



MACQUARIE
UNIVERSITY ~ SYDNEY



annual report
2007

AUSTRALIA'S INNOVATIVE UNIVERSITY



annual report

For the period 1 January 2007 to 31 December 2007

The Hon John Della Bosca, MLC
Minister for Education and Training
Parliament House, Sydney

Dear Minister,

The Council of Macquarie University has the honour to submit the Annual Report of Macquarie University for the year ended 31 December 2007. The report has been prepared for presentation to Parliament in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

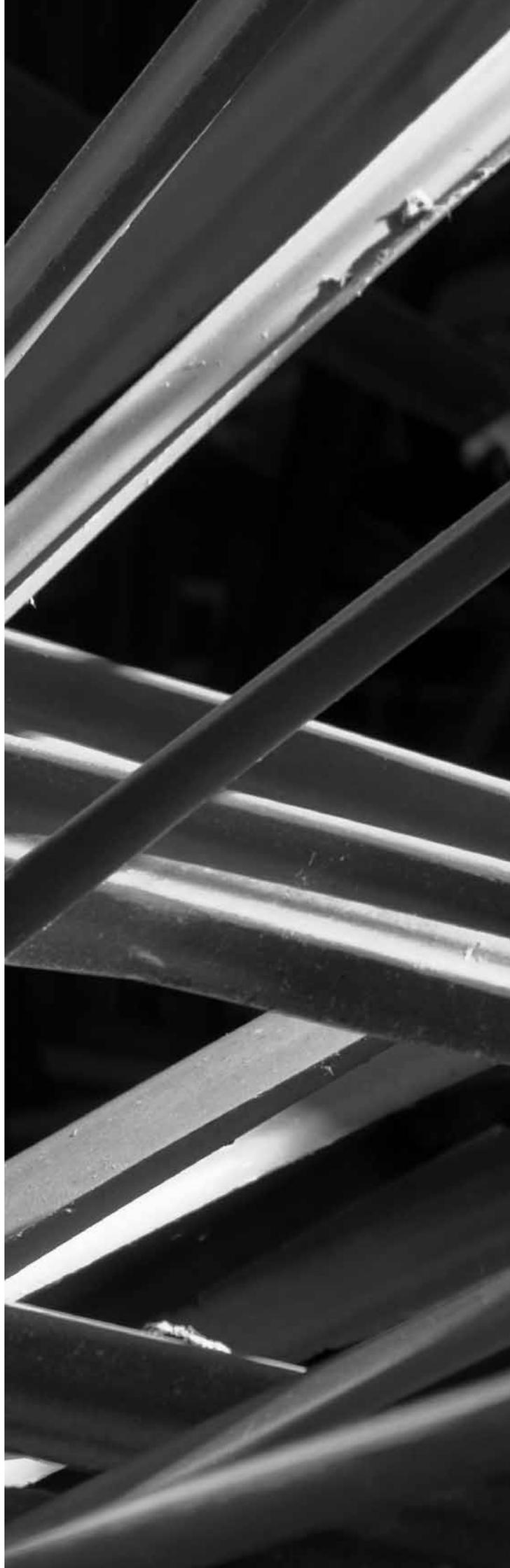
Yours faithfully,

The Hon Michael Egan
Chancellor

Professor Steven Schwartz
Vice-Chancellor

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Strategy and Operations





RESEARCH HUB

Research Strategy

In 2007, Macquarie University expanded the expertise of its community of researchers to the cutting edge of their discipline by concentrating on its research strengths and building the University's higher degree research capacity.

The University's research strategy will help it achieve the Macquarie@50 vision of being among the top eight research universities in Australia and the top 200 in the world.

Pervasive research culture

The University set the challenging target of 80 per cent of academic staff being research active by 2014 as part of its commitment to being a world-class research university. In the 2007 Research Quality Framework (RQF) trial, Macquarie University recorded a solid improvement in the participation rate of its research-active staff at 67 per cent, an increase of almost 10 per cent on the previous result in 2003.

A star performer was the Division of Economic and Financial Studies, which lifted its participation of research-active staff from around 35 per cent in 2003 to nearly 60 per cent in 2007. This dramatic improvement reflects the commitment of the Division to engage both staff and students in the pursuit of knowledge through comprehensive and up-to-date research.

Research staff across all faculties in the University combined to outperform the national average on a range of other key measures, such as the quality of research staff, research publications output and research income.

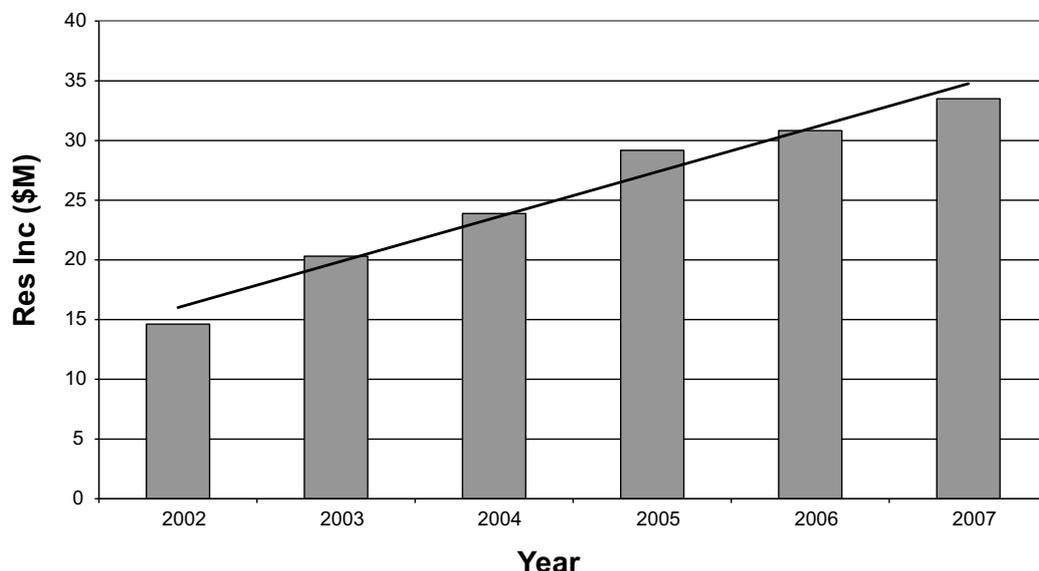
Quality research-active staff

On the staff quality measure, following a review by an international panel of assessors, 42 per cent of Macquarie University staff were ranked in the top 25 per cent of international researchers, and 12 per cent were ranked in the top 10 per cent.

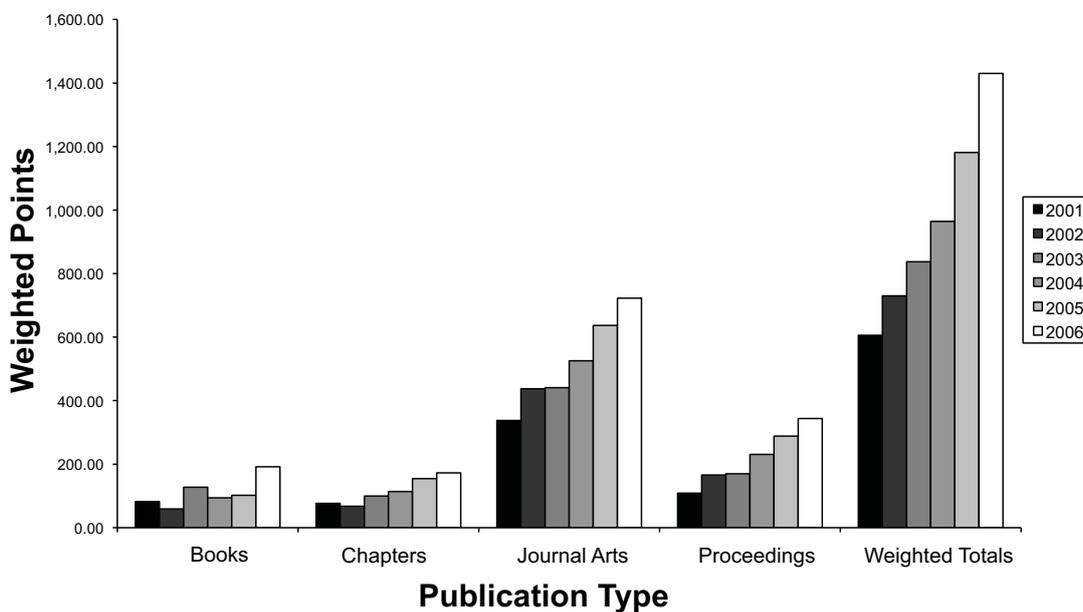
Highlights

- The Centre for Language Sciences, led by Professor Stephen Crain, was established in the Division of Linguistics and Psychology.
- Dr Bridget Griffen-Foley from the Division of Humanities received a second prestigious Queen Elizabeth II fellowship from the Australian Research Council.
- Professor Kevin Wheldall from the Australian Centre for Educational Studies was made a Fellow of the International Academy for Research in Learning Disabilities.

Macquarie - HERDC-Reportable Research Income (\$M), 2002 - 2007



MQ Weighted Publications (DEST Proxies) 2001 - 2006



- Dr Tony Wilson from the Division of Society, Culture, Media and Philosophy received an Australia-Malaysia Senior Research Fellowship, funded by the Australian Government.

Research income

In 2007 Macquarie University again recorded a sustained increase in total research income, which placed it above the national average. The University averaged an increase of 26 per cent in total research income over the five-year period, compared with the national average of around 13 per cent.

Highlights

- The Centre for Research in Mathematics & Science Education (CRiMSE) will develop and field test a kindergarten program in Sydney and Brisbane schools, after receiving a Discovery grant of \$270,000 from the Australian Research Council. The project is called "Reconceptualising early mathematics learning: The fundamental role of pattern and structure".
- The Macquarie Centre for Cognitive Science lodged five successful applications to the Australian Research Council and National Health and Medical Research Council for funding worth over \$2 million.
- Macquarie University Special Education Centre received a total of nine grants to the value of more than \$2.2 million. The grants include collaborations with high profile organisations such as the Exodus Foundation, Cape York Partnerships, the Department of Education, Science and Training, the Department of Family and Community Services, and Autism Spectrum Australia.

Research publications output

Once again Macquarie University staff outperformed the national average for publications output, a key measure of research activity. Over the period 2003-06, the University's publications output, at 18 per cent, nearly doubled the annual national average of nearly 10 per cent, based on Department of Education, Science and Training (DEST) proxy categories.

Research excellence

Macquarie University embarked on an investment plan to secure the University's pre-eminence in a range of research areas of international significance and benefit to Australia in 2007. The broad goal is to be acknowledged as world-class in identified areas across the University, based on the philosophy that academics doing scholarly work at the cutting edge of their disciplines make the best teachers.

The first step was to identify the areas of research which reflect the University's traditional strengths and to target a number of developing areas, especially those that build on Macquarie University's history of interdisciplinary research.

The nine research areas, known as Concentrations of Research Excellence (COREs), are:

- Ancient Cultures
- Animal Behaviour
- Ecology and Evolution
- Climate Risk
- Cognitive Science
- Earth and Planetary Evolution
- Biomolecular Frontiers
- Lasers and Photonics
- Quantum Information Science and Security
- Social Inclusion

Gallipoli research project to shape Australia's military legend

Dramatic new insights into Turkey's role in the famous Gallipoli military campaign may help reshape the Anzac legend following the award of a five-year Australian Research Council Linkage Project grant valued at \$422,000 to Harvey Broadbent and Emeritus Professor Duncan Waterson of the Division of Humanities. The research will be conducted from 2007 to 2012.

Titled "Completing the Gallipoli Story: Researching documents in the Turkish archives", the researchers expect the project to deliver a different perspective on various episodes of Gallipoli and a revealing picture of Turkey's role in the event. Followers of Australian history will benefit from a more objective view of the Gallipoli campaign.

Gallipoli may be a significant milestone in Australian history, but it is only in recent years that Turkey began to take a strong interest in the events of 1915 and its part in the ill-fated campaign, mainly due to the growing number of Australians who visit Gallipoli.

Harvey Broadbent first became aware of the precious Turkish archives when conducting research for his latest book, *Gallipoli, The Fatal Shore*, and was granted access to the Turkish General Staff Archives at Ankara by the Turkish Government. What he found was a large, essentially un-researched collection of files, containing hundreds of documents about the Turkish conduct of the Gallipoli campaign.

The documents include battlefield operational reports, messages, signals, maps, supply details, intelligence and interrogation reports, correspondence and war ministry communications. Given the huge number of documents to be examined, the first step is to catalogue the array of material as the basis for the research. This will be followed by the challenging and time consuming tasks of translating the documents from the original Ottoman Turkish language to modern Turkish and then into English.

The researchers have built partnerships with the Middle East Technical University in Ankara and the Turkish General Staff Archives, another benefit of the project.

A key challenge for 2007 was to recruit 40 world-class researchers in the identified areas of excellence. The University met this challenge and will announce a further 30 appointments in early 2008. The appointments were supported with upgraded facilities and purchase of new equipment.

Highlights

- In May 2007 the Biomolecular Frontiers Team received a grant of \$1 million from the Cancer Institute NSW as part of a two-stage program to investigate how changes to proteins in the human body can help detect cancer in its very early stages. Stage one of the New South Wales Cancer Proteomics Infrastructure Initiative will focus on glycoproteomics research. Glycoproteins are complex sugar molecules attached to proteins in the human body that change in many cancers and form the basis of many current cancer diagnostic tests.
- Dr Britta Biedermann from the Division of Linguistics and Psychology won a Macquarie University Research Fellowship worth \$267,100 to study spoken word production theories using data from brain-impaired speakers.
- Director of Macquarie Centre for Cognitive Science, Professor Max Coltheart, received the 2007 CSIRO/Eureka prize for Scientific Leadership.
- The Macquarie Photonics Research Centre was established as part of the Lasers and Photonics Team. The University refurbished the Centre's research laboratories and purchased equipment and infrastructure for experimental physicists who joined the Team. The increase in research activity attracted 35 new students in 2007 and 24 completed their doctorates.

World Leading genomics expert joins Biomolecular Frontiers Team

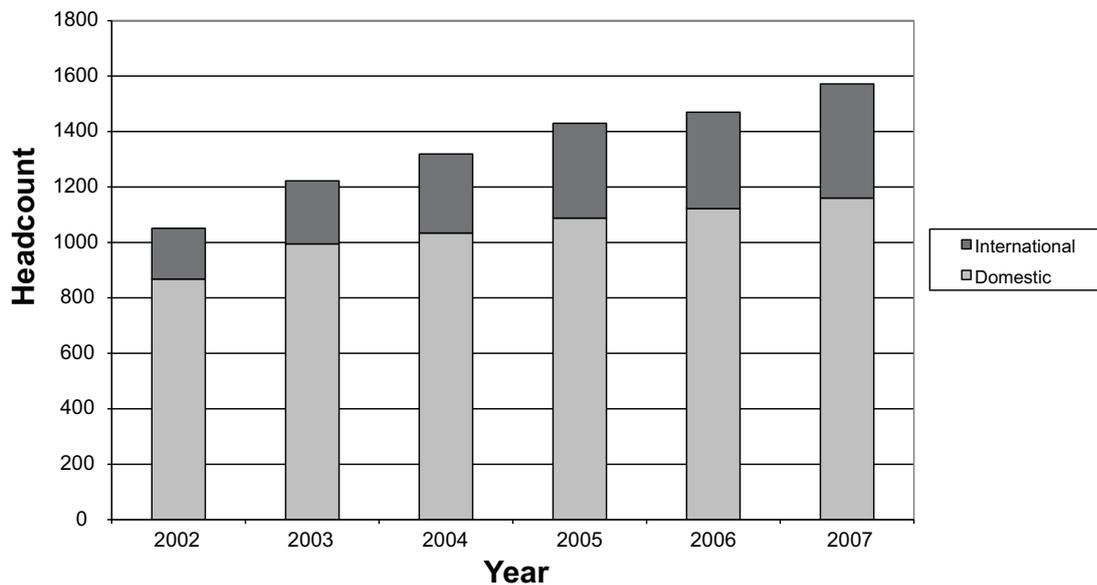
The New South Wales Minister for Science and Medical Research, the Hon Verity Firth, awarded internationally acclaimed genomics expert Professor Ian Paulsen the inaugural New South Wales Life Science Awards in July 2007, along with two other scientists. Professor Paulsen chose to join Macquarie University's Biomolecular Frontiers CORE.

Professor Paulsen's project goal is to develop a complete systems biology approach to understanding gene function in microbial physiology and evolution. This has potential use for carbon sequestration and biological energy alternatives to combat global warming, for the rapid development of vaccines and diagnostics to assist in countering bioterrorism, and for the development of bio-monitoring tools which detect pollutants and pathogens or agricultural pests.

The Functional Proteomics and Cellular Networks research team at Macquarie University applies cutting-edge science in proteomics and genomics to make discoveries that will have commercial, health and environmental applications. The team works with industrial enzymes and their microbial producers, such as fungi and extremophiles. Team members have particular expertise in the impact of gene flow on bacterial adaptation and innovation, and all areas of proteomics, including identification of biomarkers for debilitating diseases such as cancer.

According to the Minister, the awards will contribute to the State's international strengths in immunology, microbial genomics and understanding of diseases affecting the brain. The longer-term aim of the awards is to see breakthrough research translated into economic, health, environmental and social benefits for New South Wales.

HDR Student Headcount 2002 - 2007



Climate risk team helps Australia adapt to climate change

As a member of the consortium for the National Climate Change Adaptation Research Facility announced by the Federal Government in November 2007, Macquarie University's Climate Risk CORE joined the country's leading multi-disciplinary team charged with the task of planning for climate change in Australia.

The \$50 million research facility, to be funded for five years by the Australian Government, will identify critical adaptation needs across the hard sciences and social sciences. Its first phase is to develop adaptation plans in areas such as human settlements, agriculture, forestry and fisheries, water, health, biodiversity and emergency services, and disaster management.

Led by Professor Lesley Hughes, the Climate Risk Team addresses questions about the future impacts of climate change on natural systems by using a combination of bioclimatic modelling, field and laboratory experiments.

Last year, Professor Hughes joined the Intergovernmental Panel on Climate Change (IPCC), an international panel of scientists and researchers which provides advice on climate change to the international community. The role of the IPCC is to assess the scientific, technical and socio-economic information relevant to the understanding of the risks of human-induced climate change. The IPCC is acknowledged by governments around the world as the authoritative source of advice on climate change science. The IPCC was a co-recipient of the Nobel Peace Prize 2007.

Professor Hughes is a lead author of Chapter 11, "Australia and New Zealand" in *IPCC Fourth Assessment Report: Impacts, Adaptation and Vulnerability*.

Quality higher degree research outcomes

Macquarie University recognises that maintaining a strong program of higher degree research is critical to the health of the University's broader research program. The introduction of the compulsory Higher Degree Research Commencement program for all students and the Higher Degree Research Committee with quality and policy responsibilities underpinned the University's continuing growth in higher degree research completions from 2006-07.

Highlights

- The Division of Economic and Financial Studies increased higher degree research student enrolments by 39 per cent.
- The Division of Law enrolled 50 candidates in higher degree research programs with eight higher degree research completions.
- Macquarie Graduate School of Management (MGSM) recorded 20 higher degree completions, which set a new record for higher degree research completions at MGSM.
- The Police, Intelligence and Counter-Terrorism Centre enrolled eight higher degree research students and a further six candidates were enrolled for 2008, from a variety of countries.

The nation's well being

Scores of researchers at Macquarie University contributed to the nation's well being through a diverse range of research projects, many of which are detailed in this Report. The University's staff also achieved major milestones in literacy, cooperative research and health services infrastructure projects.

Literacy

The leading literacy program MULTILIT (Making Up for Lost Time in Literacy), a reading program developed at Macquarie University, continued to expand in 2007 after the Australian Government announced it would provide \$12 million to support its rollout as part of the Cape York welfare reform trials, to begin in 2008. Following the success of MULTILIT in Coen State School, the literacy program will be implemented in four Cape York communities. MULTILIT is a method of teaching reading based on phonic skills (the ability to sound out words rather than learn whole words), and is run by Professor Kevin Wheldall and Dr Robyn Beaman at the Macquarie University Special Education Centre.

Cooperative research centres

Macquarie University researchers joined three of the 13 new Cooperative Research Centres (CRCs) announced by the Federal Government in December 2007: the Capital Markets CRC, the HEARing CRC and the Australian Seafood CRC.

The University's Centre for Language Technology is a major partner in the \$26.68 million Capital Markets CRC; Dr Catherine McMahon and her team in the Division of Linguistics and Psychology are a major partner in the \$32.55 million HEARing CRC; and Associate Professor David Raftos will continue his research into QX disease resistance in Sydney rock oysters in the newly formed Australian Seafood CRC.

Health services

Macquarie University's contribution to community health was confirmed in 2007 following planning approval for the new Macquarie University Private Hospital project. The hospital will bring around 100 construction jobs to the local area and 400 jobs when it is fully operational. Specialists from Dalcross Private Hospital in Killara will relocate to the new hospital and specialists from other parts of Sydney are expected to join. The hospital will advance medical teaching and research for the newly established Australian School of Advanced Medicine at the University.

Highlights

- Dr Andrew Baillie from the Centre for Emotional Health and his collaborators at Royal Prince Alfred Hospital won the 2007 National Drug and Alcohol Excellence in Research Award.
- The Minister for Education, Science and Training, the Hon Julie Bishop launched the Children and Families Research Centre in June 2007 and announced a \$750,000 contribution to research on early childhood education. The Centre was awarded a post-doctoral scholarship by the New South Wales Department of Community Services.
- Associate Professor Catriona Mackenzie was awarded the 2007 Eureka Prize for Research in Ethics in an awards ceremony at the Australian Museum.

- Professor John Stephens from the Department of English was the first Australian to receive the International Brothers Grimm Award. This biennial award is made to a scholar who has produced an outstanding body of research into children's literature.

New Centre for Emotional Health

People suffering from mental health disorders such as anxiety and depression will benefit from the research outcomes of the newly formed Centre for Emotional Health, an interdisciplinary research centre which concentrates on the understanding, prevention and treatment of anxiety, depression and related mental health problems. The Deputy Premier of New South Wales, John Watkins, opened the Centre in November 2007.

Under the direction of Professor Ron Rapee from Macquarie University's Division of Linguistics and Psychology, the Centre brings together internationally recognised experts in panic disorders, post traumatic stress disorder, postnatal depression, performance-based anxiety, health anxiety, social phobia, eating disorders and genetics.

Researchers from the Centre progressed a major study into the extent to which treatment of anxiety in parents improves treatment for children with anxiety. With a recent review of the best psychological treatments for anxiety in children reporting average remission rates of 64 per cent, researchers identified treatment for parents as a potential new approach. If, as expected, the modified treatment proves to be more efficacious, the study will yield a new strategy to increase the efficacy of intervention for a debilitating childhood problem.

Researchers undertook many other research projects to investigate the nature, cause, assessment and treatment of anxiety disorders in children. For example, a recent trial investigated the efficacy of pure self-help through written materials for severe social phobia and self-help augmented by five group sessions with a therapist. Although the results showed that pure self-help provides limited efficacy, they suggested that self-help augmented by therapist assistance could be a legitimate alternative to traditional therapy models — an important finding given the limited reach and scope of mental health services internationally.

In another world first, a team at the Centre for Emotional Health launched a self-help CD-ROM program for the treatment of anxiety in adolescents. The program is based on the well-established "Cool Kids" anxiety treatment program and contains eight interactive computer-based training modules with cartoons, audio, worksheets and case studies.

For more information on the Centre for Emotional Health visit www.ceh.mq.edu.au.



MUS^{EC}
 MACQUARIE UNIVERSITY
 SPECIAL EDUCATION CENTRE

MULTILIT
 Word Attack Skills
 RECORDING BOOKLET

M
 MACQUARIE
 UNIVERSITY SYDNEY

MULTILIT Word Attack Skills has been specifically designed for
 low-progress readers in Year Two and above (about
 7-10 years) who are reading at a level considerably
 below what might be expected for their age. It constitutes one
 of the three key elements comprising the MULTILIT Reading
 Tutor Program along with MULTILIT Sight Words and MULTILIT
 Guided Reading.

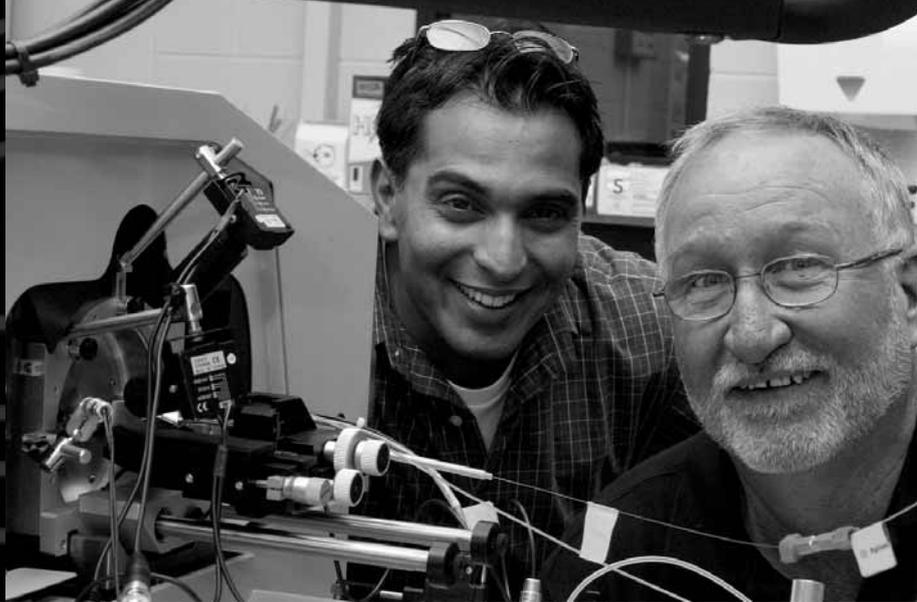
The Reading Tutor Program is the product of a
 long-term program of research and development by a
 specialised team of academic researchers and special educators
 into 'Making Up Lost Time in Literacy', hence MULTILIT.

The MULTILIT initiative is led by Professor Kevin Wheldall,
 Director of Macquarie University Special Education Centre,
 Sydney.

ISBN 1-8408-430-0

MAKING UP LOST TIME IN LITERACY

Commercialisation



New incubator for technology start-ups

Macquarie University launched a new business incubator in April 2007 to help technology start-ups in the northern suburbs survive their first few years when they are most vulnerable.

The Macquarie Technology Business Incubator (MTBI) provides a low-risk, dynamic and collaborative environment that fast-tracks new technology businesses. It is located in the University's Research Park, which neighbours the booming Macquarie Business Park Corridor in North Ryde, and is managed by Access Macquarie Limited (AccessMQ), Macquarie University's commercial arm.

Six start-up businesses are currently located in the MTBI, and there is space for a further 10 tenants. Tenants enjoy direct access to business mentors and venture capital specialists, as well as AccessMQ's suite of professional and business advisory services. Physical benefits include access to office space, meeting rooms and support services, and use of chemistry, biology and electronics laboratories.



Solutions for a better world

New super yeast discovery boosts ethanol production

Dr Paul Attfield and Dr Philip Bell from Microbiogen won Macquarie University's Commercial Innovation Award in 2007 for their groundbreaking research into yeast technology, which almost doubles the sugar yield in ethanol production. Unlike oil, ethanol is a renewable fuel source made from sugar and starch rich plants.

The two scientists from Macquarie University developed yeast that can extract more sugar from the same amount of sugar cane. According to the researchers, the method is so effective that in the future they will be able to extract sugars from waste paper and agricultural and forestry waste.

The researchers claim that approximately 150 to 200 billion tonnes of plant material is produced each year from agriculture and forestry processes, which is more than is needed to replace petrol. But current ethanol production makes up less than one per cent of our fuel needs. Even if the whole of the Australian sugar cane crop was converted into ethanol using conventional techniques it wouldn't provide enough fuel to drive the country's cars.

Crushing sugar cane is the conventional way of producing ethanol. The juice is cleaned of impurities then taken to the distillery. Once the yeast has used the sugar, the brew is cleaned and purified, and you are left with ethanol. This can then be mixed straight into unleaded petrol to make petrol with 10 per cent ethanol, known as E10.

Using conventional techniques, less than 30 per cent of the sugar cane plant is used as sugar. Once removed a waste product called bagasse is left, which is either dumped or burned for energy. But this waste product is actually full of a different kind of sugar, called C5 sugar, or xylose. Genetic engineers have spent 20 years trying to create a yeast that can ferment xylose on an industrial scale.

Although it was considered impossible for natural yeast to ferment xylose, after three years of selective breeding the two Macquarie University researchers produced a super yeast strain which "recognises" and consumes the crucial C5 sugar xylose, resulting in considerably more efficient production of ethanol.

Dr Rohit Saldanha (left) and Professor Mark Baker

Left: Dr Paul Attfield and Dr Philip Bell

Rivers Styles® Framework helps restore our catchments

Geomorphologists Dr Kirstie Fryirs and Professor Gary Brierley won Macquarie University's Innovation in Research Award in 2007 for their River Styles® Framework. This framework provides river managers with the information they require to target river rehabilitation initiatives and make informed decisions about their day-to-day management. River Styles® is a geomorphic approach to examining the diversity of river character, behaviour, condition and recovery potential. It provides a physical template for river management.

According to Fryirs and Brierley, river management programs must respect the inherent diversity and behaviour of aquatic ecosystems. Each catchment is different and should be managed in its own right.



Left: Dr Kirstie Fryirs

The catch cry of the River Styles® Framework is "know your catchment". River Styles® sets out four main principles for managing rivers:

- Respect river diversity
- Work with river dynamic and change
- Work with linkages of biophysical processes
- Use geomorphology as an integrative physical template for river management activities.

The River Styles® Framework consists of four stages for managing rivers in a catchment. After identifying the river styles, environmental managers assess the geomorphic condition of each style and determine its geomorphic recovery potential. This information is then used to set realistic targets for river rehabilitation programs.

Fryirs and Brierley have published a book on the framework and its applications, *Geomorphology and River Management: Applications of the River Styles Framework*. They offer a five-day training program for postgraduates and river professionals, which has attracted over 200 participants.

River Styles® analysis now forms the basis of river management practice across most of New South Wales. The Framework has been used for other applications in Victoria, Queensland, Tasmania and South Australia, as well as in the United States and Alaska. Future applications are expected in China.

Because the new strain of yeast can unlock xylose sugar, ethanol production will no longer be limited to sugar cane, corn and wheat. Xylose is also found in waste paper and other plant bi-products.

Proteomics initiative to speed up early cancer detection

Announced in May 2007, a new \$1.1 million Cancer Institute NSW grant that links New South Wales's cancer and proteomics experts from the Garvan Institute, Children's Medical Research Institute, the University of New South Wales, the University of Newcastle, Kolling Institute, Concord Hospital and Macquarie University will help speed up the transition of proteomics research into clinical practice for early cancer detection.

The first stage of the new New South Wales Cancer Proteomics Infrastructure Initiative will focus on glycoproteomics research and is to be based at the Biomolecular Frontiers Concentration of Research Excellence (CORE) at Macquarie University. The second stage of the initiative will focus on phosphoproteomics and may be based at the Children's Medical Research Institute on the Westmead Hospital site.

Proteomics is the study and identification of the thousands of types of proteins found in humans, plants, animals, bacteria and other life forms. Proteins provide the critical link between genes and disease — the

proteins produced by genes are responsible for all processes in living cells. Glycoproteins are complex sugar molecules attached to proteins in the human body that change in many cancers and form the basis of many current cancer diagnostic tests. Phosphoproteins are a group of proteins chemically bonded to a substance containing phosphoric acid.

According to Director of the CORE and Facility Director of the Australian Proteomics Analysis Facility Professor Mark Baker, the grant will provide funding for new mass spectrometric equipment and a specialist in the analysis of glycoproteins. When combined with the recent arrival of world glycoproteomics expert Professor Nicole Packer and her research team to the new Macquarie CORE, this opens up tremendous collaborative cancer research opportunities. The infrastructure will enable scientists from various centres of excellence across New South Wales to collaborate on central problems in translational cancer research, facilitating more rapid translation of discoveries into patient care and clinical practice.

Mutually beneficial relationships

Industry Partnerships



Macquarie University announced industry partnerships with Cochlear, Optus and Dalcross Private Hospital in 2007, representing \$250 million of investment into infrastructure and services. The partnerships benefit Macquarie University in the form of scholarships and work experience for students, research opportunities for staff and new buildings for teaching and research. They are a crucial element of the University's goal of becoming a world-class research university.

Cochlear headquarters and manufacturing facility

Macquarie University and global implant company Cochlear Limited signed an agreement in October 2007 for Cochlear to set up its headquarters and main factory at the University's North Ryde site. The company also plans to start research collaborations with the University.

Under the heads of agreement, Cochlear is expected to occupy a 26,000 square metre site at the University by 2010. Cochlear will lease the building from the University and there will be options for extensions of the lease.

Optus Research and Training Centre

Macquarie University entered into a joint venture with Optus in October 2007 to develop the Telecommunications Research and Training Centre, a \$53 million telecommunications network test facility to serve industry and support research and teaching programs. Under the arrangement, Optus will commit over \$20 million to the project, while the University will seek Commonwealth support for the balance of funds.

The proposed broadband research hub will spearhead the University's advance in engineering and provide an international centre of excellence for broadband telecommunications. This will be the only location in Australia where industry and researchers have access to a live, scaled model of a complete telecommunications network.

Macquarie University Private Hospital

A medical precinct in the Macquarie University Research Park moved a step closer following planning approval for the \$150 million Macquarie University Private Hospital in May 2007.

The new hospital, a joint venture between Macquarie University and Dalcross Private Hospital, is entirely privately funded. It will be the centrepiece for the University's medical school, the Australian School of Advanced Medicine (ASAM). ASAM will deliver postgraduate programs in speciality (surgery) and sub-speciality fields, working in partnership with the Royal Australasian College of Surgeons to meet the shortfall in medical specialists. The hospital will complement teaching and research services already offered at the University and will be a resource for referrals by general practitioners and specialists.

*Prof Michael Morgan,
Dean of the Australian
School of Advanced
Medicine*



*Architect's image of
Macquarie University
Private Hospital*

Ethics



Ethics Framework Project

Macquarie University finalised the first stage of its Ethics Framework Project, an Ethics Statement, in October 2007. The goal of the Project is to develop a shared ethical framework for guiding decision making across the University, and to foster a culture that is responsible, respectful and reflective. The University is committed to providing an exemplary learning environment, a safe and secure campus and active engagement with the communities it serves, while adhering to ethical principles and practice.

The Ethics Framework Project consists of three stages, each of which involves extensive consultation with University members:

- An Ethics Statement
- An Ethical Audit
- An Implementation Plan.

Ethics Statement

The University issued the Ethics Framework Survey to all stakeholders, inviting commentary on the draft Ethics Statement. The Statement outlined the core ethical principles and values to which the University and its members are committed. It was developed by the University Ethics Framework Committee and the St James Ethics Centre (an independent not-for-profit organisation working in the field of applied ethics).

An overwhelming 95 per cent of the 152 respondents supported the concept of Macquarie University developing and adopting an ethics framework, and 84 per cent said they expected the Ethics Framework would promote equality of opportunity.

After consultation with University stakeholders in mid-2007, the Committee refined the Ethics Statement in light of the survey responses. Following input from the Academic Senate, the Staff Consultative Group and the wider Macquarie University community, the University Council approved the adoption of the Ethics Statement in October 2007.

In its Ethics Statement, Macquarie University stresses the importance of acting with integrity “consciously informed by a framework of core values and principles that are given consistent, practical effect”. The Statement sets out four key principles:

- Fostering a collegial community based on mutual trust
- Respecting the intrinsic dignity of all persons
- Promoting equality of opportunity
- Neither initiating nor colluding in harmful acts.

Ethical Audit

During 2008, the second stage of the Ethics Framework, the Ethics Audit, will enable randomly selected University stakeholders to comment on the extent to which the culture and practices of the University are consistent with the Ethics Statement. The St James Ethics Centre will collect data for the Ethics Audit via confidential interviews, focus groups and written submissions. Data will also be collected via the Values Exchange website, which will encourage staff and students to respond to ethical dilemmas they have suggested.

Implementation Plan

The third phase, the Implementation Plan, will be informed by the findings of the Ethics Audit and will concentrate on changing the University's policies and practices as required.

Learning and Teaching



Learning and Teaching Plan 2008-2012

Macquarie University's Learning and Teaching Plan, launched in October 2007, lays the foundation for equipping its students to engage with the world community as independent, lifelong learners.

The Learning and Teaching Plan sets out a framework for teaching excellence by making performance and levels of performance expectations explicit. It underpins the University's goal of increasing the number of staff who are nationally recognised for the excellence of their teaching.

Macquarie University will become a world-class university by:

- Developing and supporting quality teaching practice
- Ensuring quality and continual improvement in curriculum and teaching
- Fostering student engagement with the University and the community, and graduate capability
- Supporting research-enhanced learning and teaching
- Recognising and rewarding excellence and innovation in teaching and learning
- Promoting diversity, equity and international awareness
- Supporting student learning.

Each of the seven goals has a related set of objectives and targets, which will be used to monitor and evaluate performance. The plan will function as a roadmap to ensure quality learning and teaching and a performance-based culture by providing an appropriate set of performance indicators and targets.



Supporting learning and teaching

Learning and Teaching Centre

The University began implementing the Learning and Teaching Plan by reviewing its ability to support learning at the University. The result was a plan to combine the resources of the Centre for Flexible Delivery and the Centre for Professional Development to create the new Learning and Teaching Centre.

Key areas of focus for the Learning and Teaching Centre are student engagement, the learning experience and learning outcomes. The Centre will help the University develop and maintain the quality of its staff, curricula and infrastructure for learning and teaching. Many of its activities will be undertaken in partnership with individual units and other stakeholders.

Guided by Macquarie University's strategy of becoming a world-class university, in 2007 the Learning and Teaching Centre developed a plan to conduct an Academic Program Review and a three-year Curriculum Renewal process. The Curriculum Renewal process will consist of projects on graduate capabilities, assessment and feedback, student evaluation, technologies for learning and teaching, and student engagement and transition. Other core areas of activity for the new Centre include a higher degree research supervision program, a practical staff development program and delivery of support services for staff, such as flexible learning and online teaching units.

Special interest groups help staff sharpen their teaching practice

In 2007 the Centre for Professional Development coordinated two special interest groups aimed at helping staff hone the quality of their teaching practice:

- Researching (e)Learning and Teaching at Macquarie special interest group, which supports a critically reflective, evidence-based approach to high quality learning environments that make effective use of eLearning technologies.
- Peer Observation and Learning and Teaching special interest group, which helps staff apply peer observation techniques to enhance quality teaching practices.

The Researching (e)Learning and Teaching at Macquarie group conducted four research seminars in 2007, featuring guest speakers who were engaged in researching their teaching. Discussion at the seminars helped group members conduct research into issues and develop collaborative partnerships. It also provided a forum for feedback on current projects and the implications of research outcomes for professional practice.

The Peer Observation and Learning and Teaching group developed a set of generic materials for peer observation, with suggestions on how to conduct the process and examples of appropriate forms to capture the event. The group also developed materials and guidance notes to support collaborative peer review of the curriculum. A group member, David Spencer, presented the findings of a pilot study on peer observation.

Having developed a process to monitor the progress of peer observation at the University, the group will broaden its focus to consider the implications of the Learning and Teaching Plan for peer observation practice. The group meets each month and consists of interested staff throughout the University.

Library design inspires learning collaboration and exchange

Apart from its sustainability benefits, the design for Macquarie University's new library (to open in early 2010) features collaborative, open spaces for learning rather than the traditional notion of a library as a quiet storage facility, following the appointment of Francis-Jones Morehen Thorp as project architects in June 2007.

Based on design principles for the twenty-first century, the library will be a "people place", facilitating interaction among users and ready access to information. According to the architects, there will be a place for all, regardless of their learning needs, whether group study, individual study, informal exchange or quiet areas.

The library design was inspired by the beautiful landscape of Macquarie University's campus. It consists of a dramatic series of top-lit voids and atriums that interconnect all levels and users. Group study zones are characterised by generous and controlled natural daylight, while perimeter zones of a more intimate nature allow for quiet study.

The library will include Australia's first automated document storage and retrieval system that will allow the same volume of material to be stored in the new building in about one-seventh of the floor space. Eighty per cent of the University's collection will be housed in this automated collection system, retrieved by robots at the click of a button and delivered to the user within minutes. The remaining 20 per cent will be available for browsing on open shelving.

ICT in learning and teaching

Macquarie University collaborated with other like-minded universities on two ICT (Information, Communication and Technology) research projects in 2007, which will improve the quality of learning and teaching by harnessing interactive technologies.

Another project involving technologies for learning and teaching was the Impact of Web-based Lecture Technologies on Current and Future Practice in Learning and Teaching study. This project was funded by the Carrick Institute for Learning and Teaching in Higher Education, and involved a collaboration between Flinders University, Murdoch University and the University of Newcastle. It will deliver guidance on best practice for the web-based delivery of lectures. The 2008 report will provide:

- A register of issues arising from the use of web-based lecture technologies and suggested strategies for dealing with them
- Examples of how web-based lecture technologies can be used effectively to support learning and teaching in different contexts
- Recommended guidelines for good practice.

The project will also foreshadow implications for policy development on academic practice, quality learning and teaching, and curriculum development.

The first stage of the program captured the diversity of student and staff experiences in the use of iLecture and other technologies to identify emerging issues and usage patterns across participating universities. The second stage explored the issues through a series of vignettes and case studies.

Macquarie University has appointed award-winning architects Francis-Jones Morehen Thorp to design a new library following a competitive design process.



Collaborative study delivers new quality framework for eLearning

The findings of a collaborative study on eLearning conducted in 2007 confirm the principle that eLearning is not different or separate from learning without the use of digital information and communication technologies. However, with better understanding, technologies for learning should become ubiquitous and integrated into the broader umbrella of learning and teaching.

Macquarie University joined five other universities in the *eBenchmarking for Quality Enhancement* study in May 2007 to identify a set of robust strategies to support the adoption and use of technologies in learning and teaching. Other universities participating in the study were Flinders University, Griffith University, La Trobe University, Murdoch University and the University of Newcastle.

The 17 recommendations of the report, published in November 2007, set out a framework for managing the adoption of technologies at Macquarie University in line with three critical benchmarking principles identified in the research:

- Specific plans relating to the use of technologies for teaching and learning are aligned with the institution's strategic and operational plans
- Decisions regarding the adoption of new technology are made within current policy frameworks
- Planning for technologies in teaching and learning is aligned with the budget process, that is, funds are allocated to progress priorities.

