2
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(149)	186
- (increase)/decrease in deferred tax balances	(1)	(14)
- increase/(decrease) in trade and other payables	73	(137)
- increase/(decrease) in income taxes payable	7	-
Cash flow from operating activities	(55)	64

17 Events Occurring After the Reporting Date

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

Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Company Details

The registered office of the company is:

Risk Frontiers Flood (Australia) Pty Ltd
Level 1, 3 Innovation Road
Macquarie University NSW 2109

The principal places of business are:

Room 817, Building E7A
Macquarie University NSW 2109

Risk Frontiers Flood (Australia) Pty Ltd is a for-profit private company limited by shares, domiciled in Australia and ultimately wholly owned by Macquarie University.

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 31 December 2015 are in accordance with the *Corporations Act 2001* and:
 - a. comply with the Australian Accounting Standards, which, include the Australian Accounting interpretations, and the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*
 - b. give a true and fair view of the financial position at 31 December 2015 and performance of the Company for the year then ended
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors. We are not aware of any circumstances which would any particulars in the financial statements to be misleading or inaccurate

Director

Peter Dodd

Director

Kevin John McAnaney

Dated 22 March 2016



INDEPENDENT AUDITOR'S REPORT

Risk Frontiers Flood (Australia) Pty Ltd

To Members of the New South Wales Parliament and Members of Risk Frontiers Flood (Australia) Pty Ltd

I have audited the accompanying financial statements of Risk Frontiers Flood (Australia) Pty Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

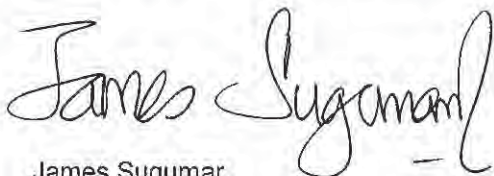
- about the future viability of the Company
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Risk Frontiers Flood (Australia) Pty Ltd on 21 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

Risk Frontiers Group Pty Limited

ABN 75 129 001 485

Financial Statements

For the Year Ended 31 December 2015

Contents
For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	26
Independent Auditor's Report	27

Directors' Report 31 December 2015

The directors present their report, together with the financial statements of the Group, being the Group and its controlled entities, for the financial year ended 31 December 2015.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Peter Dodd

Qualifications

PhD Rochester, Msc Rochester, MComm Queensland, BComm Newcastle

Experience

Joined Macquarie University as Deputy Vice Chancellor and Chief Operating Officer in July 2009. He has over 25 years of senior management in both the private sector and universities. Most recently he was Chief Financial Officer of North American Energy Partners which is a New York Stock Exchange listed construction and mining company operating in the Oil Sands of North Alberta. Prior to that he was Managing Director of Access Macquarie. Peter had over 20 years in Investment Banking and was Global Head of Corporate Finance for ABN Amro. He was Professor of Finance and later Dean of Australian Graduate School of Management at the University of New South Wales and Associate Professor of Finance at the graduate School of Business at the University of Chicago.

Area of responsibility

Executive Director.

Kevin John McAneney

Qualifications

B.SC.(Hons) M.S.,Ph.D.

Experience

Reappointed on August 2012 and Kevin's specialty hazards interests are in bushfire, flood, volcanic and seismic risk and decision-making and policy issues surrounding a wide range of natural hazards. He has expertise in Probabilistic Modelling, Quantitative Risk Assessment and Cost Benefit and Real Options analyses. Kevin's earlier background was in physics, soil science, weather risk and financial risk analysis. He has 95 refereed publications on various aspects of weather risk, boundary layer physics and natural catastrophe risks.

Area of responsibility

Managing Director.

James Piper

Qualifications

BSc Otago, PhD Otago, FOSA, FAIP

Experience

Deputy Vice-Chancellor (Research) (DVC(R)) at Macquarie University in Sydney from 2003 to 2014. Extensive expertise and experience gained from over 30 years of research in lasers, optics and photonics, and applications in micro fabrication. Distinguished awards including the Pawsey Medal (1982), the Australian Optical Society Medal (1997) and more recently the Carnegie Centenary Professorship from the CarnegieTrust Universities of Scotland (2004).

Area of responsibility

Executive Director.

Directors' Report 31 December 2015

Peter Cheeseman

Qualifications M.Sc Nottingham UK.

Experience

Appointed on 14th March, 2013. He is the head of research and innovation across the Asia Pacific area at Aon Benfield. There is a large focus on be spoke client solutions covering aspects related to natural catastrophe analysis particularly in providing direct pricing or underwriting solutions to enable insurers to technically factor in the ladings for catastrophes.

Area of responsibility Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No Director has received or become entitled to receive a benefit, other than disclosed in the accounts, because of a contract made by the Company, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company, or a related body corporate, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with an entity in which he/she has a substantial financial interest.

Company secretary

Ms Gayathri Wijesurya held the position of Company Secretary during the year until 31st August 2015. There was no reappointment as it is not required as per section 204A (1) of *Corporations Act 2001*.

Principal activities

The Group specialises in quantitative flood risk assessment and risk management for residential properties in Australia and develops and supplies specialised flood risk databases to the insurance industry.

No significant change in the nature of these activities occurred during the year.

Meetings of Directors

	Number of Meetings	Number attended
Peter Dodd	4	4
James Piper	4	4
Kevin McAneney	4	4
Peter Cheesman	4	4

Operating results

The Group did not trade during the financial year. The Group's wholly owned subsidiary Risk Frontiers Flood (Australia) Pty Ltd began trading late in 2008. The consolidated profit of the Group amounted to \$14,000 (2014: \$27,000 deficit).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

During the financial year the parent company did not trade and therefore recorded a nil operating result.

The subsidiary company Risk Frontiers Flood (Australia) Pty Ltd negotiated an agreement with the Insurance Council of Australia ("ICA") in September 2008 to provide its services and a national flood information database ("NFID") to the ICA and to corporate Members of the ICA. The subsidiary has since been delivering additions to NFID, covering new

Directors' Report

31 December 2015

catchments, as part of a three year program which ended in March 2012. The subsidiary has also been maintaining NFID as part of a five year program. Pursuant to a 2008 agreement between the subsidiary and Willis Reinsurance

Australia Limited, Willis continues to provide certain sub-contracted services to the subsidiary company. In 2012, the company negotiated a license to members of the ICA for a new patented database called Flood Exclusion Zones (FEZ) to supplement NFID. This brings income in 2015.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

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

Future developments and results

Further information on likely developments in the operations of the group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulations

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

Indemnification and insurance of officers and auditors

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

Proceedings on behalf of company

No person has applied for Leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

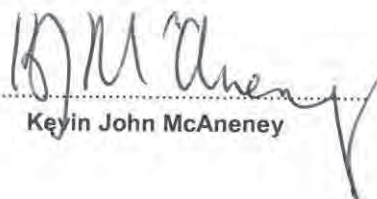
The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page 4 of the financial report.

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

Director:


Peter Dodd

Director:


Keyin John McAnaney

Dated 22 March 2016



To the Directors
Risk Frontiers Group Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Risk Frontiers Group Pty Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'James Sugumar'. The signature is written in a cursive style with a long, sweeping underline.