The project consisted of three phases: the first phase was a series of focus groups with various stakeholders to identify areas for policy development; the second phase was a web-based search of relevant policy frameworks, governance and management structures in place at a range of Australian and international universities; and the third phase was a final meeting of the benchmarking participants to explore the systems and practices in place at Griffith University — the most advanced university of the group in this area.

According to the report, eLearning receives special consideration in universities because of the pervasive and disruptive influence of web technologies on all aspects of learning and teaching, and its implications for physical, technical and human infrastructure. The report's recommendations provide Macquarie University with a well-researched toolkit to inform future policy and decision-making with respect to:

- Context, vision and rationale for the use of technologies for learning and teaching
- Governance and management of the use of technologies for learning and teaching
- Policy to guide practice and ensure quality and sustainability
- Managing decisions about new technologies for learning and teaching.

The *eBenchmarking for Quality Enhancement* study was sponsored by Innovative Research Universities Australia.

Excellence in learning and teaching

Carrick Citation Awards for Australian University Teaching

Eight of Macquarie University's most talented teachers received a Citation for Outstanding Contributions to Student Learning at the Carrick Awards for Australian University Teaching in August 2007. The University doubled the number of citations it won in 2006.

Valued at \$10,000, the Citations recognise those who have made a significant contribution to the quality of tertiary student learning. The Citations are one of five types of awards The Carrick Institute for Learning and Teaching in Higher Education holds each year for teaching excellence.

Macquarie University's eight winners of a Citation demonstrated commitment, enthusiasm and, above all, the ability to engage students in learning:

Chris Baumann, Division of Economic and Financial Studies: for infectious enthusiasm and motivation of students to learn about business and marketing, and for curriculum development, which incorporates research, cross-cultural team approaches and business community links.

Professor John Croucher, Macquarie Graduate School of Management: for the creation and enthusiastic presentation of innovative methodologies, which motivate students and enhance their critical and analytical problem-solving skills. This is the second consecutive National Teaching Award Professor Croucher received from the Carrick Institute.

Sam Jebeile, Division of Economic and Financial Studies: for continuing scholarly development and implementation of curricula and resources in large classes, which enhances students' engagement with their accounting studies.

Joseph Macri, Division of Economic and Financial Studies: for innovative, student-centred teaching and passion, care and enthusiasm, which inspires students to embrace economics and to love learning.

Dr Jemina Napier, Division of Linguistics and Psychology: for pioneering and developing an innovative research-led program and complementary resources to enhance the learning experience of sign-language interpreting students.



Dr Alan Taylor, Division of Linguistics and Psychology: for using optimal learning conditions inherent in individual and small group statistical consulting, which inspires students to develop their research and data analytical skills.

Dr Wilhelmina Van Rooy, Australian Centre for Educational Studies: for excellence in the professional development of beginning science teachers and providing challenging opportunities for them to think critically about classroom practice.

Penelope Watson, Division of Law: for outstanding expertise and innovation in assessment and feedback to foster independent learning, and for strategic and systematic leadership to improve and disseminate quality assessment practice.

Dr Ian Jamie from the Division of Environmental and Life Sciences also won a Carrick Citation, along with colleagues from the University of Sydney and University of Adelaide, for his part in developing and implementing the ACELL project, which is improving the quality of teaching and learning in undergraduate chemistry laboratories throughout Australia.

Vice-Chancellor's Awards

The University enhanced the Vice-Chancellor's Awards for excellence in learning and teaching in 2007 to reward outstanding support programs and services. There are three categories of awards and citations:

- Programs that enhance learning
- Teaching excellence
- Outstanding contribution to student learning.

The inaugural group of 12 winners will receive their awards in April 2008. An independent panel evaluated their nominations on demonstrated effectiveness according to four rigorous criteria:

- Distinctiveness, coherence and clarity of purpose
- Influence on student learning and/or student engagement
- Breadth of impact
- Concern for equity and diversity.

Consistent with all learning and teaching awards at the University, the broad aim of the awards is to recognise advancement of student learning, educational leadership and scholarly contribution to learning and teaching. The awards are modelled on The Carrick Institute for Learning and Teaching in Higher Education's awards and are aligned with its timeframes.

Award winners receive awards of \$2,000 to \$10,000, depending on the award category, and some are eligible to be nominated for a Carrick Award for Programs that Enhance Learning. They will share their insights into best practice with colleagues at the University and those with relevant areas of practice will present a paper at the University's annual Learning and Teaching Week.



Vice-Chancellor's Awards 2007 winners

Programs that enhance learning

• **Team Linguistics**, Division of Linguistics and Psychology. What really distinguishes Team Linguistics is team members' focus on students and the way they ensure students know their questions or concerns have been addressed in a competent, efficient and sympathetic manner. Domestic and international students come from a wide variety of language and cultural backgrounds and Team Linguistics communicates effectively with this diverse group. Students' overall experience is greatly enhanced by the professional and caring advice they receive from Team Linguistics. Team members are Lindy Cooper, Robyn Guilmette, Patricia Lewis, Kylie Coaldrake, and Lorraine Whybrow.

Teaching excellence

- **Dr Marcelle Freiman**, Division of Humanities. Dr Freiman impresses with her love of the theory and practice of creative writing, her dedication to students and her reflective and scholarly approach to teaching. Freiman pioneered the online teaching of creative writing in Australia and continues to incorporate new and different learning technologies in her efforts to achieve student engagement.
- **Dr Ian Jamie**, Division of Environmental and Life Sciences. Dr Jamie not only received this accolade because of his exemplary teaching and leadership of learning and teaching in the Department of Chemistry and Biomolecular Sciences, but also because of his national leadership role in the learning and teaching of chemistry through the ACELL Project (Advancing Chemistry by Enhancing Learning in the Laboratory).
- **Dr Ben Searle** (Early Career Category), Division of Linguistics and Psychology. Dr Searle's major strength in teaching is his openness to ideas and his willingness to experiment, evaluate and learn, from both students and peers. His third year psychology unit is now one of the largest in the psychology department, attracting nearly 200 students, and they respond to his teaching with enthusiasm and enjoyment.

(Carrick Citation winners from left to right) Joseph Macri, Sam Jebeile, Dr Alan Taylor (standing), Penelope Watson, Dr Wilhelmina Van Rooy, Professor John Croucher and Dr Jemina Napier.

Outstanding contribution to student learning

- **Dr Michelle Arrow**, Division of Humanities. Dr Arrow listens to students. In response to student feedback she redesigned the core Twentieth Century Australian History unit to both reflect and challenge the key components of the New South Wales Board of Studies Stage Four and Five Modern History syllabuses. Since 2003, enrolment in that unit has doubled and it continues to grow.
- **Dr Michael Cavanagh**, Australian Centre for Educational Studies. Dr Cavanagh's students are mainly pre-service primary teachers and often are apprehensive about Mathematics. Cavanagh turns this around by engaging students in learning activities and interactive lectures, called "lectorials". Cavanagh not only influences future teachers, he influences his peers by providing tutorial materials and guidance that reflect sound pedagogy.
- **Janna Enger**, Division of Linguistics and Psychology. Janna Enger's role in the Department of Psychology is to advise, mentor and generally look after the interests of undergraduate psychology students at every stage of their degrees. She combines extraordinary administrative abilities with warmth and an utter dedication to student well being, both personal and professional. She established the Fourth Year Fun Committee and maintains the Test Library, with students' needs always foremost in her mind.
- **Dr Antonina Harbus**, Division of Humanities. Dr Harbus provides authoritative and clear lectures while engaging students. Under her management ENGL120 offers a secure and challenging pathway into university studies. Harbus developed a Guide for Tutors, which includes clear protocols for feedback, and is supported by regular tutors meetings. She also developed a study guide for students, which outlines her curriculum and inspires students to think deeply about the narrative format.

Macquarie University finance teacher achieves national recognition

Associate Professor Kim Hawtrey of Macquarie University's Division of Economic and Financial Studies was honoured as one of the country's best teachers at a ceremony at Parliament House, Canberra in November 2007.

One of only 24 university teachers in Australia to receive a 2007 Carrick Award for Teaching Excellence from Federal Minister for Education, Science and Training, the Hon Julie Bishop, Hawtrey achieved national recognition for developing a new way of teaching finance.

By focusing on experiential learning, Associate Professor Hawtrey pioneered a new teaching method, in which students study the technical side of finance and apply their learning in the broader community, learning more about themselves in the process. In other words, they develop lifelong learning and leadership skills.



Associate Professor Kim Hawtrey of Macquarie University's Division of Economic and Financial Studies

Hawtrey introduced innovations such as assessment over the airwaves and teamwork in Sydney's downtown financial district. His students apply their learning in the community by publishing their work in national mainstream media. These outcomes are tangible evidence of deep learning.

Hawtrey's students not only apply their learning in the real world, they observe him writing research papers. By sharing his research journey with students, Hawtrey inspires a love of learning in his students.

As an Award recipient, Associate Professor Hawtrey received \$25,000 to advance his teaching career, disseminate good practice and provide additional resources to support excellence in teaching and learning.

Hawtrey publishes internationally on banking and finance and has co-authored two books on financial economics. Before joining the University he was chief economist at Colonial State Bank and spent several years as an economic advisor at the Reserve Bank of Australia.

Student enrolments

In 2007 the number of students enrolled at Macquarie University was 31,969, an increase of 725 (2.3%) over the 31,244 students in 2006. The increases were mainly in higher degree coursework and bachelor degrees, but were partly offset by the decreases in other non-award courses.

The University's total equivalent full-time student load (EFTSL) in 2007 was 21,205, an increase of 426 (2%) over 2006. Of the total student load, 23% was in higher degree and 67% in bachelor degree (including Honours programs).

Enrolments by program level 2007¹

Doctorate by Research	1099
Professional Doctorate	248
Masters Degree by Research	160
Masters Degree by Coursework	8062
Other Postgraduate programs	2157
Postgraduate total	11,726
Bachelor Degrees (including Honours)	18,185
Other Undergraduate degrees	350
Non-award	1708
Undergraduate total	20,243

Student load² by discipline 2007¹

Natural and Physical Sciences	2166
Information Technology	640
Engineering and Related Technologies	78
Architecture and Building	21
Agriculture, Environmental and Related Studies	175
Health	632
Education	1574
Management and Commerce	7807
Society and Culture	7322
Creative Arts	789
Total	21,205

Student enrolments 2007¹

Type of attendance

Full-time	19,169
Part-time	12,800

Gender

Female	17,732
Male	14,237

Total	31,969
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Enrolments by home location 2007¹

North East Asia	6584
South East Asia	1222
South and Central Asia	635
Americas	1186
Oceania and Antarctica	61
Africa and the Middle East	197
Northern and Western Europe	808
Southern and Eastern Europe	102
International total	10,795
Domestic total	21,174

Student awards 2007³

Non-professional Doctorate by Research	126
Professional Doctorate	47
Masters Degree by Research	36
Masters Degree by Coursework	2701
Other Postgraduate programs	1214
Postgraduate total	4124
Bachelor Degrees (including Honours)	4131
Other Undergraduate degrees	55
Undergraduate total	4186

1 Source: Submissions to DEEWR up to 31 October 2007. Figures may not add up to totals due to rounding.

2 Equivalent full-time student load (EFTSL).

3 Source: AMIS data as at 23 February 2008.

Note: There is a slight change in definition of student enrolments in this Annual Report compared with the past five years. In 2002-2006 a student who enrolled in two different course levels between semesters in the year was counted as two enrolments. In this Annual Report a student with multiple enrolments will be counted only once in the latest enrolled course. The approach of each student being counted once is consistent with the method adopted by government agencies and other universities for comparative analysis. If the new definition is applied to the 2006 data, it yields 31,244 enrolments compared with the reported enrolments of 31,660 in the Macquarie University Annual Report 2006, a difference of 416 students.

Students



Our aim is to ensure that Macquarie University's graduates are lifelong learners, with the skills and competencies to succeed in the dynamic world of work. They will be capable of engaging in local and global communities with energy and integrity. As leaders in their fields, they should be ethically, socially and environmentally aware.

Student achievements

Laser detection technique may help diagnose HIV

A new technique developed by Macquarie University student Jin Dayong to detect waterborne pathogens such as Giardia and Cryptosporidium may have applications in the diagnosis of HIV in the developing world.

The technique uses lasers or LEDs to cause micro-organisms tagged with fluorescent molecules to glow. It may have applications in clinical diagnosis because of its ability to examine large numbers of cells very quickly and accurately. The technique can also be implemented using low-cost UV LEDs, making it a potentially cheap and effective means of diagnosing HIV in the developing world.

Jin, who travelled to Australia from China in order to study at Macquarie University's Centre for Lasers and Applications, has already won three Macquarie University Innovation Awards for developing the technique.

Forbidden Lies wins two AFI awards

Forbidden Lies, directed by Macquarie University PhD candidate Anna Broinowski, won Best Documentary and Best Editing in a Documentary at the 2007 Australian Film Institute Awards.

The film explores the life and lies of author Norma Khouri, who found fame and fortune in 2003 with her infamous "true story" *Forbidden Love*, which documented the honour killing of a childhood friend in Jordan. Khouri was the toast of the literary world until *Sydney Morning Herald* journalist Malcolm Knox exposed her book as a work of fiction.

Broinowski was a previous AFI award winner for Best Direction in a Documentary for her film *Helen's War* in 2004, which she completed as part of her creative PhD in the Department of Media.

Highlights

- A software program written by Macquarie University student Zac Cohan received an Apple Design Award for Best Student Product at the 2007 Apple WorldWide Developers Conference in June. The awards recognise technical excellence and outstanding achievement in Macintosh operating system software design and development.
- Anne Gaskett, a PhD student at Macquarie University, presented her findings on orchid reproduction and conservation in Melbourne in July 2007, after being nominated by Fresh Science, a national competition that identifies new and interesting research being done by early-career scientists around the country.
- Macquarie University students Jennifer Purcell and Shaun Star were two of only six students nationally to be named Australian Goldman Sachs Global Leaders for 2007. Purcell was also selected as one of three students Australia wide to attend the week-long Goldman Sachs Global Leaders Institute training program in New York City in July.
- Macquarie University student Clare Rowan was awarded a Commonwealth Scholarship to study in the United Kingdom in 2007. Rowan, who is undertaking her PhD in ancient history, will spend a year completing a Master of Philosophy in classics and Roman history at Cambridge University.
- Twenty-six undergraduate students from the European Union joined Macquarie University students for a Global Leadership Forum in February 2007 as part of a Global Citizenship exchange program.
- A moot team from Macquarie University's Law School won the prestigious Commonwealth Moot, held in Kenya in September 2007. The team, consisting of Sebastian Hartford-Davis, Tom O'Brien and Patrick Mahoney, tackled a moot problem involving a highly complicated hypothetical trade dispute between three fictional African countries.

U@MQ for a healthier, sustainable campus

Macquarie University established U@MQ in July 2007, the new student services organisation committed to creating a vibrant, fun and healthy university campus environment. A major goal of the U@MQ team is to support a healthy and balanced approach to life for students and staff.

U@MQ provides essential non-academic services and facilities to help students achieve health and balance in their life. Its services include food, retail, sport and recreation, as well as student groups, childcare and a wide variety of events and entertainment. The student body provided employment for 350 students in casual positions during 2007.

A standout facility is the University's world-class \$20 million Sport and Aquatic Centre, which opened in June 2007. It offers heated swimming pools and fitness studios and membership is available to the entire community.

U@MQ Active will continue to create a healthier and more sustainable campus by increasing healthy food options on campus, and expanding the social sport competitions and recreation calendar.

Student Services review

The University embarked on a review of Student Services in September 2007 with the aim of providing a more integrated service offering that is relevant to students' needs throughout their academic career.

Student Services provides medical, welfare, counselling, equity (disability) and careers services, as well as accommodation advice and student financial aid. The unit offers expert advice to Divisions and other areas of the University on the management of students at risk, critical incidents, and other circumstances that impact on student welfare.

Partnerships

Football club Sydney FC formed a partnership with Macquarie University in August 2007. Under the arrangement, Sydney FC's Hyundai A-League players train at the University's facilities. The club also runs its football camps and holiday clinics at the University, taking advantage of seven hectares of sporting fields.

The Gordon District Cricket Club (GDCC) signed an agreement with U@MQ Active in September 2007, in which Macquarie University Cricket Club became an affiliated arm of the GDCC.

Macquarie City Campus

Macquarie City Campus opened its doors to the first cohort of students in July 2007, offering a central business district learning experience for domestic and international students with its convenient location in the centre of Sydney.

Students at Macquarie City Campus enjoy the same quality teaching and learning as those studying at the University's North Ryde campus. The campus includes state-of-the-art facilities and services, and a course-specific library. Classes are capped at 50 students per lecture for more individual attention. Macquarie City Campus operates a trimester system, which enables qualifying students to fast-track their degree in two years rather than the standard three years.

The new Campus offers a range of Macquarie University's undergraduate and postgraduate degrees, including Bachelor of Arts in Media and Cultural Studies, Bachelor of Business Administration, Bachelor of Commerce with majors in Accounting and Marketing, and Master of International Business.



Internationalisation



Macquarie University continued to develop internationalisation of learning, teaching and research in 2007, with the broad aim of preparing students for a life of participation, open enquiry and successful employment as global citizens. The University's students and staff excelled on the global stage in a range of research, academic and community-oriented endeavours.

The University has developed a number of pathways programs to support the learning experience of international students including The Sydney Institute of Business and Technology, which operates on the University campus and offers Certificate IV in Foundation Studies and Higher Education Diploma courses. There are plans to help improve students' language skills by developing programs at The National Centre for English Language Teaching and Research (NCELTR), following the external review of its operations in 2007.

Macquarie University continues to be an industry leader in full degree scholarships for international students. In 2007, the University offered 40 undergraduate and postgraduate Macquarie University International Scholarships each semester, valued at \$2.8 million.

Last year, 1495 international students arrived at the University to embark on their study abroad and exchange experiences, with 4237 new full-degree international students. The total number of international students at the University grew by 10 per cent from 2006-07 to 8800.

Internationalising students

In 2007, 478 students embarked on their international learning experience in 54 countries. They participated in a range of semester-long exchanges and short-course exchange programs at universities such as Fudan University (China), Butler University (USA) and Copenhagen Business School (Denmark).

The Global Leadership Program awards credit for academic and cultural experiences with an international component for experiences such as student exchange, internships or participation in an international event. There were 1520 domestic and international students enrolled in the Program at the end of 2007. Plans are under way to launch a postgraduate program in 2008.

Macquarie Volunteers Abroad offers students a unique opportunity to get involved and appreciate global issues from a different perspective. During 2007, students participated in community-based programs in Thailand and the Philippines.

Tsunami-inspired student volunteers

Macquarie University's volunteering projects in 2007 included 14 students continuing to help those affected by the 2004 Asian tsunami, when they worked at the Tsunami Volunteer Centre (TVC) in Southern Thailand in July. The TVC is a Thai-led tsunami relief organisation which helps the local community rebuild their homes and livelihoods.

The team supported community projects in construction, English language and environmental education.

After the volunteering program in Khao Lak, participants travelled to Bangkok to meet with local non-government organisations (NGOs) and international aid agencies to discuss other development projects.



In September 2007, students from Macquarie University travelled to Manila, the Philippines, to help build houses for Habitat for Humanity, a not-for-profit, ecumenical Christian housing ministry which seeks to eliminate poverty housing and homelessness from the world. During their two-week program, the student volunteers helped a Filipino family by transporting bricks and building walls for their new home, met the mayor of the city and participated in briefings with the Australian embassy and NGOs.

Macquarie University plans to expand the program to include the Latin American and African regions in early 2008.

*Macquarie University
electronics PhD student
Michael Boers*

*Jennifer Shedden
volunteering in the
Philippines*

International partnerships

The University continued to expand its network of strategic international partnerships and alliances in 2007, including:

- University of Bologna, Italy
- Charles University, the Czech Republic
- Universiti Kebangsaan Malaysia, Malaysia
- Shanghai Jiao Tong University, China.

Internationalising research

Researchers at Macquarie University contributed to a diverse range of international research projects, many of which are detailed in this report. Two researchers achieved major milestones in international studies into microbiology and geology.

Microbiologist hits pay dirt

According to the leading international science journal *Nature* in June 2007, Dr Belinda Ferrari is the first scientist worldwide to cultivate a particular family of bacteria by growing it in mud instead of the traditional agar solution.

Bacteria cultures are important to scientists in the continuous search for new antimicrobial drugs, and for enzymes that will naturally perform a range of functions, from creating foods to eliminating pollution. However, less than one per cent of the world's bacterial species is grown using traditional microbiological techniques.

Dr Ferrari is one of a few scientists worldwide trying to grow these bacteria in environments that mimic their usual environments.

Calling planet earth

An international team of researchers led by Macquarie University's Professor Simon Turner proved the Earth recycles portions of its own crust, driving it deep down into the mantle of the planet, and then bringing it back to the surface billions of years later, according to leading science journal *Nature* in June 2007.

Professor Turner, an Australian Research Council Federation Fellow, led a team of US, Italian and Australian geologists and geochemists in the research. Using a range of techniques, the research team analysed material which rises through "upwelling" zones in the Azores archipelago in the Atlantic Ocean. They proved not only that the material is at least 2.5 billion years old — dating it from the earliest stage of Earth's geological evolution — but it had been part of the Earth's crust due to the presence of a large range of stable isotopes which demand the low temperature fractionation that only occurs near the planet's surface.

The international research demonstrates how new scientific techniques are giving a remarkable long-term view of the planet's history.

Macquarie University student blasts away international opposition

Macquarie University electronics PhD student Michael Boers defeated competitors from universities around the

world in June 2007 by designing and building an ultra-efficient radio frequency power amplifier for the engineering equivalent of a sporting world championship.

Michael Boers won first prize at the annual Institute of Electrical and Electronic Engineers Microwave Techniques and Technology Society's High Efficiency Power Amplifier Design Competition, held in Hawaii.

Designing better microwave power amplifiers is the focus of much international academic and commercial attention, because of the need to convert electrical power to microwave energy more efficiently. The application is required by wireless systems such as mobile phones, in which efficiency translates directly into battery life.

Michael Boers' winning amplifier can operate at mobile phone frequencies but is most efficient at around 1.2GHz. It is capable of outputting up to 10 watts.

Michael is completing his PhD at Macquarie University's Centre for Microwave and Wireless Applications. His particular interest is system-level design, transmitter architectures, high-efficiency power amplifier design, and methods which reduce the time to market and cost of millimetre-wave integrated circuit systems.

Macquarie International

In 2007, Macquarie International developed a four-year strategic plan to improve both the quality of international students and the quality of their learning experience. The strategic plan also aims to diversify the mix of international students by country of origin and the range of course offerings.

The organisation announced plans to join the International Student Barometer, a risk management tool which measures the key drivers of international student satisfaction. It created a new role to spur the recruitment of international students into higher degree research programs.

Macquarie International maintained its competitive position in the sector in 2007, with IDP Education rankings for student recruitment indicating the University retained its position as first in New South Wales and fourth nationally for numbers of international students recruited to study full degrees.

It introduced measures to increase the efficiency of its operations and redirect resources to improve the quality of its services. It achieved a budget surplus of over \$2 million and increased its revenues from the previous year by \$7.5 million, representing nine per cent growth.

Macquarie University received the NSW Premier's Exporter of the Year award in the Education category for the second year in a row. Macquarie International's programs have attracted more than 8800 international students from 71 countries to study at the University, and have enabled a considerable number of graduating students to participate in an overseas study experience.

Social Inclusion



Access and equity

Macquarie University's vision involves more than research and teaching. Macquarie seeks to play an active developmental role in Australian society by giving students from all backgrounds a chance to achieve their potential and make their contribution to society. In 2007 the University took steps to encourage diversity among its students by trialling a new entry scheme, uniTEST, and announcing an expanded scholarship scheme for disadvantaged students.

Highlights

- Macquarie University received a grant from the 2007 Competitive Grants Program valued at \$60,186 to investigate the strategic use of communication technologies for guest lecturers in disability education, in collaboration with the University of Sydney and the University of Newcastle. The funding was provided by the Carrick Institute for Learning and Teaching in Higher Education.
- In February 2007 the Department of Employment and Industrial Relations approved Macquarie University's project to enable 38 Indigenous Australians in the childcare industry to gain professional qualifications by completing a Bachelor of Teaching (Early Childhood Services). This qualification will enhance the career prospects of participants and increase the skills and expertise of Indigenous Australians working in the industry.
- In December 2007 Macquarie University announced the appointment of Ms Susan Page as Director of Warawara, the University's Department of Indigenous Studies, effective January 2008. Warawara facilitates an alternative entry program aimed at providing access for Indigenous people to undertake courses across the University.



Supporting pathways to University

Dr Jemina Napier

Macquarie University conducted trials of uniTEST in December 2007, a new entry scheme designed to support those who have been disadvantaged during their schooling. The new entry pathway considers a number of factors in the selection process, including the UAI rank, a tertiary study aptitude test and an application advising of disadvantage.

This equity initiative recognises the Universities Admissions Index (UAI) is not always the best indicator of aptitude or ability to undertake tertiary studies. The UAI does not take into account the advantages of some students, for example, having access to facilities and coaching. Nor does it recognise the challenges faced by others who have the necessary talent and aptitude for tertiary level study but may have experienced disadvantage at a crucial time in their schooling, which impacted on their final results and their chances of obtaining an offer of university entry.

Macquarie University received a total of 1112 registrations to undertake uniTEST, and 323 participants sat the test. As a result, the University offered an additional 26 placements.

Macquarie University also offers the Lighthouse Scheme, which considers educational disadvantage. Applicants may receive an offer if they are within four credit points of the published cut-off.

Expanded scholarships scheme

In August 2007 Macquarie University reviewed its Scholarship Schemes and announced that in 2008 it would commit an extra \$700,000 for scholarships. Scholarship applicants will be ranked on a range of criteria apart from academic merit, including outstanding character, maturity, common sense, eagerness and passion. They may also be awarded a scholarship based upon their capacity to triumph over hardship.

Science shows for Indigenous students

Lack of education in Indigenous communities can lead to other social problems, such as unemployment, poverty and low self-esteem. A two-day science experience run by Macquarie University and the Western Sydney Office of the NSW Department of Education and Training in July 2007 aimed to inspire hundreds of young Indigenous students to finish high school and build careers in science.

As part of Science Week 2007, Indigenous students from the Dunheved Campus of Chifley College led the demonstrations, with activities ranging from hands-on chemistry, microbiology activities and entomological exhibits to careers, scholarship and further education information. Local Aboriginal elders also demonstrated wood carving and painting, and told stories. Around 400 Indigenous students attended the demonstrations.

According to one of the organisers from Macquarie University, Associate Professor Joanne Jamie, the event is intended to stimulate interest in the sciences and promote further education opportunities among Indigenous students. The event was part of a much larger program to help improve school retention rates among young Indigenous people.

Only 29 per cent of Indigenous students complete Year 12, compared with 65 per cent of the broader Australian community. Even more disconcerting, of the 9004 university science graduates in 2005, only 25 were Indigenous students.

Dr Napier wins Carrick Award

Dr Jemina Napier won a Citation for Outstanding Contributions to Student Learning at the Carrick Awards for Australian University Teaching in August 2007. Napier received her award for her pioneering research into the learning experience of sign language interpreting students.

Napier coordinates the suite of Translation and Interpreting Programs in the Division of Linguistics and Psychology, and has specific responsibility for the Auslan/English Interpreting Program. She convenes the majority of the Auslan Program units and also teaches in the Translation and Interpreting and Conference Interpreting Programs.

Napier is involved in various research projects on interpreting, including access to court proceedings via sign language interpreting and comprehension of sign language interpreting. Napier actively researches interpreting pedagogy through action research. She is the review editor for the *Sign Language Translator & Interpreter* journal.

Quality Enhancement



The framework

Macquarie University's Quality Enhancement Framework, introduced in 2007, goes beyond strict measurement of performance data by recognising the importance of people acting on the data they receive from a quality system and making improvements. A core philosophy of the Framework is the need for quality to infuse every aspect of the organisation's activity — to embed quality as a fundamental value of the University.

The Framework was developed to help the University achieve the goals of the Macquarie@50 strategy. It stipulates a continuous cycle made up of four elements:

- A governance structure for all University activities
- A strategic approach
- A responsible unit or position to implement adopted goals and activities
- Evaluation, review and reporting against the adopted goals and activities.

The University began preparing for a quality audit to be conducted by AUQA (Australian Universities Quality Agency) in May 2009. AUQA is the independent national agency that conducts quality assurance audits in Australian higher education.

External reviews

The University reviews programs every three to five years as part of the broader quality framework. In 2007, it completed three major reviews:

- The review of the National Centre for English Language Teaching and Research (NCELTR) was aimed at building the NCELTR brand nationally and internationally, and providing a sustainable model for the support of research in applied linguistics and pedagogical research. The Review recommended the University develop a strategic approach to pre-entry, orientation and post-entry support for students of non-English speaking background. It also recommended there be a clear separation between English language programs students undertake for formal qualification and those undertaken as pre-entry or post-entry support. The Review was completed in May 2007.
- The review of the Centre for Open Education and Summer School was designed to make

recommendations about its organisational and administrative structure. The review team recommended establishing an advisory board to guide the strategic direction of the Centre, along with other recommendations on planning and positioning for sustainability. It was completed in December 2007.

- Macquarie University announced its new "four faculty" academic structure in December 2007, following a review of the University's academic structure to ensure it supports the ambitious targets outlined in the Macquarie@50 strategy. The four faculties are to be the Faculty of Arts, Faculty of Business & Commerce, Faculty of Human Sciences and Faculty of Science. The new academic structure will be implemented in 2009.

Sculpture: Linda Klarfeld - The Graduate (female), Bronze, 2006

Learning and teaching

Quality enhancement in learning and teaching consisted of two broad planks in 2007:

- Enabling performance
- Teaching quality indicators.

In 2007 the University formed the Learning and Teaching Centre to provide a one-stop-shop for staff to obtain advice and support on all aspects of teaching and the curriculum. The Centre also advises on the virtual and physical environments of student learning.

The University assumed a leadership role in the Carrick Institute for Learning and Teaching in Higher Education project on teaching quality indicators. Like the rest of the sector, Macquarie has relied on existing indicators of teaching quality, such as the Learner Experience of Unit surveys and the national Course Experience Questionnaire. However, many of these existing measures of learning and teaching are indirect and a proxy measure of quality outcomes, and may not be appropriate measures of quality.

In 2007 Macquarie University embarked on a project to develop indicators and outcome measures of teaching quality in collaboration with the Carrick Institute for Learning and Teaching in Higher Education and seven other universities. Denise Chalmers of the Carrick Institute and Judyth Sachs, Deputy Vice-Chancellor (Provost) at Macquarie University are leading the project.

The Teaching Quality Indicators Project will enable Macquarie University to measure its performance

accurately and compare its performance with other institutions. Stage 1 of the project, completed at the end of 2007, involved the development of a draft framework for measuring teaching quality in Australian higher education institutions. In Stage 2 eight universities will participate in a pilot implementation of the draft framework. In the final two stages other institutions will adopt the framework and share benchmarking data across the sector. The project will be completed in 2009. Other universities participating in the project are Deakin University, Griffith University, RMIT, the University of Queensland, the University of South Australia, the University of Tasmania and the University of Western Australia.

New web-based policy hub to drive quality outcomes

In 2007 Macquarie University put the finishing touches to its new web-based database, Policy Central, which will facilitate consistent updating and review of hundreds of the University's policies.

In the past, policy development at the University was inconsistent, creating confusion about the difference between policies, guidelines and procedures. Policy Central is a set of three templates to guide the consistent development of policies, guidelines and procedures. It also includes guidelines on how to create, review or update these documents, as well as a flowchart demonstrating the task visually. For those unclear about how to consult other stakeholders, a checklist is included to help ensure policymakers undertake appropriate consultation and communication of their policies and procedures.

Visitors to Policy Central will enjoy a simple user interface, with effective search and navigation tools to help them locate their preferred document. Users of the site will be able to search for documents alphabetically or by update status, that is, whether recently revised or under review. If they have queries about a new policy, they can identify the relevant contact person and email their questions directly from the site.

Once Policy Central is launched in early 2008, staff will review policies progressively and apply the new templates as required. In 2007, for example, five new policies were added to the central database and one policy was revised. Of the new policies, two concerned the Quality Enhancement Framework.



Recycling Station

Sustainability

Macquarie University consolidated its efforts to improve the University's sustainability by establishing a Sustainability Office in June 2007. The new body will coordinate a University-wide program of change.

The University commissioned the *State of Play* report from the Australian Research Institute in Education for Sustainability as part of its vision to limit the negative impact of its activities on the campus's ecosystems and social systems. Published in July 2007, the report benchmarked the traditional sustainability areas of energy, water and waste. A first for any university in Australia, it also incorporated learning and teaching, research and human resources into the strategy.

Sustainability working group

In August 2007, the University established 15 action groups reporting under the umbrella group, the Sustainability Working Group, to look after the operational aspects of its sustainability strategy.

The Sustainability Working Group has 17 members from the University, representing a diverse range of functions. It provides advice to the Sustainability Office on programs, activities and communications to improve the sustainability performance of the University. It also offers

a focal point to support learning and teaching for sustainability across the campus, and facilitates networking among those engaged in sustainability.

The Sustainability Working Group set out 15 actions to advance Sustainability@MQ. The University completed the following actions during 2007:

- Commenced the University Sustainability Policy draft
- Identified broad goals for the University's sustainability footprint and established a partnership with the Graduate School of the Environment to have postgraduate students develop a model for the footprint
- Established the University's policy on e-Waste
- Implemented the University's policy on efficient water management
- Conducted a water efficiency audit which reviewed current practices and identified actions to reduce water usage across campus
- Included sustainability in the Learning and Teaching Plan
- Held several meetings with staff and students to gather input into the future directions of sustainability at the University
- Established a database of Macquarie University's sustainability researchers
- Incorporated sustainability into the University's Principles for Commercial Property Development
- Injected an extra \$1.3 million into the new library project to ensure the building achieves the Green Building Council of Australia's 5-star rating.

Every drop counts

A newly installed water meter monitoring system on the Top 12 water users across campus uncovered a massive leak near the Library, which caused the building to lose significant amounts of water. However, the leak was identified quickly and repaired, thanks to the online monitoring system.

Installation of monitors onto several sub-meters throughout the campus meant that waste such as the library's leak could be pinpointed and addressed quickly.

The online monitoring initiative was part of Sydney Water's "Every Drop Counts Business Program" for business users, which the University joined in August 2007. The Program identified a number of critical actions the University needed to take to improve the efficiency of its water consumption.



Sustainability projects

Cogeneration plant

The plant uses gas to fuel two generators that produce electrical energy. The heat recovered from the generators runs an absorption chiller that produces chilled water, which is stored in a 1.25 million-litre tank for distribution around the University. Exhaust heat from the plant heats the Centre's pools. The plant has the potential to reduce the University's greenhouse gas emissions by 44 per cent.

Irrigation of playing fields

Seven hectares of the University's playing fields are irrigated with recycled water, which is collected from the sewer main near Mars Creek. Storm water is harvested from the surface and sub-surface drainage system and is stored onsite to supplement the treated water. The water is then treated by a biological reed bed filtering system and disinfected. The project received a \$350,000 grant from the New South Wales Department of Energy, Utilities and Sustainability.

Highlights

- Macquarie University joined the Sustainability Advantage Program in October 2007, conducted by the NSW Department of Environment and Climate Change, the first university to become involved in this initiative.
- The University formed various partnerships in 2007 to progress sustainability, including with Australasian Campuses Towards Sustainability, Graduate School of the Environment, Mac Enviro Collective, New South Wales Department of Environment and Climate Change, Ryde City Council, Sydney Water, U@MQ and the University of Gloucestershire.
- The University recycled approximately 600 cubic metres of cardboard and 1.4 million litres of paper in 2007.

Sport and Aquatic Centre

The new Macquarie University Sport and Aquatic Centre, completed in June 2007, incorporates a number of leading-edge sustainability features, including the use of waste heat from the cogeneration plant to heat the Centre's two pools and storm water harvesting (grey water) to service the toilet areas. The installation of waterless urinals in the centre has the potential to save about 500,000 litres of water annually.



Institutional Advancement



Building philanthropic and other financial support through long-term mutually beneficial relationships such as alumni and volunteer involvement is integral to the Macquarie@50 vision. This began in earnest in September 2007 with the creation of the Office of Institutional Advancement, headed by Mr Peter Leunig.

The Office of Institutional Advancement

While the Office is expected to remain under development throughout 2008, the broad aim is to implement a comprehensive suite of relationship building and fundraising campaigns across the campus, including annual giving and bequest programs. The programs and campaigns will contribute to the University's plans to diversify its income base and will be conducted in partnership with the University's property trust announced in March 2007, which is charged with raising \$1 billion in investment funds over 10 years.

The Office of Institutional Advancement consists of four pillars: community engagement, alumni relations, strategic corporate relationships, and philanthropic fundraising. In 2007 the Office began the process of mapping the University's relationships with the external

world, so it can understand them, nurture them and help make them productive once the program is under way. It will acquire sophisticated software and a management structure to do this, with an ultimate goal of creating mutually beneficial, sustainable relationships.

Comprehensive programs are yet to be developed for strategic corporate relationships and philanthropic fundraising. However, alumni relations and community engagement maintained active programs throughout 2007.

The University's alumni community numbers more than 105,000 graduates in over 150 countries — many alumni enjoy social and professional networking opportunities provided by their local chapter. Alumni members maintain contact with fellow graduates and the University through a range of social and professional activities organised by the Alumni Office in 2007.

Macquarie University continues its engagement with the community on a daily basis through research collaboration, sponsorship of art and cultural events, seminars, interaction with schools and use of University facilities. The University's museums, collections and art gallery held numerous exhibitions in 2007.

Alumni Awards recipients Len Nixon on behalf of Christine Nixon, Catherine Livingstone and Peter Sjoquist

Artwork: David Aspden, Macquarie Painting, acrylic on canvas, 1971.

Award-winning alumni demonstrate community leadership

Three Macquarie University alumni received an Alumni Award for Distinguished Service at the annual Alumni Awards Ceremony in May 2007.

The Awards honour the outstanding achievements of Macquarie University alumni in their chosen fields and the community, locally and internationally. Winners of the Awards are:

- Catherine Livingstone, Professional Category: For her contribution to commerce. Ms Livingstone is a non-executive director of some of Australia's leading corporations. She was Chief Executive Officer at Cochlear Limited from 1994-2000, Chairman of the CSIRO Board in 2001 and became a Fellow of the Australian Academy of Technological Sciences and Engineering in 2002. She is also a member of

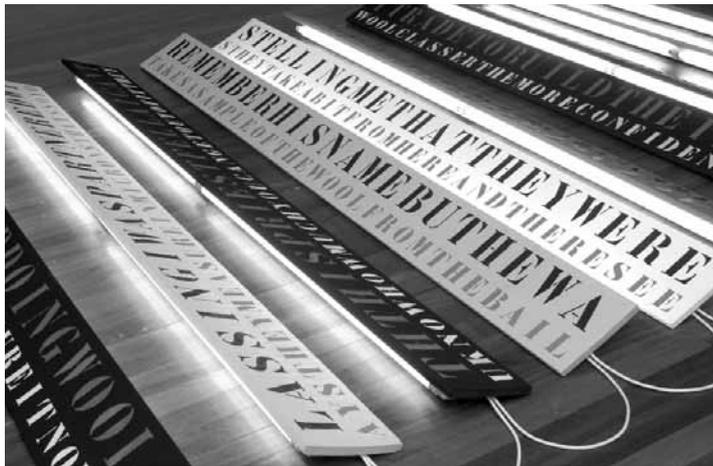
the advisory board of Macquarie University's Department of Accounting and Finance.

- Christine Nixon, APM, Community Category: For her outstanding contribution to the community in her role as Chief Commissioner of the Victoria Police. Following her appointment in 2001, Christine Nixon became Australia's first female police commissioner. A police officer for over 30 years, she has worked in some of the most dangerous and difficult areas of policing in Australia.
- Peter Sjoquist, AM, Community Category: For services to the visual and performing arts and youth through the Rock Eisteddfod Challenge and Croc Festival, which promote positive and healthy lifestyle messages to Indigenous and non-Indigenous students in rural Australia, and through Global Rock Challenge in New Zealand, he United Kingdom, Germany and South Africa.

Highlights

- The Standing Committee of Convocation announced two new scholarships in May 2007 valued at \$5000 each. Both scholarships are designed to encourage participation of students from disadvantaged backgrounds. The Macquarie University Family scholarship, which is aimed at the legacy of family members attending Macquarie across generations, was awarded to Libby Radjenovic. The scholarship is available to incoming students in any discipline. The Macquarie University Honours Scholarship is designed to help a student pursue a program of study leading to a Bachelor Honours Degree.
- The Ambassadors Program, launched in July 2007, encourages alumni to share their personal and professional experiences with students, fellow alumni and the broader university community.
- *Celebrating Aboriginal Rights?* was one of five exhibitions held by Macquarie University Art Gallery in 2007. It was a reflective exhibition, which brought together an array of paintings, photographs, film, documents and posters.

The exhibition questioned the extent to which the 1967 Referendum advanced Aboriginal rights, equality and citizenship in its fortieth Anniversary year. That Referendum approved amendments to sections of the Australian Constitution which referred to Indigenous Australians.



Left: *Aboriginal Rights Exhibition - Homelands Illumination* acrylic and guache on timber with fluorescent lights, 2007. Copyright Jonathan Jones and Ruark Lewis courtesy Gallery Barry Keldoulis, Sydney

Macquarie University Council is the governing authority of the University, established under Part 3 of the Macquarie University Act 1989.

University Governance

(As at 31 December 2007)



Charter and aims

The *Macquarie University Act 1989* sets out the charter of the University. The Act provides that the functions of the University, within the limits of its resources, include:

- (a) the provision of facilities for education and research of university standard,
- (b) the encouragement of the dissemination, advancement, development and application of knowledge informed by free inquiry,
- (c) the provision of courses of study or instruction across a range of fields, and the carrying out of research, to meet the needs of the community,
- (d) the participation in public discourse,
- (e) the conferring of degrees, including those of Bachelor, Master and Doctor, and the awarding of diplomas, certificates and other awards,
- (f) the provision of teaching and learning that engage with advanced knowledge and inquiry,
- (g) the development of governance, procedural rules, admission policies, financial arrangements and quality assurance processes that are underpinned by the values and goals referred to in the functions set out in this subsection, and that are sufficient to ensure the integrity of the University's academic programs.

Principal office bearers

Macquarie University Council on 27 February 2008 elected the Honourable Michael Egan as the University's sixth Chancellor. Chairman of the Centenary Institute of Cancer Medicine and Cell Biology, Chairman of the Australia Day Council of New South Wales and a Governor of the Woolcock Institute of Medical Research, Mr Egan has previously served as Leader of the Government in the New South Wales Legislative Council and as New South Wales Treasurer, 1995-2005. Mr Egan succeeds Mr Maurice Newman AC, Chairman of the Australian Broadcasting Corporation and the Australian Securities Exchange, who served as Chancellor from 14 December 2001.

Visitor

Her Excellency the Governor of New South Wales

Chancellor

Mr Maurice Lionel Newman, AC, FSIA

Deputy Chancellor

Dr Malcolm Geoffrey Irving, AM, BCom NSW, HonDLitt Macq., FAICD, FCPA, FSIA

Emeritus Deputy Chancellor

His Honour Dr John Francis Lincoln, AM, HonLLD Macq.

Vice-Chancellor

Professor Steven Schwartz, BA C.U.N.Y., MS Syr., PhD Syr., FASS

Deputy Vice-Chancellor (Provost)

Professor Judyth Sachs, BA Qld., PhD Qld., MA WMich.

Deputy Vice-Chancellor (Research)

Professor James A Piper, BSc Otago, PhD Otago, FOSA, FAIP

Deputy Vice-Chancellor, Chief Operating Officer and Registrar

Mr Paul William Bowler, BSc Lough., MA Leic., MBA Cran.

Deputy Vice-Chancellor (Development and External Relations)

Ms Caroline Trotman, BA Canberra, MBA Macq.

Pro Vice-Chancellor (International)

Associate Professor William McGaw, BA Qld., MA Macq. FAICD

Vice-President of the Academic Senate

Professor Michael Sterling James (Mike) Johnson, BSc Dip Ed Syd., PhD Syd.

University Librarian

Ms Maxine Brodie, BA DipEd Syd., DiplLib NSW, MBA Macq., ALIA

Chief Financial Officer

Mr P John Gorman, BBus Kuring-gai, MBA Rochester, FCPA, FTIA

Director, Human Resources

Mr Timothy J Sprague, BSc Syd., DipEd Syd., MCom NSW

University Secretary and General Counsel

Ms Pamela Hass, LLB Qld., LLM WAust., BA Deakin

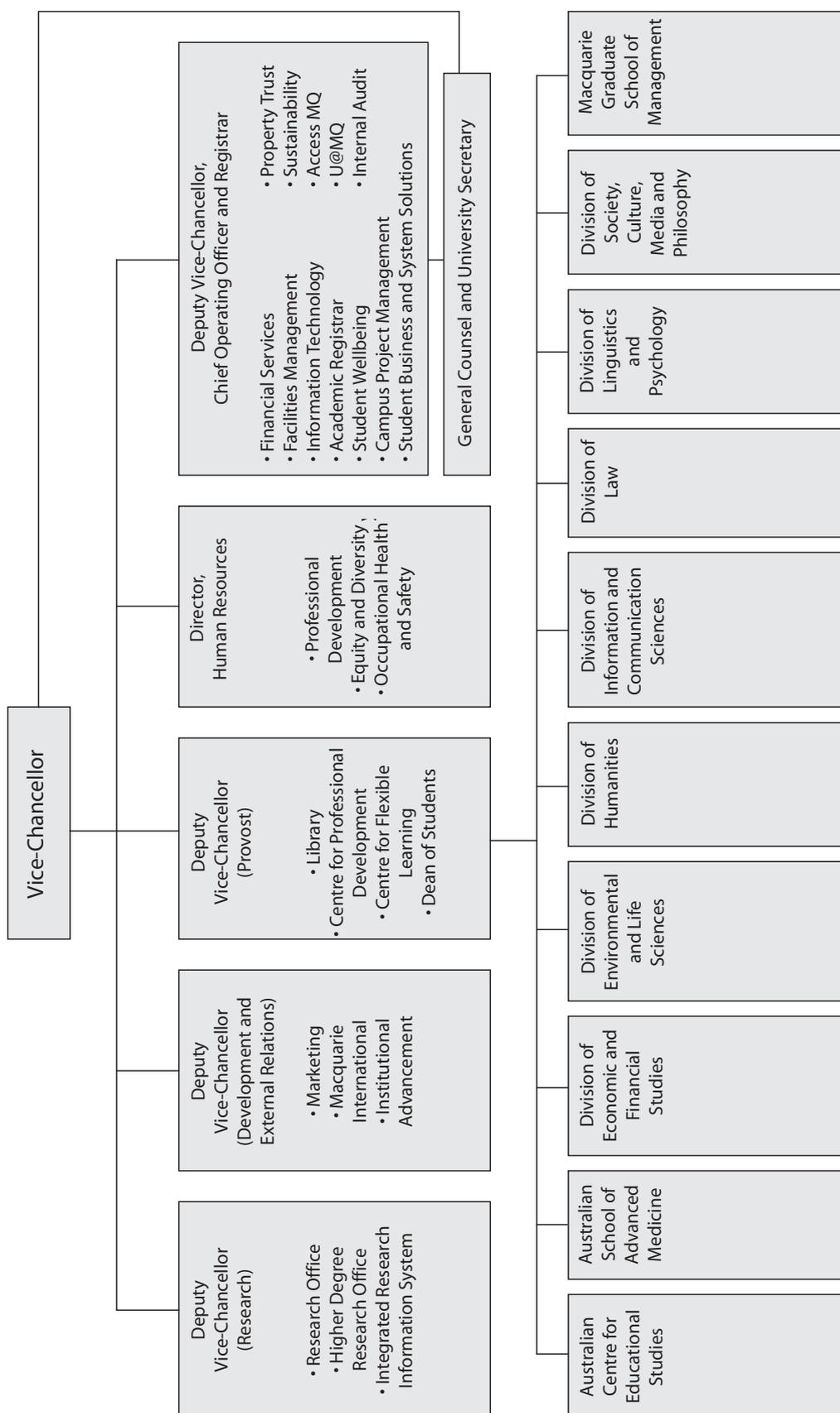
Director, Office of Facilities Management

Mr Robert Kelly

Director, IT Services

Ms Mary A Sharp, BAppSc NSWIT

Organisation chart



Deans of Divisions

Australian Centre for Educational Studies

Professor Alan W Rice, BA *Syd.*, MEd *Alta*, PhD *Alta*

Australian School of Advanced Medicine

Professor Michael Morgan, MD, M Med Ed, BS(Hons) *Syd.*, FRACS

Division of Economic and Financial Studies

Professor E M (Ed) Davis, MA, PGCE *Camb.*, MEd *Monash*, PhD *La Trobe*

Division of Environmental and Life Sciences

Professor Elizabeth M Deane, BSc *Syd.*, PhD *Syd.*

Division of Humanities

Professor Christina Slade, BA Dip Ed *NE*, PhD *ANU*

Division of Information and Communication Sciences

Professor Stephen M Thurgate, BSc *ANU*, GradDipEd *Canberra*, C.A.E., MSc *ANU*, PhD *Murdoch*

Division of Law

Professor Tyrone Carlin, LLB *Syd.*, BCom *NSW*, Grad Dip Fin *ASIA*, LLM *Syd.*, MCom *NSW*, PhD *Macq.*, FFin, CA, CPA, MFP

Division of Linguistics and Psychology

Dr Julie Fitness, BA, MA, PhD *Canterbury*

Division of Society, Culture, Media and Philosophy

Professor Mitchell M Dean, BA *NSW*, PhD *NSW*

Macquarie Graduate School of Management

Professor Roy H Green, BA LLB *Adel.*, PhD *Camb.*

Macquarie University Council

(Membership as at 31 December 2007)

Macquarie University Council is the governing authority of the University, established under Part 3 of the *Macquarie University Act 1989*. Under Part 4 of the Act, the Council acts for and on behalf of the University in the exercise of the University's functions, has the control and management of the affairs and concerns of the University, and may act in all matters concerning the University in such manner as appears to the Council to be best calculated to promote the object and interests of the University.

Members of Council

The Chancellor

Appointed pursuant to Section 9(1)(a)(i) of the Act

Mr Maurice Lionel Newman, AC, FSIA

Current term to 31 December 2007

The Vice-Chancellor

Appointed pursuant to Section 9(1)(a)(ii) of the Act

Professor Steven Schwartz, BA *C.U.N.Y.*, MS *Syr.*, PhD *Syr.*, FASSA

The Vice-President of the Academic Senate

Appointed pursuant to Section 9(1)(a)(iii) of the Act

Professor Michael Sterling James (Mike) Johnson, BSc DipEd *Syd.*, PhD *Syd.*

Current term 12 June 2007 to 31 December 2008

Appointed by the Minister for Education and Training

Pursuant to Section 9(1)(b) of the Act

Ms Geraldine Mary Brus, BBus *C.Sturt*, FCPA

Current term to 31 December 2007

Ms Elizabeth Anne Crouch, BEc *Macq.*

Current term to 31 December 2008

The Hon Michael Rueben Egan, BA *Syd.*, FAICD

Current term to 31 December 2007

Mr Gregory Mackenzie Jones, BA *Macq.*, MA *Macq.*

Current term to 31 December 2008

Dr Kathleen Blanche Warren, BA *Macq.*, MA *Macq.*, EdD

Macq., FTCL

Current term to 31 December 2007

Appointed by Council

Pursuant to Section 9(1)(c) of the Act

Dr Malcolm Geoffrey Irving, AM, BCom *NSW*, HonDLitt

Macq., FAICD, FCPA, FSIA

Current term to 24 June 2009

Elected Deputy Chancellor to 23 March 2008

Elected by and from the Academic Staff

Pursuant to Section 9(1)(d) of the Act

Professor Max Coltheart, MA *Syd.*, DSc *Macq.*, FASSA

Current term to 31 December 2007 Associate Professor

Pamela Coutts, BSc DipEd *Syd.*, BA *Macq.*, PhD *Macq.*

Current term to 31 December 2007

Appointed by Council to a casual vacancy:

Professor Anne Cecily Howell Burns, BA *Wales*, GradDip

TESOL *Sydney CAE*, MA *Macq.*, PhD *Macq.*

Current term 2 March 2007 to 31 December 2007

Elected by and from the Non-Academic Staff

Pursuant to Section 9(1)(e) of the Act

Ms Maxine Brodie, BA DipEd *Syd.*, DiplLib *NSW*, MBA *Macq.*

Current term 1 January 2007 to 31 December 2009

Elected by and from the Students of the University

Pursuant to Section 9(1)(f)(i) of the Act

Appointed by Council to a casual vacancy:

Mr Nicholas Francis Mueller

Current term to 21 May 2008

Appointed by Council

Pursuant to Section 9(1)(g) of the Act

Mr Sarosh Minoo Batliwalla, BEc *Macq.*, MEc *Macq.*, MIntS

Syd., FIAA, FASI, ASA

Current term to 31 December 2007

Dr Marilyn Dodkin, BA *NE.*, MA *Syd.*, PhD *Macq.*

Current term from 2 March 2007 to 31 December 2009

Mrs Pamela Vivien Kenny, BA *ANU*, MA *Macq.*,

DipTertiaryEd *NE*

Current term to 31 December 2008

His Honour Dr John Francis Lincoln, AM, HonLLD *Macq.*

Current term to 31 December 2009

Committees of and reporting to Council

Audit and Risk Committee

Mr S M Batliwalla (Chair)
Mr D Adamsas
Ms G M Brus
Ms E A Crouch
Mr D J Docherty
Mr J Wigglesworth

Discipline Committee

The Deputy Chancellor (Chair))
The Vice-Chancellor) ex officio
The Vice-President of the Academic Senate
The Deans of the following Divisions:
 Economic and Financial Studies
 Environmental and Life Sciences
 Humanities
 Law
A Student Member of Senate nominated by Senate

Finance and Facilities Committee

Dr M G Irving (Chair)
His Honour Dr J F Lincoln (Deputy Chair)
*The Deputy Chancellor)
The Chancellor)
The Vice-Chancellor) ex officio
The Deputy Vice-Chancellor and Chief)
Operating Officer)
Chairperson of the Audit and Risk Committee)
Ms G M Brus
Ms E A Crouch
The Hon Michael Egan
Mr G M Jones

** The current Deputy Chancellor (Dr M G Irving) is a Member and Chair of the Finance and Facilities Committee independently of holding the Office of Deputy Chancellor*

Honorary Awards Committee

The Chancellor (Chair))
Deputy Chancellor) ex officio
The Vice-Chancellor)
The Vice-President of the Academic Senate)
Dr J Dickson
His Honour Dr J F Lincoln
Professor E More
Professor J Sachs
Professor F Yusuf

Nominations Committee

The Chancellor (Chair))
The Vice-President of the Academic Senate) ex officio
The Vice-Chancellor)
Member of Council with no interest in outcome of current appointment

Remuneration Committee

The Chancellor (Chair))
Deputy Chancellor)
* The Chair of the Finance and Facilities Committee) ex officio
The Vice-Chancellor)
The Vice-President of the Academic Senate)
** The Deputy Chancellor is currently the Chair of the Finance and Facilities Committee*

Standing Committee On Appeals

The Chancellor or the Deputy Chancellor (Chair)
Mr S M Batliwalla
Professor M Coltheart
Associate Professor P Coutts
Mr G M Jones
Mrs P V Kenny
Mr N F Mueller

Council Report 2007

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

Members

The following persons were members of the Council of Macquarie University during the whole of the year and up to the date of this report.

Mr Sarosh Minoo Batliwalla
Ms Maxine Brodie
Ms Geraldine Mary Brus
Professor Max Coltheart
Associate Professor Pamela Coutts
Ms Elizabeth Anne Crouch
Dr Marilyn Dodkin
The Hon Michael Rueben Egan
Dr Malcolm Geoffrey Irving
Mr Gregory Mackenzie Jones
Mrs Pamela Vivien Kenny
Dr John Francis Lincoln
Mr Maurice Lionel Newman
Professor Steven Schwartz
Dr Kathleen Blanche Warren

- Professor Anne Burns became a member on 2 March 2007 and continues in office at the date of this report.
- Professor Michael Sterling James Johnson became an *ex officio* member of the Council on 12 June 2007 and continues in office at the date of this report.
- The Hon Kristina Kerscher Keneally resigned on 18 May 2007.
- Professor Bruce Raward Kercher retired from the University on 20 April 2007 and hence ceased to be an *ex officio* member of the Council.
- Mr Victor Ma resigned from Council effective from 16 May 2007.
- Mr Nicholas Francis Mueller became a member on 29 June 2007 and continues in office at the date of this report.
- Professor Roderick Macduff O'Donnell retired from the University on 15 February 2007 and hence ceased to be an academic staff elected member of the Council.

Meetings of members

Information about the numbers of meetings of the members of Macquarie University's Council and each Committee of Council and Committee reporting to Council held during the year ended 31 December 2007, and the number of meetings attended by each member, follows this report.

NOTES

- (i) The information relates to the attendance at Committees of Council and Committees reporting to Council by members of Council only. Committees marked # include members who are not members of Council.
- (ii) The Finance and Facilities Committee was formed by amalgamating the Buildings and Grounds and Finance Committees. Following the first meeting of the Finance and Facilities Committee (February 2007), its membership was reviewed and varied by Council on 3 March 2007.
- (iii) The Equal Opportunity Committee and the Standing Committee of Convocation were disestablished as committees reporting to Council on 29 June 2007 and re-established with different reporting lines. Number of meetings and attendance data are up to 29 June only.



Principal activities

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

- (a) the provision of facilities for education and research of university standard;
- (b) the encouragement of the dissemination, advancement, development and application of knowledge informed by free inquiry;
- (c) the provision of courses of study or instruction across a range of fields, and the carrying out of research, to meet the needs of the community;
- (d) the participation in public discourse;
- (e) the conferring of degrees, including those of Bachelor, Master and Doctor, and the awarding of diplomas, certificates and other awards;
- (f) the provision of teaching and learning that engage with advanced knowledge and inquiry;
- (g) the development of governance, procedural rules,

admission policies, financial arrangements and quality assurance processes that are underpinned by the values and goals referred to in the functions set out in this subsection, and that are sufficient to ensure the integrity of the University's academic programs.

There were no significant changes in the nature of the University's activities during the year. The following companies were incorporated during the year:

- U@MQ Ltd, a company limited by guarantee wholly owned by the University and formed to provide products, services and facilities for members of the University including social, cultural, sporting and recreational facilities and the provision of food, beverage and retail services;
- AusUni, a spinoff company partly owned by the University and formed to develop and commercialise a breakthrough closed aquaculture system for production of premium quality Sea Urchin roe.

APAF Limited, a public company limited by guarantee, was restructured with Macquarie University appointed as the sole member.

Review of operations

The activities of the Council of Macquarie University during 2007 included:

- receipt of regular reports on progress against the objectives for the Vice-Chancellor's vision for Macquarie at 50 years (ie in 2014);
- establishment of the Macquarie University Foundation Fund;
- certification that the University continued to comply with the National Code in relation to the *Education Services for Overseas Students Act 2000*;
- approval of the purchase of a block of units currently leased for student housing;
- approval of increases in HECS rates effective from 2008;
- receipt of regular reports on a proposal to develop an off-shore campus in India;
- entering into a Heads of Agreement for Cochlear Limited to relocate its global headquarters to the University campus;
- approval of the appointment of a Deputy Vice-Chancellor (Development and External Relations) and an Assistant Vice-Chancellor;
- amending the title of the Deputy Vice-Chancellor and Chief Operating Officer to include that of Registrar as a consequence of the retirement of the University's Registrar;
- approval of an "Ethical Framework" to guide the operation of the University;
- selling the residence occupied by the former Vice-Chancellor;

- approval of the terms of a Deed of Access, Insurance & Indemnity to be given to members of Council, external members of Council committees and committee officers;
- for the purposes of section 4(c) of the *Macquarie University Act 1989* and section 29 of the *Macquarie University By-law 2005*, specifying all full-time members of the non-academic staff as members of the University;
- a review of the results of a self-evaluation survey carried out at the end of 2006 and the commission of a further survey to be undertaken at the end of 2007.

Significant changes in state of affairs

In 2007, the Council resolved on the following changes in its affairs:

- disestablishment of the Equal Opportunity Committee and the Standing Committee of Convocation as committees reporting to Council and their establishment with new reporting lines;
- delegated authority to the Deputy Vice-Chancellors to confer degrees and award diplomas and certificates;
- amendments to the Council Rules to specify the authority of the Chancellor and the Deputy Chancellor;
- approval of a Rule for the election of a Chancellor.

Matters subsequent to the end of the financial year

There have been no subsequent events of significance announced by the University since the end of 2007.

Likely developments and expected results of operations

There have been no future developments of significance reported since the end of 2007.

Environmental regulation

The significant environmental regulations to which the University is subject are as follows:

- Environmental Planning and Assessment Act 1979 No.203
- Environmental Planning and Assessment (Affordable Housing) Act 2000 No.29
- Environmental Planning and Assessment (Infrastructure and Other Planning Reform) Act 2005 No.43
- Environmental Trust Act 1998 No.82
- Environmentally Hazardous Chemicals Act 1985 No.14
- Heritage Act 1977 No.136

Insurance of officers

The University holds two insurance policies covering Members of Council and officers of the University. They are:

- Professional Liability Insurance — covers University persons for mistakes in performing their job/contract. It covers Council, Senate, staff, volunteers and students on course related/work experience and nominated affiliates. Premium \$62,000
- Directors & Officers Protection — covers all professional, consulting, research and teaching activities (and any activities associated therewith), their Affiliates and other Educational or Research Institutions including the provision of and/or the facilitating of all recognised student activities. Premium \$30,000



Members' attendance at meetings

	Council		Audit and Risk Committee #		Finance and Facilities Committee #		Discipline Committee #		Standing Committee on Appeals		Standing Committee of Convocation #		Equal Opportunity Committee #		Honorary Awards Committee #		Nominations Committee		Remuneration Committee		
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
Mr Sarosh Batliwalla	5	6	4	4	6	7			2	2	0	2									
Ms Maxine Brodie	5	6			1	1															
Ms Gerry Brus	4	6	2	4	0	6															
A/Prof Anne Burns	6	6									0	2									
Prof Max Coltheart	6	6							2	2											
A/Prof Pamela Coutts	6	6			1	1			2	2											
Ms Elizabeth Crouch	6	6	3	4	3	7											2	2			
Dr Marilyn Dookin	5	6									1	2									
The Hon Michael Egan	6	6			7	7															
Dr Malcolm Irving	5	6			4	7	7	7			0	2				0	0			4	4
Prof Michael Johnson	4	4					5	5								0	0	2	2	2	2
Mr Greg Jones	6	6			3	7			2	2											
Ms Kristina Kenealy	2	2			0	2															
Mrs Pamela Kenny	5	6							1	2	1	2					1	1			
Prof Bruce Kercher	0	1					2	2								0	0	1	1	2	2
Dr John Lincoln	6	6			7	7					2	2				0	0				
Mr Victor Ma	2	2			1	1															
Mr Nicholas Mueller	4	4							2	2											
Mr Maurice Newman	5	6			4	7			2	2						0	0	3	3	4	4
Prof Rod O'Donnell	0	0			1	1															
Prof Steven Schwartz	6	6			6	7					0	2				0	0	3	3	4	4
Dr Kathleen Warren	5	6											2	3							

Committee includes members who are not members of Council. Data is for Council members only.

A Number of meetings attended.

B Number of meetings held.

Each of the controlled entities holds policies insuring the members of its Board and officers.

Legal proceedings on behalf of the University

Significant legal proceedings by or against the University or which concluded in 2007 and which were handled by the Office of the University Solicitor were:

1. District Court defamation action against University by former member of staff settled.
2. District Court defamation action against staff member (indemnified by University) by former member of staff continuing and defended.
3. Multiple applications for documents under the *Freedom of Information Act 1989* (related to defamation proceedings immediately above) together with multiple appeals continuing and defended.
4. Action for breach of privacy against University brought by former members of staff continuing and defended.
5. Complaint of discrimination on the grounds of disability and parental responsibility against University by former member of staff struck out by the Administrative Decisions Tribunal for want of prosecution.
6. Complaint of discrimination on the ground of political opinion brought against university by former staff member in Human Rights and Equal Opportunity Commission dismissed.
7. Complaint of discrimination on the ground of race brought against University by former student in Human Rights and Equal Opportunity Commission dismissed.
8. Uncontested cy-pres orders made varying charitable trust to permit more flexible distribution of income.
9. Proceedings for conversion and detinue brought in the Supreme Court of NSW against University by former member of staff close to settlement.
10. Proceedings brought against former members of MUSC successful.
11. Proceedings for access to document under the Freedom of Information Act brought against University by current staff member continuing and defended.

This report is made in accordance with a resolution of the members of the Macquarie University Council.

Michael Rueben Egan



Chancellor
Member of the Macquarie University Council
North Ryde, NSW
27 February 2008

Academic Senate

Academic Senate is the principal academic body of the University. Senate makes recommendations to Council on certain academic matters, such as degree rule changes and proposals for new awards. Other powers are delegated to it by Council, such as approving of examination results and completion of degree requirements.

The Senate is assisted in its work by a number of committees, including the Coursework Studies Committee, the Higher Degree Research Committee and the Academic Program Committee. The Academic Program Committee pays particular attention to the academic quality of off-campus programs, ensuring they are of equal quality to those taught at the main campus. The academic Divisions also make annual reports to Senate. At its twice yearly special examination meetings, Academic Senate both monitors and approves grades, and considers broad assessment policies.

In 2007 Senate had a particular focus on quality and standards. A number of degrees were restructured to ensure thorough moderation, entry standards were raised, and a new Senate Learning and Teaching committee was established to further teaching excellence. In addition Senate dealt with a number of issues of wide-ranging significance including playing a role in the development of the University's Academic Restructure and in the development and adoption of University's new Ethics Framework.

Members of the Academic Senate

The Vice-Chancellor
The Deputy Vice-Chancellors
The Pro-Vice-Chancellor
The Vice-President of the Academic Senate
The Deputy Vice-President of the Academic Senate
The Deans of Divisions
Two members elected by each Division
Three students
Secretary: The Academic Registrar

Staff



Policies and practices

Personnel policies and practices

Throughout 2007 Macquarie University conducted a review of staffing policies and developed a number of new policies. The review focused on ensuring the relevance and consistency of employment practices and their ability to support the University's growth and changing requirements. Development of new policies involved presentations, consultation and feedback sessions with staff on policy issues which continued in a more formal way with the establishment of the Staff Consultative Group.

The University created a framework for a new performance and development review system (PDR) as part of the Enterprise Agreement negotiations in late 2006. In 2007 the system and associated training models were developed and piloted in the Library, ACES, Human Resources and the Research Office and went through significant modification based on feedback. Fundamental to the PDR design are the principles that all staff should have clear, mutually understood objectives and an individual development plan. As the PDR rolls out in 2008, all staff will have both annual objective setting discussions with their supervisors and annual reviews against these objectives.

Wage and salary movements

All staff covered by the Macquarie University Enterprise Agreement 2006-2009 received a 3% salary increase in November 2007. The modal increase for senior management employed on AWAs was also 3%. There have not been any significant wage movements outside of these increases.

Industrial relations policies and practices

Compliance with the Commonwealth Government's Higher Education Workplace Relations Requirements (HEWRRs) was a major industrial relations focus in 2007. In order to meet requirements the University reviewed and rewrote most of its staff-related policies. AWAs were offered as an option to all staff in accordance with requirements. The proclamation of the *Workplace Relations (Transition to Forward with Fairness) Act 2008* on 27 March 2008 means no further AWAs will be offered.

The University commenced a number of significant organisational changes in 2007. The largest of these was

an academic restructure due to be implemented over 2008, which involved an inclusive and extensive staff consultation process. Consultation on the academic structure will continue throughout 2008 as the University finalises and specifies general staff roles within the new faculties.

There was disputation in the Australian Industrial Relations Commission (AIRC) over the outsourcing of English language teaching from the National Centre for English Language Teaching and Research (NCELTR). Claims were made both against the University's decision to outsource and in relation to termination payments if the outsourcing went ahead. The matter was resolved in the University's favour and the outsourcing proceeded in time without the need to make additional separation payments.

All other change initiatives across the University were successfully completed without disputation in the AIRC. There was no major industrial action in 2007 and the University successfully defended all individual cases that went before the AIRC in 2007.

Staff statistics

The number of non-casual (full-time and fractional full-time) staff as at 31 March 2007 was 1928, an increase of 13 (0.7%) over 2006.

There were 165 female academic staff at the level of senior lecturer (Level C) or above (40% of all female academic staff), compared to 327 males (60% of all male academic staff).

Of the 981 non-academic staff, 413 (42%) were in academic divisions of the University, 186 (19%) in the Vice-Chancellor's Office, 120 (12%) in the Library, and 118 (12%) in the then Office of the Registrar and Vice-Principal. The balance of 144 (15%) were in other offices of the University administration.

Staff full-time equivalence

The full-time equivalence (FTE) of non-casual staff as at 31 March 2007 was 1766, an increase of 7 FTE (0.4%) over 2006. The change consisted of an increase of 15 FTE for academic staff and a decrease of 8 FTE for non-academic staff. In 2007 the FTE of casual staff was 455, including 228 academic and 227 non-academic.

Staff full-time equivalences: 2004–2007¹

	2004	2005	2006	2007
Academic classifications				
Full-time:				
Level A	135	145	158	157
Level B	239	254	244	242
Level C	193	195	213	214
Level D	105	114	123	135
Level E	83	95	114	117
Deputy Vice-Chancellor	3	3	3	4
Vice-Chancellor	1	1	1	1
Casual ²	227	224	211	228
Total academic	987	1031	1066	1098
Non-academic classifications³				
Full-time:				
HEW Level 1	0	0	0	0
HEW Level 2	27	26	32	35
HEW Level 3	34	29	19	26
HEW Level 4	81	81	74	72
HEW Level 5	155	172	161	159
HEW Level 6	179	190	195	196
HEW Level 7	128	146	163	166
HEW Level 8	100	109	116	100
HEW Level 9	58	64	76	72
HEW Level 10	56	63	66	68
Above HEW Level 10	1	2	2	2
Casual ²	206	223	222	227
Total non-academic	1024	1105	1126	1123
Full-time total	1578	1690	1759	1766
Casual total	433	447	433	455
TOTAL UNIVERSITY	2011	2136	2192	2221

¹ As at 31 March 2007. Figures may not add up to totals due to rounding.

² Casual staff FTE are for the previous calendar year from 1 January to 31 December

³ HEW = Higher Education Worker

Full-time staff members who work more than a normal workload for additional remuneration hold notional appointments as casual staff in addition to their full-time position. The additional load of such staff members is converted into casual FTE based on the amount paid to them, with the total FTE per individual capped at an upper limit for a realistic representation of a person's capacity.

Equal Employment Opportunity

Women

The representation of women on staff in 2007 was 54%, exceeding the government benchmark by 4%. Representation on key University decision-making bodies was 25% on the University Executive, 44.4% on the University Council and 23.6% on the Academic Senate.

In 2007, women held 43% of academic positions, above the 2006 sector average of 40% (latest figures available). The representation of women in the category of Professor has increased by 5.6% over four years to 23.4% in 2007.

The 2007 group distribution index for women's employment across academic levels is below the government benchmark at 80, where values less than 100 indicate that women are concentrated at lower salary levels.

Women represented 64% of general staff in 2007 and remain clustered in mid-range levels. Women who were full-time and fractional general staff received 97% and 100% of the average salary, respectively. Women were slightly under-represented in full-time positions (58.9%) and significantly over-represented in part-time positions (91.2%). Women are over-represented in all fractional contracts (less than one year = 72.4%; one to three years = 71.4%; over three years = 100%). The percentage of women leaving general staff positions during 2007 (59.8%) was the lowest in three years and below their workforce participation rate.

Partner's leave days as a percentage of parental leave days taken has increased from 0.6% in 2003 to 11.5% in 2007. The parental leave policy allows partners four weeks' paid leave at the child's birth plus 22 paid weeks for primary carers. Macquarie University policy recognises same sex parents, and the adoption and fostering of children.

Aboriginal people and Torres Strait Islanders

Representation of Aboriginal people and Torres Strait Islanders in academic positions has decreased over the past four years to 0.9%, below the government benchmark of 2%. The University is committed to increasing academic representation through recruitment programs and support for existing postgraduate Indigenous students and staff. The second year of a three-year Indigenous Traineeship Program for general staff was completed in 2007, with six trainees appointed annually across the University. For the first time, 2007 saw Indigenous representation at the senior general staff level (10+).

People whose first language was not English

Staff whose first language was not English are well represented both in academic and general staff roles with government benchmarks met. Academic staff from this designated equity group are clustered at Lecturer and Senior Lecturer levels. Promotion to most academic levels is above the government benchmark of 19%. As general staff, they are under-represented at senior levels.

People with a disability

The overall representation of staff with disabilities was 6.5% in 2007, significantly below the 12% government benchmark. This figure has remained steady for three years. Representation in the general staff population is marginally higher at 6.6% although this has decreased over the past four years. No people with disabilities were

externally recruited to either academic or general staff positions during 2007.

Goals for 2008

Key Performance Indicators relating to equity and diversity have been included in senior staff performance plans for 2008. Key equal employment opportunity strategies for 2008 include:

- Increasing the outcomes and opportunities for Indigenous staff, including strengthening the Indigenous employment strategy in line with the Indigenous Higher Education Advisory Council's 2007 recommendations.
- The review of all equity and diversity related policy, procedures and guidelines, in particular grievance management, and the University's Disability Action Plan.
- The review of academic promotions policy in relation to equity and diversity implications.
- Increasing consultations with women with regard to career advancement and social inclusion in line with the Equal Opportunity for Women in the Workplace Agency reporting criteria.
- Provision of online training on legislation, rights and responsibilities around all forms of discrimination and harassment.

EEO Group Representation within Levels at 31 March 2007¹

General Staff

LEVEL	Total staff	Women ²	Aboriginal people and Torres Strait Islanders ³	People whose first language was not English ³	People with a disability ³	People with a disability requiring adjustment ³
Level 1	1	100%			100%	100%
Level 2	46	59%	6.7%	20%	76%	
Level 3	32	81%		29%	5%	
Level 4	79	66%	5.3%	14%	3.5%	
Level 5	181	64%	1.0%	40%	9%	
Level 6	214	72%	0.7%	31%	7%	3%
Level 7	176	65%	2.5%	29%	2.5%	1%
Level 8	108	59%		22%	9%	1.3%
Level 9	73	60%	1.7%	21%	3.5%	
Level 10 +	71	41%		10%	12%	3.4%
TOTAL	981	64%	1.6%	27%	7%	1.3%

Academic Staff

LEVEL	Total staff	Women ²	Aboriginal people and Torres Strait Islanders ³	People whose first language was not English ³	People with a disability ³	People with a disability requiring adjustment ³
Level A	194	56%	2.9%	31%	6%	2.9%
Level B	261	52%		25%	5%	1%
Level C	225	41%	0.6%	21%	9%	3%
Level D	139	31%	0.9%	23%	5%	
Level E	128	23%		10%	5%	
TOTAL	947	43%	0.9%	23%	6%	1.6%

EEO Group Representation — Benchmark Comparison at March 31¹

General Staff	2004	2005	2006	2007	Benchmark
Women ²	64%	63%	63%	64%	50%
Aboriginal people and Torres Strait Islanders ³	1.4%	1.8%	2.3%	1.6%	2%
People whose first language was not English ³	25%	27%	26%	27%	19%
People with a disability ³	8%	7%	7%	7%	12%
People with a disability requiring work-related adjustment ³	1.8%	2.2%	1.9%	1.3%	7%

Academic staff	2004	2005	2006	2007	Benchmark
Women ²	43%	45%	44%	43%	50%
Aboriginal people and Torres Strait Islanders ³	1.1%	1.4%	0.7%	0.9%	2%
People whose first language was not English ³	22%	22%	24%	23%	19%
People with a disability ³	7%	6%	6%	6%	12%
People with a disability requiring work-related adjustment ³	1.6%	1.5%	1.4%	1.6%	7%

EEO Group Distribution Index⁴ — Benchmark Comparison at March 31⁵

General Staff	2004	2005	2006	2007	Benchmark
Women	92	91	94	94	100
Aboriginal people and Torres Strait Islanders	N/A	N/A	68	N/A	100
People whose first language was not English	96	95	97	95	100
People with a disability	107	101	99	101	100
People with a disability requiring work-related adjustment	N/A	94	N/A	N/A	100

Academic Staff	2004	2005	2006	2007	Benchmark
Women	77	77	79	80	100
Aboriginal people and Torres Strait Islanders	N/A	N/A	N/A	N/A	100
People whose first language was not English	88	90	85	85	100
People with a disability	89	96	109	100	100
People with a disability requiring work-related adjustment	N/A	N/A	N/A	N/A	100

¹ Continuing and contract staff.

² Actual persons.

³ Estimated persons.

⁴ A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

⁵ Full-time continuing and contract staff.



Occupational Health and Safety

Macquarie University's Occupational Health and Safety (OHS) unit works with OHS Committees across campus to ensure that OHS risks are inspected, identified and eliminated in a consistent manner across the University. The University continues to implement improved OHS strategies as outlined in the Occupational Health and Safety Plan 2007-2008, and in particular is implementing improved record keeping and reporting processes.

The number of workers' compensation claims slightly increased in 2007, with a total of 82 claims received compared to 80 claims in 2006. The incidence rate for

2007 slightly decreased to 4.35 per 100 FTE from 4.38 per 100 FTE in 2006.

The average costs per claim decreased from \$2099.40 in 2006 to \$1838.64 in 2007, a reduction of 12.4%. This result is due to the University's continued focus on the early provision of suitable duties, coordinated return to work management, and ongoing proactive claims management by both the University and the insurer.

Accident and injury type rates remain consistent with those for 2006 and are demonstrated in the below tables.

There have been no OHS prosecutions against Macquarie University in 2007.

Performance	2005	2006	2007
Claim numbers	76	80	82
Claims per 100 employees	4.24	4.38	4.35
Total claims cost ¹	\$383,201.87	\$167,951.92	\$150,768.60
Average cost of claim	\$5042.13	\$2099.40	\$1838.64

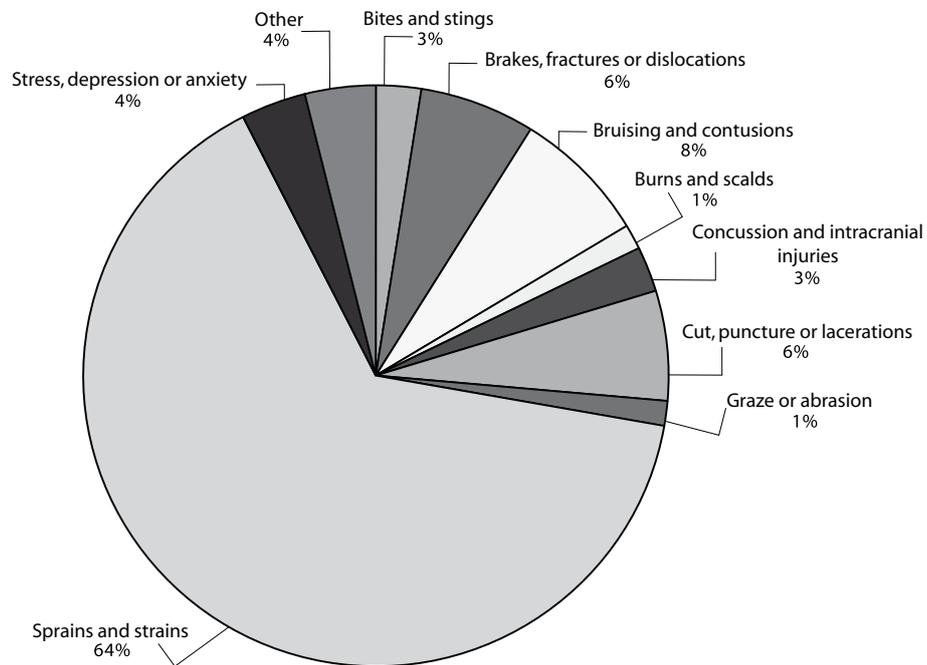
Claims by accident type ²	2005	2006	2007
Burns and scalds	1	0	0
Caused by other person	3	1	1
Exposure to electric current	0	2	1
Exposure to extreme temperature	0	1	0
Exposure to radiation	1	0	0
Fall of a person	26	19	14
Falling object	1	0	0
Harassment/stress	2	2	5
Journey: pushbike	1	1	3
Journey: truck	0	1	0
Journey: car	7	5	11
Journey: motorbike	1	1	1
Muscular effort: continuous/repetitive	10	13	10
Muscular effort: single event	4	8	6
Stepping on/striking against object	3	6	5
Struck by animal	1	1	2
Struck by object	2	8	3
Other	11	7	17

Claims by injury type ²	2005	2006	2007
Bites and stings	1	0	2
Brakes, fractures or dislocations	6	6	5
Bruising and contusions	8	7	6
Burns and scalds	1	0	1
Concussion and intracranial injuries	0	1	2
Cut, puncture or lacerations	7	12	5
Electrocution	0	1	0
Graze or abrasion	2	2	1
Heat stroke/hypothermia	0	1	0
Industrial deafness	0	1	0
Internal injuries	1	1	0
Sprains and strains	41	39	51
Stress, depression or anxiety	4	5	3
Other	3	0	3

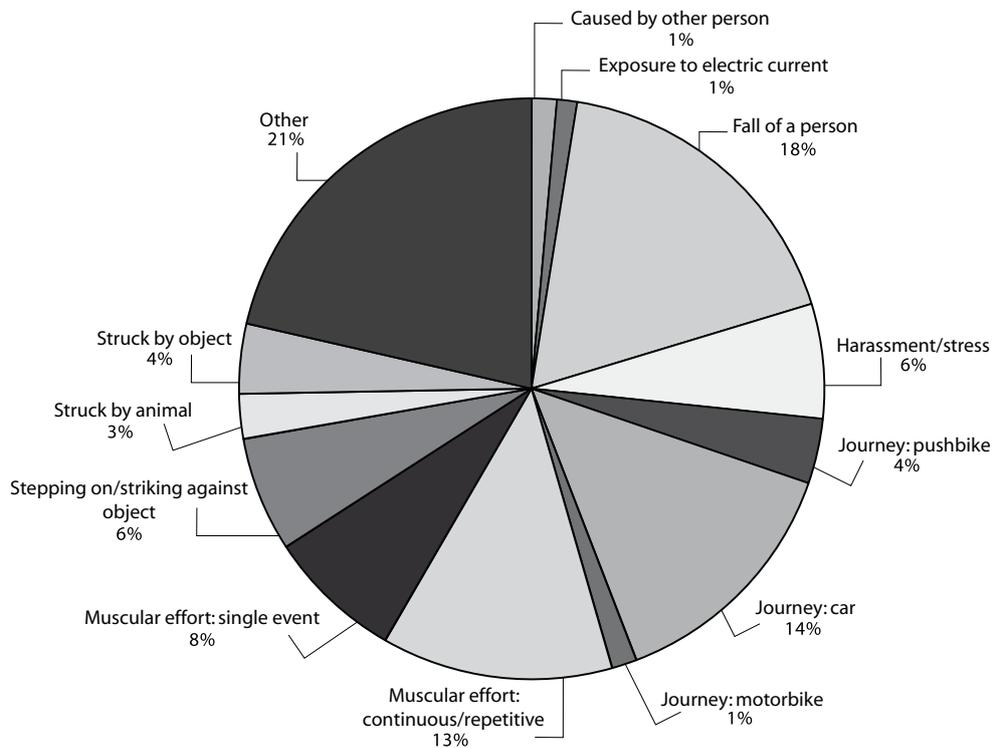
¹ Excluding journey and recess claims.

² Figures by accident and injury type do not include denied claims.

Claims by accident type



Claims by injury type



Macquarie University is committed to equity and diversity in employment and education, and to creating a fair and inclusive work and study environment.



Access and Equity

Ethnic Affairs Priorities Statement

Macquarie University is proud to be a vibrant, global and diverse university. We are committed to equity and diversity in employment and education, and to creating a fair and inclusive work and study environment for all members and prospective members of the University community. Students from over 55 countries attend the University and a quarter of University staff are from language backgrounds other than English.

Supporting the pathway to university

In 2007 a new special entrance program exam was trialled to identify students with aptitude for university study from all language and cultural backgrounds. For more information on uniTEST see under 'Equity initiatives' below.