James Sugumar
Director, Financial Audit Services

21 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	Note	Consolidated		Parent	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from continuing operations					
Rendering of Services	2	1,038	997	-	-
Expenses from continuing operations					
Consultants		(358)	(721)	-	-
Personnel services expense	3	(612)	(217)	-	-
Other expenses	3	(48)	(46)	-	-
Total expenses from continuing operations		(1,018)	(984)	-	-
Profit/(loss) before income tax		20	13	-	-
Income tax expense	9	(6)	14	-	-
Profit/(loss) from continuing operations		14	27	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income attributable to: Owners of Risk Frontiers Group Pty Limited		14	27	-	-

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

Statement of Financial Position
31 December 2015

		Consolidated		Parent	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	18	73	-	-
Trade and other receivables	5	272	123	-	-
Total current assets		290	196	-	-
Non-current assets					
Plant and equipment	6	-	1	-	-
Deferred tax assets	10	8	7	-	-
Total non-current assets		8	8	-	-
Total assets		298	204	-	-
LIABILITIES					
Current liabilities					
Trade and other payables	7	120	47	-	-
Current Tax liability		7	-	-	-
Total current liabilities		127	47	-	-
Total liabilities		127	47	-	-
NET ASSETS		171	157	-	-
EQUITY					
Retained earnings		171	157	-	-
TOTAL EQUITY		171	157	-	-

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 2015

2015

	Consolidated Retained Earnings	Parent Retained Earnings
	\$'000	\$'000
Balance at 1 January 2015	157	-
Profit /(Loss) from continuing operations	14	-
Balance at 31 December 2015	171	-

2014

	Consolidated Retained Earnings	Parent Retained Earnings
	\$'000	\$'000
Balance at 1 January 2014	130	-
Profit /(Loss) from continuing operations	27	-
Balance at 31 December 2014	157	-

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 2015

	Note	Consolidated		Parent	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		993	1,283	-	-
Payments to suppliers and employees		(1,049)	(1,233)	-	-
Income taxes paid		1	14	-	-
Net cash provided by / (used in) operating activities	16	(55)	64	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net cash used by investing activities		-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net cash used by financing activities		-	-	-	-
Net increase / (decrease) in cash and cash equivalents held		(55)	64	-	-
Cash and cash equivalents at beginning of year		73	9	-	-
Cash and cash equivalents at end of financial year	4	18	73	-	-

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 2015

1 Summary of Significant Accounting Policies continued

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This financial report covers Risk Frontiers Group Pty Limited as a consolidated entity. Risk Frontiers Group Pty Limited is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency is Australian dollars. The financial statements were authorised for issue by the board members of the company on 22 March 2016.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001, Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*. The financial statements are presented in Australian dollars. The directors have assessed the entity as a for profit entity for financial reporting purposes. Risk Frontiers Flood (Australia) Pty Ltd is a wholly owned entity of Risk Frontiers Group Pty Ltd which, in turn, is a wholly owned entity of Access Macquarie Limited. The ultimate parent entity is Macquarie University.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Rounding of amounts

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

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intra group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group have been eliminated in full for the purpose of these consolidated financial statements.

Appropriate adjustments have been made to a controlled entity's financial statements where the accounting policies used by that entities were different from those adopted in the consolidated financial statements.

(c) Historical cost convention

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for asset.

(d) Significant accounting policies

i) Significant accounting judgement

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

Key judgements are disclosed as part of accounting policies notes.

(ii) Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the Australian Accounting Standards that have significant effects on the financial statements and estimates, with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(e) Plant and Equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

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

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

Fixed asset class	Depreciation rate
Plant and Equipment	20-33%

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

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(f) Financial instruments

In accordance with AASB7 information is disclosed in Note 8 in respect of the credit risk and interest rate risk of financial instruments. All such amounts, except for investments in shares, are carried in the accounts at cost. The carrying amounts equate to the net fair value of financial assets and liabilities. Class of instruments recorded at cost comprises:

- cash
- receivables
- payables

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accruals basis

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(i) Income Tax

The tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the Australian Taxation Office, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(j) Revenue and other income

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

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

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

i) Investment income

Investment income is recognised as it is earned.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(ii) Service Revenue

Service revenue is recognised in the accounting period in which the services are rendered. For fixed price service contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. Product revenue is recognised at the time of practical completion of the product to the contracted specifications and acceptance by the customer

(k) Goods and Services Tax

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(l) Foreign currency transactions and balances

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(m) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The Group did not early adopt any new accounting standards that are not yet effective. The Group has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following table summarises those future requirements, and their impact on the Group:

Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 15	1 January 2018	AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	The impact of AASB 15 is being assessed and will be adopted accordingly in future.
AASB 2015 2: Amendments to AASB 101	1 January 2016	This standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information and in what order to disclose in the financial statements. Also the amendments make clear that the materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	The impact is assessed and will be taken to consideration in 2016.
AASB 2015 6: Extending Related Party Disclosures to Not For Profit Public Sector Entities	1 January 2016	This Standard makes amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not for profit public sector entities.	The Standard will be implemented from 2016.

(o) Trade and other payables

Trade and other payables are recognised at amortised cost. Trade and other payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Trade and other receivables

Receivables are recognised initially at fair value usually based on transaction costs or face value subsequent to measurement at amortised cost using the effective interest method less an allowance for impairment of receivables. Trade receivables are carried at amounts due. Bad debts are written off during the year in which they are identified and provision for impairment of trade receivables is created based on a review of all outstanding amounts periodically or at 31 December.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(q) Related party disclosure

Where the term "related parties" is used in the financial report, it refers to:

Entities which, at any time during the year, exercised control or significant influence over the Group or were subject to control or significant influence by the Group. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families or such individuals who have significant influence or close members of the families of such individuals who have significant influence or control over the company through holding an ownership interest.

(r) Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

(s) Acquisition of assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. Group policy is to capitalise assets with a value in excess of \$5,000. The carrying value of the plant and equipment are measured at depreciated historic cost. There is no substantive difference between the fair value and the carrying value of these assets, and historical cost is a surrogate for fair value due to the short lived nature of the asset.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Revenue from continuing operations

Rendering of Services

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Database fees	1,038	997	-	-
Total Revenue	1,038	997	-	-

3 Expenses

The result for the year includes the following specific expenses:

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Personnel services expense:				
Reimbursement of salaries and Annual Management recharge	612	-	217	-
Total Personnel services expense	612	-	217	-
Other expenses				
- Auditor's remuneration	10	10	-	-
- Accounting fees	36	11	-	-
- Other expense	1	1	-	-
- Depreciation	1	2	-	-
- Legal fees	-	22	-	-
Total Other expenses	48	46	-	-

4 Cash and cash equivalents

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short-term bank deposits	-	3	-	-
Cash and cash equivalents	18	70	-	-
Total cash and cash equivalents	18	73	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2015

4 Cash and cash equivalents continued

Reconciliation of cash

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

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash and cash equivalents	18	73	-	-
Balance as per statement of cash flows	18	73	-	-

Cash equivalents comprise of cash at bank, cash on hand and deposits with maturities of less than 90 days.