In addition, the University increased the range of Equity Scholarships offered for students enrolling in the 2008 academic year — see the table below. Equity Scholarships are designed to support disadvantaged students, including those from culturally and linguistically diverse backgrounds.

Student services

A range of on-campus services are provided at a number of levels to support students from diverse backgrounds. The Macquarie Mentors program recruits students from a variety of cultural backgrounds to mentor commencing undergraduates, and includes cross-cultural training. At Divisional level, support is provided through initiatives such as lunchtime conversation groups during semester for students from a language background other than English who wish to improve their confidence in spoken English (Division of Economic and Financial Studies).

Through U@MQ, Macquarie University's student services organisation, access is provided for students from diverse

cultural backgrounds to affiliate their clubs and societies, and take part in a range of activities throughout the year. The University Chaplaincy serves 15 different faith groups and prayer rooms are available. Bilingual Service Centre staff are available to answer enquiries from students and family members in languages other than English.

Language and literacy programs

The Centre for Macquarie English (NCELTR) provides language and literacy classes for both domestic and international students, as well as running intercultural communication workshops to help students gain skills and awareness. Individual support is available, with counselling and academic advice provided.

The English for Academic Purposes section also provides support for domestic and international students. In 2007 an undergraduate unit, CAPP100 Communication for Academic and Professional Purposes, was available for inclusion in many degree programs. A range of workshops specifically targeting postgraduate coursework and higher degree research students were provided at no charge to students requiring support.

Curriculum

Curriculum initiatives encourage cross-cultural understanding amongst students: student exchanges and in-country units exist at undergraduate and postgraduate level, and global perspectives are emphasised within courses.

The Macquarie Global Leadership Program provides a structured 30-hour opportunity for students to develop a strong cross-cultural understanding and a global perspective through undertaking a range of elective workshops and seminars, attending lectures by distinguished speakers and engaging in a range of internationally-focused activities.

The Bachelor of International Studies program is in its third year, with the Master of International Studies scheduled to be offered for the first time in 2009. Both

Equity Scholarship	Amount (p.a.)	Duration
Macquarie University Merit Scholarship Program	\$12,000	up to five years
Macquarie Education Costs Scholarship	\$4324	up to four years
Macquarie Accommodation Scholarship	\$8648	up to four years
Macquarie Higher Study Scholarship	\$8648	up to four years

programs include core units with international or global perspectives, contributing directly to the internationalisation of the University's curriculum.

Engagement with the community

The Department of European Languages and Cultures works closely with Sydney's diasporic communities from Croatia, Macedonia, Greece and Poland. The Department's prize-giving ceremony invites representatives from the respective communities to participate in the presentations to high-achieving students in European language and culture studies. The Department of Asian Studies promotes ethnic diversity and cross-cultural understanding, particularly from the perspectives of non-western regions. The Department has built strong relationships with Chinese and Japanese Consulates, the Japan Foundation and the Japanese Department of Education.

Goals for 2008

- Update and promote the University's Ethnic Affairs Priorities Statement.
- Increase consultation with members of the University community from language backgrounds other than English.
- Investigate career advancement and promotional opportunities for staff from culturally and linguistically diverse communities, particularly in terms of attaining more senior roles within the University.
- Increase online access to cross-cultural information and training as part of the HR On-Line Training Framework.
- Review equity and diversity policy, procedures and guidelines as they pertain to staff and students from culturally and linguistically diverse backgrounds.

Equity Initiatives

Special entry schemes

Macquarie University offers a range of alternate entry schemes to improve access to the University for those who have experienced disadvantage. The Lighthouse Scheme is the University's Educational Access Scheme for students who advised a disadvantage that impacted their HSC results. The Jubilee Scheme is for applicants over 21 years who have not undertaken any tertiary education.

Places offered under special entry schemes

Scheme	2005	2006	2007
Jubilee	191	288	297
Lighthouse	127	137	141

Macquarie also trialled a new equity initiative during 2007 where applicants undertook an entry test to assess their aptitude for university level studies. The uniTEST was available to those who had a disadvantage during their schooling that impacted their final results. A total of 1112 registrations were received, and through a process that confirmed disadvantage and eligibility, 323 participants sat the test. Following a rigorous selection process which included identifying those that would obtain an offer on their own merits, an additional 26 offers were made.

Writing Skills Program

The Writing Skills Program provides a variety of writing support services to Macquarie University undergraduates and postgraduates. An estimated 1000 undergraduate and postgraduate students attended seminars on writing skills in 2007. Audio tapes of the sessions and seminar notes were made available for those students unable to attend. Two five-week writing courses (Strategies and Structures and Grammar and Academic Expression) were run each semester, with close to 1400 students enrolled overall.

The Writing Skills Advisory Service, an individual consultation service operating out of the Centre for Open Education, continued to expand in 2007, with mature age students and increasing numbers of postgraduate students making up a significant proportion of the students taking advantage of the program.

Learning Centre for Numeracy Skills

The Learning Centre for Numeracy Skills provides support services to students enrolled in courses with a mathematical component. Preparatory sessions for mathematics, statistics and science were run at the beginning of each semester, and weekly workshops supporting first-year mathematics and statistics courses attracted large numbers of students, with over 3300 student hours spent in workshops. Individual consultations available through the drop-in centre were in strong demand with approximately 5,500 student hours spent in visits to the Centre.

A survey of the students using the Centre in 2007 revealed that approximately half were 21 or older and approximately two-thirds were female. The survey also revealed that approximately a quarter of the students were from a non-English speaking background and approximately half had entered Macquarie University via alternate pathways. The majority of the students were enrolled in mainstream undergraduate programs.

Warawara

Warawara is an academic department offering block-mode courses to Indigenous students, as well as a range of Indigenous studies units and postgraduate courses. Academic staff conduct research in a variety of Indigenous areas. Warawara provides an access and equity function to Indigenous students, and provides advice to the University on a range of equity matters affecting Indigenous students and staff.

Warawara is responsible for the delivery and facilitation of two residential undergraduate programs specifically for Indigenous Australians, the Bachelor of Teaching (Early Childhood Studies) and the Bachelor of Community Management. The Department also facilitates the Warawara Macquarie University Alternative Program, an alternative entry point for Indigenous applicants into undergraduate programs across the University.

Other services well utilised by the Indigenous student population include cultural events and activities, individual and small-group tuition, access to the Indigenous student common room and Indigenous student computer laboratory, and the provision of Indigenous student advice.

Macquarie University is committed to sustainability through energy efficiency, whilst maintaining a facility that meets the expectations of current and future staff and students.

Operations



Consultants

The following table provides details of consultants whose remuneration exceeded \$30,000 during 2007.

Name of Consultant	Amount (\$)		
Campus Consulting Pty Ltd	394,808	Deacons Lawyers	61,369
Deloitte Touche Tohmatsu	378,658	Glass Onion Multi Media Pty Ltd	60,180
3D Networks	330,679	B A McLennan	57,781
Corp. Internet Business Information Systems Pty Ltd	273,437	Ideas Investment Group Pty Ltd	53,625
Korn/Ferry International Australia	238,816	Royal Alexandra Hospital for Children	51,245
Technology One	215,360	Step Two Designs Pty Ltd	51,040
Hobsons Australia Pty Ltd	211,596	Macrogen	50,711
APP Corporation	190,726	The Crucible Group Pty Ltd	50,600
Sapient Business Consulting Pty Ltd	186,261	CSIRO	50,000
Kiah Consulting Pty Ltd	174,702	Nisbett & Associates Pty Ltd	49,005
Fast Edge Holdings Pty Ltd	117,150	Ernst & Young	45,639
AGM IT Limited	115,636	Syntonic Corporation Pty Ltd	45,595
The Trustee for the Freelance Trust No 1	111,834	A C Nielsen Research Pty Ltd	45,320
NSW Adult Migrant English Services	100,203	The St. James Ethics Centre	43,824
Larkfield Pty Ltd	92,784	Iconic Pty Ltd	43,450
Global Valuations Services Pty Ltd	86,900	Howard Educational Services	42,741
Third Person Communications Pty Ltd	84,491	Proactive Edge Pty Ltd	41,250
Phoenix Philanthropy Group	82,335	Kirin Corporation Pty Ltd	40,775
Reputation Pty Ltd	73,766	Anyware Consulting	40,232
Silver Trak Digital	72,433	Davis Langdon Australia Pty Ltd	35,112
Squiz Pty Ltd	69,300	Cadre Design Pty Limited	34,188
Researchmaster Pty Ltd	68,783	Wilsonant Consulting	33,876
RTCP Pty Ltd	67,760	Building Better Boards Pty Ltd	33,000
Dream Capture Films Pty Ltd	67,760	Gregorius Subanti	32,500
MPI Group Australia Pty Ltd	67,760	Panthalassa Pty Ltd	31,500
McGregor Tan Research Pty Ltd	67,100	University of Waikato	31,316
AMES Victoria	64,792	KMPG	30,039
Impress Design	64,196		
Fly High Consulting Pty Limited	62,218		
Warfield & Associates	61,601		

Electronic service delivery

Information Technology is a critical service at Macquarie University, both for administration and for core learning and teaching activities. In 2007 IT Services commenced a stabilisation program to update and redesign the University's IT infrastructure with the goal of creating systems that are stable, reliable and available around the clock. The program comprises 46 projects at a cost of \$15 million to be implemented over three years. Twenty-one projects were completed in 2007, with substantial progress made on seven more.

Key outcomes from the stabilisation program and other electronic service initiatives in 2007 include:

Online learning and teaching

The University upgraded its central Learning Management System (LMS) to Blackboard Campus Edition 6. The upgrade brings the following increased functionality for online learning: new social interactive tools including blogs, student journals and a peer review tool, improved communication tools, new assessment features, and simpler and more intuitive navigation. The LMS is now hosted by an external vendor, allowing uninterrupted use of the system for students and staff during IT infrastructure upgrades.

Online enrolment

To provide greater flexibility to new undergraduates, 2007 enrolment processes were improved to allow Universities Admission Centre (UAC) students to enrol soon after receiving their offer, and to enable new students to enrol in units and register in classes online.

Google mail

Macquarie University has become the first university in Australia to give all of its 31,000 current students as well as 37,000 recent graduates customised Google email accounts. This provides a number of benefits including a twenty-fold increase in the storage capacity offered to users, 24/7 support, increased functionality and cost savings to the University.

Disaster recovery

An offsite disaster recovery facility has been established for the University's core computer systems. The facility houses an up-to-date copy of data to be used in the event the University's main computer room is destroyed or disabled. As the facility also has 20 per cent of the computer processing capacity of the University, critical systems would be able to resume within 24 hours of a disaster. The disaster recovery facility is a key component of the stabilisation project as many critical business functions, such as enrolments and e-learning assignments, now occur over the internet.

Security from the internet

A new security infrastructure for the University network has been in place since March 2007 to prevent security threats from the Internet. The solution was customised to the University's unusual open environment that attracts thousands of visitors every day.

Hardware upgrade

A number of core systems were migrated to new intel-based hardware. Benefits include a cost saving of \$1.13 million per annum and the ability to perform maintenance on one system without compromising the availability of other University systems. A further benefit is an improvement in system performance during major events, illustrated by 2008 semester 1 online enrolment where 7000 class enrolments were successfully processed during the first 35 minutes.

Energy

Macquarie University is committed to sustainability through energy efficiency, whilst maintaining a facility that meets the expectations of current and future staff and students. The energy efficiency of the University has progressively improved through the refurbishment and upgrading of existing facilities, with a sympathetic approach to energy usage. To date, the University's target has been to offset or minimise the impact of apparent energy usage increases and to stabilise maximum demand.

Thousands of square metres across campus were refurbished in 2007, yet electricity consumption has remained stable for the 2007 calendar year when compared to 2006, at approximately 29,000 megawatt hours annually. Refurbished areas included building C5C (approximately 4000 square metres), numerous laboratories in E7B, and a full refurbishment of W5C. All refurbishments strictly adhere to Part J of the Building Code of Australia, and where possible, the University sets higher standards than mandatory energy usage compliance, particularly with air conditioning.

Key outcomes from 2007 include:

- The expansion of the cogeneration plant heating and chilled water systems to provide comfort control to areas where equipment has either failed or was never available.
- The connection of the cogeneration plant to the Aquatic Centre, enabling what would normally be exhaust waste heat to be utilised to heat the 25 metre and 50 metre pools.
- The purchase and/or replacement of air conditioning systems with high efficiency chillers or, where necessary, smaller inverter systems for designated areas.
- The ongoing management of two existing chilled water storage tanks has enabled demand management initiatives to be continued, therefore reducing the burden on existing University electrical infrastructure, with benefits passed on to the state electricity network. The University is currently assessing a third tank option in the Science building area.

Freedom of Information

Under the *Freedom of Information Act 1989*, members of the public, including staff and students of the University, have a legally enforceable right to obtain access to documents containing personal information or information concerning the functioning or activities of government agencies and public authorities, of which the University is one.

The University has a policy of open access to information. Staff members who wish to view their personal files can arrange access by contacting Human Resources. Records and Archives Services are responsible for vital records, student files, central administrative files and the University Archives. Access is usually granted to bona fide researchers, although some restrictions apply.

For access to material that the University considers confidential or otherwise exempt under the Freedom of Information Act, a freedom of information application is required. The application fee for a freedom of information request is \$30; the processing charge is \$30 per hour, although 20 hours' processing is included in the application fee where the information relates to the applicant's personal affairs.



During 2007, 22 freedom of information requests impacted on the University's resources and there was one appeal against a completed freedom of information decision. A detailed freedom of information procedures manual and guidelines were implemented in 2002. Designated Freedom of Information Officers operated throughout the year. In May 2007 changes to the University's Information Access – Freedom of Information Policy assigned Freedom of Information accountabilities to the University Secretary and General Counsel.

A statistical analysis on the processing of freedom of information requests over time is being developed as part of the University's commitment to open access to information. Full statistical material will be made available during 2008 on the University website at www.mq.edu.au.

Insurance

The University ensures that a cost effective insurance program is in place to protect investment in assets and to protect against liabilities arising from the conduct of the University's business activities.

The University appointed Willis Australia Limited as its insurance broker in September 2007 for a period of three years.

The open market approach adopted by the University resulted in the University securing the best available renewal terms from its existing insurer. The University also opted to increase the deductibles for its core classes of insurances, resulting in premiums for its core programs reducing by approximately 10 per cent.

The Australian School of Advanced Medicine was launched during 2007. Medical Indemnity Insurance has been obtained to protect the University, its supervising Clinical staff and its students.

Internal audit and risk management

The internal audit and risk management functions of Macquarie University are overseen by the Council's Audit and Risk Committee and undertaken by Deloitte Touche Tohmatsu (Deloitte). The University appointed Deloitte as internal audit and risk management consultants in 2006. The internal audit and risk management function is primarily concerned with evaluating the accuracy and effectiveness of internal controls and assessing risks which may impact on the University's ability to achieve its objectives.

A three-year strategic internal audit and risk management plan for 2006–2008 was developed following a high level business risk assessment of the University's operations in conjunction with management. The plan was approved by the University's Audit and Risk Committee. A new three-year plan will be developed in 2008.

In addition to the business risk assessment, internal audits undertaken in 2007 involved assessments of internal controls and associated risks and compliance with University policies/procedures and government guidelines in the following areas:

- Payroll
- Complaints handling — student grievances and academic appeals
- Occupational Health and Safety
- Investment management
- Insurance
- Academic Management Information System
- Goods and services tax
- Contracts and consultants
- International representatives.

Audit and assurance activities resulted in identification of areas where there was opportunity for improvement and/or enhancement of existing processes and controls. Following discussion and agreement with management, internal audit reports were submitted to key stakeholders and reported to the Audit and Risk Committee. The status of significant risk issues unresolved and outstanding are monitored by the Audit and Risk Committee.

Payment of accounts

The University's term of credit in respect of its creditors is 30 days. In 2007, 97 per cent of invoices were paid in accordance with these terms.

Privacy

Macquarie University has a commitment to privacy, valuing the privacy of individuals and actively seeking to preserve the privacy rights of those who share information with the University. It is believed individuals have the right to know how information to the University is handled. The role of Privacy Officer is assigned to the University Secretary and General Counsel and the role of Privacy Contact Officer is assigned to the Manager, Records and Archives Services. These officers have direct accountability for the University's compliance with its privacy policy.

Macquarie University's Privacy Management Plan has been developed to comply with section 33 of the New South Wales *Privacy and Personal Information Protection Act 1998* and is to be amended to include compliance measures for the *Health Records and Information Privacy Act 2002*.

The Privacy Management Plan details:

- The policies and practices that the University has in place to comply with the Privacy and Personal Information Protection Act.
- The dissemination of privacy policies and practices within the University procedures in relation to an internal review under Part 5 of the Privacy and Personal Information Protection Act.
- Other matters which are considered relevant to the University in relation to the Act.

During 2007, one privacy complaint was received by the University but was subsequently withdrawn. One request for access to records under section 14 of the Privacy and Personal Information Protection Act was received and finalised within statutory timeframes. No amendments to personal records pursuant to the Privacy and Personal Information Protection Act were carried out in 2007.

Promotion and publications

Macquarie University produced a number of publications in 2007 containing information about the functions and activities of the University. A selection of these official publications is listed below. Many of the publications are also available in electronic format on the University website at www.mq.edu.au.

Divisions and other units of the University also produce a range of publications. Contact the relevant section directly for details or visit www.mq.edu.au.

Handbook of Undergraduate Studies 2008
Handbook of Postgraduate Studies 2008
Calendar of Governance, Legislation and Rules 2008
Published annually by the Publications Unit

Macquarie University Annual Report 2006
Published annually by the Publications Unit

Undergraduate Course Booklets 2008
Series of eight booklets, published annually by the Marketing Unit

Postgraduate Course Booklets 2008
Series of twelve booklets, published annually by the Publications Unit

Macquarie University's Undergraduate Prospectus, Study at Macquarie
Published annually by the Publications Unit

Undergraduate Guide for International Students 2008/09
Postgraduate Guide for International Students 2008/09
Published annually by Macquarie International

Connect with Macquarie
Six issues published in 2007 by the Marketing Unit

Macquarie University News
Six issues published in 2007 by the Marketing Unit

Student complaints, appeals and discipline

A number of committees exist across the University to receive student complaints and appeals and to address disciplinary matters.

Academic Appeals Committee

The Academic Appeals Committee met twice in 2007 to determine appeals by undergraduate and postgraduate coursework students against their exclusion under the relevant degree rules.

Academic Appeals Committee determinations

Appeals	2005	2006	2007
Considered	38	117	216
Successful	23	55	128

As shown in the above table, the number of appeals determined by the Committee has risen significantly since 2005. Two policy changes in 2006 influenced this increase in appeals: students are now liable for exclusion due to failing a core unit two times in the Bachelor of Commerce – Accounting; and students are now liable for exclusion after Summer Session and after first-half year, as well as at the end of the academic year.

Grading Appeals Committee

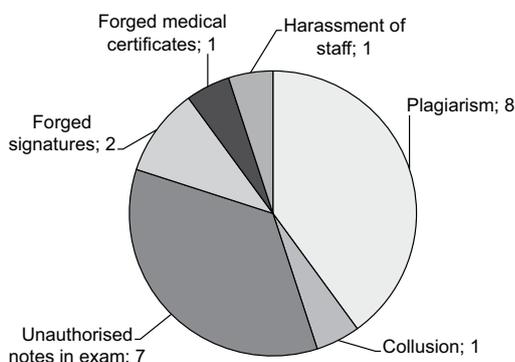
The Grading Appeals Committee investigates appeals against grades by undergraduate and postgraduate coursework students to determine whether due process has been observed, and whether appropriate academic procedures have been carried out and grades determined in a fair and just manner in accordance with University rules policy. The Committee met two times during 2007. Four appeals were received from students, with no appeals being upheld. This compares with 2006 where 11 appeals were received and no appeals were upheld.

Higher Degree Research Appeals Committee

The Higher Degree Research Appeals Committee hears appeals by higher degree research students in connection with research student candidature, scholarships and thesis examinations. No appeals were received by the Committee during 2007. In 2006 the Committee received one appeal, which was not upheld.

Discipline Committee

The Discipline Committee met nine times during 2007 and reviewed 20 student cases (14 in 2006). The charts below provide details of the misconduct reviewed and the range of penalties determined. To ensure equity and consistency, the Committee determined penalties with reference to precedent set by earlier decisions.



2007 cases by type

Travel

Details of overseas travel undertaken in 2007 for promotional purposes is provided in the table on the following pages.

Waste

Macquarie University set up a sustainability office in 2007 to address a number of key sustainability areas. Outcomes relating to waste management include:

Waste avoidance

The University reduces the production of waste by reusing existing furniture throughout the University where possible and practical. Further waste reduction is achieved through publishing many publications in electronic format only. For other publications, including the annual reports, reduced prints runs are supplemented by online publication at www.mq.edu.au. An audit of publications produced across the University was carried out during 2007 with the aim of reducing duplication and waste in subsequent years.

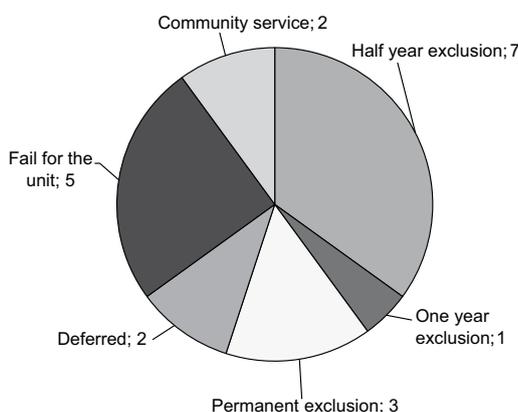
Resource recovery

The number of personal 'paper only' bins at workstations increased over 2007; the University's goal is one at every workstation by the end of 2008. Approximately 600 cubic metres of cardboard and 1.4 million litres of paper were recycled. Where possible, building contractors with good implementation strategies for recycling materials are selected.

Use of recycled materials

The University has increased the use of materials with recycled and recyclable content, such as carpet used in the refurbishment of offices.

A new e-waste policy was approved in December to be implemented from March 2008. The policy will govern the reuse, recycling and safe disposal of electronic equipment.



2007 cases by penalty

Overseas travel for promotional purposes

Name/Position	Date/Country	Purpose
Australian Centre for Educational Studies		
Prof John Hedberg Head, School of Education	10 Nov 2007 China	Promotion, establishment of partner contacts
Dr Grant Kleeman Senior Lecturer	27 Sep– 6 Oct 2007 Canada	Graduate recruitment
Australian School of Advanced Medicine		
Prof John Cartmill Professor of Surgery	June 2007 New Zealand	Promotion of ASAM's program
	17–21 Apr 2007 USA	Promotion of ASAM's program
Ms Maggie Drummond Director of Development	28–30 Mar 2007 Malaysia	Signing Letter of Intent with Universiti Kebangsaan Malaysia (UKM), developing partner links
	7–13 Jun 2007 Malaysia	Signing Memorandum of Understanding with UKM, developing partner links
Prof Michael Morgan Dean	28–31 Mar 2007 Malaysia	Promotion of postgraduate medical programs, signing of Letter of Intent with UKM
	7–31 Jun 2007 Malaysia	Signing of MOU with UKM
	17–Sep 2007 UK	Research collaboration with General Electric Europe
	28 Nov–6 Dec 2007 Malaysia	Promotion of postgraduate medical programs
Prof Paul Pilowsky Associate Dean, Research	10–17 Nov 2007 China	Exploring collaborative educational opportunities
Division of Economic and Financial Studies		
Prof Peter Edey Director, Graduate Accounting and Commerce Centre	14–19 Jun 2007 Thailand	Promotion of postgraduate coursework degree programs
Prof Greg Elliott Head, Dept of Business	26 Feb–3 Mar 2007 Indonesia	Visiting potential partner universities
Prof Phil Dolan Director, Applied Finance Centre	April 2007 China	Marketing, partnership visits
	Jul 2007 China	Marketing, partnership visits, graduation
	Sep 2007 China	Marketing, partnership visits
	Apr 2007 Japan	Marketing, partnership visits
	Jun 2007 Japan	Marketing, partnership visits, conference attendance
	Sept 2007 Japan	Marketing, partnership visits
	Dec 2007 Japan	Marketing, partnership visits
	Jul 2007 Singapore	Marketing, partnership visits, graduation
	Oct 2007 Singapore	Marketing, partnership visits

	Nov 2007 Singapore	Marketing, partnership visits
Division of Environmental and Life Sciences		
Prof Elizabeth Deane Dean	Oct 2007 UK	Discussion of EU-DEST mobility program partners
A/Prof Marie Herberstein Senior Lecturer	Jun–Jul 2007 Germany	Presentation on research at Macquarie University
A/Prof Peter Karuso Associate Professor	9–11 Jul 2007 Singapore	Promotion of BBiotech and MBiotech programs
Division of Information and Communication Sciences		
Ms Maree Graham Marketing Co-ordinator	16–20 Mar 2007 Singapore	Attend Austrade exhibition
Dr Michael Hitchens Senior Lecturer	11–18 Nov 2007 India	Marketing Divisional courses to prospective students
Mr Daniel McGill Engineering Program Manager	17–29 Oct 2007 China	Marketing, recruitment
A/Prof Debbie Richards Associate Professor	24 Oct– 4 Nov 2007 China	Marketing
	8–16 Mar 2007 India	Marketing the Postgraduate Professional Development Program
Prof Stephen Thurgate Dean	17–29 Apr 2007 India	Marketing
Prof Graham Town Professor	12–14 Jun 2007 Singapore	Marketing
Dr Paul Watters Academic Director	8–19 Mar 2007 China	Marketing
	15–28 Apr 2007 UK	Marketing
Division of Linguistics and Psychology		
Prof Anne Burns Professor	18–22 Apr 2007 UK	Attend conference, including hosting exhibition booth
Mrs Lindy Cooper Manager, Postgraduate Coursework Programs	21–25 Nov 2007 Japan	Attend conference, including hosting exhibition booth and alumni events
Mrs Robyn Guilmette Manager, Research Administration	21–25 Nov 2007 Japan	Attend conference, including hosting exhibition booth and alumni events
A/Prof David Hall Associate Professor	18–22 Apr 2007 UK	Attend conference, including hosting exhibition booth
	21–25 Nov 2007 Japan	Attend conference, including hosting exhibition booth and alumni events
Division of Society, Culture, Media and Philosophy		
Prof Naren Chitty Head, Dept of International Communication	16–17 Jun 2007 Thailand	Promotion of Master of International Communication
Dr Kristina Everett Lecturer	3–10 Dec 2007 New Zealand	Explore opportunities for student exchange, cotutelles and benchmarking indigenous programs
Miss Lana Leslie Associate Lecturer	3–7 Dec 2007 New Zealand	Explore opportunities for student exchange, cotutelles and benchmarking indigenous programs

Macquarie Graduate School of Management

Prof Roy Green Dean	23–30 Apr 2007 USA	International accreditation, global partnership meetings
	1 May 2007 UK	Global partnership meetings
	3 May 2007 Germany	Global partnership meetings
	4 May 2007 USA	Global partnership meetings
	8 May 2007 Ireland	Deliver Countess Markievicz Annual Lecture
	9–14 May 2007 UK	Global partnership meetings, meeting with Business Education Editor, <i>Financial Times</i>
	15 May 2007 France	Global partnership meetings
	22 May 2007 Switzerland	Global partnership meetings
	28 May 2007 Singapore	MGSM information session, alumni function
	5–8 Jul 2007 Hong Kong	Press conference, graduation
	10 Jul 2007 Singapore	Graduation
	4 Nov 2007 China	Graduation

Macquarie International

Mr George Braddock Director, International Relations China	27 Feb– 8 Mar 2007	Marketing tour
Mr Stephen Briggs International Relations Manager	10–26 Oct 2007 Japan, UK, USA	Marketing tour
	6–16 Mar 2007 Singapore, Japan	Institutional Links Liason
Ms Nancy Chow Business Development Manager	31 Dec–6 Jan 08 Hong Kong	Australian Tertiary Education Open Day
	17 Oct– 3 Nov 2007 China	China Education Expo
	6–24 Aug 2007 Hong Kong	Marketing tour
	27 Jun– 12 Jul 2007 Hong Kong, China	International Development Program Hong Kong Education Exhibition
	14–27 Mar 2007 Hong Kong	Austrade China Education Exhibition
Ms Wencong Chai Admissions Team Leader	27 Sep– 6 Oct 2007 Taiwan	Austrade Exhibitions in Taipei, Taichung, Kaosiung
	6–21 Sep 2007 India	Participated in a series of Education Exhibitions
Ms Amy Crates Education Abroad Advisor	3–25 Nov 2007 Germany, France	Marketing tour
	23 Apr– 7 May 2007 USA	Partner Visits
	6–21 Sep 2007 India	Participated in a series of Education Exhibitions

Ms Joanne Degney Internship Program Manager	8–14 Apr 2007 USA	Marketing tour
Ms Kathleen Evesson PR Coordinator	23 Aug–6 Sep 2007 India	Marketing tour
	17 Feb– 1 Mar 2007 India	Marketing tour
Dr Pamela Gibbons Executive Director, International Programs	29 Jul– 9 Aug 2007 India	Marketing tour
Ms Tracey Hawkins Senior Recruitment Coordinator	10–20 Aug 2007 Malaysia	Marketing tour
	9–15 Jul 2007 Vietnam	Marketing tour
	14–19 Jun 2007 Thailand	Marketing tour
	31 May– 5 Jun 2007 Singapore	Marketing tour
	1–20 Mar 2007 Malaysia, Thailand, Singapore	Marketing tour
Mrs Irene Ho Senior Recruitment Officer	17 Oct–3 Nov 2007 China	China Education Expo
	1–13 Mar 2007 China	Austrade China exhibitions
Mr Kevin Ho Admissions Officer	4–10 Oct 2007 Hong Kong	Marketing tour
	14–22 Sep 2007 Korea	Marketing tour
	27 Jun–11 Jul 2007 Hong Kong	Marketing tour
Mrs Kylie Hurd Regional Recruitment Manager	28 Mar–5 Apr 2007 Korea	Marketing tour
Prof Ernest Jordan Director, HDR Marketing and Development	30 Nov–14 Dec 2007 Canada	Marketing tour
Miss Stephanie Johnston Outbound Program Officer	4–27 Sep 2007 USA	Marketing tour
	15–28 May 2007 Chile, Brazil, Colombia	Australian Education International familiarisation tour
Miss Sally Jordan Outbound Program Officer	16–29 Sep 2007 USA	Study Abroad exchange fair
Ms Grace Liu Training Manager	27 Feb–14 Mar 2007 China	Marketing tour
Mr Robert Malicki Acting Outbound Programs Manager	2–18 Sep 2007 Europe	Representative visits
	9–21 May 2007 France	Marketing tour
A/Prof William McGaw Pro Vice-Chancellor (International)	22–23 May 2007 Hong Kong	The Scholar Ship Consortium of Academic Governing Council Meeting
	24–25 May 2007 Canada	Partner meetings on student mobility programs, study abroad and exchange

	27 May–1 Jun 2007 USA	Annual NAFSA conference	Mr Russ Alexander Manager, Global Innovations	5–15 Mar 2007 USA	Marketing tour
	5 May 2007 France	Meeting with Normandy Business School on collaborative agreement	Ms Nefertitti Saheed Marketing Communications Officer	11–28 Nov 2007 India	Marketing tour
	8 Jun 2007 UK	Meeting with University of the Arts London on institutional cooperation	Mr Baris Satar Manager, Marketing and Recruitment	22 Nov–4 Dec 2007 Turkey	Attendance at education exhibitions
	11–16 Sep 2007 Norway	EAIE Annual Conference		6–21 Sep 2007 India	Participation in education exhibitions
	22 Oct–5 Nov 2007 USA	Partner meetings on study abroad, exchange and scholarship arrangements		4–14 Mar 2007 India	International Development Program roadshow
	18–19 Oct 2007 Hong Kong	The Scholar Ship Academic Governing Council Meeting		8–29 Apr 2007 Turkey, India	Attended education exhibitions
	20 Dec 2007 Hong Kong	Meeting with MGSM Hong Kong on international strategy	Ms Kate Smart Manager, Macabroad	22 Feb–7 Mar 2007 Mexico	Marketing tour
	21 Dec 2007 Hong Kong	Meeting with Community College of City University of Hong Kong on transnational program partnership		3–21 Nov 2007 Canada, USA	Marketing tour
	21 Dec 2007 Hong Kong	Meeting on international student recruitment for International Development Program	Ms Fernanda Soto Recruitment Assistant	24 Aug–17 Sep 2007 Brazil, Chile, Peru	Marketing tour
Mr Truong Duy Nguyen Deputy Director IRD	19 Mar–11 Apr 2007 Vietnam	Marketing tour	Ms Claudia Steiner Outbound Program Manager	21 Nov–1 Dec 2007 Korea, China	Partner visits
Ms Maritza Padilla Global Programs Coordinator (Dual Degrees)	8 Feb–2 Mar 2007 Mexico	Dual Degree/Study Abroad recruitment fair		8–15 Mar 2007 Singapore, Thailand	Partner visits
	5–26 Sep 2007 Mexico	Roadshow	Ms Alison Taylor Executive Director, International Programs	29 Jul–9 Aug 2007 India	Marketing tour
	14–29 May 2007 Columbia, Mexico	Attended Australia Fair in Mexico, Partner Visits in Columbia and Mexico	Ms Ilaria Teuffer International Student Scholarship Officer	12–16 Jul 2007 Vietnam	Marketing tour
Ms Alexandra Peade Education Abroad Advisor	14–28 Oct 2007 USA	Marketing tour	Ms Ai Terada Student Services Coordinator	25 May–7 Jun 2007 Japan	Marketing tour
Ms Heidi Plucknett Regional Recruitment Coordinator	7–18 Sep 2007 Norway, Denmark	Marketing tour			
	11 May–6 Jun 2007 Germany	Marketing tour			
	3–20 Mar 2007 South America	Marketing tour			
	1–28 Nov 2007 Sweden, Germany	Marketing tour			
Ms Rose Rijadi Admissions Coordinator	8–20 Nov 2007 Thailand, Vietnam	Marketing tour			
	10–20 Aug 2007 Malaysia	Marketing tour			
Ms Eeva Routio Senior Recruitment Officer	27 Jul–7 Aug 2007 Taiwan	Marketing tour			
	2–24 Sep 2007 Norway, Sweden, Finland	Marketing tour			
	18 Mar–10 Apr 2007 France, Finland, Denmark, Sweden, Norway	Marketing tour			

The Operating Result for 2007 for Macquarie University and its subsidiaries was a surplus of \$54.6 million.

Financial Performance



Statements in this Chapter are unaudited

The Operating Result for 2007 for Macquarie University and its subsidiaries was a surplus of \$54.6M.

The surplus for the consolidated University represented 11.8% of revenue. There are several factors underlying this result which are of note.

- The University committed \$22.4M towards its Capital Management Plan in 2007. These funds contribute to the operating result however payments made against these funds have been capitalized, not expensed.
- Additionally the University is holding \$13.0M in unspent Australian Government Financial Assistance grants at 31 December 2007. These funds contribute to the operating result in 2007 and are available for expenditure on Government earmarked projects in 2008.
- In compliance with Australian Accounting Standards the proceeds from the liquidation of Macquarie University Union Limited and Macquarie University Sport and Recreation Incorporation totalling \$15.5M were treated as revenue to the University in 2007 and are non-recurring.

- The University has committed to Capital expenditure of \$177.4M over the course of 2008-9. This includes expenditure of \$77.4M for a new University library, \$42.0M for the acquisition and fit-out of the Australian Film and Television School and \$12.0M for the fit-out of the Macquarie University Clinic Building.

State Superannuation Schemes

Both expenses and income are distorted by an unusual item for deferred income and deferred expense of (\$23.6M) [(\$38.5M) in 2006]. This relates to actuarially assessed changes in the liability of State Superannuation Schemes for University employees. These transactions have no effect on the operating result for 2007.

The unfunded liability of these schemes was \$121.3M at 31 December 2007 [\$144.9M in 2006]. This is matched by an asset based on future funding expected from the Commonwealth Government.

Returns on University investments

	Actual Returns 2007	Benchmark 2007	Actual Returns 2006	Benchmark 2006
Cash and cash equivalent	6.01%	6.55%	5.79%	6.55%
Australian equities	14.47%	16.22%	19.52%	24.51%
International equities	(14.23)%	6.60%	27.99%	17.74%
Debt securities	10.63%	3.21%	3.84%	3.16%
Property	(8.99)%	(8.36)%	29.32%	34.05%

Note 1. Returns excluded realised gain/loss of investments disposed during the year.

Note 2. Benchmarks:

Cash and cash equivalent: UBS Australia Bank Bill Index

Australian equities: ASX 300 Accumulation Index

International equities: MSCI World Index (ex Australia) in A\$ (unhedged)

Debt securities: UBSWA Composite Bond Index (all maturity)

Properties: ASX Property Accumulation Index

Consolidated income analysis

Excluding deferred income for the State Superannuation Schemes, Income totaled \$463.0M an increase of 11.4%. This increase has been driven by a number of factors.

- Income from Australian Government Grants increased by \$4.0M.
- Income from HECS-HELP (both Government and Student Payments) increased by \$5.0M driven by the implementation of the 25% increase approved by the Council for students enrolling for the first time in 2007.
- Income from Fee-Help has increased by \$2.1M. This resulted from an increase in the take-up rate by Domestic Fee-Paying students.
- State and Local Government Financial Assistance has increased by \$2.5M, arising primarily from the Department of State and Regional Development.
- Income from Fees and Charges has increased by \$10.5M resulting from an increase of \$8.3M in Fee-Paying Overseas student fees.
- Income from Consultancy and Contracts has increased by \$3.4M. This resulted from an increase in Contract work undertaken by the University's controlled entities.
- Income from Other Revenue has increased by \$18.8M of which \$3.9M was from the sale of fixed assets and \$15.5M was the proceeds of liquidation as noted above.

Consolidated expense analysis

After excluding the State Superannuation Scheme item, Expenses totaled \$408.4M, an increase of 2.1%. This increase has occurred over several expense categories.

- Academic and General Staff salaries and related costs increased by \$2.6M.
- Depreciation and Amortisation increased by \$0.9M.
- Repairs and maintenance increased by \$1.3M as a result of remedial work performed on the University's laboratories and lecture theatres.
- Other expenses increased by \$3.7M, however this masked savings in advertising, marketing and promotional expenses (\$1.6M); printing, photocopying and stationery (\$0.7M); rental, hire and other leasing fees (\$0.2M); travel and related staff development (\$1.2M); and contractors and consultants (\$6.5M).

Consolidated balance sheet

Net Assets increased from 2006 to 2007 by \$184.0M with Total Assets increasing by \$157.4M and Total Liabilities decreasing by \$26.6M.

Risk analysis

The following ratios are provided in respect of the financial risk assessment of the University at 31 December 2007.

Indicator	Result	Risk
Revenue growth	11.4%	Low
Proportion of Revenue from Australian Government Grants	26.2%	Low
Growth in Australian Government Funding from 2006	3.4%	High
Proportion of Revenue from overseas student fees	25.9%	High
Growth in Revenue from overseas student fees from 2006	7.5%	Low
Consecutive Deficits recorded	0	Low
No of weeks income cash and investments is equivalent to	33.0	Low
Current Ratio	1.8	Low
Adjusted Current Ratio ¹	2.1	Low
Borrowings to Equity Ratio	0.01	Low

¹ From 2006 a change in reporting of long service leave liabilities for employees was introduced. The current liability of long service leave entitlements has been determined as all leave that was unconditional as at 31 December 2007. The University expects that \$19.8M of this current liability will be settled after 12 months and the Adjusted Current Ratio reflects this.

University financial performance

The following summary of financial performance against Budget for 2007 is provided.

Income Statement

Indicator	2007 Budget \$'000	2007 Actual \$'000
Revenue from continuing operations	444,286	463,016
Deferred Government superannuation contributions	0	(23,566)
Total revenue from continuing operations	444,286	439,450
Expenses from continuing operations	427,369	408,366
Deferred Government superannuation contributions	0	(23,566)
Total expenses from continuing operations	427,369	384,800
Operating result for the period	16,917	54,650

Balance Sheet

Indicator	2007 Budget \$'000	2007 Actual \$'000
Current assets	204,922	243,021
Non-current assets	1,115,235	1,143,920
Total assets	1,320,157	1,386,941
Current liabilities	158,373	132,993
Non-current liabilities	168,918	121,700
Total liabilities	327,291	254,693
Net assets	990,859	1,132,248

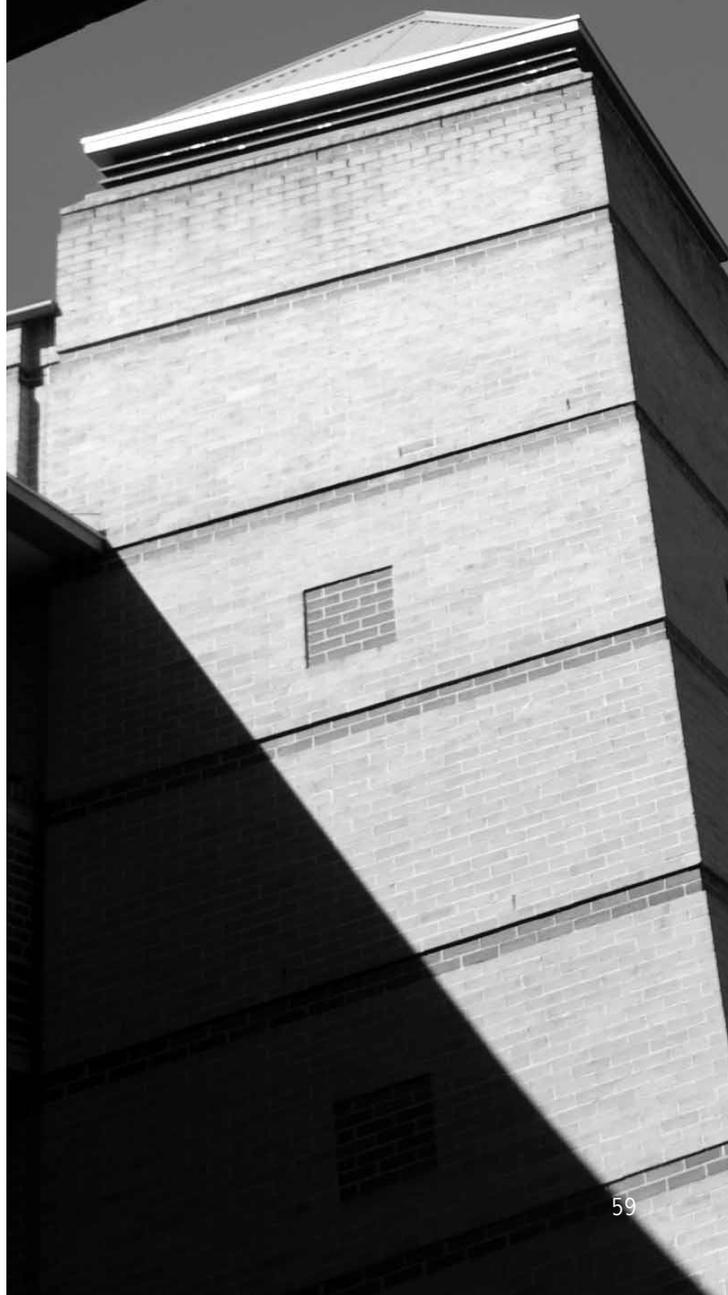
Cash Flow Statement

Indicator	2007 Budget \$'000	2007 Actual \$'000
Net cash provided by operating activities	53,022	73,982
Net cash used in investing activities	(34,026)	(12,025)
Net cash provided by financing activities	(613)	9,379
Net increase in cash and cash equivalents	18,383	71,336

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Financial Statements







GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Macquarie University and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Macquarie University (the University), and the University and controlled entities (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the University and the consolidated entity as of 31 December 2007, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005
- complies with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period', issued by the Australian Government Department of Education, Employment and Workplace Relations, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

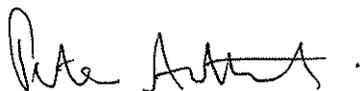
My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

SYDNEY
18 April 2008

Statement of Appointed Officers

In accordance with a resolution of the Council of Macquarie University, and pursuant to section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, we state that to the best of our knowledge and belief:

1. the financial statements present a true and fair view of the financial position of the University at 31 December 2007 and the results of its operations and transactions of the University for the year then ended
2. the financial statements have been prepared in accordance with the provisions of the New South Wales *Public Finance and Audit Act 1983* and the Financial Statement Guidelines for Australian Higher Education Providers for the 2007 Reporting Period issued by the Australian Government (Department of Education, Employment and Workplace Relations).
3. the financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative announcements of the Australian Accounting Standards Board and other mandatory professional requirements
4. we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate
5. there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due
6. the amount of Australian government financial assistance expended during the reporting period was for the purposes for which it was intended and Macquarie University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.



Professor S Schwartz
Vice-Chancellor



E A Crouch
Chair Audit and Risk Committee



Dr M G Irving
Chair Finance and Facilities Committee

17 April 2008

Macquarie University
Income statement

For the year ended 31 December 2007

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	121,439	117,432	121,439	117,432
HECS-HELP – Australian					
Government payments	2	42,579	36,849	42,579	36,849
FEE-HELP	2	15,643	13,496	15,643	13,496
State and local Government financial assistance	3	4,935	2,405	4,935	2,405
HECS-HELP – Student Payments		13,607	14,331	13,607	14,331
Fees and charges	4	199,050	188,462	188,010	172,968
Investment income	5	19,089	18,268	18,299	17,864
Royalties, trademarks and licences	6	509	476	569	476
Consultancy and contracts	7	13,997	10,556	9,270	10,450
Other Revenue	8	32,168	13,376	9,226	10,964
Total revenue from continuing operations before deferred					
Government superannuation contributions		463,016	415,651	423,577	397,235
Deferred Government					
Superannuation Contributions	9	(23,566)	(38,490)	(23,566)	(38,490)
Total revenue and income from continuing operations		439,450	377,161	400,011	358,745
Expenses from continuing operations					
Employee related expenses	9	239,355	236,720	213,361	212,992
Depreciation and amortisation	10	27,125	26,245	26,477	25,666
Repairs and maintenance	11	3,858	2,601	3,679	2,577
Finance costs	12	1,068	1,043	1,006	1,043
Impairment of assets	13	225	319	25	101
Other expenses	14	136,735	132,999	141,078	139,660
Total expenses from continuing operations before deferred					
employee benefits for superannuation		408,366	399,927	385,626	382,039
Deferred Employee Benefits for					
Superannuation	9	(23,566)	(38,490)	(23,566)	(38,490)
Total expenses from continuing operations		384,800	361,437	362,060	343,549
Operating result from continuing operations		54,650	15,724	37,951	15,196
Operating result attributable to members of					
Macquarie University	26(b)	54,650	15,724	37,951	15,196

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

Macquarie University
Balance sheet
As at 31 December 2007

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	120,514	49,437	91,970	43,157
Receivables	16	43,444	40,022	42,573	43,586
Inventories	17	618	502	135	426
Other financial assets	18	69,156	84,292	69,156	82,783
Other non-financial assets	21	9,289	5,423	8,937	5,046
Total current assets		243,021	179,676	212,771	174,998
Non-current assets					
Receivables	16	100,046	122,393	100,046	122,393
Other financial assets	18	104,415	119,251	118,225	119,240
Property, plant and equipment	19	938,288	807,041	923,884	804,852
Intangible assets	20	1,171	1,185	1,171	1,185
Total non-current assets		1,143,920	1,049,870	1,143,326	1,047,670
Total assets		1,386,941	1,229,546	1,356,097	1,222,668
LIABILITIES					
Current liabilities					
Trade and other payables	22	37,983	33,563	29,398	35,364
Borrowings	23	732	683	732	683
Provisions	24	63,847	67,134	62,322	66,012
Other liabilities	25	30,431	33,782	29,237	32,768
Total current liabilities		132,993	135,162	121,689	134,827
Non-current liabilities					
Borrowings	23	13,111	13,961	13,111	13,837
Provisions	24	108,589	132,195	107,828	131,687
Other liabilities	25	–	–	14,000	–
Total non-current liabilities		121,700	146,156	134,939	145,524
Total liabilities		254,693	281,318	256,628	280,351
Net assets		1,132,248	948,228	1,099,469	942,317
EQUITY					
Parent entity interest					
Reserves	26(a)	397,128	277,927	397,128	277,927
Retained surplus	26(b)	725,120	670,301	702,341	664,390
Parent entity interest		1,122,248	948,228	1,099,469	942,317
Minority interest	26(d)	10,000	–	–	–
Total equity		1,132,248	948,228	1,099,469	942,317

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

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

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Total equity at the beginning of the year		948,228	917,691	942,317	914,789
Gain on revaluation of property, plant and equipment	26(a)	118,700	(466)	118,700	(466)
Available for sale financial assets, net of tax	26(a)	501	12,798	501	12,798
Adjustment to consolidated retained surplus		169	2,481	–	–
Net income recognised directly in equity		119,370	14,813	119,201	12,332
Operating result for the period		54,650	15,724	37,951	15,196
Total recognised income and expense for the period		174,020	30,537	157,152	27,528
Minority interest		10,000	–	–	–
Total equity at the end of the year		1,132,248	948,228	1,099,469	942,317
Total recognised income and expense for the year is attributable to:					
Members of Macquarie University		174,020	30,537	157,152	27,528

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

Macquarie University
Cash flow statement

For the year ended 31 December 2007

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Australian Government Grants received	2(g)	172,705	164,067	172,705	164,067
State Government Grants received		4,935	2,405	4,935	2,405
HECS-HELP – Student payments		14,110	12,715	14,110	12,715
Receipts from student fees and other customers		259,850	225,875	218,304	208,442
Dividends received		2,386	2,897	2,386	2,897
Interest received		17,058	15,307	16,268	14,903
Payments to suppliers and employees (inclusive of goods and services tax)		(396,039)	(380,834)	(377,781)	(365,883)
Interest and other costs of finance paid		(1,023)	(1,043)	(1,005)	(1,043)
Net cash provided by/ (used in) operating activities	33	<u>73,982</u>	<u>41,389</u>	<u>49,922</u>	<u>38,503</u>
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		2,945	933	2,805	629
Payments for property, plant and equipment		(44,817)	(36,027)	(31,790)	(34,847)
Proceeds from sale of financial assets		32,589	–	31,249	–
Payments for financial assets		(2,696)	(68,541)	(2,696)	(68,541)
Payments for other financial assets		(7)	(4,906)	–	(4,774)
Disposal of subsidiary, net of cash disposed		(39)	–	–	–
Net cash provided by/ (used in) investing activities		<u>(12,025)</u>	<u>(108,541)</u>	<u>(432)</u>	<u>(107,533)</u>
Cash flows from financing activities					
Proceeds from borrowings		56	–	–	–
Proceed of issue of units in trust		10,000	–	–	–
Repayment of borrowings		(677)	(629)	(677)	(629)
Net cash provided by/ (used in) financing activities		<u>9,379</u>	<u>(629)</u>	<u>(677)</u>	<u>(629)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>71,336</u>	<u>(67,781)</u>	<u>48,813</u>	<u>(69,659)</u>
Cash and cash equivalents at the beginning of the financial year		49,437	117,218	43,157	112,816
Adjustment to beginning cash and cash equivalents		(259)	–	–	–
Cash and cash equivalents at the end of the financial year	15(a)	<u>120,514</u>	<u>49,437</u>	<u>91,970</u>	<u>43,157</u>
Financing arrangements	23				

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

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Macquarie University as an individual entity and the consolidated entity consisting of Macquarie University and its subsidiaries.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, the requirements of the Department of Education, Employment and Workplace Relations (DEEWR) and other State/Australian Government legislative requirements. This consolidated financial report for the year ended 31 December 2007 has been authorised for issue by the Macquarie University Council on 17 April 2008.

Compliance with IFRSs

The financial statements and notes of Macquarie University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with 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.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Macquarie University accounting policies. In preparing the financial statements, the University did not make any significant assumptions or estimates.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Macquarie University ("*parent entity*") as at 31 December 2007 and the results of all subsidiaries for the year then ended. Macquarie University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

A list of the subsidiaries appears in note 31.

(ii) Joint ventures

Joint venture operations

The proportionate interests in the assets, liabilities and expenses of the joint venture operations were not considered material and have not been incorporated in the financial report. Details of the joint venture are set out in note 32.

Note 1. Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions during the period have been converted to Australian currency at the rate applicable at the dates of the transactions, with exchange rate fluctuations being recorded in the Income Statement. The balances of foreign currency accounts at balance date are included with Cash at Bank figures in the Balance Sheet, converted at the rates applicable at year end.

(d) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Government grants

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

(ii) Student fees and charges

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

(iii) Human resources

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

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

(iv) Lease income

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

(e) Goods and services tax

Revenues, 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

Net amount of GST recoverable from, or payable to, ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

Note 1. Summary of significant accounting policies (continued)

(f) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets 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.

(g) Leases

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

(h) Leased non-current assets

The University leases some of its land to commercial organisations. No depreciation has been applied to this land owned by the University. The legal ownership and the benefits and the risks of the ownership rest with the University as lessor.

At the end of the lease period, buildings constructed on the various sites will revert to University ownership without payment of consideration to the lessee. These assets have not been recognised in the financial report due to uncertainties regarding the current value of the future benefits that may arise.

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

Leases of property, plant and equipment where the Group has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease are depreciated over the shorter of the asset's useful life and the lease term.

(i) Impairment of assets

Assets that have indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events/changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and value in use.

(j) 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Note 1. Summary of significant accounting policies (continued)

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment of debts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group may not be able to collect all amounts due according to the original terms of receivables.

Trade receivables generally settled within 29 days are carried at amount due. A provision for impairment of debts has been created based on a review of all outstanding amounts at 31 December 2007. Bad debts are written off in the period in which they are identified.

(l) Inventories

Printery and publications stocks held for resale are valued at the lower of cost and current replacement cost.

(m) Investments and other financial assets

Funds are invested using guidelines established by the University Council. In 1996, the University applied for and was granted wide investment powers under part 4 of Schedule 4 of the "Public Authorities (Financial Arrangements) Act 1987". Using these powers in 1997 the University implemented a strategy to diversify its investment portfolio between Current and Non-current Investments. Current investments are reported at market value and Non-current Investments are reported at fair value (refer to note 18).

For further information reference should be made to the following notes:

Other financial assets at fair value through profit or loss	note 18
Available-for-sale financial assets	note 18
Held to maturity investments	note 18
Other financial assets	note 18
Reserves and retained surplus	note 26

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) *Held-to-maturity investments*

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

Note 1. Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

(iv) Available-for-sale financial assets

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

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

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

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

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

(n) Property, plant and equipment

Acquisition and additions of non-current assets are capitalised if the value is more than \$5,000. These additions are recorded at cost, until the next independent valuation is undertaken.

Land and Buildings are measured on the fair value basis. Fair value is determined on the basis of an independent valuation prepared by external experts and will be assessed annually. The fair values are recognised in the financial statements of the consolidated entity, and are reviewed at the end of the reporting periods to ensure that the carrying values of land and buildings are not materially different from their value.

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. 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 will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Gains and losses on disposals are recorded on a net basis in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Note 1. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Land, Building and Infrastructure was revalued as at 30 November 2007. The valuation was provided by Graham Scrymgeour AAPI, Registered Valuer No. 1578 of Global Valuations Services Pty Ltd.

The carrying value of other 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.

Works of arts are valued at fair value and are revalued every five years. Fair value has been assessed on the basis of market value for existing use. The works of art were valued in March 2007 by Mr W Caruana for the indigenous works, and by Ms S Downer and Ms S Hewitt for the non-indigenous works, including works in the University's Sculpture Park. The valuers are approved valuers under the Australian Government Cultural Gifts Program.

The Library General Collection is recorded at fair value on the basis of depreciated replacement value.

The Library Special Collection was revalued as at 31 December 2004. The valuation was provided by Mr. S Taaffe, an approved valuer under the Australian Government, Cultural Gifts Program.

Repairs and Maintenance are charged to income statement during the financial period in which they are incurred.

(p) Depreciation

Property, plant & equipment are depreciated only when they are completed and ready for use. Depreciation is calculated on a straight line basis to expense the net cost or fair value of each item of property, plant and equipment over its expected useful life. Land is not depreciated.

The applicable rates are:

	% p.a.
Buildings	from 1.72 to 33.3
Infrastructure	from 3.45 to 4.55
Assets under construction	Nil
Plant and Equipment	
Computing Equipment	30.0
Others	10.0
Motor Vehicles	15.0
Library Collection	
General	20.0
Special	Nil
Works of Art & Museum Collections	Nil

The asset's residual values and useful lives are reviewed and adjusted if appropriate, annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1. Summary of significant accounting policies (continued)

(q) Intangibles assets

Research and development

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

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

(r) Student Activity Fees

During 2007 the University did not collect amounts for the student associations. During 2006, the University collected \$3.64 million from enrolling students on behalf of student associations. This amount was remitted to the student associations during that year.

(s) Trade and other payables

Trade accounts payable are recognised when the University becomes obliged to make future payments as a result of purchases. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred (except where they are included in the costs of qualifying assets). Borrowing costs relates to loans, which are recorded at face value. Interest is expensed as it accrues.

(u) Significant revenues and expenses

Significant revenues and expenses are transactions that are considered significant by reason of their size, nature, or effect on university's income statements for the year. The financial impacts of these transactions are included within revenues and expenses from ordinary activities. There were no significant revenues or expenses during the year ending 31 December 2007.

(v) Comparative figures

Where the presentation or reclassification of items in the financial report is amended, comparable amounts shall be reclassified unless reclassification is impracticable. When comparable amounts are reclassified, the University shall disclose:

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification.

When it is impracticable to reclassify comparative amounts, the University shall disclose:

- (a) the reason for not reclassifying the amounts; and
- (b) the nature of the adjustments that would have been made, if the amounts had been reclassified.

Note 1. Summary of significant accounting policies (continued)

(w) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(x) Income Tax Exemption

Macquarie University and its controlled entities with the exception of LAMS International Pty Ltd has received an endorsement by the Australian Taxation Office to access the income tax exemption from 1st July 2000 under Subdivision 50-B of the Income Tax Assessment Act 1997. LAMS International Pty Ltd has no income tax liability as at 31 December 2007.

(y) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices as reported by the fund manager.

The fair value of financial instruments that are not traded in an active market (for example, shares in unlisted entities) is determined on a cost basis or net asset basis.

(z) Borrowings

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

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

(aa) Government grants

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

Note 1. Summary of significant accounting policies (continued)

(ab) Employee benefits

Provisions have been made for employee entitlements in respect of salaries and wages, annual leave, long service leave, and superannuation where applicable. The balance of these provisions at 31 December has been categorised for Balance Sheet purposes as either current liabilities or non-current liabilities. Employee benefits for untaken annual leave are accrued using the nominal method at expected pay rates including appropriate salary on costs. Employee benefits for long service leave have been recognised according to an actuarial assessment performed in accordance with AASB 119 "Employee Benefits".

During the 2007 financial year, Macquarie University contributed to the following superannuation funds on behalf of its employees:

Unisuper, which contains a defined benefit plan and an accumulated plan
The State Superannuation Scheme (SSS), which is a defined benefit plan
The State Authorities Superannuation Scheme (SASS), which is a defined benefit plan
The State Authorities Non-Contributory Superannuation Scheme (SANCS), which is a defined benefit plan
The Macquarie University Professorial Superannuation Scheme, which is a defined benefit plan
All University employees, including casuals, receive superannuation benefits equal to or exceeding the Superannuation Guarantee Levy.

(i) Wages and salaries, annual leave and sick leave

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

(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 reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside profit or loss directly in the statement of changes in equity.

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

Contributions to the defined contribution fund 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

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

Note 1. Summary of significant accounting policies (continued)

(ac) Unfunded superannuation

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

The unfunded liabilities are recorded in the Balance sheet under Provisions as included in note 24.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Balance Sheet under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University and its controlled entities.

(ad) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars.

(ae) New Australian Accounting Standards issued but not effective

(i) The University did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 8 – Operating Segments
- Revised AASB 101 – Presentation of Financial Statements
- Revised AASB 123 – Borrowing Costs
- AASB 1004 – Contributions
- AASB 1049 – Financial Reporting of General Government Sectors by Governments (1 July 2008)
- AASB 1051 – Land Under Roads – Transitional arrangements
- AASB 1050 – Administered Items
- AASB 1052 – Disaggregated disclosures
- New Standard – Omnibus of amendments to a range of Standards incorporating Material from ED 156

The University has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

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

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Commonwealth Grants Scheme and Other Grants	35.1				
Commonwealth Grants Scheme [#]		68,408	62,468	68,408	62,468
Indigenous Support Fund		613	513	613	513
Equity Support Programme		72	289	72	289
Disability Support Programme		247	–	247	–
Workplace Reform Programme		1,141	1,096	1,141	1,096
Learning & Teaching Performance Fund		2,994	–	2,994	–
Collaboration & Structural Reform Programme		80	43	80	43
Total Commonwealth Grants Scheme and Other Grants		73,555	64,409	73,555	64,409
(b) Higher Education Loan Programmes	35.2				
HECS-HELP		42,579	36,849	42,579	36,849
FEE-HELP		15,643	13,496	15,643	13,496
Total Higher Education Loan Programmes		58,222	50,345	58,222	50,345
(c) Scholarships	35.3				
Australian Postgraduate Awards		1,733	1,660	1,733	1,660
International Postgraduate Research Scholarship		250	381	250	381
Commonwealth Education Cost Scholarships		538	389	538	389
Commonwealth Accommodation Scholarships		602	466	602	466
Total Scholarships		3,123	2,896	3,123	2,896
(d) DEEWR – Research	35.4				
Institutional Grants Scheme		5,749	5,652	5,749	5,652
Research Training Scheme		11,126	11,482	11,126	11,482
Systemic Infrastructure Initiative		–	5,036	–	5,036
Research Infrastructure Block Grants		3,304	3,017	3,304	3,017
Implementation Assistance Programme		67	–	67	–
Australian Scheme for Higher Education Repositories		127	–	127	–
Commercialisation Training Scheme		100	–	100	–
Total DEEWR – Research Grants		20,473	25,187	20,473	25,187
(e) Australian Research Council	35.5				
(i) Discovery	35.5(a)				
Project		8,589	9,098	8,589	9,098
Fellowships		33	1,774	33	1,774
Total Discovery		8,622	10,872	8,622	10,872
(ii) Linkages	35.5(b)				
Special Research Initiatives		–	58	–	58
Infrastructure		1,265	650	1,265	650
International		39	181	39	181
Projects		2,247	1,930	2,247	1,930
Total Linkages		3,551	2,819	3,551	2,819
(iii) Networks and Centres	35.5(c)				
Research networks		1,369	1,342	1,369	1,342
Centres		827	811	827	811
Total Networks and Centres		2,196	2,153	2,196	2,153

[#] Includes the basic CGS grant amount, CGS – Regional Loading and CGS – Enabling Loading and HEFA Transition Fund.

Note 2. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes (continued)

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(f) Other Australian Government financial assistance					
Australian Institute of Torres Straight Indigenous Studies		25	–	25	–
Department of Communication and the Arts		38	38	38	38
Defence Science and Technology Organisation		233	191	233	191
Department of Employment and Workplace Relations		14	176	14	176
Department of Environment and Heritage		1,265	875	1,265	875
Department of Education, Employment and Workplace Relations		4,301	3,800	4,301	3,800
Department of Family and Community Services		118	116	118	116
Department of Immigration and Multicultural Affairs		2,407	2,917	2,407	2,917
Commonwealth Scientific and Industrial Research Organisation		25	–	25	–
National Health and Medical Research Council		1,288	973	1,288	973
Australian Federal Police		47	–	47	–
Australian Public Service Commissioner		32	10	32	10
Department of Prime Minister and Cabinet		67	–	67	–
Others		59	–	59	–
Total other Australian Government financial assistance		9,919	9,096	9,919	9,096
Total Australian Government financial assistance		179,661	167,777	179,661	167,777
Reconciliation					
Australian Government grants [a + c + d + e + f]		121,439	117,432	121,439	117,432
HECS-HELP – Australian Government payments		42,579	36,849	42,579	36,849
Other Australian Government loan programmes [FEE-HELP]		15,643	13,496	15,643	13,496
Total Australian Government financial assistance		179,661	167,777	179,661	167,777
(g) Australian Government Grants received – cash basis					
		Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
CGS and Other DEEWR Grants		73,035	65,822	73,035	65,822
Higher Education Loan Programmes		51,913	46,389	51,913	46,389
Scholarships		3,206	2,835	3,206	2,835
DEEWR research		20,473	25,187	20,473	25,187
ARC grants - Discovery		8,622	10,869	8,622	10,869
ARC grants - Linkages		3,551	2,819	3,551	2,819
ARC grants – Networks and Centres		2,196	2,153	2,196	2,153
Other Australian Government Grants		9,709	7,993	9,709	7,993
Total Australian Government Grants received – cash basis		172,705	164,067	172,705	164,067
OS-Help (Net)		(163)	21	(163)	21
Total Australian Government funding received – cash basis		172,542	164,088	172,542	164,088

Note 3. State and local Government financial assistance

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Catchment Management Authorities	194	228	194	228
Department of Community Services	683	616	683	616
Department of Education and Training	628	801	628	801
Department of State and Regional Development	2,588	350	2,588	350
Department of Health	90	41	90	41
Minister for Science and Medical Research	151	100	151	100
Department of Environment and Climate Change	190	–	190	–
Department of Environment	148	–	148	–
Victorian Police	162	–	162	–
Others	101	269	101	269
Total State and Local Government financial assistance	4,935	2,405	4,935	2,405

Note 4. Fees and charges

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Course fees and charges				
Fee-paying overseas students	119,779	111,432	117,425	111,432
Continuing education	697	7,107	697	671
Fee-paying domestic postgraduate students	14,854	16,126	15,618	15,127
Fee-paying domestic undergraduate students	1,644	960	1,644	960
Fee-paying domestic non-award students	14,700	8,929	8,799	8,929
English language programs	8,486	7,000	8,486	7,000
Income from SIBT	14,910	12,983	14,910	12,983
Total course fees and charges	175,070	164,537	167,579	157,102
Other non-course fees and charges				
Late fees	736	209	736	209
Library fines	242	246	242	246
Parking fees	3,176	2,974	3,176	2,974
Rental charges	5,153	5,038	3,629	4,217
Student accommodation	5,052	5,026	5,052	5,026
Amenities and service fees	5,673	2,962	5,612	2,903
Other fees and charges	3,948	7,470	1,984	291
Total other fees and charges	23,980	23,925	20,431	15,866
Total fees and charges	199,050	188,462	188,010	172,968

Note 5. Investment income

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Dividends	2,386	2,897	2,386	2,897
Interest Income:				
National Australia Bank	1,438	790	648	406
NSW Treasury Corporation (T-Corp)	3,609	1,315	3,609	1,315
UBS	4,733	5,498	4,733	5,498
Distribution from unit trust				
MLC NCIT	2,230	2,810	2,230	2,810
UBS	2,144	1,045	2,144	1,045
Others	2,549	3,913	2,549	3,893
Total investment income	19,089	18,268	18,299	17,864

Note 6. Royalties, trademarks and licences

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Royalties	461	367	521	367
Licenses	–	29	–	29
Copyright	48	80	48	80
Total royalties, trademarks and licences	509	476	569	476

Note 7. Consultancy and contracts

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Consultancy	13,997	10,556	9,270	10,450
Total consultancy and contracts	13,997	10,556	9,270	10,450

Note 8. Other revenue and income

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Donations and bequests		922	923	702	923
Scholarships and prizes		437	251	437	251
Net gain on disposal of property, plant & equipment		65	140	–	–
Net gain on sale of available-for-sale financial asset	18	1,439	–	1,439	–
Photocopy income		560	578	557	575
Recoveries		487	293	487	293
Publication sales		1,339	1,489	1,339	1,489
Printery income		172	195	172	195
Rebates		60	60	60	60
Food sales and hotel revenue		–	1,839	–	–
Distributions from former student bodies		15,515	–	–	–
Others		11,172	7,608	4,033	7,178
Total other revenue		32,168	13,376	9,226	10,964

Note 9. Employee related expenses

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Academic				
Salaries	102,208	96,883	97,357	90,508
Contribution to superannuation and pension schemes:				
Emerging cost	1,900	1,978	1,900	1,978
Funded	10,597	10,887	10,072	10,247
Payroll tax	7,320	6,905	6,999	6,494
Worker's compensation	514	1,457	438	1,357
Long service leave expense	1,997	4,171	2,127	4,115
Annual leave	(188)	1,619	(220)	1,609
Total academic	124,348	123,900	118,673	116,308
Non-academic				
Salaries	92,478	89,655	75,799	76,169
Contribution to superannuation and pension schemes:				
Emerging cost	1,824	1,664	1,479	1,664
Funded	9,043	9,935	7,842	8,624
Payroll tax	6,325	6,344	5,449	5,465
Worker's compensation	582	1,241	341	1,142
Long service leave expense	3,816	3,169	3,861	3,044
Annual leave	293	659	(83)	576
Other	646	153	–	–
Total non-academic	115,007	112,820	94,688	96,684
Total employee related expenses	239,355	236,720	213,361	212,992
Deferred government employee benefits for superannuation	(23,566)	(38,490)	(23,566)	(38,490)
Total employee related expenses, including deferred government employee benefits for superannuation	215,789	198,230	189,795	174,502

Note 10. Depreciation and amortisation

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Depreciation					
Buildings		12,258	11,468	12,258	11,468
Infrastructure		2,950	2,898	2,950	2,898
Plant and equipment		6,315	6,459	5,667	5,880
Motor vehicle		343	373	343	373
Library Collection – General		5,259	5,047	5,259	5,047
Total depreciation	33	27,125	26,245	26,477	25,666
Amortisation					
Patent		–	–	–	–
Total amortisation		–	–	–	–
Total depreciation and amortisation		27,125	26,245	26,477	25,666

Note 11. Repairs and maintenance

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Buildings	3,822	2,559	3,657	2,541
Infrastructure	22	36	22	36
Others	14	6	–	–
Total repairs and maintenance	3,858	2,601	3,679	2,577

Note 12. Finance costs

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Loan from NAB for Culloden Road student housing	1,068	1,043	1,006	1,043
Total finance costs expensed	1,068	1,043	1,006	1,043

Note 13. Impairment of assets

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Impairment of assets	225	319	25	101
Total impairment of assets	225	319	25	101

Note 14. Other expenses

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Scholarships, grants and prizes	16,057	12,179	15,743	12,171
Non-capitalised equipment	3,880	3,766	3,342	3,777
Advertising, marketing and promotional expenses	3,183	4,801	2,024	2,612
Audit fees, bank charges, legal costs, insurance and taxes	6,667	5,980	5,984	5,726
General consumables/Materials	12,481	10,822	10,407	10,337
Printing, photocopying and stationery	2,487	3,147	1,698	2,465
Postage	717	877	716	882
Security charges	1,772	1,593	1,675	1,593
Utility expenses	3,543	3,191	3,210	3,164
Rental, hire and other leasing fees	10,041	10,205	7,555	8,833
Telecommunications	2,277	1,949	2,047	1,725
Travel and related staff development and training	13,435	14,603	12,387	13,096
Contractors/Consultants	28,874	35,404	47,088	52,255
Maintenance contracts	7,063	3,581	3,944	3,617
Subscriptions	4,363	3,921	4,310	3,863
Proceed from assets sold and/or written off:				
Property, plant and equipment	(2,347)	(461)	(2,805)	(629)
Other expenses:				
Food and Beverages purchase	–	1,511	–	–
Others	22,242	15,930	21,753	14,173
Total other expenses	136,735	132,999	141,078	139,660

Note 15. Cash and cash equivalents

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash at bank and on hand	32,586	11,381	8,360	8,235
Deposits at call	4,318	3,134	–	–
NSW T-Corp Hour Glass Investment Facility	35,823	9,795	35,823	9,795
UBS Cash Plus	47,787	25,127	47,787	25,127
Total cash and cash equivalents	120,514	49,437	91,970	43,157

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

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

Balance as above	120,514	49,437	91,970	43,157
Balance per cash flow statement	120,514	49,437	91,970	43,157

(b) Cash at bank and on hand

These are non-interest bearing.

(c) Deposits at call

The deposits are bearing floating interest rates between 5.66% and 6.04% (2006 – 5.40% and 5.75%), these deposits have an average maturity of 365 days.

Included in the cash at bank and on hand is an amount of \$211,000 (2006: \$199,000) for the purpose of meeting the objectives of the estate of the late F.J. Walsh bequest.

Note 16. Receivables

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Related parties	–	–	2,959	6,154
Student and other debtors	15,905	14,531	11,917	11,824
Less: Provision for impaired receivables	(649)	(1,008)	(476)	(992)
	<u>15,256</u>	<u>13,523</u>	<u>14,400</u>	<u>16,986</u>
Accrued income	6,895	3,986	6,880	4,087
Deferred government contribution for superannuation	21,293	22,513	21,293	22,513
Total current receivables	<u>43,444</u>	<u>40,022</u>	<u>42,573</u>	<u>43,586</u>
Non-current				
Deferred government contribution for superannuation	100,046	122,393	100,046	122,393
Total non-current receivables	<u>100,046</u>	<u>122,393</u>	<u>100,046</u>	<u>122,393</u>
Total trade and other receivables	<u>143,490</u>	<u>162,415</u>	<u>142,619</u>	<u>165,979</u>

The University fully provides for the liability arising from deferred employee entitlements payable under the State Superannuation Schemes.

The amount payable by the Commonwealth Government are in respect of:

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
State Superannuation Scheme	122,081	144,538	122,081	144,538
State Authorities Superannuation Scheme	(1,479)	(256)	(1,479)	(256)
State Authorities Non-Contributory Scheme (Basic Benefit)	737	624	737	624
Total receivable from government	<u>121,339</u>	<u>144,906</u>	<u>121,339</u>	<u>144,906</u>
Less: current deferred government receivable	(21,293)	(22,513)	(21,293)	(22,513)
Non-current deferred government contribution for superannuation	<u>100,046</u>	<u>122,393</u>	<u>100,046</u>	<u>122,393</u>

The decrease in the liability during 2007 for the State Superannuation Schemes is \$23.566 million (2006: decrease \$38.490 million). This amount has been recorded in the Income Statement as a decrease in deferred government contributions with an equivalent decrease in deferred employee benefits for superannuation.

Note 24 provide details of the provisions for deferred employee benefits.

The Commonwealth Government has a commitment to fund superannuation obligations relating to past service by University employees in the State Superannuation Schemes based on the fact that since 1987 the Commonwealth has met this commitment and at this point of time there is no reason to suggest that it will not continue to do so.

Note 17. Inventories

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Printery	82	116	60	77
Publications	75	349	75	349
Food and Beverages	119	37	–	–
Services stores	342	–	–	–
Total current inventories	618	502	135	426
Total inventories	618	502	135	426

Note 18. Other financial assets

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Available-for-sale	55,795	68,541	55,795	68,541
Held-to-maturity	13,361	15,751	13,361	14,242
Total current other financial assets	69,156	84,292	69,156	82,783
Non-current				
Available-for-sale	102,975	118,990	117,225	119,240
Held-to-maturity	1,440	261	1,000	–
Total non-current other financial assets	104,415	119,251	118,225	119,240
Total other financial assets	173,571	203,543	187,381	202,023

Changes in fair values of other financial assets are recorded in other revenue in the income statement (note 8).

BluGlass Ltd was listed on the Australian Stock Exchange during 2006. In 2007, 4.2 million shares held by Macquarie University in BluGlass Ltd came out of escrow on 12 January 2007.

As at 31 December 2007, the consolidated entity shareholding in this company is 21.083 million shares, at a value of \$10.12 million. Of this amount 17.22 million shares are in escrow until 22 September 2008.

Therefore, the consolidated entity is unable to realise these values at the reporting date.

Unrestricted Assets

When the University is granted statutory funds, these funds will be used for specific purposes as reported in note 35. However the University has the power to invest these funds in a manner to generate sufficient return on these unused funds.

Note 18. Other financial assets (continued)

Available-for-sale

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current:				
Available-for-sale:				
NSW T-Corp	23,906	19,224	23,906	19,224
UBS	31,889	49,317	31,889	49,317
 Total current available-for-sale	 <u>55,795</u>	 <u>68,541</u>	 <u>55,795</u>	 <u>68,541</u>
 Non-current:				
Market Value:				
Listed securities				
Shares	50,485	49,167	50,485	49,167
Unit trust	26,016	24,414	26,016	24,414
Debt	495	16,983	495	16,983
Property	16,248	20,635	16,248	20,635
Unlisted securities				
Shares in unlisted companies	11,367	8,732	25,617	8,982
	<u>104,611</u>	<u>119,931</u>	<u>118,861</u>	<u>120,181</u>
Less: provision for diminution of unlisted shares	<u>(1,636)</u>	<u>(941)</u>	<u>(1,636)</u>	<u>(941)</u>
Total non-current available-for-sale	<u>102,975</u>	<u>118,990</u>	<u>117,225</u>	<u>119,240</u>

Available-for-sale disposal

	Parent entity (University)	2007 \$'000		Gain/(Loss)
		Cost	Proceeds	
Shares		1,607	4,928	3,321
Debt		-	-	-
Unit trust		16,020	14,138	(1,882)
Unlisted		50	-	-
Total		<u>17,677</u>	<u>19,066</u>	<u>1,389</u>

Available-for-sale disposal

	Parent entity (University)	2006 \$'000		Gain/(Loss)
		Cost	Proceeds	
Shares		18	20	2
Debt		-	-	-
Property		-	-	-
Unlisted		446	444	(2)
Total		<u>464</u>	<u>464</u>	<u>-</u>

Note 18. Other financial assets (continued)

Available-for-sale (Non-current)

At Cost	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At beginning of year	82,773	77,304	83,023	77,555
Additions	15,857	5,933	15,857	5,932
Disposals (sale and redemption)	(31,677)	(464)	(17,677)	(464)
At end of year	<u>66,953</u>	<u>82,773</u>	<u>81,203</u>	<u>83,023</u>

Unrealised gain/(loss) of investment

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Listed securities				
Shares	22,360	24,807	22,360	24,807
Unit trust	23,691	24,291	23,691	24,291
Debt	490	15,910	490	15,910
Property	13,482	13,482	13,482	13,482
	<u>60,023</u>	<u>78,490</u>	<u>60,023</u>	<u>78,490</u>
Unlisted securities				
Shares in unlisted companies	6,930	4,283	21,180	4,533
Total at cost	<u>66,953</u>	<u>82,773</u>	<u>81,203</u>	<u>83,023</u>
Total market value	<u>102,975</u>	<u>118,990</u>	<u>117,225</u>	<u>119,240</u>
Unrealised gain/(loss) before provision for share diminution	36,022	36,217	36,022	36,217
Add: provision for share diminution	1,636	941	1,636	941
Unrealised gain/(loss) after provision for share diminution	<u>37,658</u>	<u>37,158</u>	<u>37,658</u>	<u>37,158</u>
Adjustment related to rounding	1	-	1	-
Available for Sale Reserve as disclosed in note 26	<u>37,659</u>	<u>37,158</u>	<u>37,659</u>	<u>37,158</u>
Movement of Available for Sale Reserve as disclosed in note 26	501		501	

The movement of unrealised gain/(loss) during 2007 before provision for share diminution is \$36.022 million (2006: \$36.217 million)

The market value of unquoted share investments have not been ascertained as they are not quoted on the Australian Stock Exchange. A subsidiary of the University has an interest bearing deposit served as a bank guarantee for lease payments and therefore classified as a non-current asset.

The University has committed to contribute \$379,000 towards share capital of an unquoted investment as at 31 December 2007. The University also has 10.0% interest (at zero cost) in a foreign company registered in Hong Kong as at 31 December 2007.

Note 18. Other financial assets (continued)

Held-to-maturity investments

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current:				
Intech Credit Union term deposit	1,111	1,742	1,111	1,742
Unicom Credit Union term deposit	11,000	10,000	11,000	10,000
ANZ Bank term deposit	–	2,000	–	2,000
Bank West term deposit	1,250	500	1,250	500
Other – miscellaneous	–	1,509	–	–
Total current held to maturity	13,361	15,751	13,361	14,242
Non-current				
Other term deposit	1,166	–	1,000	–
Term deposit for CBD lease from MGSM	274	261	–	–
Total non-current held to maturity	1,440	261	1,000	–

Included in the other financial assets is an amount of \$2,361,394 held by the University solely for the purposes of meeting the objectives of the Nippon Foundation and \$2,000,000 for the Numismatic Fund.

Note 19. Property, plant and equipment

Consolidated	Freehold land \$'000	Freehold buildings \$'000	Construction in progress \$'000	Plant and equipment* \$'000	Library General \$'000	Library Special \$'000	Works of Arts \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2006									
- Cost	2,500	43,864	5,895	78,734	49,151	-	364	-	180,508
- Valuation	276,700	353,490	-	-	-	5,069	12,601	71,301	719,161
Accumulated depreciation	-	(11,013)	-	(49,409)	(36,831)	-	-	(2,840)	(100,093)
Net book amount	279,200	386,341	5,895	29,325	12,320	5,069	12,965	68,461	799,576
Year ended 31 December 2006									
Opening net book amount	279,200	386,341	5,895	29,325	12,320	5,069	12,965	68,461	799,576
Additions	-	8,035	9,507	9,808	5,476	-	84	3,075	35,985
Revaluation surplus	-	-	-	-	-	-	(466)	-	(466)
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	(1,852)	-	-	-	-	(1,852)
Depreciation charge	-	(11,468)	-	(6,789)	(5,047)	-	-	(2,898)	(26,202)
Transfers between asset classes	-	4,787	(4,787)	-	-	-	-	-	-
Closing net book amount	279,200	387,695	10,615	30,492	12,749	5,069	12,583	68,638	807,041
At 31 December 2006									
- Cost	-	8,035	4,720	5,971	-	-	84	-	18,810
- Valuation	279,200	402,140	5,895	68,699	47,400	5,069	12,499	74,376	895,278
Accumulated depreciation	-	(22,480)	-	(44,178)	(34,651)	-	-	(5,738)	(107,047)
Net book amount	279,200	387,695	10,615	30,492	12,749	5,069	12,583	68,638	807,041

* Plant and equipment, includes motor vehicles

Note 19. Property, plant and equipment (continued)

Consolidated	Freehold land \$'000	Freehold buildings \$'000	Construction in progress \$'000	Plant and equipment* \$'000	Library General \$'000	Library Special \$'000	Works of Arts \$'000	Infrastructure \$'000	Total \$'000
Year ended 31 December 2007									
Opening net book amount	279,200	387,695	10,615	30,492	12,749	5,069	12,583	68,638	807,041
Additions	–	10,508	11,019	16,361	5,789	–	313	698	44,688
Revaluation surplus	86,320	31,015	–	2,800	–	–	3,180	(4,615)	118,700
Assets classified as held for sale and other disposals	(1,250)	(1,162)	–	(2,550)	–	–	(54)	–	(5,016)
Depreciation charge	–	(12,258)	–	(6,658)	(5,259)	–	–	(2,950)	(27,125)
Transfers between asset classes	–	10,477	(10,545)	–	–	–	–	68	–
Closing net book amount	364,270	426,275	11,089	40,445	13,279	5,069	16,022	61,839	938,288
At 31 December 2007									
- Cost	–	–	–	5,220	–	–	–	–	5,220
- Valuation	364,270	427,378	11,089	66,364	53,190	5,069	16,022	62,072	1,005,454
Accumulated depreciation	–	(1,103)	–	(31,139)	(39,911)	–	–	(233)	(72,386)
Net book amount	364,270	426,275	11,089	40,445	13,279	5,069	16,022	61,839	938,288

* Plant and equipment, includes motor vehicles

Note 19. Property, plant and equipment (continued)

Parent entity (University)	Freehold land \$'000	Freehold buildings \$'000	Construction in progress \$'000	Plant and equipment* \$'000	Library General \$'000	Library Special \$'000	Works of Arts \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2006									
- Cost	2,500	43,864	5,895	70,597	49,151	-	364	-	172,371
- Valuation	276,700	353,490	-	-	-	5,069	12,601	71,301	719,161
Accumulated depreciation	-	(11,013)	-	(43,217)	(36,831)	-	-	(2,840)	(93,901)
Net book amount	279,200	386,341	5,895	27,380	12,320	5,069	12,965	68,461	797,631
Year ended 31 December 2006									
Opening net book amount	279,200	386,341	5,895	27,380	12,320	5,069	12,965	68,461	797,631
Additions	-	8,035	9,507	8,670	5,476	-	84	3,075	34,847
Revaluation surplus	-	-	-	-	-	-	(466)	-	(466)
Disposals	-	-	-	(1,494)	-	-	-	-	(1,494)
Depreciation charge	-	(11,468)	-	(6,253)	(5,047)	-	-	(2,898)	(25,666)
Transfer between asset classes	-	4,787	(4,787)	-	-	-	-	-	-
Closing net book amount	279,200	387,695	10,615	28,303	12,749	5,069	12,583	68,638	804,852
At 31 December 2006									
- Cost	-	8,035	4,720	29	-	-	84	-	12,868
- Valuation	279,200	402,140	5,895	68,699	47,400	5,069	12,499	74,376	895,278
Accumulated depreciation	-	(22,480)	-	(40,425)	(34,651)	-	-	(5,738)	(103,294)
Net book amount	279,200	387,695	10,615	28,303	12,749	5,069	12,583	68,638	804,852

* Plant and equipment, includes motor vehicles

Note 19. Property, plant and equipment (continued)

Parent entity (University)	Freehold land \$'000	Freehold buildings \$'000	Construction in progress \$'000	Plant and equipment* \$'000	Library General \$'000	Library Special \$'000	Works of Arts \$'000	Infrastructure \$'000	Total \$'000
Year ended 31 December 2007									
Opening net book amount	279,200	387,695	10,615	28,303	12,749	5,069	12,583	68,638	804,852
Additions	—	10,508	4,465	9,917	5,789	—	313	698	31,690
Revaluation surplus	86,320	31,015	—	2,800	—	—	3,180	(4,615)	118,700
Assets included in a disposal group classified as held for sale and other disposals	(1,250)	(1,162)	—	(2,415)	—	—	(54)	—	(4,881)
Disposals	—	—	—	—	—	—	—	—	—
Depreciation charge	—	(12,258)	—	(6,010)	(5,259)	—	—	(2,950)	(26,477)
Transfer between asset classes	—	10,477	(10,545)	—	—	—	—	68	—
Closing net book amount	364,270	426,275	4,535	32,595	13,279	5,069	16,022	61,839	923,884
At 31 December 2007									
- Cost	—	—	—	—	—	—	—	—	—
- Valuation	364,270	427,378	4,535	60,661	53,190	5,069	16,022	62,072	993,197
Accumulated depreciation	—	(1,103)	—	(28,066)	(39,911)	—	—	(233)	(69,313)
Net book amount	364,270	426,275	4,535	32,595	13,279	5,069	16,022	61,839	923,884

* Plant and equipment, includes motor vehicles

Note 19. Property, plant and equipment (continued)

(a) Valuations of land and buildings

The 2007 revaluations were based on independent assessments by Global Valuation Services Pty Ltd as at 30 November 2007. The revaluation surplus was credited to other reserves in equity (note 26).