5 Trade and other receivables

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CURRENT				
Trade receivables	248	88	-	-
Other receivables	-	11	-	-
Accrued income	24	24	-	-
Total trade and other receivables	272	123	-	-

No trade receivables are considered impaired.

Notes to the Financial Statements
For the Year Ended 31 December 2015

6 Plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Consolidated Plant and Equipment	Parent Plant and Equipment
	\$'000	\$'000
Year ended 31 December 2015		
Balance at 1 January 2015	1	-
Additions	-	-
Depreciation	(1)	-
	<hr/>	<hr/>
Carrying amount at 31 December 2015	-	-
At 31 December 2015		
Cost	44	44
Accumulated depreciation	(44)	(44)
	<hr/>	<hr/>
Carrying amount at 31 December 2015	-	-
	<hr/>	<hr/>
	Consolidated Plant and Equipment	Parent Plant and Equipment
	\$'000	\$'000
Year ended 31 December 2014		
Balance at 1 January 2014	3	-
Additions	-	-
Depreciation	(2)	-
	<hr/>	<hr/>
Carrying amount at 31 December 2014	1	-
At 31 December 2014		
Cost	44	-
Accumulated depreciation	(43)	-
	<hr/>	<hr/>
Carrying amount at 31 December 2014	1	-
	<hr/>	<hr/>

Notes to the Financial Statements
For the Year Ended 31 December 2015

7 Trade and other payables

	Consolidated		Parent	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Trade payables	62	28	-	-
Accrued expense	26	10	-	-
GST Payables	32	9	-	-
Total Trade and other payables	120	47	-	-

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

8 Financial Risk Management

The Group's principal financial instruments are outlined below. These financial instruments arise directly from the Group's operations or are required to finance the Group's operations. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's main risks arising from financial instruments are outlined below, together with the Group's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Group's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Group, to set risk limits and controls and to monitor risks.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated		Parent	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	4	18	73	-	-
Trade and other receivables	5	272	123	-	-
Total financial assets		290	196	-	-
Financial Liabilities					
Trade and other payables	7	87	39	-	-
Total financial liabilities		87	39	-	-

Trade and other receivables exclude statutory receivables and prepayments and Trade and other payables exclude statutory payables and unearned income.

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they

Notes to the Financial Statements For the Year Ended 31 December 2015

8 Financial Risk Management continued

become due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

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

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

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

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

Consolidated	Less than 1 year		1 to 5 years		More than 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	153	39	-	-	-	-	153	39
Total	153	39	-	-	-	-	153	39

Market risk

Most of the Group transactions are carried out in Australian Dollars. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not exposed to market risk. The Group has no exposure to foreign currency risk and does not enter into commodity contracts. The Group has no investments in listed equity securities and as such is not exposed to price risk.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis assumes that all other variables remain constant.

Interest rate risk

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Group's exposure to interest rate risk is set out below. The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

Consolidated	2015		2014	
	+1%	-1%	+1%	-1%
Financial assets				
Cash and cash equivalents	-	-	1	(1)
Net results	-	-	-	-
Equity	2	(2)	2	(2)
Trade and other receivables	-	-	-	-
Financial liabilities				
Trade and other payables	-	-	-	-

Notes to the Financial Statements For the Year Ended 31 December 2015

8 Financial Risk Management continued

Credit risk

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

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

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

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

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Group is not materially exposed of credit risk to a single receivable or group receivables under financial instruments entered into by the Group.

Based on past experience, debtors that are not past due and not less than three months past due are not considered impaired. There are no debtors which are currently not past due or considered impaired whose terms have been negotiated. Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

Past due but not impaired

(days overdue)

	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	Within initial trade terms
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
2015							
Trade receivables	272	-	-	-	-	-	272
Total	272	-	-	-	-	-	272
2014							
Trade receivables	123	-	-	-	-	-	123
Total	123	-	-	-	-	-	123

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

Notes to the Financial Statements For the Year Ended 31 December 2015

8 Financial Risk Management continued

Fair value hierarchy

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

9 Income Tax Expense

(a) The major components of tax expense / (income) comprise:

	Consolidated		Parent	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current tax (benefit)/ expense				
Deferred Tax	-	(14)	-	-
Current Tax	7	-	-	-
	7	(14)	-	-
Deferred income tax /(revenue) expense included in income tax comprises:				
Decrease /(increase)in deferred tax asset	(5)	(7)	-	-
(Decrease)/increase in deferred tax liabilities	-	(7)	-	-
Recoupment of prior year tax losses	4	-	-	-
	(1)	(14)	-	-

(b) Reconciliation of income tax to prima facie tax payable

	Consolidated		Parent	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Profit from continuing operations	20	13	-	-
Income Tax at Australian tax rate -30%	6	4	-	-
Add				
- Under provision for income tax in prior period	-	(18)	-	-
- Income Tax Expense	6	(14)	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2015

10 Tax

Recognised deferred tax assets and liabilities

	Opening Balance 1 January \$'000	Charged to Income \$'000	Carried Forward losses \$'000	Prior year adjustments \$'000	Closing Balance 31 December \$'000
Consolidated					
Deferred tax assets					
Accruals 2014	-	1	-	2	3
Carried Forward Losses	-	-	(5)	9	4
	-	1	(5)	11	7
Accruals 2015	3	-	5	-	8
Carried forward losses	4	-	(4)	-	-
	7	-	1	-	8

	Opening Balance 1 January \$'000	Charged to Income \$'000	Changes in Tax Rate \$'000	Prior year adjustments \$'000	Closing Balance at 31 December \$'000
Consolidated					
Deferred tax liability					
Accrued Income 2014	7	-	-	(7)	-
	7	-	-	(7)	-

(i) Deferred Tax Assets

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Temporary differences attributable to:				
Accrued Expenses	8	3	-	-
Carried forward losses	-	4	-	-
Net deferred tax assets	8	7	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2015

11 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2015	2014
	\$'000	\$'000
Short-term employee benefits	-	-
Total compensation paid to key management personnel	-	-

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 15: Related Party Transactions.

12 Remuneration of Auditors

	Consolidated		Parent	
	2015	2014	2015	2014
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity, Audit Office of NSW, for:				
- Audit of Financial statements	11,000	10,545	5,000	4,545
Total remuneration paid to auditors	11,000	10,545	5,000	4,545

13 Commitments

In the opinion of the Directors, the Group did not have any commitments at 31 December 2015.
(2014: Nil).

14 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2015.
(2014: Nil).

15 Related Parties

The group's main related parties as follows:

(a) Entities exercising control over the Group

The ultimate parent entity, which exercises control over the Group, is Macquarie University. The consolidated financial statements include the financial statements of Risk Frontiers Group Pty Ltd and its subsidiary Risk Frontiers Flood (Australia) Pty Ltd. Risk Frontiers Flood (Australia) Pty Ltd is incorporated in Australia. Risk Frontiers Group Pty Ltd has 100 per cent of the equity in Risk Frontiers Flood (Australia) Pty Ltd. The cost of this investment was \$1.

(b) Key management personnel

Names of Directors who have held office during the financial year are,

Peter Dodd

James Piper

Kevin John McAneney

Peter Cheesman

For details of disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Compensation.

Notes to the Financial Statements For the Year Ended 31 December 2015

(b) Key management personnel continued

(c) Other related parties

Access Macquarie Limited is a related party. John McAneney and Delphine McAneney are employees of Access Macquarie Limited and receive salaries for their services to that company. In 2015 and Delphine McAneney was paid \$16,859 for her services by Access Macquarie Ltd. (2014: \$26,854)

(d) Transactions with related parties

	Purchases	Sales	Receivables	Payables
2015				
Access Macquarie Limited	612	-	-	-
2014				
Access Macquarie Limited	618	-	-	-

16 Cash Flow Information

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

	Consolidated		Parent	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Profit/(Loss) for the year	14	27	-	-
Non-cash flows in profit:				
- depreciation	1	2	-	-
Changes in assets and liabilities:				
- (increase)/decrease in trade and other receivables	(149)	186	-	-
- increase/(decrease) in trade and other payables	73	(137)	-	-
- increase/(decrease) in income taxes payable	7	-	-	-
- increase/(decrease) in deferred tax balances	(1)	(14)	-	-
Cash flow from operating activities	(55)	64	-	-

17 Events Occurring After the Reporting Date

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

Notes to the Financial Statements For the Year Ended 31 December 2015

18 Company Details

The registered office of the company is:

Risk Frontiers Group Pty Limited
3 Innovation Road
Macquarie University NSW 2109

The principal places of business are:

Room 817, Building E7A
Macquarie University NSW 2109

Risk Frontiers Group Pty Limited is a for-profit private company limited by shares, domiciled in Australia and 100% owned by Macquarie University.

Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 31 December 2015 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which include the Australian Accounting Interpretations; the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015* and
 - b. give a true and fair view of the financial position at 31 December 2015 and performance of the Group for the year then ended.

2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

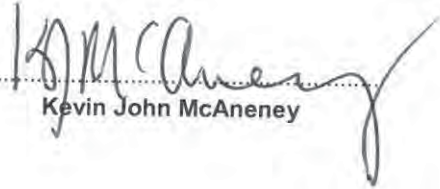
This declaration is made in accordance with a resolution of the Board of Directors. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Director



Peter Dodd

Director



Kevin John McAnaney

Dated 22 March 2016



INDEPENDENT AUDITOR'S REPORT

Risk Frontiers Group Pty Ltd

To Members of the New South Wales Parliament and Members of Risk Frontiers Group Pty Ltd

I have audited the accompanying financial statements of Risk Frontiers Group Pty Ltd (the Company), which comprise the statements of financial position as at 31 December 2015, the statements of profit or loss and other 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 directors' declaration of the Company and the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial positions as at 31 December 2015 and of their performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, 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:

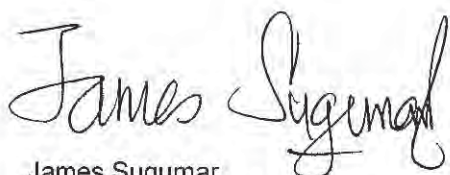
- about the future viability of the company and the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that 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, the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Risk Frontiers Group Pty Ltd on 21 March 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.



James Sugumar
Director, Financial Audit Services

29 March 2016
SYDNEY

U@MQ Limited

ABN 27 125 926 169

Financial Statements

For the Year Ended 31 December 2015

Contents

For the Year Ended 31 December 2015

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	33
Independent Auditor's Report	34

Directors' Report 31 December 2015

The directors present their report on U@MQ Limited for the financial year ended 31 December 2015.

Directors

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

Deidre Anderson

Qualifications BA (VU), MA (VU), PD SSci (LTU).
Experience Deidre Anderson joined Macquarie University in 2001 as the Chief Executive of Sport and Recreation. In 2007 she was appointed to the position of Chief Executive Officer of U@MQ Limited, the newly created student services entity. Since September 2009 Deidre has been in the role of Executive Director, Campus Experience and was appointed to the role of Deputy Vice Chancellor, Students and Registrar in August 2011.
Area of responsibility Chairman. Non executive.
Period of directorship Commenced 28 June 2010

Josh Stinton

Qualifications M. Banking & Fin Reg., B. Int. Bus..
Experience Josh Stinton is an Alumni of Macquarie University.
Area of responsibility Director. Non executive.
Period of directorship Commenced 13 July 2012

Michael Graham Wall

Qualifications BA LLB Macq.
Experience Michael Wall is District Registrar (NSW & ACT) of Federal Court of Australia. He is also an Alumni of Macquarie University.
Area of responsibility Director. Non executive.
Period of directorship Commenced 27 June 2014

Patrick John Gorman

Qualifications B Bus Kuring-gai, MBA Rochester, FCPA, FTIA
Experience Appointed Chief Financial Officer of Macquarie University in September 2007. Previous experience as the Chief Financial Officer for a NSW State Owned Corporation operating in the waste management industry; Chief Financial Officer and, in some instances, Company Secretary, for several publicly-listed entities in industries involved in manufacturing, transport and logistics. In the 20 years prior to this, he held senior finance positions in the oil industry, in sectors ranging from refining and distribution to exploration and development.
Area of responsibility Director. Non executive.
Period of directorship Commenced 1 June 2015

Paul Schreier

Qualifications M A, M Eng, PhD Cantab, PGCert Economics ANU
Experience Joined Macquarie University in 2013 as Chief Operating Officer. Previously a Deputy Secretary in the Australian Department of the Price Minister and Cabinet, a Partner at McKinsey & Co. and an Officer in the Royal Navy.
Area of responsibility Director. Non executive.
Period of directorship Commenced 2 June 2015

Directors' Report 31 December 2015

Nicole Gower

Qualifications	BA LLB (Hons) UTS
Experience	Nicole Gower was a practising solicitor for over 10 years before moving into HR leadership. She is currently HR Director at Macquarie University.
Area of responsibility	Director. Non executive.
Period of directorship	Commenced 3 June 2015

Kieren Ash

Qualifications	Undertaking Bachelor of Arts in Political Economy and Social Policy and Modern History
Experience	Kieren Ash is a Macquarie University Councillor, a member of Student Experience Committee of University Council and a member of Student Representative Committee.
Area of responsibility	Director. Non executive.
Period of directorship	Commenced 3 June 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Clare Jeffries was appointed to the position of Company Secretary on 1 June 2015 and continues in office at the date of this report. Gregory Robert Tongue resigned from the position of Company Secretary on 30 April 2015.

Review of operations

Objectives of U@MQ Limited

The objectives of U@MQ Limited are to provide facilities for the members of the University community, including staff and students. Without limiting the generality of that objective, the objectives of U@MQ include:

- (a) complement and support the academic activities of the University by providing products, services and facilities that:
 - (i) meet the social, cultural, sporting and recreational needs of the staff and students of the University;
 - (ii) promote, support and engage the interest and welfare of the University, its staff and students;
 - (iii) generally develop a sense of community among members of the University community;
 - (iv) promote the wellbeing of members of the University community; and
- (b) make available sporting and recreational facilities to members of the University community, guests and visitors to the University;
- (c) provide food, beverage and retail services for members of the University community, guests and visitors to the University;
- (d) provide or support welfare services and such other services considered appropriate by Directors for members of the University community;
- (e) provide facilities to the Council if needed;
- (f) take over the funds, assets and liabilities of former student organisations on campus;
- (g) operate a business to achieve these objects, provided that the operation of any new business not already conducted by a former student organisation receives the prior written approval of the Council;
- (h) secure the co operation of the University men and women and the University organisations and bodies in furthering the interests of the University;
- (i) encourage the continuing involvement of graduates in the life of the University;
- (j) provide personal and professional development opportunities to students and staff of the University;
- (k) encourage the University Community to advance the University's interests; and
- (l) any other activity incidental or necessary to achieve the abovementioned objects.