(b) Land and Buildings

As at 31 December 2007, the University is not aware of any land or native title claims against University owned land.

Lease of non-current assets

The following long-term leases exist, each with a nominal value of \$1.

Robert Menzies Residential College	99 year lease to expire in 2073
Dunmore Lang Residential College	99 year lease to expire in 2095
Australian Film, Television and Radio School	37 year lease to expire in 2029

Aside from the above long-term leases, the University also entered into leases with the following organisations:

The Shell Company of Australia Limited

The University has approximately 0.34 hectares of its total land area subject to an operating lease with The Shell Company of Australia Limited. The lease commenced on 16 July 2003 for a term of 5 years, with an option to renew for a further period of 2 x 5 years. The annual rental receivable by the University is adjusted for CPI increases.

Foster Richards Pty Ltd

A small parcel of land bound by Culloden Road and Mars Creek was leased to Foster Richards Pty Ltd to undertake a golf driving range business.

The lease is a rolling one year term which includes provision for the University to give six months notice at any time if the University requires the land for development.

Southern Pacific Hotel Corporation

Part of the land owned by the University adjacent to the Macquarie Graduate School of Management Pty Ltd was leased to a subsidiary of Southern Pacific Hotel Corporation, Wentworth Ave Motel Pty Limited, for construction of a hotel for a term of 99 years. As part of the agreement, a capital sum was paid up-front to University. In 2007 the lessee Wentworth Ave Motel transferred the lease to Tucker Box Holdings Pty Limited

Australian Film, Television and Radio School (AFTRS)

On 7th July 2006, the University executed a Deed of Surrender of Land and Sale of Assets with AFTRS. The negotiated price payable by Macquarie University is \$35,000,000 plus GST. Settlement will occur upon AFTRS relocation to new premises at Fox Studios, expected in June 2008.

Campus Living

The University leases Macquarie University Village, a student accommodation facility consisting of 892 beds to Campus Living Fund Management Limited for the period 1st December 2006 to 31st December 2035. The Village is located at 22 Culloden Road, Ryde and is part of the Macquarie University campus.

At termination of the lease, Campus Living must deliver up the premises and fittings to Macquarie University.

Note 19. Property, plant and equipment (continued)

Aside from the above long-term leases, the University also entered into leases with the following organisations (continued):

Macquarie University Research Park

University land at the corner of Herring and Talavera Road was developed as a site for Macquarie University Research Park. The Park is being developed through private investment. The University enters into long-term leases with investors, who finance the buildings, which are then leased to tenants. As at 31 December 2007, four buildings are occupied by tenants.

Goodman Fielder Building

Investor: Challenger Listed Investments Limited (60% interest) and Talavera Herring Pty Limited (40% interest)

Leased from 17/12/1999 to 16/12/2098 (99 year lease)

Sub-leased to GF Services Company Pty Ltd

Siemens Building

Investor: MURPX No. 1 Pty Limited and MURPX No. 2 Pty Limited

Leased from 28/2/1999 to 27/2/2098 (99 year lease)

Sub-leased to Siemens group of companies including Siemens Ltd, Siemens Nixdorf and Siemens GEC

Becton Dickinson Building

Investor: National Mutual Trustees Limited

Leased from 27/10/1998 to 26/10/2097 (99 year lease)

Sub-leased to various tenants, including Becton Dickinson Pty Ltd and Covance Pty Ltd

Dow Corning Building

Investor: Lifetrack Management Limited

Leased from 18/8/2000 to 17/8/2099 (99 year lease)

Sub-leased to various tenants, including Dow Corning Australia Pty Limited and EMC Corporation

Nortel Building

Investor: SAS Trustee Corporation

Leased from 24/09/2004 to 23/09/2103 (99 years)

Sub-leased to Nortel Networks Australia Pty Ltd and Procter & Gamble Australia Pty Ltd

In addition, two construction projects commenced in December, 2007. The first project is a private specialist hospital. The second project is a clinic building which will include medical specialist consulting rooms and premises for the University's Australian School of Advanced Medicine. Both buildings are expected to be completed by December 2009.

Hospital Building

Investor: Macquarie University Private Hospital Pty Ltd (MUPH Pty Ltd) as trustee for MUPH Private Hospital

Sub-trust.

Clinic Building

Investor: Macquarie University Private Hospital Clinic Pty Ltd (MUPH Clinic Pty Ltd) as trustee for MUPH Clinic

Sub-trust.

Note 20. Intangible assets

Consolidated	Development costs \$'000	Patent costs \$'000	Total \$'000
At 1 January 2006			
Cost	–	936	936
Accumulated amortisation and impairment	–	–	–
Net book amount	–	936	936
Year ended 31 December 2006			
Opening net book amount	–	936	936
Additions		249	249
Closing net book amount	–	1,185	1,185
At 31 December 2006			
Cost	–	1,185	1,185
Accumulated amortisation and impairment	–	–	–
Closing net book amount	–	1,185	1,185
Year ended 31 December 2007			
Opening net book amount	–	1,185	1,185
Amortisation charge	–	–	–
Additions	–	–	–
Adjustment	–	(14)	(14)
Closing net book amount	–	1,171	1,171
At 31 December 2007			
Cost	–	1,171	1,171
Accumulated amortisation and impairment	–	–	–
Closing net book amount	–	1,171	1,171

Note 21. Other non-financial assets

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Prepayments – library	3,733	1,692	3,733	1,692
Prepayments – other	5,556	3,731	5,204	3,354
Total current other non-financial assets	9,289	5,423	8,937	5,046
Total other non-financial assets	9,289	5,423	8,937	5,046

Note 22. Trade and other payables

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
OS-HELP Liability to Australian Government	–	36	–	36
Related parties	–	–	2,083	7,529
Other entities	16,534	9,375	5,906	4,832
Accrued expense	21,449	24,152	21,409	22,967
Total current trade and other payables	37,983	33,563	29,398	35,364
Total trade and other payables	37,983	33,563	29,398	35,364

Note 23. Borrowings

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Unsecured				
Bank loans	732	683	732	683
Total current unsecured borrowings	732	683	732	683
Total current borrowings	732	683	732	683
Non-current				
Unsecured				
Bank loans	13,111	13,961	13,111	13,837
Total non-current unsecured borrowings	13,111	13,961	13,111	13,837
Total non-current borrowings	13,111	13,961	13,111	13,837
Total borrowings	13,843	14,644	13,843	14,520

Borrowings in respect of assets

In January 1999 the University received approval from the Treasurer of New South Wales to borrow funds to the maximum of \$18 million towards the construction of student accommodation.

Such approval is required under Section 16.1(d) of the Macquarie University Act 1989. The interest rate of the loan was fixed at 7.035% for the period of the loan and the final drawn down amount was \$17.769 million. This loan is unsecured. The balance of the loan outstanding as at 31 December 2007 was \$13.843 million (in 2006 was \$14.520 million).

Note 24. Provisions

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	12,481	9,771	11,527	8,874
Long service leave	7,049	4,003	6,939	3,846
Other	461	131	–	72
Deferred government benefits for superannuation – State Superannuation	21,293	22,513	21,293	22,513
Sub total	<u>41,284</u>	<u>36,418</u>	<u>39,759</u>	<u>35,305</u>
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Annual leave	2,796	5,733	2,796	5,724
Long service leave	19,767	24,983	19,767	24,983
Sub total	<u>22,563</u>	<u>30,716</u>	<u>22,563</u>	<u>30,707</u>
Total current provisions	<u>63,847</u>	<u>67,134</u>	<u>62,322</u>	<u>66,012</u>
Non-current				
Employee benefits				
Annual leave	120	–	–	–
Long service leave	5,463	5,303	5,208	4,889
Other	386	94	–	–
Deferred government benefits for superannuation – State Superannuation	100,046	122,393	100,046	122,393
Deferred government benefits for superannuation – Professorial Superannuation	2,574	4,405	2,574	4,405
Total non-current provisions	<u>108,589</u>	<u>132,195</u>	<u>107,828</u>	<u>131,687</u>
Total provisions	<u>172,436</u>	<u>199,329</u>	<u>170,150</u>	<u>197,699</u>

Note 24. Provisions (continued)

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated – 2007

	Provision for State Super	Provision for Professorial Super	Provision for other	Provision for long service leave	Provision for annual leave	Total \$'000
Current						
Carrying amount at start of year	22,513	–	131	28,986	15,504	67,134
Amount (used)/additional during the period	(1,220)	–	330	(2,170)	(227)	(3,287)
Carrying amount at end of year	21,293	–	461	26,816	15,277	63,847
Non-current						Total \$'000
Carrying amount at start of year	122,393	4,405	94	5,303	–	132,195
Amount (used)/additional during the period	(22,347)	(1,831)	292	160	120	(23,606)
Carrying amount at end of year	100,046	2,574	386	5,463	120	108,589

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated – 2006

	Provision for State Super	Provision for Professorial Super	Provision for other	Provision for long service leave	Provision for annual leave	Total \$'000
Current						
Carrying amount at start of year	21,704	–	72	9,938	13,317	45,031
Amount (used)/additional during the period	809	–	59	19,048	2,187	22,103
Carrying amount at end of year	22,513	–	131	28,986	15,504	67,134
Non-current						Total \$'000
Carrying amount at start of year	161,692	16,996	–	21,418	7	200,113
Amount (used)/additional during the period	(39,299)	(12,591)	94	(16,115)	(7)	(67,918)
Carrying amount at end of year	122,393	4,405	94	5,303	–	132,195

Note 24. Provisions (continued)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Parent entity (University) – 2007

	Provision for State Super	Provision for Professorial Super	Provision for other	Provision for long service leave	Provision for annual leave	Total \$'000
Current						
Carrying amount at start of year	22,513	–	72	28,829	14,598	66,012
Amount (used)/additional during the period	(1,220)	–	(72)	(2,123)	(275)	(3,690)
Carrying amount at end of year	21,293	–	–	26,706	14,323	62,322
Non-current						Total \$'000
Carrying amount at start of year	122,393	4,405	–	4,889	–	131,687
Amount (used)/additional during the period	(22,347)	(1,831)	–	319	–	(23,859)
Carrying amount at end of year	100,046	2,574	–	5,208	–	107,828

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Parent entity (University) – 2006

	Provision for State Super	Provision for Professorial Super	Provision for other	Provision for long service leave	Provision for annual leave	Total \$'000
Current						
Carrying amount at start of year	21,704	–	–	9,744	12,384	43,832
Amount (used)/additional during the period	809	–	72	19,085	2,214	22,180
Carrying amount at end of year	22,513	–	72	28,829	14,598	66,012
Non-current						Total \$'000
Carrying amount at start of year	161,692	16,996	–	20,985	–	199,673
Amount (used)/additional during the period	(39,299)	(12,591)	–	(16,096)	–	(67,986)
Carrying amount at end of year	122,393	4,405	–	4,889	–	131,687

Note 24. Provisions (continued)

State Superannuation Schemes

As at 31 December 2007, the net superannuation liabilities have been assessed by the actuary of Superannuation Administration Corporation, trading as Pillar Administration, William Mercer to be approximately \$121.339 million. (2006: \$144.906 million).

	State Authorities Superannuation Scheme		State Authorities Non-Contributory Scheme (Basic Benefit)		State Superannuation Scheme	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	Accrued liability	37,788	36,140	8,234	8,872	291,615
Reserve account balance	(39,267)	(36,396)	(7,497)	(8,248)	(169,534)	(156,738)
Deferred liability/ (Prepaid contribution)	(1,479)	(256)	737	624	122,081	144,538

(i) Basis of calculation

The 2007 assessment of SSS, SASS and SANCS is based on the requirements of Australian Accounting Standard AASB 119 "Employee Benefits". The economic assumptions that were applied for the calculations are:

	2006/2007	2007/2008	2008/2009 & thereafter
	in %	in %	in %
Rate of investment return	7.6	7.6	7.6
Rate of salary increase	4.0	3.5	3.5
Rate of increase in C.P.I	2.5	2.5	2.5

Note 24. Provisions (continued)

	SASS 31-Dec-07	SANCS 31-Dec-07	SSS 31-Dec-07	TOTAL 31-Dec-07
Member Numbers				
Contributors	147	233	86	
Deferred benefits	-	-	32	
Pensioners	-	-	490	
Pensions fully commuted	-	-	182	
Superannuation Position				
	\$'000	\$'000	\$'000	\$'000
Accrued liability	37,788	8,234	291,615	337,637
Estimated reserve account balance	(39,266)	(7,497)	(169,534)	(216,298)
	(1,479)	737	122,081	121,339
Future Service Liability (Note 1)	(6,656)	(2,128)	(2,287)	(11,071)
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in balance sheet	(1,479)	737	122,081	121,339

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed.

Any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Note 24. Provisions (continued)

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

Police Superannuation Scheme (PSS)

State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS	SANCS	SSS
	Financial Year to 31 December 2007	Financial Year to 31 December 2007	Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at beginning of the year	36,140	8,872	301,277
Current service cost	1,422	412	695
Interest cost	2,078	490	17,532
Contributions by Fund participants	653	–	1,715
Actuarial (gains)/losses	607	467	(25,563)
Benefits paid	(3,113)	(2,007)	(4,040)
Past service cost	–	–	–
Curtailments	–	–	–
Settlements	–	–	–
Business Combinations	–	–	–
Exchange rate changes	–	–	–
Present value of partly funded defined benefit obligation at end of the year	37,788	8,234	291,615

Note 24. Provisions (continued)

Reconciliation of the fair value of Fund assets

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	36,396	8,248	156,738
Expected return on Fund assets	2,651	703	11,217
Actuarial gains/(losses)	1,220	(43)	2,580
Employer contributions	1,459	596	1,324
Contributions by Fund participants	653	—	1,715
Benefits paid	(3,113)	(2,007)	(4,040)
Settlements	—	—	—
Business combinations	—	—	—
Exchange rate changes	—	—	—
Fair value of Fund assets at end of the year	<u>39,266</u>	<u>7,497</u>	<u>169,534</u>

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at end of year	37,788	8,234	291,615
Fair value of Fund assets at end of year	(39,266)	(7,497)	(169,534)
Subtotal	(1,479)	737	122,081
Unrecognised past service cost	—	—	—
Unrecognised gain/(loss)	—	—	—
Adjustment for limitation on net asset	—	—	—
Net Liability/(Asset) recognised in balance sheet at end of year	<u>(1,479)</u>	<u>737</u>	<u>122,081</u>

Note 24. Provisions (continued)

Expense recognised in income statement

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Components Recognised in Income Statement			
Current service cost	1,422	412	695
Interest cost	2,078	490	17,532
Expected return on Fund assets (net of expenses)	(2,651)	(703)	(11,217)
Actuarial losses/(gains) recognised in year	(613)	510	(28,143)
Past service cost	—	—	—
Movement in adjustment for limitation on net asset	—	—	—
Curtailment or settlement (gain)/loss	—	—	—
Expense/(income) recognised	<u>236</u>	<u>710</u>	<u>(21,133)</u>

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Actuarial (gains)/losses	—	—	—
Adjustment for limit on net asset	—	—	—

Cumulative amount recognised in the statement of recognised income and expense

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	—	—	—
Cumulative adjustment for limitation on net asset	—	—	—

Note 24. Provisions (continued)

Fund assets

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

	31-Dec-07
Australian equities	34.1%
Overseas equities	26.2%
Australian fixed interest securities	6.7%
Overseas fixed interest securities	6.6%
Property	10.0%
Cash	7.1%
Other	9.3%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

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

Actual Return on Fund Assets

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Actual return on Fund assets	2,774	659	12,287

Note 24. Provisions (continued)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	31-Dec-07
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	7.6% pa
Expected rate of return on assets backing other liabilities	7.6% pa
Discount rate	6.4% pa

c) Demographic Assumptions

The demographic assumptions at 31 December 2007 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors - the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the Fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

Note 24. Provisions (continued)

Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of :						
Age nearest Birthday	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	Additional Promotional Salary Increase rate
Males						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1,400	-	150	0.00
Females						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1,500	-	150	0.00

(ii) SSS Contributors – the number of SSS contributors expected in any one year (our of 10,000 members), at the ages shown, to leave the Fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of :						
Age nearest Birthday	Death	III-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	Additional Promotional Salary Increase rate %
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

Note: Different assumptions apply to females who have elected to retire at age 55 (R55 members)

Note 24. Provisions (continued)

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension Commuted	
	Retirement	Breakdown
Later of commencement or age 55	.15	.20
	Widow	Widower
55	.2500	.2500
65	.5380	.5800
75	.4825	.5160
85	.3928	.3725

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity)

Age	Retirement pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
	55	0.0025	0.0014	0.0081
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioners

Age	Improvement rates (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

Note 24. Provisions (continued)

Historical information

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	37,788	8,234	291,615
Fair value of Fund assets	(39,266)	(7,497)	(169,534)
(Surplus)/Deficit in Fund	(1,479)	737	122,081
Experience adjustments – Fund liabilities	607	467	(25,563)
Experience adjustments – Fund assets	(1,220)	43	(2,580)

Expected contributions

	SASS Financial Year to 31 December 2007	SANCS Financial Year to 31 December 2007	SSS Financial Year to 31 December 2007
	\$'000	\$'000	\$'000
Expected employer contributions	-	3,411	-

Note 24. Provisions (continued)

Disclosures required under paragraph Aus121.1 and Aus121.2

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 31 December 2007 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 31-Dec-07 \$'000	SANCS 31-Dec-07 \$'000	SSS 31-Dec-07 \$'000
Accrued benefits	37,578	8,175	262,207
Net market value of Fund assets	(39,266)	(7,497)	(169,534)
Net (surplus)/deficit	<u>(1,688)</u>	<u>678</u>	<u>92,673</u>

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
—	17.00	—

Note 24. Provisions (continued)

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

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

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Aus121.2 Nature of asset/liability

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

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

Note 24. Provisions (continued)

Unisuper

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

UniSuper is not considered to be controlled by the University and therefore the excess/shortfall of assets over accrued benefits have not been included in the University's accounts.

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, a defined contribution plan under Accounting Standard AASB 119.

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

As at 30 June 2007, the assets of the DBD in aggregate were estimated to be \$2,587 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of Unisuper up to the reporting date.

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

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases next three years	5.0% p.a.	5.0% p.a.

(additional promotional salary increases are assumed to apply based on past experience).

Assets have been included at their net market value, i.e. allowing for realisation costs.

Professorial Superannuation Scheme

The Professorial Superannuation Scheme was an alternative superannuation arrangement to the State Superannuation Scheme that was available to professors of the University, until its closure to new entrants in 1988. Since 1994 Macquarie Professorial Superannuation Pty Ltd was established to administer this Scheme.

The liability in regard to benefits payable under the University's Professorial Superannuation Scheme has been assessed at the end of the year by ALEA Actuarial Consulting Pty Ltd. The liability for the year ending 31 December 2007 has been assessed at \$2.574 million (2006: \$4.405 million).

In forming this latest assessment, the following assumptions were adopted by the actuaries:

Investment earnings on plan assets:	8% p.a. (net of tax)
Salary escalation rate	4% p.a.
Retirement age 60 years.	

Note 25. Other liabilities

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current					
HECS Trust Fund		894	1,413	894	1,413
HECS in advance		–	503	–	503
Research grant		–	334	–	334
Student fees in advance		24,529	27,072	24,529	27,072
Course fees in advance		3,539	2,261	2,727	1,727
Other		1,469	2,199	1,087	1,719
Total current other liabilities		<u>30,431</u>	<u>33,782</u>	<u>29,237</u>	<u>32,768</u>
Non-current					
Other – future leasing of land for private hospital	29	–	–	14,000	–
Total non-current other liabilities		<u>–</u>	<u>–</u>	<u>14,000</u>	<u>–</u>
Total other liabilities		<u>30,431</u>	<u>33,782</u>	<u>43,237</u>	<u>32,768</u>

Note 26. Reserves and retained surplus

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Reserves					
Property, plant and equipment revaluation reserve		359,469	240,769	359,469	240,769
Available-for-sale investments revaluation reserve		37,659	37,158	37,659	37,158
Balance as at 31 December		<u>397,128</u>	<u>277,927</u>	<u>397,128</u>	<u>277,927</u>
Movements					
<i>Property, plant and equipment revaluation reserve</i>					
Balance 1 January		240,769	241,235	240,769	241,235
Revaluation – gross	19	118,700	(466)	118,700	(466)
Balance at 31 December		<u>359,469</u>	<u>240,769</u>	<u>359,469</u>	<u>240,769</u>
<i>Available-for-sale investments revaluation reserve</i>					
Balance 1 January		37,158	24,360	37,158	24,360
Revaluation - gross	18	501	12,798	501	12,798
Balance at 31 December		<u>37,659</u>	<u>37,158</u>	<u>37,659</u>	<u>37,158</u>
(b) Retained surplus					
Movements in retained surplus were as follows:					
		Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Retained surplus at 1 January		670,301	652,096	664,390	649,194
Adjustment to opening retained surplus		169	2,481	–	–
Operating result for the period		54,650	15,724	37,951	15,196
Retained surplus at 31 December		<u>725,120</u>	<u>670,301</u>	<u>702,341</u>	<u>664,390</u>
(c) Nature and purpose of reserves					
<i>(i) Property, plant and equipment revaluation reserve</i>					
The reserve reflects the difference between the valuation assessment amount and the carrying cost. The University has engaged valuers (refer to note 1(n) for land, buildings, Infrastructure, works of art and library special collection).					
<i>(ii) Available-for-sale investments revaluation reserve</i>					
The reserve reflects the difference between the carrying cost and market value of available for sale investments. At the end of every month, the fund manager advises the University as to the market value of its investments.					
(d) Minority interest					
Consolidation of new entity MUPIT		10,000	–	–	–
Total minority interest		<u>10,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

Note 27. Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of Macquarie University and its controlled entities during the financial year:

All members of the University Council were appointed or elected under the provisions of the Macquarie University Act 1989. Council members include University employees who may be ex-officio members or elected staff members. No Council member has received any remuneration in his/her capacity as a Council member.

a) Names of Responsible Persons:

University council members:

2007

Batliwalla, SM
Brodie, M *
Brus, G
Coltheart, M *
Coutts, P *
Crouch, E
Dodkin, M
Egan, M
Irving MG
Jones, G
Kenny, PV
Lincoln, JF
Newman, ML
Schwartz, S *
Warren, KB
Burns, A*
Johnson, MSJ*
Keneally, KK
Kercher, BR*
Ma, V
Mueller, NF
O'Donnell, RM

2006

Batliwalla, SM
Brus, G
Coltheart, M *
Coutts, P *
Crouch, E
Dodkin, M
Egan, M
Irving MG
Jones, G
Keneally, K
Kenny, PV
Kercher, BR *
Lincoln, JF
Ma, V
McNaught, CJ *
Newman, ML
O'Donnell, R *
Schwartz, S *
Warren, KB

* University employees

- Associate Professor Anne Burns became a member on 2 March 2007 and continues in office at the date of this report.
- Professor Michael Sterling James Johnson became *ex officio* member of the Council on 12 June 2007 and continues in office at the date of this report.
- The Hon Kristina Kerscher Keneally resigned on 18 May 2007.
- Professor Bruce Raward Kercher retired from the University on 20 April 2007 and hence ceased to be an *ex officio* member of the Council
- Mr Victor Ma resigned from Council effective from 16 May 2007.
- Mc Nicholas Francis Mueller became a member on 29 June 2007 and continues in office at the date of this report.
- Professor Roderick Macduff O'Donnell retired from the University on 15 February 2007 and hence ceased to be an academic staff elected member of the Council

Note 27. Key management personnel disclosures (continued)

Directors of University's controlled entities:

Centre for Money, Banking and Finance Limited (CMBF):

<u>2007</u>	<u>2006</u>
Davis, EM	Davis, EM
Dolan, P.M	Dolan, P.M
Loxton, JH	Loxton, JH
Thorn, JG	Thorn, JG
Tress, RB	Tress, RB
Bowler, P	

Macquarie Graduate School of Management Pty Ltd (MGSM):

<u>2007</u>	<u>2006</u>
Allan, P	Bassett, JR
Beerworth, W	Beerworth, W
Bowler, P	Greatorex, DS
Croucher, J	Green, R
Farley, A	Irving, M
Green, R	Loxton, JH
Irving, M	McMahon, BW
Livingstone, C	Scott, BW
Loxton, JH	Yerbury, D
Warburton AO, R	

Access Macquarie Ltd:

<u>2007</u>	<u>2006</u>
Bowler, P	
Deane, E	Deane, E
Friend, J	Friend, J
Jenkins, P	Jenkins, P
Jones, S	Jones, S
Loxton, JH	Loxton, JH
Piper, J	Piper, J
Rothwell, I	Rothwell, I
Schwartz, S	Schwartz, S

Note 27. Key management personnel disclosures (continued)

Directors of University's controlled entities (continued):

Australian Proteome Analysis Facility Ltd (APAF):

<u>2007</u>	<u>2006</u>
Baker, M	Baker, M
Ballard, J	Ballard, J
Bergquist, P	Bergquist, P
Crossley, PM	Dawes, I
Dawes, I	Day, D
Day, D	Freeman, P
Freeman, P	Gray, P
Kho, CJ	Hirst, T
Piper, J	Kho, CJ
Read, L	Piper, J
	Read, L

LAMS International Pty Ltd:

<u>2007</u>	<u>2006</u>
Dalziel, J	Dalziel, J
Rothwell, I	Reinecke, I
	Rothwell, I

LAMS Foundation Ltd:

<u>2007</u>	<u>2006</u>
Dalziel, J	Dalziel, J
Piper, J	Piper, J
Rothwell, I	Rothwell, I

Note 27. Key management personnel disclosures (continued)

Directors of University's controlled entities (continued):

U@MQ Ltd:

2007

Bowler, P
Dodkin, M
Hughes, W
Mueller, N
Osmand, D
Shepherd, J
Spencer, B
Tongue, R
Wall, M

Macquarie University Property Investment Ltd (MUPIT):

2007

Briggs, A
Gorman, J
Rothwell, I
Irving, M
Bowler, P
Dodd, P

All of the above persons were also key management persons during the year ended 31 December 2007.

Note 27. Key management personnel disclosures (continued)

(b) Remuneration of Board Members and Executives

	Consolidated		Parent entity (University)	
	2007 Number	2006 Number	2007 Number	2006 Number
Remuneration of Board Members				
Nil to \$9,999	52	39	18	19
\$10,000 to \$19,999	–	8	–	–
\$20,000 to \$29,999	1	–	–	–
\$50,000 to \$59,999	1	–	–	–
\$90,000 to \$99,999	–	1	–	–
\$120,000 to \$129,999	1	–	–	–
\$190,000 to \$199,999	1	–	–	–
Aggregate remuneration of board members (\$'000)	\$271	\$199	–	–

	Parent entity (University)	
	2007 Number	2006 Number
Remuneration of executive officers		
\$90,000 to \$99,999	1	1
\$100,000 to \$109,999	1	–
\$110,000 to \$119,999	2	–
\$120,000 to \$129,999	4	1
\$130,000 to \$139,999	3	1
\$140,000 to \$149,999	1	2
\$150,000 to \$159,999	1	–
\$160,000 to \$169,999	3	1
\$170,000 to \$179,999	2	–
\$180,000 to \$189,999	4	4
\$190,000 to \$199,999	5	5
\$200,000 to \$209,999	3	1
\$210,000 to \$219,999	2	1
\$220,000 to \$229,999	1	–
\$230,000 to \$239,999	2	1
\$240,000 to \$249,999	1	–
\$250,000 to \$259,999	1	2
\$260,000 to \$269,999	1	3
\$270,000 to \$279,999	2	2
\$280,000 to \$289,999	2	1
\$290,000 to \$299,999	1	1
\$300,000 to \$399,999	3	1
\$510,000 to \$519,999	–	1
\$540,000 to \$549,999	1	–
Aggregate remuneration of executive members (\$'000)	\$9,510	\$6,833

The University is not aware of any material transactions that may have been conducted with Council members of the University and directors of its related parties, or their director-related entities. At any rate, any such transactions would have occurred at arm's length and on terms and conditions no more favourable than those with which it is expected the University would have adopted for a normal employee, customer or supplier relationship.

Note 28. Remuneration of auditors

Consolidated		Parent entity (University)	
2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000

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

Assurance services

1. Audit services

Fees to The Audit Office of NSW:

Audit and review of financial reports and other audit work under the *Corporations Act 2001*

362	359	237	273
-----	-----	-----	-----

Total remuneration for audit services

362	359	237	273
-----	-----	-----	-----

2. Other assurance services

Fees paid to The Audit Office of NSW:

Other assurance services

9	16	4	1
---	----	---	---

Fees paid to Deloitte for internal audit services

199	115	178	115
-----	-----	-----	-----

Total remuneration for other assurance services

208	131	182	116
-----	-----	-----	-----

Total remuneration for assurance services

570	490	419	389
-----	-----	-----	-----

3. Advisory services

Fees paid to Deloitte for Risk Management services

303	70	303	70
-----	----	-----	----

Total remuneration for advisory services

303	70	303	70
-----	----	-----	----

It is the consolidated entity's policy to employ the Audit Office of NSW on assignments additional to their statutory audit duties where the Audit Office of NSW's expertise and experience with the consolidated entity are important. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Note 29. Contingencies

Contingent Liabilities

The University has entered into an agreement with the National Australia Bank Ltd to guarantee the construction loan facility provided for the construction of the Macquarie University Private Hospital and Clinic. The amount of this guarantee is \$123.5M. As at 31 December 2007, there was no draw down against this facility.

The University has entered into a number of put and call offers with Macquarie University Property Investment Company Pty. Limited, MUPH Hospital Pty. Limited, Dalcross Holdings Pty. Limited and Dalcross Management Pty. Limited. The effect of these offers is that the University will lease a parcel of land valued at \$14.0M for a period of 99 years to the MUPH Hospital Pty Ltd and the MUPH Hospital Pty Ltd will construct the Macquarie University Private Hospital and Clinic on this land. The call offer is exercisable from the practical completion of the Private Hospital and Clinic (commencement date) which is scheduled for 2010. The expiry date is 12 months after the commencement date. The Macquarie University put offer commencement date is the day after the call offer expiry date. The Macquarie University put offer expiry date is 3 months after the put offer commencement date. The total put and call offer fee is \$120.

Note 30. Commitments

Capital expenditure contracted for various building capital projects at the reporting date but not recognised as liabilities as at 31 December 2007 were:

	Consolidation		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<i>Property, plant and equipment</i>				
Payable:				
Within one year	104,807	9,450	44,574	9,450
Later than one year but not later than five years	59,629	–	–	–
Total capital commitment (including GST)	164,436	9,450	44,574	9,450
Included in the above capital commitment expenditure				

Australian Film, Television and Radio School (AFTRS)

On 7th July 2006, the University executed a Deed of Surrender of Land and Sale of Assets with AFTRS. The negotiated price payable by Macquarie University is \$35,000,000 plus GST. Settlement will occur upon AFTRS relocation to new premises at Fox Studios, expected in June 2008.

The Macquarie University Hospital and Clinic

The MUPH Pty Ltd construct the Macquarie University Hospital and Clinic at a value of \$113 million over the period 2008 to 2010.

(b) Lease commitments

Operating leases comprise the lease of computers, photocopy machines, printers and other equipment.

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	2,271	855	539	855
Later than one year but not later than five years	3,298	482	557	482
Later than five years	2	1	2	1
	5,571	1,338	1,098	1,338
Representing:				
Cancellable operating leases	48	57	48	57
Non-cancellable operating leases	5,523	1,281	1,050	1,281
Future finance charges on finance leases	–	–	–	–
Total operating leases commitment (including GST)	5,571	1,338	1,098	1,338

(i) Operating leases

Operating leases comprise the lease of computers, photocopy machines, printers and other equipment.

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	2,243	814	511	814
Later than one year but not later than five years	3,280	466	539	466
Later than five years	–	1	–	1
Total operating leases commitments (including GST)	5,523	1,281	1,050	1,281

Note 30. Commitments (continued)

(ii) Finance leases

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments for minimum lease payments in relation to finance leases are payable as follows:				
Within one year	94	—	—	—
Later than one year but not later than five years	228	—	—	—
Future finance charge	64			
Total finance leasing commitments (including GST)	386	—	—	—

(iii) Operating property leases

Property leases in CBD for Centre for Money, Banking and Finance, Macquarie International, MGSM and AccessMQ.

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	2,020	2,172	537	689
Later than one year but not later than five years	3,244	4,201	551	1,508
Total operating property leasing commitments (including GST)	5,264	6,373	1,088	2,197

(c) Other expenditure commitments

	Consolidated		Parent entity (University)	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Commitments for goods and services in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	17,505	4,130	17,505	4,130
Later than one year but not later than five years	—	—	—	—
Total other expenditure commitments (including GST)	17,505	4,130	17,505	4,130

Note 31. Related parties

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

As at 31 December 2007, the University is the ultimate parent entity of seven operational wholly owned controlled entities. These entities are Centre for Money, Banking and Finance Ltd (CMBF), Access Macquarie Limited, Macquarie Graduate School of Management Pty Ltd (MGSM), Australian Proteome Analysis Facility Ltd (APAF), LAMS Foundation Ltd, U@MQ Ltd, and Macquarie University Property Investment Limited (MUPIT).

The University has partial ownership in the following controlled entity LAMS International Pty Ltd (55%). All controlled entities are incorporated in Australia.

a) Centre for Money, Banking and Finance Limited (CMBF)

The Company, limited by guarantee, was incorporated in 1987 to promote research and education in the areas of domestic and international monetary economics, financial institutions, capital markets, banking, finance and insurance. The liability per member is limited to twenty dollars (\$20.00).

Note 31. Related parties (continued)

b) Access Macquarie Ltd (AccessMQ)

Access Macquarie Ltd, limited by guarantee, was established in 1989 to provide expansion and enhancement of the University's role in research consultancies and the training of researchers, while providing an avenue for commercial and government organisations to access the knowledge and expertise of academic staff of the University on a consulting basis. The liability per member is limited to one dollar (\$1.00).

c) Macquarie Graduate School of Management Pty Limited (MGSM)

Macquarie Graduate School of Management Pty Limited (MGSM), limited by shares, was incorporated in August 1990 to encourage, promote and maintain the development and improvement of management education in Australia. The Company runs the postgraduate degree programs (including MBA) on behalf of University and offers publicly a wide range of executive development programs, from one-day seminars and conferences to a 5 day course Foundation of General Management. In addition, the Company designs and presents in-house programs tailored to the needs of public and private sector organisations who seek assistance in developing the expertise of their managers in a variety of management areas. The Company also provides a conference and accommodation centre for hire to companies who wish to use its facilities to run their own functions or programs. The University owns 100 \$1 ordinary shares of the Company.

d) Australian Proteome Analysis Facility Ltd (APAF)

The company (APAF), is limited by guarantee and, was incorporated in August 2003 to administer the Major National Research Facility known as the Australian Proteome Analysis Facility which, provides the biotechnology community of Australia the highest level of technology in proteomics. The liability per member is limited to ten dollars (\$10.00).

e) LAMS Foundation Ltd

The company is a not-for-profit organisation, limited by guarantee, incorporated in February 2004 and, manages research and development into LAMS (Learning Activity Management System) and the concept of Learning Design. The LAMS Foundation collaborates with LAMS International to foster the adoption and implementation of LAMS across all education sectors. The liability per member is limited to one dollar (\$1.00).

f) U@MQ Ltd

U@MQ is the new not-for-profit Macquarie University student organisation that merges the University's existing facilities of food, sport and recreation, club and societies, child care and entertainment. The company has been set up to provide a new, exciting vision for campus life through combining the existing services of Students@Macquarie (SAM) and Macquarie University Sports and Recreation (MUSR). The company, U@MQ is limited by guarantee, with Macquarie University as its sole member.

g) Macquarie University Property Investment Ltd (MUPIT)

Macquarie University Property Investment Company Pty Ltd is the Trustee for the Macquarie University Property Investment Trust. The trust was established for the purpose of developing Macquarie University Private Hospital to facilitate advanced medical teaching and research for the newly established Australian School of Advanced Medicine at Macquarie University. The following entities were established for the construction phase of the private hospital: MUPI Holding Trust No. 1, MUPI Holding Trust No. 2, MUPI Holding Trust No. 3, MUPI Holding Trust No. 4, MUPI Holding Trust No. 5, MUPI Holding Trust No. 6, MUPIT Sub-trust No. 1, MUPIT Sub-trust No. 2, MUPIT Sub-trust No. 3, MUPIT Sub-trust No. 4, Macquarie University Private Hospital Trust, MUPH Clinic Sub-trust, MUPH Hospital Sub-trust, Macquarie University Property Investment Trust, Macquarie University Property Investment Company Pty Ltd, Macquarie University Property Investment Company No. 2 Pty Ltd, MU Private Hospital Pty Limited, MUPH Clinic Pty Limited, MUPH Hospital Pty Limited.

h) LAMS International Pty Ltd (LAMS Intl)

The company is limited by shares and, was incorporated in February 2004. It is a commercial services company established to assist with implementation and technical support for LAMS, working in conjunction with the LAMS Foundation. The University owns 55 \$1 ordinary shares of the company. The outside equity interest is considered not material and is not disclosed separately.

Note 31. Related parties (continued)

a) The result of operations of related parties for the year ended 31 December 2007

	CMBF	APAF	MGSM	AccessMQ	LAMS Intl	U@MQ	MUPIT	TOTAL
Operating income	2,427	512	27,356	13,917	312	23,997	—	68,521
Operating expense	2,229	507	25,601	14,094	357	9,254	—	52,042
Operating result	198	5	1,755	(177)	(45)	14,743	—	16,479

b) The Balance Sheet of the controlled entities as at 31 December 2007

	CMBF	APAF	MGSM	AccessMQ	LAMS Intl	U@MQ	MUPIT	TOTAL
Current assets	998	869	9,255	9,299	116	11,488	4,000	36,025
Non-current assets	16	—	1,389	1,359	45	6,035	22,500	31,344
Total assets	1,014	869	10,644	10,658	161	17,523	26,500	67,369
Current liabilities	125	770	6,289	6,828	56	2,481	—	16,549
Non-current liabilities	22	16	217	216	—	290	—	761
Total liabilities	147	786	6,506	7,044	56	2,771	—	17,310
Net assets	867	83	4,138	3,614	105	14,752	26,500	50,059
Represented by: Retained profit/(losses)	867	83	4,138	3,614	105	14,752	26,500	50,059

Note: each of the above subsidiaries is incorporated in Australia

Note 32. Joint ventures, associates, and minority interests

Other entities that operational with percentage of holdings more than 20%

1. Sydney Educational Broadcasting Limited

The University has a 50% joint venture interest in the F.M. radio station, 2SER-FM. The University of Technology, Sydney holds the remaining 50% interest in the station. The University's contribution to the operations of the company in 2007 was \$127,000 (2006: \$127,000). The company is independently audited by the Auditor-General of New South Wales and its Financial Report is not included in the Consolidated Financial Report of the University.

2. Applimex Systems Pty Ltd

Applimex Systems is a biotechnology company employing "green chemistry" technologies and services in the development and manufacture of therapeutic, agricultural and industrial products. The University holds a 49.76% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material.

3. Lighthouse Technologies Pty Ltd

Was established to commercialise the yellow laser invention. The University holds a 50% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material. The University's contributions to the joint venture's have been included in the financial report of the University.

4. AusUni Limited

AusUni is a private Australian company formed as a spin-off from research conducted at Macquarie University. The company was formed to develop and commercialise a breakthrough closed aquaculture system for production of premium quality Sea Urchin roe (gonads). The University holds a 39.26% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material.

5. Image Connections Pty Ltd

Image Connections Australasia is a teleradiology solutions company established in partnership with Macquarie University, to provide fast efficient electronic radiological reporting, data basing and account management of radiographic images for the chiropractic, dental and general medical fields. The University holds a 33.33% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material.

6. MULTILIT Pty Ltd

Established in 1996, MULTILIT Pty Ltd is a research-based initiative of Macquarie University. MULTILIT Pty Ltd (Making Up Lost Time In Literacy) comprises multiple initiatives to teach low progress readers effectively. The University holds a 40.00% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material.