Directors' Report

31 December 2015

The strategies employed for achieving the objectives are as follows:

1. Develop and implement a sustainable plan for consulting and communicating with all students.
2. Create, engage and support the University community.
3. Organisational excellence.
4. Contribute to the University's research objectives.
5. Support PACE through collaborative involvement of student groups and community partners.

Principal activities

There were no significant changes in the nature of the Company's activities during the year.

During the year the principal continuing activities of U@MQ Limited were to provide products, services and facilities to the members of the University community including staff and students that complement and support the academic activities of the University. Those services and facilities include sporting and recreational facilities, food, beverage, retail services and childcare.

How the activities assisted in achieving U@MQ Limited's objectives

The activities directly support the objectives and strategies of the U@MQ constitution and strategic plan, and are monitored and reviewed by the Board and management on an annual basis.

How U@MQ Limited measures its performance

The performance of U@MQ Limited is measured against the strategic plan, business plan, operational plans and annual budget.

The company's operations are measured in terms of number of transactions per outlet, average outlet transactions revenue, sports membership numbers, child care utilisation rates, customer satisfaction rates, % of cost of goods, % of wages and % of direct expenses against revenue.

Membership

Macquarie University is the sole member of U@MQ Limited.

Contribution of Member on winding up

The member undertakes to contribute to the property of U@MQ Limited if U@MQ Limited is wound up while they are a member, the amount is not to exceed \$1.00.

Dividends

U@MQ Limited is a company limited by guarantee. Its constitution does not allow for the payment of any dividends.

Review of operations

The annual grant continues to be paid by Macquarie University. The company operations resulted in a loss for the year of \$696,786 (2014: \$43,272 loss). The company is not taxable under Subdivision 50 B of Income Tax Assessment Act 1997.

It should be noted that the Macquarie University grant to U@MQ Limited in 2015 was \$2,389,000 (2014: \$3,613,000).

Children Services government funding received in 2015 was \$124,088 (2014: \$110,888).

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of the operation, or the state of affairs of the company in future financial years.

Likely developments and expected results of operations

No information is included on the likely developments in the operations of the Company and the expected results of those operations in future financial years. No change is foreseen in the scope of Company's operation.

Directors' Report 31 December 2015

Environmental regulation

The directors are of the opinion that the Company has complied with all relevant environmental legislation, so far as it concerns the operations of the entity. U@MQ Limited has adopted a sustainability policy to ensure the wise use of resources within a framework in which social, environmental, economic and cultural factors are integrated.

Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Deidre Anderson	4	4
Denise Osmand	1	1
Tim Sprague	1	1
Gemma Quinn	1	1
Josh Stinton	4	4
Michael Graham Wall	4	3
Patrick John Gorman	3	2
Paul Schreier	3	3
Nicole Gower	3	3
Kieren Ash	3	1

Indemnification and insurance of Directors

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

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company, for all or any part of those proceedings.

Auditor's independence declaration

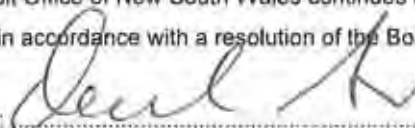
The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2015 has been received and can be found on page of the financial report.

Auditor

The Audit Office of New South Wales continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Director:



Deidre Anderson

Director:



Patrick John Gorman

Dated

21st March 2016



To the Directors
U@MQ Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of U@MQ Limited for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

James Sugumar
Director, Financial Audit Services

16 March 2016
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Sale of goods	2	8,525	8,477
Services	2	16,333	16,185
Grant revenue	2	2,513	3,724
Rental revenue	2	1,951	1,996
Other revenue	2	1,186	1,327
		30,508	31,709
Expenses from continuing operations			
Materials and consumables	3	(4,184)	(4,488)
Employee benefits expense	4	(17,358)	(17,045)
Depreciation and amortisation expense	5	(821)	(931)
Occupancy expenses		(1,392)	(1,644)
Cleaning expenses		(1,243)	(1,243)
Repairs and maintenance expenses		(1,270)	(1,251)
Other operating expenses	6	(4,919)	(5,113)
Finance costs		(18)	(37)
		(31,205)	(31,752)
Net result for the year		(697)	(43)
Other comprehensive income for the year		-	-
Total comprehensive income for the year is attributable to: Owner of U@MQ Limited		(697)	(43)

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

Statement of Financial Position

As At 31 December 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	2,412	8,316
Trade and other receivables	8	7,858	1,164
Inventories	9	525	487
Total current assets		10,795	9,967
Non-current assets			
Plant and equipment	10	2,072	2,026
Intangible assets	11	220	245
Total non-current assets		2,292	2,271
Total assets		13,087	12,238
LIABILITIES			
Current liabilities			
Trade and other payables	12	3,664	2,052
Borrowings	13	-	171
Provisions	14	1,115	1,089
Total current liabilities		4,779	3,312
Non-current liabilities			
Provisions	14	360	281
Total non-current liabilities		360	281
Total liabilities		5,139	3,593
NET ASSETS		7,948	8,645
EQUITY			
Reserves		260	260
Accumulated funds		7,688	8,385
TOTAL EQUITY		7,948	8,645

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 2015

2015

	Reserves	Accumulated Funds	Total equity
Note	\$'000	\$'000	\$'000
Balance at 1 January 2015	260	8,385	8,645
Revaluation Surplus	-	-	-
Net result	-	(697)	(697)
Other Comprehensive Income	-	-	-
Balance at 31 December 2015	260	7,688	7,948

2014

	Reserves	Accumulated Funds	Total equity
Note	\$'000	\$'000	\$'000
Balance at 1 January 2014	260	8,428	8,688
Revaluation Surplus	-	-	-
Net result	-	(43)	(43)
Other Comprehensive Income	-	-	-
Balance at 31 December 2014	260	8,385	8,645

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 2015

	2015	2014
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	33,269	34,392
Payments to suppliers and employees (inclusive of goods and services tax)	(31,462)	(34,262)
Interest received	230	295
Interest paid	(6)	(23)
Net cash inflow from operating activities	2,031	402
21		
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	4
Acquisition of plant and equipment	(864)	(550)
Loans to parent entity	(7,500)	-
Repayment of loans from parent entity	600	-
Net cash (outflow) from investing activities	(7,764)	(546)
Cash flows from financing activities		
Finance lease payments	(171)	(213)
Net cash (outflow) from financing activities	(171)	(213)
Net increase in cash and cash equivalents	(5,904)	(357)
Cash and cash equivalents at the beginning of the financial year	8,316	8,673
Cash and cash equivalents at end of year	2,412	8,316
7		

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

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

U@MQ Limited was established in 2007 to provide facilities for the members of the University community, including staff and students.

The registered office of the company is:

U@MQ Limited
1 Balaclava Road
Macquarie University
North Ryde NSW 2109

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, AASB Interpretations, the *Corporations Act 2001*, Section 41B(1) of the *Public Finance & Audit Act 1983*, *Public Finance and Audit Regulations 2015*, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Historical cost convention

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

Critical accounting estimates

(i) Critical accounting judgement

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

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

(ii) Significant accounting estimates and assumptions

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

The financial statements for the year ended 31 December 2015 have been authorised for issue by the directors of the company on 21 March 2016.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not yet been applied to the financial statements. The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the company.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 December 2015 are outlined in the table below:

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(b) New accounting standards and interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	1 January 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities.	No material impact on the financial statements.
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	Clarification that revenue is generally presumed to be an inappropriate basis to calculate the depreciation and the consumption of the economic benefits embodied in an intangible asset.	No material impact since the company does not use revenue to calculate depreciation nor amortisation.
AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 January 2016	Designed to encourage company to apply professional judgment in determining what information to disclose in the financial statements.	No material impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2016	Removes Australian guidance on materiality from Australian Accounting Standards.	No material impact on the financial statements.
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	1 January 2017	Extend the scope of the Standard to include not-for-profit public sector entities.	No material impact on the financial statements.
AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]	1 January 2017	Exempt not-for-profit public sector entities from certain requirements of the Standard.	No material impact on the financial statements.

(c) Income Tax Exemption

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

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

- Grant revenue: Macquarie University grant revenue is recognised monthly.
- Sale of goods: Point of sales revenue is recognised upon receipt of cash.
- Services: Childcare fees are recognised upon an accruals basis.
- Rental revenue: Rental revenue is recognised upon invoice or an accruals basis.
- Other revenue: Functions revenue is recognised once the function has occurred. Other revenue is recognised upon invoice or receipt of cash.
- Interest revenue: Interest revenue is recognised as interest revenue accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(e) Government grants

U@MQ Limited recognise the government grants on receipt.

Revenue is measured at the fair value of the contributions received or receivable, when all the following conditions have been satisfied:

- a. U@MQ Limited obtains controls of the contribution or the right to receive the contribution;
- b. it is probable that the economic benefits comprising the contribution will flow to U@MQ Limited; and
- c. the amount of the contribution can be measured reliably.

(f) Cash and cash equivalents

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

(g) Trade receivables

Due to their short term nature, trade receivables are recognised and subsequently measured at original invoice amount. The effect of not discounting receivables to amortised cost is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that U@MQ Limited may not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the effective interest rate.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on weighted average basis, which approximately reflects actual cost. Retail inventory is measured on a first in first out basis.

(i) Trade and other payables

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

Trade and other payables are carried at original invoice cost and due to their short term nature, they are not discounted.

(j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(k) Impairment of non-financial assets

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

At each reporting date, U@MQ Limited reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, U@MQ Limited estimates the

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets (continued)

recoverable amount of the cash generating unit to which the asset belongs.

(l) Acquisition of assets

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

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

Where an asset is acquired at no cost or for a nominal amount, the cost is its fair value as at the date of acquisition. An asset costing less than the capitalisation threshold of \$5,000 is not capitalised but expensed.

(m) Fair value measurements

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

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The company considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

(n) Plant and Equipment

Each class of plant and equipment is carried at lower of cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured at historical cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

The cost of fixed assets constructed within U@MQ Limited includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to profit and loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to the retained earnings.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(n) Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to U@MQ Limited commencing from the time the asset is held ready for use.

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

Fixed asset class	Depreciation rate
Plant and Equipment	4-10 years
Furniture, Fittings and Equipment	3-10 years
Machinery and Vehicles	6.66 years
Computer Equipment	3.33 years
Academic Dress	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve to the asset are transferred to retained earnings.

U@MQ engaged a valuer to do valuation of its Property, Plant and Equipments in January 2011.

The details of the valuer are:

Phillip L Warren of Global Valuation Services Pty Ltd
 Certified Practising Valuer
 Registered Number 232

(o) Intangible Assets

Computer software

Computer software is recorded at cost. Computer software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(p) Leases

Leases of plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 15). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

Notes to the Financial Statements For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(q) Employee benefits

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

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

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

(iv) Termination benefits

Liabilities for termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

(r) Provisions

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

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

(s) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(s) Goods and Services Tax (GST) (continued)

activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(t) Rounding of amounts

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

(u) Going concern

Notwithstanding the Company's deficiency in net results, the 2015 financial report has been prepared on the going concern basis.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2 Revenue

Revenue from continuing operations

	2015	2014
	\$'000	\$'000
Sale of goods		
- Sale of goods	7,611	7,740
- Sale of food and beverages	914	737
Total sale of goods	<u>8,525</u>	<u>8,477</u>
Services		
- Services	565	697
- Facilities Hire	109	426
- Equipment Hire	1,058	648
- Child care fees	4,511	4,274
- Membership fees	7,933	7,758
- Event fees	1,523	1,850
- Sport programs fees	634	532
Total services	<u>16,333</u>	<u>16,185</u>
Grant revenue	2,513	3,724
Rental revenue	1,951	1,996
Other revenue		
- Interest	250	305
- Commissions	442	393
- General	149	215
- Sponsorships	96	126
- Rental recoveries	9	11
- Sydney Institute of Business and Technology fees	240	277
Total other income	<u>1,186</u>	<u>1,327</u>

Notes to the Financial Statements
For the Year Ended 31 December 2015

3 Materials and consumables

	2015	2014
	\$'000	\$'000
Cost of goods sold - general	4,127	4,379
Cost of goods sold - wastage	57	109
Total materials and consumables	4,184	4,488

4 Employee benefits expense

	2015	2014
	\$'000	\$'000
Salaries and contractors	15,461	15,358
Workers compensation	109	87
Superannuation	1,366	1,322
Annual leave expense	32	55
Long service leave expense	72	(94)
Other employee expenses	318	316
Total employee benefits expense	17,358	17,044

5 Depreciation and amortisation expense

	2015	2014
	\$'000	\$'000
Depreciation		
Plant and equipment	426	432
Plant and equipment under finance leases	121	170
Furniture & Fittings	135	172
Motor vehicles	7	14
Computer Equipment	33	49
Academic Dress	25	42
Total depreciation	747	879
Amortisation		
Computer software	74	52
Total amortisation	74	52
Total depreciation and amortisation	821	931

Notes to the Financial Statements
For the Year Ended 31 December 2015

6 Other expenses

	2015	2014
	\$'000	\$'000
Professional services fees	128	227
Personnel services expenses	457	236
Printing and stationery	289	332
Marketing	493	414
Hire and lease	363	548
Fees	327	338
Travel	237	126
Net loss on disposal of assets	15	69
Other expenses	2,610	2,824
Total other expenses	4,919	5,114

7 Cash and cash equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and in hand	2,412	1,016
Deposits at call	-	7,300
Total Cash and cash equivalents	2,412	8,316

Deposits at call were on loan to parent entity under Treasury Loan agreement.