7. Sydney Institute Marine Science Limited

The Sydney Institute of Marine Science (SIMS) is a partnership between Macquarie University, University of New South Wales (UNSW), the University of Sydney and the University of Technology, Sydney (UTS). SIMS is a joint venture, research facility based on Sydney Harbour's North Shore at Chowder Bay. It will bring together key researchers to form cross-disciplinary teams of leading scientists working on issues that are critical for the sustainable management of our coastal and oceanic environments. The University holds a 25.00% interest in the company. The University did not adopt equity accounting as its share of results of operations, assets, liabilities and equity is not considered material.

Note 33. Reconciliation of operating result after income tax to net cash flows from operating activities

	Notes	Consolidated		Parent entity (University)	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Operating result for the period		54,650	15,724	37,951	15,196
Depreciation	10	27,125	26,245	26,477	25,666
Net (gain)/ loss on sale of non-current assets		21	920	–	833
(Gain)/Loss on disposal of fixed assets		2,076	–	2,076	–
(Gain)/Loss on disposal of investments		(1,389)	–	(1,389)	–
Fair value gains on other financial assets at fair value through profit or loss		9	–	–	–
Debt written off		–	(421)	–	–
Non cash donated assets		(728)	(37)	(728)	(37)
Provision for Diminution of shares		695	244	695	244
(Increase)/ decrease in trade debtors		27,575	17,648	23,360	32,779
(Increase) /decrease in inventories		(116)	12	291	3
(Increase)/ decrease in prepayments		(3,891)	778	(3,891)	470
Decrease in other financial assets at fair value through Profit or loss		(108)	–	(50)	–
(Increase)/ decrease in operating assets		44	(59)	–	–
Increase/ (decrease) in operating liabilities		262	(624)	–	–
Increase/ (decrease) in trade creditors		(4,039)	25,733	(5,966)	8,084
Increase /(decrease) in prepaid income		(3,531)	1,071	(3,531)	1,071
Increase /(decrease) in other provisions		(24,719)	(45,812)	(25,373)	(45,806)
Increase (decrease) in others		46	(33)	–	–
Net cash provided by/ (used in) operating activities		73,982	41,389	49,922	38,503

Note 34. Financial instruments

Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

2007	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Fixed interest maturing in:				Non-interest bearing \$'000	Total \$'000
				Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000		
Consolidated									
Financial assets									
Cash	116,742	3,766	–	–	–	–	–	6	120,514
Receivables	–	–	–	–	–	–	–	143,490	143,490
Other financial assets	55,795	13,801	1,000	–	–	–	–	–	70,596
Listed investments	495	–	–	–	–	–	–	92,749	93,244
Unlisted investments	–	–	–	–	–	–	–	9,731	9,731
	173,032	17,567	1,000	–	–	–	–	245,976	437,575
Weighted average interest rate	5.851%	6.904%	7.250%						
Financial liabilities									
Creditors	–	–	–	–	–	–	–	37,983	37,983
Bank loan	–	732	786	842	901	969	9,613	–	13,843
	–	732	786	842	901	969	9,613	37,983	51,826
Weighted average interest rate		7.035%	7.035%	7.035%	7.035%	7.035%	7.035%		
Net financial assets (liabilities)	173,032	16,835	214	(842)	(901)	(969)	(9,613)	207,993	385,749

2006	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Fixed interest maturing in:				Non-interest bearing \$'000	Total \$'000
				Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000		
Consolidated									
Financial assets									
Cash	14,456	48	–	–	–	–	–	34,933	49,437
Receivables	–	–	–	–	–	–	–	162,198	162,198
Other financial assets	70,050	14,503	–	–	–	–	–	–	84,553
Listed investments	490	–	–	–	–	–	–	110,709	111,199
Unlisted investments	–	–	–	–	–	–	–	7,791	7,791
	84,996	14,551	–	–	–	–	–	315,848	415,395
Weighted average interest rate	5.740%	5.963%							
Financial liabilities									
Creditors	–	–	–	–	–	–	–	33,563	33,563
Bank loan	–	683	732	786	840	904	10,575	124	14,644
	–	683	732	786	840	904	10,575	33,687	48,207
Weighted average interest rate		7.035%	7.035%	7.035%	7.035%	7.035%	7.035%		
Net financial assets (liabilities)	84,996	13,868	(732)	(786)	(840)	(904)	(10,575)	282,161	367,188

Note 34. Financial instruments (continued)

2007	Floating interest rate	1 year or less	Over 1 to 2 years	Fixed interest maturing in:				Non-interest bearing	Total
				Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years		
Parent entity (University)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets									
Cash	91,964	–	–	–	–	–	–	6	91,970
Receivables	–	–	–	–	–	–	–	142,619	142,619
Other financial assets	55,795	13,361	1,000	–	–	–	–	–	70,156
Listed investments	495	–	–	–	–	–	–	92,749	93,244
Unlisted investments	–	–	–	–	–	–	–	23,981	23,981
	148,254	13,361	1,000	–	–	–	–	259,355	421,970
Weighted average interest rate	5.990%	6.923%	7.250%						
Financial liabilities									
Creditors	–	–	–	–	–	–	–	29,398	29,398
Bank loan	–	732	786	842	901	969	9,613	–	13,843
	–	732	786	842	901	969	9,613	29,398	43,241
Weighted average interest rate		7.035%	7.035%	7.035%	7.035%	7.035%	7.035%		
Net financial assets (liabilities)	148,254	12,629	214	(842)	(901)	(969)	(9,613)	229,957	378,729

2006	Floating interest rate	1 year or less	Over 1 to 2 years	Fixed interest maturing in:				Non-interest bearing	Total
				Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years		
Parent entity (University)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets									
Cash	8,224	–	–	–	–	–	–	34,933	43,157
Receivables	–	–	–	–	–	–	–	165,979	165,979
Other financial assets	68,541	14,242	–	–	–	–	–	–	82,783
Listed investments	490	–	–	–	–	–	–	110,709	111,199
Unlisted investments	–	–	–	–	–	–	–	8,041	8,041
	77,255	14,242	–	–	–	–	–	319,662	411,159
Weighted average interest rate	5.769%	6.005%							
Financial liabilities									
Creditors	–	–	–	–	–	–	–	35,364	35,364
Bank loan	–	683	732	786	840	904	10,575	–	14,520
	–	683	732	786	840	904	10,575	35,364	49,884
Weighted average interest rate		7.035%	7.035%	7.035%	7.035%	7.035%	7.035%		
Net financial assets (liabilities)	77,255	13,559	(732)	(786)	(840)	(904)	(10,575)	284,298	361,275

Note 34. Financial instruments (continued)

Credit Risk Exposures

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The University's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the University's Balance Sheet.

Parent entity (University)	Governments	Banks	Students	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2007					
Financial assets					
Cash assets	-	91,964	-	6	91,970
Receivables	122,476	2,113	3,068	14,962	142,619
Other financial assets	23,905	1,250	-	45,001	70,156
Listed investments	-	11,695	-	81,549	93,244
Unlisted investments				23,981	23,981
Total financial assets	146,381	107,022	3,068	165,499	421,970

Parent entity (University)	Governments	Banks	Students	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2006					
Financial assets					
Cash assets	-	8,224	-	34,933	43,157
Receivables	145,674	2,468	5,854	11,983	165,979
Other financial assets	29,019	2,500	-	51,264	82,783
Listed investments	-	-	-	111,199	111,199
Unlisted investments				8,041	8,041
Total financial assets	174,693	13,192	5,854	217,420	411,159

In 2007, Macquarie University does not have any significant exposure to any individual customer or counterparty, other than the above.

Financing facilities

There was no formal overdraft facility in place as at 31 December 2007. There was an unused Letter of Credit facility of \$70,000 with National Australia Bank at the year-end. There were also unused credit card facilities with National Australia Bank and Commonwealth Bank of Australia with total of \$2.90m at the year-end.

Note 34. Financial instruments (continued)

Fair value of financial assets and liabilities

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

	Total Carrying Amount		Fair Value	
	Consolidated	Parent entity (University)	Consolidated	Parent entity (University)
	\$'000	\$'000	\$'000	\$'000
2007				
Financial assets				
Cash and cash equivalents	120,514	91,970	120,514	91,970
Receivables	143,490	142,619	143,490	142,619
Other financial assets	173,571	187,381	173,571	187,381
Total financial assets	437,575	421,970	437,575	421,970
Financial liabilities				
Payables	37,983	29,398	37,983	29,398
Borrowing	13,843	13,843	13,843	13,843
Total financial liabilities	51,826	43,241	51,826	43,241

	Total Carrying Amount		Fair Value	
	Consolidated	Parent entity (University)	Consolidated	Parent entity (University)
	\$'000	\$'000	\$'000	\$'000
2006				
Financial assets				
Cash and cash equivalents	49,437	43,157	49,437	43,157
Receivables	162,415	165,979	162,415	165,979
Other financial assets	203,543	202,023	203,543	202,023
Total financial assets	415,395	411,159	415,395	411,159
Financial liabilities				
Payables	33,563	35,364	33,563	35,364
Borrowings	14,644	14,520	14,644	14,520
Total financial liabilities	48,207	49,884	48,207	49,884

Note 34. Financial instruments (continued)

Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The University does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The University uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out under policies approved by the University Council. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market Risk

(i) Foreign exchange risk

The University is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the University's functional currency. Foreign currency requirements have been purchased at spot rates. The University have not used foreign currency derivative products.

(ii) Price risk

The University is exposed to equity securities price risk. This arises from investments held by the University and classified on the balance sheet as available for sale. The University has no exposure to commodity price risk.

(iii) Cash flow and fair value interest rate risk

Although the University carries debt, the debt is at a fixed rate of interest. Interest rate risk relates to investments. All other financial assets and liabilities are non-interest bearing.

(iv) Summarised sensitivity analysis

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

Consolidated		interest rate risk				Other price risk			
		-1%		+1%		-10%		+10%	
31 December 2007	Carrying amount \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets									
Cash	120,514	(1,205)	-	1,205	-	-	-	-	-
Receivables	143,490	-	-	-	-	-	-	-	-
Other financial assets	70,596	-	(706)	-	706	-	-	-	-
Listed investments	93,244	-	(932)	-	932	-	(9,324)	-	9,324
Unlisted investments	9,731	-	(97)	-	97	-	(973)	-	973
Financial liabilities									
Creditors	37,983	-	-	-	-	-	-	-	-
Bank loan	13,843	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(1,205)	(1,736)	1,205	1,736	-	(10,297)	-	10,297

Consolidated		interest rate risk				Other price risk			
		-1%		+1%		-10%		+10%	
31 December 2006	Carrying amount \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets									
Cash	49,437	(494)	-	494	-	-	-	-	-
Receivables	162,198	-	-	-	-	-	-	-	-
Other financial assets	84,553	-	(846)	-	846	-	-	-	-
Listed investments	111,199	-	(1,112)	-	1,112	-	(11,120)	-	11,120
Unlisted investments	7,791	-	(78)	-	78	-	(779)	-	779
Financial liabilities									
Creditors	33,563	-	-	-	-	-	-	-	-
Bank loan	14,644	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(494)	(2,035)	494	2,035	-	(11,899)	-	11,899

Note 34. Financial instruments (continued)

Financial risk management (continued)

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the balance sheet and notes to the financial statements. The University has no credit risk for derivative financial instruments.

(c) Liquidity Risk

The University manages liquidity risk by monitoring forecast cash flows and maintains sufficient cash to maintain short-term flexibility and enable the University to meet financial commitments in a timely manner.

(d) Fair value estimation

The fair value of financial instruments traded in active market (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the University is the current bid price.

The fair value of financial instruments that are not traded in an active market over the counter is determined using valuation techniques.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair value due to the short term nature of trade receivables. 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 University for similar financial instruments.

Note 35. Acquittal of Australian Government financial assistance

35.1 DEEWR – CGS and Other DEEWR Grants

Notes	Commonw'lth Grants Scheme# 2006 \$'000	Parent entity (UNIVERSITY) ONLY				Disability Support Programme 2007 \$'000	Workplace Reform Programme 2007 \$'000
		Indigenous Support Fund 2006 \$'000	Equity Programmes* 2006 \$'000	2007 \$'000	2006 \$'000		
	67,888	613	513	72	289	247	–
	520	(1,413)	–	–	–	–	–
2(a)	68,408	613	513	72	289	247	–
	–	–	–	–	–	–	–
	68,408	613	513	72	289	247	–
	68,408	613	513	72	289	247	–
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

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

Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading.

* Includes Higher Education Equity Programme and Students with Disabilities Programme.

Note 35. Acquittal of Australian Government financial assistance (continued)

35.1 DEEWR – CGS and Other DEEWR Grants (continued)

Notes	Parent entity (UNIVERSITY) ONLY					
	Learning & Teaching Performance Fund		Collaboration & Structural Reform Programme		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	2,994	–	80	43	73,035	65,822
	–	–	–	–	520	(1,413)
2(a)	2,994	–	80	43	73,555	64,409
	–	–	211	317	211	317
	2,994	–	291	360	73,766	64,726
	–	–	68	149	70,549	64,515
	2,994	–	223	211	3,217	211

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.2 Higher Education Loan Programmes

Parent entity
(UNIVERSITY) ONLY

Notes	HECS-HELP (Australian Government Payments only)		FEE-HELP ^		Total		OS-HELP	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	38,960	35,233	12,953	11,156	51,913	46,389	219	281
	3,619	1,616	2,690	2,340	6,309	3,956	117	—
2(b)	42,579	36,849	15,643	13,496	58,222	50,345	336	281
	—	—	—	—	—	—	36	15
	42,579	36,849	15,643	13,496	58,222	50,345	372	296
	42,579	36,849	15,643	13,496	58,222	50,345	382	260
	—	—	—	—	—	—	(10)	36

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.3 Scholarships

Notes	Parent entity (UNIVERSITY) ONLY									
	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1,733	1,660	333	320	538	389	602	466	3,206	2,835
	—	—	(83)	61	—	—	—	—	(83)	61
2(c)	1,733	1,660	250	381	538	389	602	466	3,123	2,896
	336	246	46	—	162	33	390	157	934	436
	2,069	1,906	296	381	700	422	992	623	4,057	3,332
	1,781	1,570	376	335	283	260	252	233	2,692	2,398
	288	336	(80)	46	417	162	740	390	1,365	934

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.4 DEEWR Research

Parent entity
(UNIVERSITY) ONLY

	Institutional Grants Scheme	Research Training Scheme	Systemic Infrastructure Initiative	Research Infrastructure Block Grants	Implementation Assistance Program	Australian Scheme for Higher Education Repositories					
Notes	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000					
	5,749	5,652	11,126	11,482	5,036	3,304	3,017	67	25,187	127	—
	—	—	—	—	—	—	—	—	—	—	—
2 (d)	5,749	5,652	11,126	11,482	5,036	3,304	3,017	67	25,187	127	—
	—	—	—	—	3,721	1,314	400	306	—	1,620	—
	5,749	5,652	11,126	11,482	3,721	6,350	3,704	3,323	67	26,807	127
	5,749	5,652	11,126	11,482	3,020	2,629	3,704	2,923	—	22,686	—
	—	—	—	—	701	3,721	—	400	67	4,122	127

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments

Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.4 DEEWR Research

(continued)

**Parent entity
(UNIVERSITY) ONLY**

Notes	Commercialisation Training		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	100	-	20,473	25,187
2 (d)	100	-	20,473	25,187
	-	-	4,121	1,620
	100	-	24,594	26,807
	3	-	23,602	22,686
	97	-	992	4,121

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.5 Australian Research Council Grants

Parent entity
(UNIVERSITY) ONLY

(a) Discovery

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

Notes	Projects		Fellowships		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	8,589	9,094	33	1,774	8,622	10,869
	—	3	—	—	—	3
2(e)(i)	8,589	9,098	33	1,774	8,622	10,872
	4,281	3,455	1,529	1,512	5,810	4,967
	12,870	12,553	1,563	3,286	14,432	15,839
	7,940	8,272	1,073	1,757	9,013	10,029
	4,930	4,280	490	1,529	5,419	5,810

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.5 Australian Research Council Grants

(b) Linkages

Parent entity
(UNIVERSITY) ONLY

Notes	Special Research Initiatives		Infrastructure		International		Projects		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	–	58	1,265	650	39	181	2,247	1,930	3,551	2,819
	–	–	–	–	–	–	–	–	–	–
2(e)(ii)	–	58	1,265	650	39	181	2,247	1,930	3,551	2,819
	34	90	–	52	86	16	624	847	744	1,006
	34	148	1,265	702	125	197	2,871	2,777	4,295	3,825
	–	114	1,265	702	75	111	1,338	2,153	2,678	3,080
	34	34	–	–	50	86	1,533	624	1,617	745

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

Net accrual adjustments

Revenue for the period

Surplus / (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Note 35. Acquittal of Australian Government financial assistance (continued)

35.5 Australian Research Council Grants

(c) Networks and Centres

Notes	Parent entity (UNIVERSITY) ONLY					
	Research Networks		Centres		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	1,369	1,342	827	811	2,196	2,153
	—	—	—	—	—	—
2(e)(iii)	1,369	1,342	827	811	2,196	2,153
	1,192	790	—	24	1,192	814
	2,561	2,132	827	835	3,388	2,967
	1,311	940	827	835	2,138	1,774
	1,250	1,192	—	—	1,250	1,192

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

Net accrual adjustments
Revenue for the period

Surplus / (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus / (deficit) for reporting period

Note 36. Events occurring after the balance sheet date

There has not occurred in the period between the end of the financial year and the date of this report any item, transaction or event of a material nature to significantly affect the financial position of the University, other than the following:

- The University has reviewed the value of its investments subsequent to 31st December 2007, this review indicated that the value of the University's investment has decreased by 5.32% which is considered to be neither a permanent or material change.

End of Audited Financial Statements

**ACCESS MACQUARIE LIMITED
DIRECTORS' REPORT
for the financial year ended 31st December 2007**

The Directors of ACCESS MACQUARIE LIMITED submit herewith the annual Financial Report for the financial year ended 31st December 2007. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during or since year end:

Name	Period of Directorship
Professor Elizabeth Deane	full period
Dr John Friend	full period
Mr Peter Jenkins	full period
Mr Stephen Jones	full period
Professor John H Loxton	Resigned 15 February 2007
Professor Jim Piper	full period
Mr Iain Rothwell	Resigned 18 October 2007
Professor Steven Schwartz	Resigned 15 February 2007
Mr Paul Bowler (Chairman)	Appointed 15 February 2007
Dr Peter Dodd (Managing Director)	Appointed 19 th April 2007

PRINCIPAL ACTIVITY

The principal activity in the course of the financial year was the management of research, consulting, commercialisation services, the Macquarie Technology Business Incubator and education & training projects.

OPERATING RESULTS

The net profit for the financial year was \$24,452 (2006 loss of \$35,471).

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

INFORMATION ON DIRECTORS

<u>Name</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
Deane, E M	BSc <i>Sydney</i> PhD <i>Sydney</i>	Dean of Division of Environmental & Life Sciences, Macquarie University	
Friend, J P	BSc <i>Sydney</i> PhD <i>Sydney</i> MSc Biotech <i>UNSW</i> FTSE	Manager – R & D KPMG	
Jenkins, P R		Private Equity and Investment Consultant	
Jones, S	BE (Chem Eng) <i>Sydney</i>	Managing Director Enviro-Water Pty Ltd	
Loxton, J H	MSc <i>Melbourne</i> PhD <i>Cambridge</i>	Deputy Vice- Chancellor (Academic), Macquarie University	International Programs

**ACCESS MACQUARIE LIMITED
DIRECTORS' REPORT
for the financial year ended 31st December 2007**

<u>Name</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
Bowler, P W	MA Leicester MBA Cranfield BSc Loughborough	Deputy Vice-Chancellor & Chief Operating Officer, Macquarie University	Chairman
Dodd, P R	PhD Rochester MSc Rochester MComm Queensland BComm Newcastle	Managing Director, Access Macquarie Ltd	Managing Director
Piper, J	BSc <i>Otago</i> PhD <i>Otago</i> FOSA FAIP	Deputy Vice Chancellor (Research)	
Rothwell, I	BBus <i>Charles Sturt</i> MAcc <i>Charles Sturt</i> CPA	Managing Director Access Macquarie Ltd	
Schwartz, S	BA (Hon) <i>Brooklyn NY</i> MSc <i>Syracuse NY</i> PhD <i>Syracuse NY</i>	Vice Chancellor Macquarie University	

MEETINGS OF DIRECTORS

During the financial year, six regular meetings of Directors were held. Attendances were:

	Directors' Meetings	
	Number Eligible To Attend	Number Attended
Professor E M Deane	6	4
Dr J Friend	6	5
Mr P Jenkins	6	5
Mr S Jones	6	5
Professor J H Loxton	1	0
Professor J Piper	6	6
Mr I Rothwell	5	5
Professor Schwartz	1	1
Mr P Bowler	6	6
Mr P Dodd	5	5

In addition Directors, individually and in groups, met with senior company staff throughout the year to discuss company business.

CHANGES IN STATE OF AFFAIRS

During the financial year there were no significant changes in the company's state of affairs other than that referred to in the accounts or note thereto.

The main issues that the Company has addressed in the last 12 months were:

- The upgrade and expansion of the Macquarie Technology Business Incubator (MTBI)
- The integration of NCELTR the Macquarie University English Language Programme

ACCESS MACQUARIE LIMITED
DIRECTORS' REPORT
for the financial year ended 31st December 2007

The changes detailed above summarise all significant changes to the Company and there were no other significant changes in the state of affairs of the Company during the course of the year.

SUMMARY OF OPERATIONS

In 2007 the Company generated revenue of \$14.6m, up from \$13.5m in 2006. Expenses for the year totalled \$14.6m compared with \$13.5m in 2006. This resulted in a net operating profit of \$24k compared with \$35k loss in 2006.

Royalty payments collected on behalf of Macquarie University in 2007 totalled \$454k. As the Company is not entitled to a distribution of royalty income, amounts not paid to Macquarie University and inventors are recorded as payables.

In terms of operations, the Company operated approximately 353 active projects across Research & Consulting, Education & Training, International Programs, Commercialisation & IP Management, and Business Support. The Company engaged approximately 271 academics on projects generating direct payments to them in the form of consultancy fees, research funding and royalty payments.

Projects involved approximately 160 separate industry and community organisations collaborating with the University via the Company.

The Company's 10 largest clients by project revenue are as follows:

Risk Frontiers	2,173,471
Multit Clinic and Consultancy and Schoolwise	1,617,075
IELTS	1,377,505
RTA Early Childhood Road Safety Program	850,000
Commercialisation Program	779,283
ARIES	497,654
Chiropractic Clinic	422,937
Macquarie International Programs	384,033
Audiology Clinic	246,495
Anxiety Clinic	244,488

Business Support services are being provided to a number of the University research centres and spin-off companies whose commercialisation is also being managed by Access Macquarie Limited. These companies include LAMS International Pty Ltd, Applimex Systems Pty Ltd and Lighthouse Technologies Pty Ltd.

BUDGET / STAFFING POLICY

The Board approved the 2008 company budget at the December 2007 meeting. This approval includes all staff positions within the approved staff structure of the Company and the provision for salary increases.

The 2008 Budget provides for income of approximately \$26m and a budgeted surplus of \$1.64m.

ACCESS MACQUARIE LIMITED
DIRECTORS' REPORT
for the financial year ended 31st December 2007

DIRECTORS' BENEFITS

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.

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 operations, in financial years after the financial year, of the company; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years after the financial year, of the company

FUTURE DEVELOPMENTS

From the commencement of 2008 the English Language Program (NCELTR) will be transferred from Macquarie University to Access Macquarie Ltd. The Directors' expect this business to be a major contributor to the operating surplus of the company.

INDEMNIFYING OFFICER OR AUDITOR

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, the Company Secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a director, officer or auditor of the company against a liability incurred as such a director, officer or auditor.

ENVIRONMENTAL ISSUES

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

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.

**ACCESS MACQUARIE LIMITED
DIRECTORS' REPORT
for the financial year ended 31st December 2007**

DECLARATION OF INDEPENDENCE

A copy of the Auditor's Independence Declaration as required under section 302(c) of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of Directors.

Dated at Sydney this 18th Day of April 2008


.....Director
P. Bowler



GPO BOX 12
Sydney NSW 2001

To the Directors
Access Macquarie Ltd

Auditor's Independence Declaration

As auditor for the audit of Access Macquarie Ltd for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in cursive script that reads "M T Spriggins".

M T Spriggins
Director, Financial Audit Services

SYDNEY
18 April 2008



GPO BOX 12
Sydney NSW 2001

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 report of Access Macquarie Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of Access Macquarie Limited

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Access Macquarie Limited on 18 April 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

A handwritten signature in black ink, reading "M T Spriggins". The signature is written in a cursive, flowing style.

M T Spriggins, CA
Director, Financial Audit Services

23 April 2008
SYDNEY

**ACCESS MACQUARIE LTD
DECLARATION BY DIRECTORS
for the financial year ended 31st December 2007**

In accordance with a resolution of the Directors of ACCESS MACQUARIE LTD, we state that:

- 1 The attached general purpose financial report presents a true and fair view of the financial position as at 31 December 2007 and its financial performance and cash flows for the year ended on that date;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board;
- 4 We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
- 5 There are reasonable grounds to believe that the Company will be able to pay its debts.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this 18th day of April 2008



P. Bowler
Director



J. Piper
Director

Access Macquarie Ltd
BALANCE SHEET
as at 31 December 2007

	Note	2007 \$	2006 \$
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	2	5,542,683	3,333,018
Trade and Other Receivables	3	3,699,170	4,124,153
Other financial assets	4	165,506	155,747
Total Current Assets		9,407,359	7,612,918
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,192,875	974,080
Total Non-Current Assets		1,192,875	974,080
TOTAL ASSETS		10,600,234	8,586,998
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade and Other Payables	6	6,194,542	4,190,031
Provisions	7	374,305	385,545
Total Current Liabilities		6,568,848	4,575,576
NON-CURRENT LIABILITIES			
Provisions	7	216,202	220,690
Total Non-Current Liabilities		216,202	220,690
TOTAL LIABILITIES		6,785,050	4,796,266
NET ASSETS		3,815,184	3,790,732
<u>EQUITY</u>			
Retained profits/(accumulated losses)	8	3,815,184	3,790,732
TOTAL EQUITY		3,815,184	3,790,732

The Balance Sheet is to be read in conjunction with the attached notes.

Access Macquarie Ltd
INCOME STATEMENT
for the year ended 31 December 2007

	Note	2007 \$	2006 \$
CONTINUING OPERATIONS	9		
REVENUE			
Fees & Charges		14,368,360	13,431,020
Investment Income		255,489	89,752
Other Revenue		-	-
Gain on Sale of Shares		-	-
Total Revenue		14,623,849	13,520,772
EXPENSES	9		
Employee benefits expense		6,632,643	6,670,402
Depreciation & Amortisation Expense		129,469	126,437
Loss on Disposal of Patents		6,283	-
Consultancies		4,137,631	2,779,476
Payments to Macquarie University		780,410	500,087
Rental		937,604	916,634
Travel		506,581	552,299
Patent Application Fees		295,771	222,767
Printing & Stationery		243,542	245,451
Professional Services		256,024	148,878
Marketing & Promotions		76,511	225,459
Other expenses from ordinary activities		596,928	1,168,353
Total Expenses		14,599,397	13,556,243
Profit/(loss) before income tax		24,452	(35,471)
Income Tax Expense		-	-
Profit/(loss) for the period from Continuing Operations		24,452	(35,471)

The Income Statement is to be read in conjunction with the attached notes

Access Macquarie Ltd
CASH FLOW STATEMENT
for the year ended 31 December 2007

Cash flows from operating activities:	Note	2007	2006
		\$	\$
Receipts from customers		17,088,449	17,789,770
Payments to suppliers and employees		(14,756,425)	(14,755,064)
Interest received		255,489	89,752
Dividend received		-	-
Net cash provided by/used in operating activities	11	<u>2,587,513</u>	<u>3,124,458</u>
Cash flows from investing activities:			
Payment for property, plant & equipment		(472,154)	(534,718)
Purchase of Investments		(9,760)	(8,256)
Proceeds from sale of property, plant & equipment		104,066	126,364
Proceeds from Investment in term deposits		-	-
Proceeds from sale of shares		-	-
Net cash provided by/used in investing activities		<u>(377,848)</u>	<u>(416,610)</u>
Net increase (decrease) in cash and cash equivalents		2,209,665	2,707,848
Cash and Cash Equivalents at the beginning of the period		3,333,018	625,170
Cash and Cash Equivalents at the end of the period	12	<u><u>5,542,683</u></u>	<u><u>3,333,018</u></u>

The Cash Flow Statement is to be read in conjunction with the attached notes.

Access Macquarie Ltd
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2007

	Note	2007 \$	2006 \$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	8	3,790,732	3,826,204
Profit (loss) for the period		24,452	(35,471)
Adjustment on change in accounting policies		-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	8	<u>3,815,184</u>	<u>3,790,732</u>

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

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

Note 1 - STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law.

Access Macquarie Ltd is a controlled entity of Macquarie University.

This financial report for the year ended 31 December 2007 has been authorised for issue by the Board on 18th April 2008.

(b) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounts have been prepared in Australian dollars.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(c) Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs and does 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.

(d) Significant Accounting Judgements & Estimates

No accounting assumptions, judgements or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within this accounting period.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 underlying contracts and achievement of project milestones. Revenue on investments is recognised as it accrues.

(f) Income tax

The company is exempt from the payment of tax by virtue of section 50.5 of the Income Tax Assessment Act. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables;
- (iii) Cash flows from Operating activities in the Statement of Cash Flows are inclusive of GST.

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

(h) 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 \$1,000. 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.

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

(i) Depreciation

Plant & equipment are depreciated over their estimated useful lives. Depreciation is calculated using the diminishing value method.

The rates of depreciation used by the company are as follows:

Motor vehicles	13%
Computer Hardware & Software	25%
Office Equipment	8%
Furniture & fittings	5%
Leasehold fit out	5%

(j) 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.

(k) Property, Plant & Equipment

Motor vehicles 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.

(l) Impairment of Assets

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

(m) Accrued and Deferred Income

Project Income may be received in advance or in arrears resulting in the following categorisations:

- (i) Deferred Income includes fees received before the commencement of the project or before milestones have been completed.
- (ii) Accrued Income is where fees are receivable from a project but a Tax Invoice has not been raised due to a timing difference or before milestones have been completed.

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

(n) Accounting for Projects – Rendering of Services

Project revenue is accounted for in accordance with AASB 118/ IAS 18 Revenue: revenue from a transaction involving the rendering of services. Funding received for providing services is brought to account as revenue to the extent of approved project expenditure.

Any balance remaining at the end of the period on a project account is translated into one of three balance sheet classifications:

- (i) To the extent that project expenditure exceeds revenue for an accounting period, revenue is accrued as "Advances to Projects" and categorised as a current receivable.
- (ii) To the extent that project funds exceed recoverable expenditure for the accounting period, surplus project funds, "Deferred Project Income", is categorised as a current payable.
- (iii) To the extent that a project is completed and there is surplus project funding, "Completed projects" are categorised as a current payable.

Assets purchased on behalf of projects funded by external bodies, "Provision for transfer of assets", are categorised as non-current provisions. This represents the Company's obligation to return the asset to the external funding body upon completion of the project.

(o) 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 company or were subject to control or significant influence by the company. This includes:

- i) associated companies;
- ii) directors;
- iii) spouses and other close members of the families of the directors; individuals or close members of the families of 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
- iv) superannuation plans of which the company is manager or trustee

(p) Employee benefits

i) Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

ii) Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values. Provisions made in respect of employee benefits, that are not expected to be settled within 12 months are measured at the present value of future cash flows in respect of services provided by employees up to the reporting date. The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax which are consequential to employment are recognised as liabilities and expenses with the employment benefits to which they have been recognised.

iii) Retirement benefit obligations - Contributions to the defined contribution fund 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) All employees of the company are entitled to benefits on retirement, disability or death from the Company's superannuation plan. The defined contribution plan receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

(q) Trade and other payables

Trades and other payables are carried at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

(r) 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 doubtful debts is created based on a review of all outstanding amounts periodically or at 31 December.

(s) Leaseholds

The Company leased its principal place of business and operating lease payments are charged to the Income Statement in the periods in which they were incurred. The amount of minimum lease payments commitments is included in Note 15.

(t) Investments and Other Financial Assets

Each financial asset must be classified in the following 4 categories in accordance with AASB 139: "Financial Instruments: Recognition and Measurement".

- 1 Financial assets at fair value through profit and loss: financial assets held principally for the purpose of selling in the short term and is subject to frequent changes in fair value.
- 2 Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market.
- 3 Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention of holding to maturity.
- 4 Available-for-sale financial assets: consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Trade accounts receivable are recognised at amount due. Trade accounts receivable are normally settled within 60 days.

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accrual accounting basis.

(u) Other assets

Other assets are recognised on a cost basis.

(v) Foreign currency translation

Foreign Currency transactions during the period are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Income Statement.

(w) Superannuation

Superannuation expense is calculated as a percentage of the employees' salary. The Company also contributes to UniSuper (formerly Superannuation Scheme for Australian Universities or "SSAU") details of which is included in Note 17.

(x) Comparative figures

There were no material changes made for comparative purposes.

(y) Issue of Equity Instruments

When equity instruments are issued as consideration for the acquisition of assets or settlement of liabilities, they are issued by reference to the market value at the date the transaction occurs.

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

	2007	2006
NOTE 2 - CASH AND CASH EQUIVALENTS	\$	\$
Cash at bank and on hand	<u>5,542,683</u>	<u>3,333,018</u>

NOTE 3 - TRADE AND OTHER RECEIVABLES

Current

Amounts receivable from	- Related parties	2,530,986	2,163,182
	- Project advances	660,020	982,812
	- Other	<u>(3,587)</u>	<u>144,662</u>
		3,187,419	3,290,656
Prepayments		7,682	78,020
Accrued Income		<u>504,069</u>	<u>755,477</u>
		<u>3,699,170</u>	<u>4,124,153</u>

NOTE 4 - OTHER FINANCIAL ASSETS

Current

Term Deposits	<u>165,506</u>	<u>155,747</u>
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NOTE 5 - PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles \$	Computer Equipment \$	Office Equipment \$	Furniture & Fittings \$	Leasehold Fit out \$	Total \$
2006						
GROSS CARRYING AMOUNT						
Balance as at 31 December 2005	282,338	364,825	74,596	189,212	526,700	1,437,671
Additions	160,523	184,398	42,011	12,181	135,604	534,717
Disposals	(184,934)	(33,555)	(7,340)	(36,464)	-	(262,293)
Balance as at 31 December 2006	257,927	515,668	109,267	164,929	662,304	1,710,095
ACCUMULATED DEPRECIATION						
Balance as at 31 December 2005	40,826	230,760	29,790	67,735	292,670	661,781
Disposals	(34,212)	(17,338)	(207)	(446)	-	(52,203)
Depreciation Expense	39,480	62,178	5,247	4,990	14,542	126,437
Balance as at 31 December 2006	46,094	275,600	34,830	72,279	307,212	736,015
NET BOOK VALUE						
As at 31 December 2005	241,512	134,065	44,806	121,477	234,030	775,890
As at 31 December 2006	211,833	240,068	74,437	92,650	355,092	974,080
2007						
GROSS CARRYING AMOUNT						
Balance as at 31 December 2006	257,927	515,668	109,267	164,929	662,304	1,710,095
Additions	148,503	84,950	-	8,083	230,618	472,154
Disposals	(146,149)	-	-	-	-	(146,149)
Balance as at 31 December 2007	260,281	600,618	109,267	173,012	892,922	2,036,100
ACCUMULATED DEPRECIATION						
Balance as at 31 December 2006	46,094	275,600	34,830	72,279	307,212	736,015
Disposals	(22,259)	-	-	-	-	(22,259)
Depreciation Expense	30,812	67,239	5,535	4,829	21,053	129,468
Balance as at 31 December 2007	54,647	342,839	40,365	77,108	328,265	843,224
NET BOOK VALUE						
As at 31 December 2006	211,833	240,068	74,437	92,650	355,092	974,080
As at 31 December 2007	205,634	257,779	68,902	95,904	564,657	1,192,876

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 6 - TRADE AND OTHER PAYABLES	2007	2006
Current	\$	\$
Amounts payable to - Related parties	617,993	560,776
- Completed Projects	15,351	28,533
- Others	306,475	265,512
Deferred Income	3,712,320	2,172,850
Accrued Expenses	<u>1,542,403</u>	<u>1,162,360</u>
	<u>6,194,542</u>	<u>4,190,031</u>
 NOTE 7 - PROVISIONS		
Current		
Annual Leave	268,667	287,717
Long Service Leave	55,638	39,133
Other Provisions	<u>50,000</u>	<u>58,695</u>
	<u>374,305</u>	<u>385,545</u>
Non-Current		
Long Service Leave	120,084	126,295
Provision for transfer of assets	<u>96,118</u>	<u>94,395</u>
	<u>216,202</u>	<u>220,690</u>
No. of employees at end of financial year	65	65
 NOTE 8 – RETAINED PROFITS/(ACCUMULATED LOSSES)		
Balance at beginning of financial year	3,790,732	3,826,204
Profit/(loss) for current financial year	<u>24,452</u>	<u>(35,471)</u>
Balance at end of financial year	<u>3,815,184</u>	<u>3,790,732</u>

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 9 -PROFIT (LOSS) FROM CONTINUING OPERATIONS

Profit from ordinary activities before income tax includes

the following items of revenue and expense:

	2007	2006
	\$	\$
(a) OPERATING REVENUE		
Rendering of Services	14,368,360	13,431,020
	<u>14,368,360</u>	<u>13,431,020</u>
Interest Revenue	255,489	89,752
Gain on sale of investments	-	-
In kind contributions to TGR BioSciences P/L	-	-
Dividends Revenue	-	-
	<u>14,623,849</u>	<u>13,520,772</u>
(b) EXPENSES		
Employee benefits expense		
Salaries & Wages	5,182,496	5,154,403
Replacement Salaries	411,417	352,043
Salaries & Wages Oncosts	983,825	1,107,866
Other Employment Expenditure	54,904	56,090
	<u>6,632,642</u>	<u>6,670,402</u>
Consulting Expenditure	4,137,631	2,779,476
Audit Fees - audit of financial statements	47,070	37,064
Audit Fees - other services	7,600	7,050
Professional Services	256,024	148,878
Bank Fees	31,552	25,861
Consumables	11,163	23,341
Printing & Stationery	243,542	245,451
Training and Meeting Amenities	78,699	156,004
Travel Expenditure	506,581	552,299
General Expenditure	127,789	94,573
Patent Application Fees	295,771	222,767
Rental Expenditure	937,604	916,634
Repairs and Maintenance	67,092	20,901
Bad Debts Expense	15,234	217,514
Depreciation Expense	129,469	126,437
Macquarie University Fee Redirection	307,689	164,427
Macquarie University Department Fees	472,722	335,660
Marketing and Promotion Expenditure	76,511	225,459
Loss on Disposal of Fixed Assets	19,825	24,360
Other Expenditure	197,187	561,685
	<u>14,599,397</u>	<u>13,556,243</u>
(c) NET PROFIT/(LOSS)	<u>24,452</u>	<u>(35,471)</u>

NOTE 10 -GAIN/(LOSS) ON SALE OF ASSETS

Sales of assets in the ordinary course of business have given rise to the following profits & losses:

Net profit/(loss):

Property, plant & equipment	<u>(19,825)</u>	<u>(24,360)</u>
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Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 11 – CASH FLOW FROM OPERATING ACTIVITIES

The net profit is reconciled to net cash flows from operating activities as follows:	2007	2006
	\$	\$
Net profit/(loss)	24,452	(35,471)
Write back non-cash items:	-	-
In kind contributions to TGR BioSciences Pty Ltd	-	-
Write down of Investment in TGR BioSciences P/L	-	-
Depreciation	129,469	126,437
(Profit)/Loss on sale of assets	19,825	24,360
Loss on write off of assets	-	59,368
Gain on sale of financial assets	-	-
Changes in assets & liabilities:	-	-
Decrease/(Increase) in debtors	103,237	624,612
Decrease/(Increase) in prepayments	70,338	(46,089)
Decrease/(Increase) in accrued income	251,408	2,658,153
Increase/(Decrease) in accrued charges	-	-
Increase/(Decrease) in creditors	84,999	371,838
Increase/(Decrease) in unexpended project income	1,539,470	154,585
Increase/(Decrease) in provisions	(15,728)	42,940
Increase/(Decrease) in accrued expenses	380,043	(856,275)
(Increase)/Decrease in recoverable patent costs	-	-
Unpaid shares in TGR BioSciences	-	-
	<u>2,587,513</u>	<u>3,124,458</u>

NOTE 12 - RECONCILIATION OF CASH

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at bank and on hand - Note 2	<u>5,542,684</u>	<u>3,333,018</u>
Cash at bank and on hand	<u>5,542,684</u>	<u>3,333,018</u>

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 13 - RELATED PARTY INFORMATION

	2007	2006
	\$	\$

(a) Parent entity

Access Macquarie Limited is controlled by Macquarie University . The company is limited by guarantee to \$20 (2006 \$20)

(b) Transactions with related parties

The following transactions occurred with related parties:

Sale of goods and services

Salaries and project management to Macquarie University	6,461,693	4,937,637
Finance support – LAMS International Pty Ltd	63,814	85,239

Purchase of goods

Consulting - Macquarie University	1,503,393	1,082,837
Catering - U@MQ Limited	414	665
Internship supervision - CMBF	1,575	10,000
Consulting - LAMS International Pty Ltd	15,000	-
Venue hire – MGSM Pty Ltd	-	12,447

(c) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables (sale of goods and services)

Macquarie University	913,194	557,333
APAF Limited	7,833	-
LAMS International Pty Ltd	10,431	11,425

Current payables (purchases of goods)

Macquarie University	38,206	329,454
U@MQ Limited	39,673	-

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 14 - RELATED PARTY INFORMATION

	2007	2006
	\$	\$
Names of Directors who have held office during the financial year are:		
Mr Paul Bowler (Chairman)	Appointed 15 February 2007	
Professor John Loxton	Resigned 15 February 2007	
Professor Elizabeth Deane		
Dr. Peter Dodd	Appointed 12 th April 2007	
Dr John Friend		
Mr Peter Jenkins		
Mr Stephen Jones		
Professor Jim Piper		
Mr Iain Rothwell	Resigned 18 October 2007	
Professor Stephen Schwartz	Resigned 15 February 2007	

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 entity (including amounts paid as salary to employees of ACCESS MACQUARIE Ltd who also act as officers of its controlled entities)

	250,568	92,395
--	---------	--------

Breakdown of aggregated amount of income received by all directors in 2007:

Iain Rothwell	50,650
Peter Dodd	199,918

Number of Directors whose total remuneration fell between

\$0 - \$9999	7	7
\$50,000 - \$59,999	1	
\$60,000 - \$79,999		
\$80,000 - \$99,000		1
\$100,000 - \$129,999		
\$130,000 - \$140,000		
\$150,000- \$200,000	1	

NOTE 15 - COMMITMENTS FOR EXPENDITURE

Lease commitments

Total lease expenditure contracted for at balance date but not recognised in the financial report:

Payable no later than one year	653,038	618,339
Payable later than one, not later than five years	1,365,438	1,968,562
Payable later than five years		
	2,018,476	2,586,901

ACCESS MACQUARIE Ltd possesses an option to renew the lease for up to a further 10 years.