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

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

	2015	2014
	\$'000	\$'000
Balance as per statement of cash flows	2,412	8,316

Notes to the Financial Statements
For the Year Ended 31 December 2015

8 Trade and other receivables

	2015	2014
	\$'000	\$'000
Current		
Trade receivables	268	290
Allowance for impairment	-	(5)
Loan receivable from parent entity	6,900	-
Trade receivables from related parties	480	503
GST receivable	24	5
Other receivable	55	128
Prepayments	131	243
Total current trade and other receivables	<u>7,858</u>	<u>1,164</u>

(a) Impaired trade receivables

The ageing of these receivables is as follows:

	2015	2014
	\$'000	\$'000
Considered impaired		
1 to 3 months	-	-
3 to 6 months	-	-
Over 6 months	-	5
	<u>-</u>	<u>5</u>

	2015	2014
	\$'000	\$'000
Past due but not impaired		
Up to 3 months	-	-
3 to 6 months	3	3
Over 6 months	-	-
	<u>3</u>	<u>3</u>

	2015	2014
	\$'000	\$'000

Movements in the allowance for impairment of receivables are as follows:

At 1 January	(5)	-
Provision for impairment recognised during the year	-	(5)
Receivables written off during the year as uncollectible	5	-
Unused amount reversed	-	-
At 31 December	<u>-</u>	<u>(5)</u>

Notes to the Financial Statements
For the Year Ended 31 December 2015

8 Trade and other receivables (continued)

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

9 Inventories

	2015	2014
	\$'000	\$'000
at cost	563	563
allowance for impairment loss relating to obsolescence	(38)	(76)
Total inventories	525	487

Notes to the Financial Statements
For the Year Ended 31 December 2015

10 Plant and equipment

	Construction in Progress	Leased plant & equipment	Plant and equipment	Furniture, fittings and equipment	Machinery and vehicles	Computer Equipment	Works of Art	Academic Dress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2015									
Opening carrying amount	123	226	1,190	315	33	49	28	62	2,026
Additions	864	-	-	-	-	-	-	-	864
Disposal/Write-Off	-	-	(22)	-	-	-	-	-	(22)
WIP Completed during the year	(363)	-	260	23	-	18	-	13	(49)
Depreciation charge	-	(121)	(426)	(135)	(7)	(33)	-	(25)	(747)
Closing carrying amount	624	105	1,002	203	26	34	28	50	2,072
At 31 December 2015									
Gross value	624	792	3,076	914	116	667	28	252	6,469
Accumulated depreciation	-	(687)	(2,074)	(711)	(90)	(633)	-	(202)	(4,397)
Carrying amount	624	105	1,002	203	26	34	28	50	2,072

Notes to the Financial Statements
For the Year Ended 31 December 2015

10 Plant and equipment (continued)

	Construction in Progress	Leased plant & equipment	Plant and equipment	Furniture, fittings and equipment	Machinery and vehicles	Computer Equipment	Works of Art	Academic Dress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2014									
Opening carrying amount	82	401	1,475	391	40	79	28	75	2,571
Additions	400	-	-	-	-	-	-	-	400
Disposal/Write-Off	-	(5)	(44)	(5)	(12)	-	-	-	(66)
WIP Completed during the year	(359)	-	191	101	19	19	-	29	-
Depreciation charge	-	(170)	(432)	(172)	(14)	(49)	-	(42)	(879)
Closing carrying amount	123	226	1,190	315	33	49	28	62	2,026
At 31 December 2014									
Gross value	123	792	2,895	938	116	745	28	238	5,875
Accumulated depreciation	-	(566)	(1,705)	(623)	(83)	(696)	-	(176)	(3,849)
Carrying amount	123	226	1,190	315	33	49	28	62	2,026

Notes to the Financial Statements For the Year Ended 31 December 2015

11 Intangible Assets

	Computer software, other 2015 \$'000	Computer software, other 2014 \$'000
Opening carrying amount	245	147
Additions	49	150
Amortisation	(74)	(52)
Closing carrying amount	220	245
Gross value	360	311
Accumulated amortisation and impairment	(140)	(66)
Closing carrying amount	220	245

12 Trade and other payables

	2015 \$'000	2014 \$'000
Current		
Trade payables	1,044	409
Amount due to related parties	687	264
Sundry accrual and other payables	1,845	1,379
PAYG Withholding	88	-
Total current trade and other payables	3,664	2,052

13 Borrowings

	2015 \$'000	2014 \$'000
Current, secured liabilities		
Lease liabilities	15 -	171
Total current borrowings	-	171

Notes to the Financial Statements
For the Year Ended 31 December 2015

14 Provisions

	2015	2014
	\$'000	\$'000
Current provision expected to be settled within 12 months		
Employee benefits - annual leave	548	531
Employee benefits - long service leave	89	74
Subtotal	637	605
Current provisions expected to be settled after more than 12 months		
Employee benefits - annual leave	306	290
Employee benefits - long service leave	172	194
Subtotal	478	484
Total current provisions	1,115	1,089
	2015	2014
	\$'000	\$'000
Non-current provisions		
Employee benefits - long service leave	360	281
Total non-current provisions	360	281
Total provisions	1,475	1,370

Notes to the Financial Statements
For the Year Ended 31 December 2015

15 Commitments

(a) Finance Leases - Company as lessee

U@MQ Limited leases gymnasium equipment with a carrying amount of \$105k (2014: \$226k) under finance leases which expired in 2015.

	2015	2014
	\$'000	\$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	-	177
Minimum lease payments	-	177
Future finance charges	-	(6)
Recognised as a liability - see note 13	-	171
The present value of finance lease liabilities is as follows:		
Within one year	-	171
Later than one year but not later than five years	-	-
Minimum lease payments	-	171

(b) Operating leases - Company as lessee

U@MQ Limited has entered into commercial leases on certain items of plant and equipment. These leases have an average life of four years with no renewal option included in the contracts. There are no restrictions placed upon U@MQ Limited by entering into these leases.

	2015	2014
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	10	12
Later than one year but not later than five years	13	5
Total non-cancellable operating leases payable	23	17

(c) Operating leases - Company as lessor

U@MQ Limited has entered into operating leases on property consisting of food and other retail outlets. These leases have terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions or fixed rates. The total rental revenue recognised during the year is \$1,951k (2014: \$1,996k).

	2015	2014
	\$'000	\$'000
Commitments to minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:		
Within one year	1,561	2,098
Later than one year but not later than five years	1,165	2,629
Total non-cancellable operating leases receivable	2,726	4,727

Notes to the Financial Statements
For the Year Ended 31 December 2015

15 Commitments (continued)

(d) Capital commitments

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

	2015	2014
	\$'000	\$'000
<i>Property, plant and equipment</i>		
Payable:		
Within one year	100	180
Total capital commitments	100	180

16 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

The Company holds the following financial instruments:

	2015	2014
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	2,412	8,316
Trade and other receivables	7,703	916
Total Financial assets	10,115	9,232
Financial liabilities		
Trade and other payables	3,591	1,936
Borrowings	-	171
Total Financial liabilities	3,591	2,107

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the reporting date the Company held deposits at call of \$0 (2014: \$7.3M) that are expected to readily generate cash inflows for managing liquidity risk.

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk if the borrowings are carried at fair value. U@MQ Limited's policy is not to value its fixed rate, long term borrowings at fair value.

As at the end of the reporting period, the Company has no variable rate borrowings.

Notes to the Financial Statements For the Year Ended 31 December 2015

16 Financial risk management (continued)

(c) Credit risk

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of provision for loss. Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in financial loss to the Company. The Company does not have any significant exposure to any unrelated customer. Ongoing credit evaluation is performed regularly on the financial condition of U@MQ Limited's debtors.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings as follows;

(a) based on their contractual maturities:

i) all non derivative financial liabilities, and

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

Contractual maturities of financial liabilities

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount \$'000
2015							
Non-derivatives							
Trade payables	3,591	-	-	-	-	3,591	3,591
Total non-derivatives	3,591	-	-	-	-	3,591	3,591

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount \$'000
2014							
Non-derivatives							
Trade payables	1,936	-	-	-	-	1,936	1,936
Borrowings	118	59	-	-	-	177	171
Total non-derivatives	2,054	59	-	-	-	2,113	2,107

Notes to the Financial Statements For the Year Ended 31 December 2015

16 Financial risk management (continued)

(d) Summarised sensitivity analysis

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk.

	Carrying amount	-1%	-1%	+1%	+1%
	Equity	Net result	Equity	Net result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Financial assets					
Cash and cash equivalents	2,412	(24)	(24)	24	24
Trade and other receivable	7,703	-	-	-	-
Total increase/(decrease) in financial assets		(24)	(24)	24	24
Financial liabilities					
Trade payables	3,591	-	-	-	-
Borrowings	-	-	-	-	-
Total increase/(decrease) in financial liabilities		-	-	-	-
Total increase/(decrease)		(24)	(24)	24	24

	Carrying amount	-1%	-1%	+1%	+1%
	Equity	Net result	Equity	Net result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2014					
Financial assets					
Cash and cash equivalents	8,316	(83)	(83)	83	83
Trade and other receivable	916	-	-	-	-
Total increase/(decrease) in financial assets		(83)	(83)	83	83
Financial liabilities					
Trade payables	1,936	-	-	-	-
Borrowings	171	2	2	(2)	(2)
Total increase/(decrease) in financial liabilities		2	2	(2)	(2)
Total increase/(decrease)		(81)	(81)	81	81

Notes to the Financial Statements
For the Year Ended 31 December 2015

17 Key Management Personnel Disclosures

(a) Directors

The following persons were directors of U@MQ Limited during the financial year:

(i) Chairman - non-executive

Deidre Anderson

(ii) Non-executive directors

Denise Osmand (resigned 6 May 2015)

Tim Sprague (resigned 8 May 2015)

Gemma Quinn (resigned 4 May 2015)

Josh Stinton

Michael Graham Wall

Patrick John Gorman (appointed 1 June 2015)

Paul Scherier (appointed 2 June 2015)

Nicole Gower (appointed 3 June 2015)

Kieren Ash (appointed 3 June 2015)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

<i>Name</i>	<i>Position</i>	<i>Employer</i>
Craig Oliver (until 16 October 2015)	Chief Executive Officer	Macquarie University
Kim Guerin (from 6 October 2015)	Chief Executive Officer	Macquarie University
Cindy Hoad	General Manager - Sport & Recreation	U@MQ Limited
Niels Pantenburg	General Manager - Campus Services	U@MQ Limited
Richard Luxford	Head of Operations	U@MQ Limited
Maria Bennett	Children's Services Manager	U@MQ Limited

(c) Key management personnel compensation

	2015	2014
	\$'000	\$'000
Short-term employee benefits	751	536
Personnel services	289	236
Total key management personnel compensation	1,040	772

Short-term employee benefits include salary and superannuation.

Personnel services include payments to Macquarie University for those employees seconded to the Company, and include salary, superannuation and oncosts.

Notes to the Financial Statements
For the Year Ended 31 December 2015

18 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
Audit of financial statement	50,000	45,500
Total remuneration for audit services	50,000	45,500

19 Contingencies

The Company had no contingent liabilities and assets at 31 December 2015. (2014:\$nil)

20 Related party transactions

(a) Parent entities

The ultimate parent entity, which exercises 100% control over the Company, is Macquarie University.

(b) Transactions with related parties

There were no transactions between the Company and the Directors or with organisations with which the Directors held a substantial financial interest other than minor food and beverages at commercial rates.

The following transactions occurred with following related parties:

	P&L Transactions			Balance Sheet	
	Revenue	Expenses	Trade Receivable	Loan Receivables	Payables
	\$'000	\$'000	\$'000	\$'000	\$'000
Access Macquarie Ltd	61	-	3	-	-
Macquarie University	5,423	1,754	472	6,900	687
MGSM Limited	12	-	1	-	-
MUH Operations #2 Pty Ltd	3	-	3	-	-
Total	5,499	1,754	479	6,900	687

Notes to the Financial Statements
For the Year Ended 31 December 2015

21 Reconciliation of Surplus / (Deficit) to net cash inflow from operating activities

	2015	2014
	\$'000	\$'000
Surplus / (Deficit) for the year	(697)	(43)
Depreciation and amortisation	821	931
Net loss on sale on non-current assets	22	62
Changes in operating assets and liabilities		
Decrease (increase) in trade debtors	226	(513)
Decrease (increase) in inventories	(38)	137
Decrease (increase) in other operating assets	-	-
(Decrease) increase in trade creditors	1,593	(89)
(Decrease) increase in other provisions	104	(39)
Net cash inflow (outflow) from operating activities	2,031	446

22 Events occurring after the reporting period

There are no events after the balance sheet date of which the Directors are aware that will have a material effect on the Company's operations (2014: \$nil).

23 Statement of guarantee

The Company is incorporated in Australia under the Corporations Act 2001 and is limited by guarantee to the amount of \$1.00 (2014:\$1.00) by the sole member. In the event of winding up the surplus of all assets and liabilities must not be distributed to the Member but must be distributed to an organisation approved by the University Council which has similar objects to U@MQ Limited.

24 Administered Assets

	2015	2014
	\$'000	\$'000
Cash at bank and on hand	178	286

The company administers, but does not control, certain activities on behalf of University based student and sporting clubs. It is accountable to those University based student and sporting clubs for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the company's own objectives.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6:
 - (a) give a true and fair view of the financial position as at 31 December 2015 and the performance for the year ended of the company; and
 - (b) are in accordance with the *Corporations Act 2001*; and
 - (c) comply with Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.
 - (d) have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Director 
Deidre Anderson

Director 
Patrick John Gorman

Dated 24th March 2016



INDEPENDENT AUDITOR'S REPORT

U@MQ Limited

To Members of the New South Wales Parliament and Members of U@MQ Limited

I have audited the accompanying financial statements of U@MQ Limited (the Company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 management, as well as evaluating the overall presentation of the financial statements.



Macquarie University is a vibrant hub of intellectual thinkers, all working towards a brighter future for our communities and our planet.