Capital Commitments

There were no material commitments for capital expenditure as at 31 December 2007.

NOTE 16 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Bank Guarantees	152,644	149,894
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Bank guarantees are secured by right of set-off against term deposits held by the company. There was no exercise of the guarantee during the financial year.

Access Macquarie Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

NOTE 17 - FINANCIAL INSTRUMENTS; INTEREST AND CREDIT RISK EXPOSURE

The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity period is set out in the following table.

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 1 to the financial statements.

Access Macquarie Limited's principal financial instruments comprises receivables, payables, cash and short term deposits.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Access Macquarie Limited uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

(b) Credit Risk Exposure

The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount, net of provision for loss. The company does not have any significant exposure to any unrelated customer.

(c) Interest Rate Risk Exposure

As at 31 December 2007 Access Macquarie Limited's held cash as deposits.

If the interest rates moved by +1% it would increase profit and equity by approximately \$57,000.

If the interest rates moved down by -0.5% it would have decreased profit and equity by approximately \$28,500.

2007 Financial Instruments	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate*
<i>Financial Assets</i>					
Cash	1,941,511	3,600,808	365	5,542,684	7.25%
Receivables			3,691,488	3,691,488	
Other financial assets		165,505		165,505	5.67%
Total Financial Assets	1,941,511	3,766,313	3,691,853	9,399,677	
<i>Financial Liabilities</i>					
Trade and Other Payables			4,652,140	4,652,140	
Total Financial Liabilities			4,652,140	4,652,140	
Net Financial Asset (Liability)	1,941,511	3,766,313	-960,287	4,747,537	
2006 Financial Instruments	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate*
<i>Financial Assets</i>					
Cash	2,159,551	1,173,102	365	3,333,018	5.47%
Receivables			4,046,134	4,046,134	
Other financial assets		155,746		155,746	5.67%
Total Financial Assets	2,159,551	1,328,848	4,046,499	7,534,899	
<i>Financial Liabilities</i>					
Trade and Other Payables			3,027,671	3,027,671	
Total Financial Liabilities			3,027,671	3,027,671	
Net Financial Asset (Liability)	2,159,551	1,328,848	1,018,828	4,507,228	

Access Macquarie Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

	2007	2006
Net financial assets/(liabilities)	4,747,537	4,507,227
Non financial assets and liabilities		
Prepayments	7,682	78,020
Plant and equipment	1,192,875	974,080
Accrued expenses	(1,542,403)	(1,162,360)
Provisions	(590,507)	(606,235)
Net assets	3,815,184	3,791,732

(d) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities approximated their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market value.

	2007		2006	
	Carrying Amount	Net Value	Carrying Amount	Net Value
Financial Assets				
Cash and deposits	5,542,683	5,542,683	3,333,018	2,682,784
Trade and other receivables	3,699,170	3,699,170	4,046,133	6,763,721
Other financial assets	165,506	165,506	155,747	155,747
	9,407,359	9,407,359	7,531,898	9,446,505
Financial Liabilities				
Trade and other payables	4,652,140	4,652,140	3,027,671	3,027,671
	4,652,140	4,652,140	3,027,671	3,027,671

There is no significant concentration of risk in respect of receivables due from any one customer.

NOTE 18 -CONTRIBUTIONS TO DEFINED BENEFIT SUPERANNUATION PLANS

Following the adoption of International Accounting Standards beginning 1 January 2005, the provision of information relating to employee superannuation is now driven by the new Australian accounting standard AASB 119 – Employee Benefits. Under this standard, Access Macquarie’s defined benefit plan (DBP) provider, UniSuper, has adopted the **multi employer provisions** and will only be providing additional information detailing the overall position of the fund. As at 30 June 2007, information provided by UniSuper states:

- (a) There is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employees to the DBP.
- (b) The assets of the DBP in aggregate were estimated to be \$1,683m in excess of vested assets.
- (c) The assets of the DBP in aggregate were estimated to be \$2,587m in excess of accrued benefits.
- (d) Assumptions used to determine the vested benefits and accrued benefit liabilities of the scheme were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7%	8.30%
Net of tax investment return	6.50%	7.80%
Consumer Price Index	2.50%	2.50%
Inflationary salary increases	3.50%	3.50%
Inflationary salary increases next three years	5.00%	5.00%

Access Macquarie Ltd
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2007

NOTE 19 – AUDITORS' REMUNERATION

	2007	2006
	\$	\$
During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
Audit and review of financial reports under the Corporations Act 2001 and the Public Finance and Audit Act 1983.	47,040	37,064
Audit of regulatory returns	7,600	7,050
Total remuneration for audit services	54,640	44,114

NOTE 20 – FINANCE FACILITIES

Standby arrangements with banks to provide funds and support facilities		
Credit facility	237,000	650,000
Amount utilised	28,238	64,644
Unused credit facility	208,762	585,356

The above facilities refer to corporate credit cards held by the company.

NOTE 21 – EVENTS OCCURRING AFTER REPORTING DATE

As at 31 December 2007 there were no known events that have the potential to significantly effect the ongoing structure and financial activities of the Company.

NOTE 22 - NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

- (i) The company did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:

AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)

The company has assessed the impact of this new Standards and Interpretations and considers the impact to be insignificant.

NOTE 23 – ADDITIONAL COMPANY INFORMATION

ACCESS MACQUARIE Ltd is a public company, incorporated and operating in Australia.

Registered office

Level 1 Dow Corning Building
3 Innovation Rd
Macquarie University
NSW 2109

Principal place of business

Level 1 Dow Corning Building
3 Innovation Rd
Macquarie University
NSW 2109

Report by the Directors of Australian Proteome Analysis Facility Ltd

The Directors of Australian Proteome Analysis Facility Ltd submit herewith the annual Financial Report for the financial year ended 31 December, 2007. In accordance with the Corporations Act 2001, the Directors report that:

Directors

The names of Directors in office during or since year end:

Name	Qualifications	Experience & Special Responsibilities ¹	Period of Directorship
Dr John Ballard (Chairman)	BSc(Hons 1) PhD DSc	Director of BR Angels Pty Ltd, Neubody Pty Ltd, Applimex Pty Ltd, Australian Institute of Commercialisation Ltd and Australian Association of Angel Investors Inc; Chairman of BioAngels Inc and AdAlta Pty Ltd. Authored more than 300 research publications; inventor of 10 patents.	Full Period
Professor Mark Baker	BSc (Hons 1) Macquarie PhD Macquarie	APAF CEO; Chair of Proteomics (Macquarie University)	Full Period
Professor Jim Piper	BSc, PhD <i>Otago</i> FOSA, FAIP	Deputy Vice Chancellor (Research) Macquarie University	Full Period
Professor Peter L Bergquist	PhD Auckland post-doctoral research at Harvard, Oxford & Yale DSc Auckland.	Director Macquarie University Biotechnology Research Institute, Presently Emeritus Professor of Molecular Genetics Auckland Medical School	1/1/07-31/12/07
Professor Ian Dawes	BSc, DPhil (Oxon) Rhodes Scholar	Scientia Professor of Genetics BMSF UNSW. Director Ramaciotti Centre, ARC Professorial Fellow., numerous awards in microbiology and yeast molecular genetics.	1/1/07-31/12/07
Professor David Day	PhD Adelaide Queen Elizabeth II Fellowship CSIRO ACT	Dean of Science Sydney	1/1/07-31/12/07
Dr Choon-Joo Kho	BSc PhD Berkeley	14 years experience in early stage investment and research (Lian Huat Group, Cardiome Pharma, ZymoGenetics, Calgene)	1/1/07-31/12/07
Professor Leanna Read	BAGSc(Hons) PhD, FTSE, FAICD	CEO of TGR BioSciences, Previously CEO of CRC for Tissue Growth and Repair, after 10 years as the inaugural director of the Child Health Research Institute in Adelaide.	1/1/07-20/12/07
Dr Peter Freeman (alternate)	BSc (Hons 1) Nottingham. PhD Nottingham Postdoctoral Fellowship Imperial College - Noble Laureate Sir Derek Barton	Director of Research Services Macquarie, strategic research matters and policy development, mentoring Managers of the Research Office and the Higher Degree Research Office.	Full Period
Professor Merlin Crossley (alternate)	BSc Melbourne Postdoctoral studies in Hemophilia B Oxford	1995 established a laboratory at the University of Sydney. Major contributions to the identification of gene regulatory proteins Currently Acting Deputy Vice-Chancellor (Research).	1/1/07-31/12/07

Note 1. There were no special responsibilities during the year.

Meetings of Directors

During the financial year, two regular meetings of Directors were held. Attendances were:

	Directors' Meetings	
	No Eligible To Attend	No Meetings Attended
Dr John Ballard	2	2
Professor Mark Baker	2	2
Professor Peter L Bergquist	2	2
Professor Ian Dawes	2	2
Professor David Day (or alternate)	2	1
Dr Choon-Joo Kho	2	2
Professor Jim Piper (or alternate)	2	2
Professor Leanna Read	2	2
Dr Peter Freeman (alternate)	-	-
Professor Merlin Crossley (alternate)	1	1

In addition Directors, individually and in groups, met with senior Company staff throughout the year to discuss Company business.

Principal Activity

The principal activity during the course of the financial year was the operational management of the Major National Research Facility known as Australian Proteome Analysis Facility Ltd. The facility provides advanced proteomics and protein chemistry services to the biosciences community of Australia.

Operating Results

The net operating profit for the financial year, after deducting any amounts that should properly be attributed to any outside interests for the financial period was \$5,067 (2006 profit \$32,499).

Review of Operations

On 30 June 2006, the five year Major National Research Facility funding ended and this funding was supplemented with interim funding from the National Collaborative Research Infrastructure Strategy (NCRIS) from July 2006 to March 30th 2007. From 1 April 2007, a new funding mechanism (NCRIS) was launched by then Minister Bishop under which a company called Bioplatforms Australia Limited (BPA) provides funding of \$50 million over the five years to 30 June 2011, for proteomics and other disciplines (genomics, metabolomics, bioinformatics).

The Company (APAF) has largely accomplished the goals set under its Major National Research Facility Grant on behalf of Macquarie University in a number of key areas as described below:

Equipment

The upgrading of equipment at the Macquarie node of the Australian Proteome Analysis Facility has been on hold for most of this year, pending NCRIS funding becoming available. Once this funding was made available the facility continued its upgrade program involving the acquisition and installation of leading edge mass spectrometry and HPLC technology including Qstar Elite, Nanospray II and Tempo NanoLC for the provision of services to Australian Researchers and commercial organisations. Purchase of this technology was endorsed by APAF New Technologies Committee which reports to the APAF Board and is considered essential to a variety of programs including the customer service business, biomarker discovery programs and research projects being conducted within APAF under two ARC Linkage Grants.

The significant investment in equipment that has resulted from the MNRF and NCRIS grants and from the investment by Macquarie University in previous years has ensured that the Macquarie node of Australian Proteome Analysis Facility Ltd continues to offer state of the art technology to the research community, and significantly differentiates the node from its competitors. It has also contributed significantly to continuing strong growth in revenue this year.

New Staff

Several new staff members have been appointed and include the following scientists - Patrick Kim, Matthew Fitzhenry and Mitchell Isaacs. Keiran Wicks joined as our Operations Manager and Dan Yang moved from casual to permanent employment in the role of IT Assistant.

It is believed these new appointments will significantly enhance the Company's ability to meet its key performance indicators set by the Commonwealth Government under the NCRIS program by providing a number of new skills and expertise. In addition it increases the node's ability to attract other government funding.

Commercial Collaborations

Large collaborative projects continued this year with the CRC for Value Added Wheat, NSW Agriculture Genomics and Applied Biosystems. In addition the Macquarie node continued a number of conjoint ARC (Discovery and Linkage) grants during the year.

Large pharmaceutical companies commissioned additional exploratory work that should lead to further contract expansion.

These achievements continue to enhance the reputation of the facility as a world leader in the field of proteomics.

Commonwealth Support

The Company is currently coordinating the creation of an extended proteomics network and is seeking support under the Commonwealth Government's new NCRIS program.

Changes in State of Affairs

Other than the end of MNRF funding at 30 June 2006, supplemented by interim funding to 31 March 2007, and the new NCRIS funding arrangements through to 30 June 2011, there are no significant changes in the state of affairs of the Company that occurred during the year.

Budget / Staffing Policy

The Company budget is based on funding to 31 June 2011. This approval includes an appraisal of staff performance and recommendations on salary increases. The Chief Executive Officer has been delegated authority to appoint / replace staff within the Company budget. New positions require Board approval.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial period end, a benefit because of a contract made by the Company or a related body corporate with the Director, a firm of which a Director is a member or a company 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 Company's accounts, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Company, controlled entity or related body corporate.

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, other than a strategic review of the structure of the operations of the APAF facility to enable the University to align the operations of the facility with the goals of the University, which has significantly affected or may significantly affect:

- (a) the operations, in financial years after the financial year, of the Company; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years after the financial year, of the Company

Future Developments

Consequent upon the satisfactory finalisation of NCRIS funding to 30 June 2011, the Directors do not expect future developments to significantly affect the future operations of the Company.

Dividends

The Constitution of the Company prohibits the payment of dividends.

Environmental Issues

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

Auditor's Independence Declaration

The Auditor's Independence Declaration is attached.

Indemnifying Officer

Clause 44 of the Constitution of Australian Proteome Analysis Facility Ltd states that:

- 44.1 "To the extent permitted by law and subject to the restrictions in section 199A of the *Corporations Act 2001* the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as such as officer of the Company (including liabilities incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment)."
- 44.2 "To the extent permitted by law and subject to the restrictions in section 199A of the *Corporations Act 2001*, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred by that person as such an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment)."

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

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- 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.

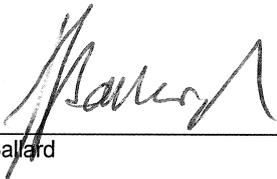
Proceedings on Behalf of the Company

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.

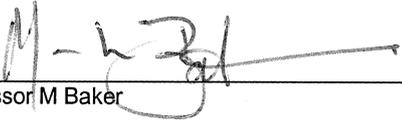
The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of Directors.

Dated at Sydney this Thirty First day of March 2008



Dr J Ballard Chairman



Professor M Baker Director



GPO BOX 12
Sydney NSW 2001

To the Directors
Australian Proteome Analysis Facility Ltd

Auditor's Independence Declaration

As auditor for the audit of Australian Proteome Analysis Facility Ltd for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads 'Maria Spriggins'.

Maria Spriggins
Director, Financial Audit Services

31 March 2008
SYDNEY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

AUSTRALIAN PROTEOME ANALYSIS FACILITY LIMITED

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

I have audited the accompanying financial report of Australian Proteome Analysis Facility Ltd (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of the Company:

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.
- other mandatory financial reporting requirements in Australia.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

31 March 2008
SYDNEY

In accordance with a resolution of the Directors of Australian Proteome Analysis Facility Ltd, the Directors declare that:

1. The attached general purpose financial report presents a true and fair view of the Company's financial position as at 31 December 2007 and its financial performance and cash flows for the year ended on that date;
2. The financial report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the Corporations Act 2001;
3. The financial report (including the Australian Accounting Interpretations) has been prepared in accordance with Australian Accounting Standards, and other mandatory professional reporting requirements;
4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this Thirty First day of March 2008



Dr J Ballard
Chairman



Professor M Baker
Director

Australian Proteome Analysis Facility Ltd

ABN 81 101 734 098

Income statement

For the year ended 31 December 2007

	Note	2007	2006
Revenue from continuing operations			
Investment income	5	20,787	32,499
Other revenue	6	490,632	886,918
Total revenue from continuing operations		<u>511,419</u>	<u>919,417</u>
Expenses from continuing operations			
Employee benefits and oncosts	7	335,829	630,692
Other expenses	8	170,523	256,226
Total expenses from continuing operations		<u>506,352</u>	<u>886,918</u>
Operating profit before income tax		5,067	32,499
Income tax expense	2	-	-
Net operating profit for year		<u>5,067</u>	<u>32,499</u>

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

	Note	2007	2006
ASSETS			
Current Assets			
Cash and cash equivalents	9	868,627	551,994
Total current assets		<u>868,627</u>	<u>551,994</u>
Total assets		<u>868,627</u>	<u>551,994</u>
LIABILITIES			
Current liabilities			
Payables	10	676,673	376,943
Provisions	11	93,371	82,666
Total current liabilities		<u>770,044</u>	<u>459,609</u>
Non-current liabilities			
Provisions	11	15,733	14,602
Total non-current liabilities		<u>15,733</u>	<u>14,602</u>
Total liabilities		<u>785,777</u>	<u>474,211</u>
Net assets		<u>82,850</u>	<u>77,783</u>
EQUITY			
Contributed Equity	12	-	-
Retained earnings	13	82,850	77,783
Total equity		<u>82,850</u>	<u>77,783</u>

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

Statement of changes in equity

For the year ended 31 December 2007

	Note	2007	2006
Total equity at the beginning of the financial year		<u>77,783</u>	<u>45,284</u>
Operating profit for the year		5,067	32,499
Total recognised income and expense for the year		<u>82,850</u>	<u>77,783</u>
Transactions with equity holders in their capacity as equity holders		<u>-</u>	<u>-</u>
Total equity at the end of the financial year		<u><u>82,850</u></u>	<u><u>77,783</u></u>

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

Australian Proteome Analysis Facility Ltd

ABN 81 101 734 098

Cash flow statement

For the year ended 31 December 2007

	Note	2007	2006
Cash flows from operating activities			
Receipts from customers		507,066	900,006
Interest received		20,787	32,499
Payments to suppliers and employees (inclusive of goods and services tax)		(211,220)	(1,600,156)
Net cash inflow (outflow) from operating activities	19	316,633	(667,651)
Cash flows from financing activities			
Repayment of loans to related parties		-	-
Net cash inflow (outflow) from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		316,633	(667,651)
Cash and cash equivalents at the beginning of the financial year		551,994	1,219,645
Cash and cash equivalents at end of year	9	868,627	551,994

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

Note	Contents of the notes to the financial statements
1	Structure and scope of reporting by the Company
2	Summary of significant accounting policies
3	Financial risk management
4	Critical accounting estimates and judgements
	Revenue
5	Investment income
6	Other revenue
	Expenses
7	Employee benefits and oncosts
8	Other expenses
	Assets
9	Cash and cash equivalents
	Liabilities
10	Payables
11	Provisions
	Equity
12	Contributed equity
13	Retained earnings
14	Key management personnel disclosures
15	Remuneration of auditors
16	Contingent liabilities
17	Commitments for expenditure
18	Related parties
19	Reconciliation of operating result after income tax to net cash inflow from operating activities
20	Contributions to defined benefit superannuation plans
21	Finance facilities
22	Financial instruments
23	New Australian Accounting Standards issued but not effective
24	Segment information
25	Events after Balance Sheet date
26	Additional company information

Note 1. Structure and scope of reporting by the Company

Australian Proteome Analysis Facility Ltd is a controlled entity of Macquarie University which was formed in order to oversee the operational management of the Major National Research Facility (MNRF), a grant awarded to Macquarie University from the Commonwealth of Australia. The grant involves funding to Macquarie University and nodes at the University of NSW, University of Sydney and TGR Biosciences Pty Ltd in Adelaide. The financial management of the grant remains with Macquarie University however it pays the company management fees in order to cover the costs of the company incurred in the administration of the MNRF grant.

This financial report for the year ended 31 December 2007 has been authorised for issue by the Board on 31 March 2008.

Note 2. Summary of significant accounting policies

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

(a) **Basis of preparation**

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board.

Statement of Compliance

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards. The financial statements of Australian Proteome Analysis Facility Ltd comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with AIFRS requirements

Historical Cost Convention

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, will be separately disclosed if relevant.

Selection of Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Revenue recognition per AASB 118

Revenue is derived from management fees that are paid by Macquarie University to the company in order to cover the costs incurred in the administration of the MNRF grant and are brought to account as incurred.

(b) Income Tax

The Company is exempt from the payment of income tax by virtue of section 23(e) of the Income Tax Assessment Act. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(c) Goods and Services Tax

Revenues, 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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(d) 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 Company or were subject to control or significant influence by the Company. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families of 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;
- superannuation plans of which the Company is manager or trustee

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, *with an original maturity of 3 months or less*, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Other Assets

Other assets are recognised on a cost basis.

(g) Non-Current Assets

No non-current assets are owned by the Company.

(h) Payables

Trade Payables and other payables are carried at cost which is the fair value of consideration payable. Payables to Macquarie University represent liabilities arising out of transactions between the Company and its parent entity and which are unpaid at the end of the financial year. The amounts are unsecured and payable at call.

(i) Employee Entitlements

Provision has been made for employee entitlements for annual leave and long service leave. The balances of these provisions as at the end of the financial year have been categorised in the balance sheet as either current liabilities or non-current liabilities.

Current (less than twelve months) employee entitlements for untaken annual leave are accrued at expected rates and long service leave are accrued annually using the nominal method at current pay rates. Non-current employee entitlements are measured at the present value of estimated cash outflows using market yields as at the reporting date on national government bonds.

(j) Superannuation

Superannuation expense is calculated as a percentage of the employees' salary.

The Company contributes superannuation for certain employees to a defined benefit plan managed by UniSuper. The fund has advised that sufficient information is not available to account for the plan under the defined benefits approach. The defined benefit plan exposes the participating employers to actuarial risks associated with current and former employees of other participating employers, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to participating employers.

Accordingly the Company will use the defined contribution reporting approach. Under this approach, the Company recognises superannuation contributions to employees under the defined benefits plan as an expense at the time the employee has rendered the appropriate service.

(k) Leaseholds

The Company occupies premises at Macquarie University for which it is not charged rent.

(l) Foreign Currency Translation

Foreign Currency transactions during the period are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Statement of Financial performance.

Any balances stated in foreign currency at year end are translated to the exchange rate in effect at year end.

(m) Financial Instruments

Fair value is the measurement basis and is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve

In accordance with AASB132 "Financial Instruments: Disclosure and Presentation" information is disclosed in Notes 3 and 22 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at fair value, which equates to the cost of financial assets and liabilities held at year end. The specific accounting policy in respect of each class of such financial instrument is stated in Note 22.

Classes of instruments recorded at fair value comprises:

- cash
- payables

Trade accounts payable are recognised when the Company becomes obliged to make future payments as a result of purchases. Trade accounts payable are normally settled within 30 days.

Trade accounts receivable are recognised at amount due. Trade accounts receivable are normally settled within 60 days.

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accrual accounting basis.

(n) Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in current year presentation.

(o) Insurances

As a controlled entity of Macquarie University the Company is covered fully under the University policies for all insurances excluding workers compensation. The Company is separately insured for workers compensation. In addition all assets are immediately donated to Macquarie University as acquired so are covered fully by the University.

(p) Ultimate Controlling Entity

Australian Proteome Analysis Facility Ltd is a controlled entity of Macquarie University.

Note 3. Financial risk management

The activities of Australian Proteome Analysis Facility Ltd exposes it to a variety of financial risks, as follows:

(a) Market risk

Refer to cash flow and fair value interest rate risk below. It is not considered that the Company is significantly exposed to other forms of market risk.

(b) Credit risk

The Company had no significant exposure to credit risk during the financial year as it does not hold receivables balances.

(c) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash balances through:

- prompt and regular invoicing of amounts claimable from Macquarie University
- other financial support from Macquarie University
- credit card facilities

(d) Cash flow and fair value interest rate risk

The majority of the Company's cash assets were interest bearing. As a result the Company's results were subject to changes in interest rates. The Company managed this risk by placing cash in an investment at call account with favourable rates and by applying prudent liquidity risk management.

Note 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. It is not considered that any estimate or assumption made in the preparation of this financial report has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial report. It is not considered that any judgement made in the preparation of this financial report has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	2007	2006
Interest revenue	20,787	32,499
Total investment income	20,787	32,499

Note 5. Investment income

Note 6. Other revenue

Management fee payable by Macquarie University	490,632	886,918
Total other revenue	490,632	886,918

Note 7. Employee benefits and oncosts

Non-academic		
Salaries	258,453	484,928
Contribution to superannuation and pension schemes:		
Funded	34,991	70,904
Payroll tax	19,566	33,805
Worker's compensation	2,141	4,338
Long service leave expense	2,058	4,171
Annual leave	18,620	32,546
Total employees' benefits and oncosts	335,829	630,692

	2007	2006
Note 8. Other expenses		
Auditors' remuneration	11,678	15,100
Chairman's fees	20,000	20,000
Computer costs	6,011	6,803
Conference expenses/travel/roadshows	96,228	172,874
Consulting fees paid	-	4,868
Entertainment	2,789	7,718
Filing fees	169	645
Legal fees	907	7,550
Marketing/promotion	26,026	14,185
Meeting costs	4,546	6,483
Telephone	2,169	-
Total other expenses	170,523	256,226

Note 9. Cash and cash equivalents

Cash at bank	868,127	551,494
Petty cash on hand	500	500
	868,627	551,994

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

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

Balances as above	868,127	551,994
Balance per statement of cash flows	868,127	551,994

(b) Cash at bank and on hand

Cash at bank bears interest at an average floating rate of 4.45% (2006 – 4.97%). Cash at bank is at call. Cash on hand is non-interest bearing.

Note 10. Payables

Current

Amounts payable to Macquarie University	676,673	376,943
Total payables	676,673	376,943

	2007	2006
Note 11. Provisions		
Current		
Employee benefits		
Annual leave (please refer to note (a))	93,371	82,666
Long service leave	-	-
Total current provisions	93,371	82,666
Non-current		
Employee benefits		
Long service leave	15,733	14,602
Total non-current provisions	15,733	14,602
Total provisions	109,104	97,268

The aggregate employee entitlement liability recognised and included in the financial report is as follows:

Provision for employee entitlements		
Current	93,371	82,666
Non-current	15,733	14,602
Total provision for employee entitlements	109,104	97,268

No. of employees at end of financial year	31	32
---	----	----

(a) Annual leave provision

Of the annual leave balance, \$78,721 is likely to be taken within 12 months (2006 - \$73,863) although all leave is able to be taken, if employee arranges to do so.

	2007	2006
Note 12. Contributed equity		

Australian Proteome Analysis Facility Ltd is a company limited by guarantee and accordingly has no share capital. The amount of members' guarantee is \$10.

Note 13. Retained earnings

Retained earnings at 1 January	77,783	45,284
Net operating profit for the year	5,067	32,499
Retained earnings at 31 December	82,850	77,783

Note 14. Key management personnel disclosures

(a) Names of responsible persons and executives

The following persons were responsible persons and executive officers of the Company during the year:

John Ballard
 Mark Baker
 Peter Bergquist
 Choon-Joo Kho
 Jim Piper
 Leanna Read (1/1/07 – 20/12/07)
 Ian Dawes
 David Day
 Peter Freeman (alternate)
 Merlin Crossley (alternate)

(b) Remuneration of Board members and executives

Income paid or payable, or otherwise made available, to Board Members by the Company and any related corporations

	20,000	96,319
Remuneration of Board members		
\$0 - \$9,999	9	10
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	1	1
\$70,000 - \$79,999	-	1

2007

2006

Note 15. Remuneration of auditors

During the year the following fees were paid for services provided by the auditor of the Company:

Assurance services

Fees paid to the Audit Office of NSW

Auditing the financial report

7,000

8,100

Auditing the annual report to DEST

4,678

7,000

Total remuneration for audit services

11,678

15,100

Note 16. Contingent liabilities

There were no liabilities at the 31 December 2007 other than those already disclosed in the financial statements (2006 \$Nil).

Note 17. Commitments for expenditure

(a) Capital Commitments

There were no material commitments for capital expenditure as at 31 December 2007 (2006 \$nil)

(b) Other expenditure commitments

There were no material commitments of other expenditure of a non-capital nature as at 31 December 2007 (2006 \$nil).

Note 18. Related parties

(a) Parent entity

Australian Proteome Analysis Facility Ltd is a controlled entity of Macquarie University.

(b) Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 14.

(c) Transactions with related parties

The following transactions occurred with related parties:

Sale of goods and services

Management fees payable by Macquarie University

490,632

886,918

Purchase of goods

Telephone

-

-

	2007	2006
(d) Outstanding balances		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
<i>Current payables</i>		
Parent entity (purchases of goods)	676,673	342,049

The Company occupies premises on the campus of Macquarie University. No rent is payable.

Note 19. Reconciliation of operating result after income tax to net cash inflow from operating activities

Operating result for the year	5,067	32,499
Changes in assets & liabilities:		
Increase/(decrease) in provisions	11,836	(19,583)
Increase/(decrease) in amounts payable to Macquarie University	299,730	(680,567)
Net cash inflow (outflow) from operating activities	316,633	(667,651)

Note 20. Contributions to defined benefit superannuation plans

Australian Proteome Analysis Facility Ltd contributed superannuation contributions on behalf of certain employees to a defined contribution plan (Superannuation Scheme for Australian Universities or "SSAU"). UniSuper, the fund's trustee, has supplied the following information detailing the overall position of the fund as at the date of the date of their last review, being the 30 June 2007.

(a) Funding surplus or deficit

As at 30 June 2007 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the defined contribution plan. Historically surplus in the defined contribution plan has been used to improve members' benefits and has not affected the amount of participating employers' contributions.

As at 30 June 2007 the assets of the defined contribution plan in aggregate were estimated to be \$1,683 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the defined contribution plan.

As at 30 June 2007 the assets of the defined contribution plan in aggregate were estimated to be \$2,587 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper to the reporting date.

(b) Vested benefits and accrued benefit liabilities

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

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer price index	2.5% p.a.	2.5% p.a.
Inflationary salary increases – long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases – next 2 years	5.0% p.a.	5.0% p.a.

(c) Assets

Assets have been included at their market value, i.e. allowing for realisation costs.

(d) Process for requesting additional contributions

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

	2007	2006
Note 21. Finance facilities		
Standby arrangements with banks to provide funds and support facilities		
Credit facility	60,000	60,000
Amount utilised	-	17,312
Unused credit facility	60,000	42,688

The above facilities refer to corporate credit cards held by the Company.

Note 22. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial report.

(b) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date are as follows:

2007 Financial Instruments					
	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate* 4.45%
Financial assets					
Cash and cash equivalents	868,627	-	-	868,627	
Total financial assets	868,627	-	-	868,627	
Financial liabilities					
Payables	-	-	-	-	
Other liabilities	-	-	-	-	
Total financial liabilities	-	-	-	-	
Net financial assets	868,627	-	-	868,627	
	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate* 4.97%
<i>31 December 2006</i>					
Total financial assets	551,994	-	-	551,994	
Total financial liabilities	-	-	-	-	
Net financial assets	551,994	-	-	551,994	

*Weighted average effective interest rate was computed on a monthly basis.

(c) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The Company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

Credit risk by classification of counterparty

2007

Financial assets

Cash and cash equivalents

Total financial assets

31 December 2006

Total financial assets

	Government	Banks	Other	Total
Cash and cash equivalents	-	868,127	500	868,627
Total financial assets	-	868,127	500	868,627
<i>31 December 2006</i>	-	551,494	500	551,994
Total financial assets	-	551,494	500	551,994

(d) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial report represents their respective net fair value, determined in accordance with the accounting policies disclosed in Note 2 to the financial report.

Note 23. New Australian Accounting Standards issued but not effective

- (a) The Company did not early adopt any new accounting standards that are not yet effective.
- (b) The following new Accounting Standards have not been adopted and are not yet effective:

AASB #	AASB Standards	Effective Date
1	First-time Adoption of Australian Equivalents to International Financial Reporting Standards	1 Jan 2008
8	Operating Segments	1 Jan 2009
101	Presentation of Financial Statements	1 Jan 2009
2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, & AASB 1023]	1 Jan 2009
2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, & AASB 107]	1 Jan 2009
2007-8	Amendments to Australian Accounting Standards arising from AASB 101	1 Jan 2009

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

Note 24. Segment information

The company operates predominantly in Australia and predominantly in one industry being the life sciences industry.

Note 25. Events after Balance Sheet date

There were no events after Balance Sheet date, other than a strategic review of the structure of the operations of the APAF facility to enable the University to align the operations of the facility with the goals of the University, that may have a material affect on the future operations of the Company.

Note 26. Additional company information

Australian Proteome Analysis Facility Ltd is a public company, limited by guarantee, incorporated and operating in Australia.

Registered office

Level 4 Building F7B
Macquarie University
NSW 2109

Principal place of business

Level 4 Building F7B
Macquarie University
NSW 2109

End of audited financial report

Detailed profit and loss statement

For the year ended 31 December 2007

	2007	2006
Income		
Management fee payable by Macquarie University	490,632	886,918
Interest received	20,787	32,499
	<hr/> 511,419	<hr/> 919,417
Expenditure		
Auditors' fees	11,678	15,100
Chairman's fees	20,000	20,000
Computer costs	6,011	6,085
Conference expenses/travel/roadshows	96,228	172,874
Consulting fees paid	-	4,868
Entertainment	2,789	7,718
Filing fees	169	645
Legal fees	907	7,550
Marketing / promotion	26,026	14,185
Meeting costs	4,546	6,483
Telephone	2,169	-
Wages and salaries	335,829	630,692
	<hr/> 506,352	<hr/> 886,918
Net profit	<hr/> 5,067	<hr/> 32,499

CMBF Limited
A.C.N. 003 407 609

Directors' Report for the Financial Year ended 31 December 2007

The Directors of CMBF Limited present their report on the company for the financial year ended 31 December 2007. The financial report has been prepared pursuant to the Corporations Act 2001.

Directors

The names of Directors in office during or since year end, and the particulars of their qualifications and experience as Directors relevant to the management of the affairs of the Company, are as follows:

<u>Director</u>	<u>Period of Directorship</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
P. W. Bowler	from 26.4.07	BSc MBA MA	Deputy Vice Chancellor	
E. M. Davis	full period	MA PGCE (<i>Cambridge</i>) MEc (<i>Monash</i>), PhD (<i>La Trobe</i>)	Professor	
P.M. Dolan	full period	BA (<i>Macq.</i>), MBA (<i>UNSW</i>) PhD (<i>Stan.</i>)	Professor	Managing Director
J.H. Loxton	ceased 22.2.07	MSc (<i>Melb</i>), PhD (<i>Cambridge</i>)	Professor	
J.G.Thom	full period	C.P.A., A.C.I.S.	Professor	Chairman
R.B. Tress	full period	M.Ec.	Associate Professor	

Mr P.W. Bowler was appointed a Director as from 26.4.2007.

Professor J.H. Loxton resigned as a Director on 22.2.2007.

Meetings of Directors

The numbers of meetings of the company's Board of Directors held during the year ended 31 December 2007, and the numbers of meetings attended by each Director were:

	Board Meetings	
	A	B
P.W. Bowler	2	2
E.M. Davis	2	2
P.M. Dolan	2	2
J.H. Loxton	0	0
J.G. Thom	2	2
R.B. Tress	2	2

A = Number of meetings attended

B = Number of meetings held during the time the Director held office

Principal Activities

The principal activity in the course of the financial year was the provision of Consulting and Educational Services and administration of courses on behalf of Macquarie University. No significant change in the nature of this activity occurred during the year.

Company Secretaries

The names of Company Secretaries in office during or since year end, and the particulars of their qualifications and experience as Company Secretaries relevant to the management of the affairs of the Company, are as follows:

<u>Company Secretaries</u>	<u>Period of Office</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
D. R. Bradley	full period	FCPA FCIS	Company Secretary	

Operating Results

The net operating profit of the Company for the financial year amounted to \$198,072 (2006 - \$199,002). The Company is exempt from income tax.

Review of Operations

The Company continued to offer consulting and educational services to the finance industry. No significant changes occurred in the state of affairs of the Company during the financial year.

Subsequent Events

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.

Likely Developments and Results

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

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 Company.

Indemnifying Officer or Auditor

Clause 98 of the Memorandum and Articles of Association of CMBF Limited states that:

"Every officer, auditor or agent of the company shall be indemnified out of the property of the company against any liability incurred by him/her in his/her capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in relation to any such proceedings in which relief is under the Code granted to him/her by the court"

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:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- 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.

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.

Dividends

The Constitution of the Company prohibits the payment of dividends.

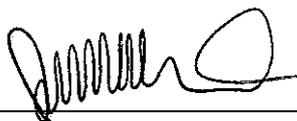
Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Company or a related body corporate with the Director, a firm of which a Director is a member or a company 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 Company's accounts, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Company, controlled entity or related body corporate. No options over issued shares or interests in the Company, a subsidiary or in the parent entity have been granted during or since the end of the financial year and there were no options outstanding at the end of the date of this report.

Declaration of Audit Independence

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is attached.

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



Director

Sydney

Date:

10 April 2008



Director



GPO BOX 12
Sydney NSW 2001

To the Directors
CMBF Limited

Auditor's Independence Declaration

As auditor for the audit of CMBF Limited for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Maria Spriggins".

M T Spriggins
Director, Financial Audit Services

10 April 2008
SYDNEY



GPO BOX 12
Sydney NSW 2001

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 report of CMBF Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of CMBF Limited

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

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

M T Spriggins, CA
Director, Financial Audit Services

10 April 2008
SYDNEY

Directors' and Accountable Officer's Declaration For the Financial Year ended 31 December 2007

In accordance with a resolution of the Directors of CMBF Limited the Directors declare that:

1. The attached financial statements and notes thereto:
 - (a) Give a true and fair view of the Balance Sheet and Income Statement of the Company; and
 - (b) Comply with Australian Accounting Standards and Corporations Regulations.
2. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and the Public Finance and Audit Act 1983.
3. In the Directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The attached financial statements of the Company have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.
5. We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.

Managing Director/Accountable Officer (CEO)

Sydney

Date: 10 April 2008

Director

CMBF Limited
Income statement
For the year ended 31 December 2007

	Notes	2007 \$'000	2006 \$'000
Revenue from continuing operations			
Fees and charges	3	2357	2013
Investment income	4	53	34
Consulting	5	17	25
Total revenue from continuing operations		2427	2072
Expenses from continuing operations			
Employee benefits and on costs	6	1435	1328
Depreciation	7	8	3
Repairs and maintenance	8	14	6
Other expenses	9	772	536
Total expenses from continuing operations		2229	1873
Operating result from continuing operations		198	199
Net operating result for the year		198	199
Net operating result attributable to members of CMBF Limited		198	199

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

CMBF Limited
Balance sheet
As at 31 December 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	958	750
Receivables	11	26	7
Other assets	12	14	-
Total current assets		998	757
Non-current assets			
Property, plant and equipment	15	16	24
Total non-current assets		16	24
Total assets		1014	781
LIABILITIES			
Current liabilities			
Payables	16	20	9
Provisions	17	72	60
Other liabilities	18	33	25
Total current liabilities		125	94
Non-current liabilities			
Provisions	17	22	18
Total non-current liabilities		22	18
Total liabilities		147	112
Net assets		867	669
EQUITY			
Retained surplus	19	867	669
Total equity		867	669

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

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

	Notes	2007	2006
		\$'000	\$'000
Total equity at the beginning of the financial year	19	669	470
Operating result for the year		198	199
Total recognised income and expense for the year		198	199
Total equity at the end of the financial year		867	669
Total recognised income and expense for the year is attributable to:			
Members of CMBF Limited		198	199

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

CMBF Limited
Cash flow statement
For the year ended 31 December 2007

	Notes	2007	2006
		\$'000	\$'000
Cash flows from operating activities			
Receipts from student fees and other customers		2374	2038
Interest received		53	34
Payments to suppliers and employees (inclusive of goods and services tax)		(2219)	(1857)
Net cash inflow (outflow) from operating activities	27	208	215
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		-	(25)
Net cash inflow (outflow) from investing activities		-	(25)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		750	560
Cash and cash equivalents at end of year	10	958	750

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

Note 1. Statement of Accounting Policies

The financial report of CMBF Limited for the year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 31 March 2008.

(a) Basis of Preparation

The financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporations Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005, other authoritative pronouncements of the Australian Accounting Standards Board, and complies with other requirements of the law. 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 assets. The accounting policies have been consistently applied unless otherwise stated. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of Compliance

The financial statements and notes of CMBF Limited comply with the Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

(c) Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(d) Revenue Recognition

Operating revenue comprises revenue earned as administration fees for conducting courses on behalf of Macquarie University and from the provision of educational services and facility hire to other entities. Revenue is recognised when the fee in respect of the services provided is receivable. Interest income is recognised as it accrues.

(e) Income Tax

The company is exempt from the payment of tax by virtue of section 23(e) of the Income Tax Assessment Act. Accordingly, no provision for income tax liability or future income tax benefit has been included in the accounts.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. 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.

Note 1. Statement of Accounting Policies (continued)

(g) Acquisition and Capitalisation 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. In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Company policy is to capitalise all items of plant & equipment with a value of \$5,000 or more. The carrying amount of assets is reviewed annually by directors to ensure that it is not in excess of recoverable amounts from these assets. The recoverable amount is arrived at on the basis of expected net cash flows (without discounting to current value) which will be received from the assets' employment and subsequent disposal.

(h) Depreciation

Plant & equipment are depreciated over their estimated useful lives. Depreciation is calculated using the prime cost method.

The rates of depreciation used by the company are as follows:

Computers & Projectors	30.00% per annum
Other Equipment	10.00% per annum

(i) Ultimate Parent Entity

CMBF Limited is a controlled entity of Macquarie University.

(j) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. The balances of these provisions as at the end of the financial year have been categorised for Balance Sheet purposes as either current liabilities or non-current liabilities. Employee entitlements for untaken annual leave and long service leave are accrued annually using the nominal basis of measurement being remuneration rates that the Company expects to pay as at each reporting date and does not discount cash flows to their present value. The Company contributes to a defined contribution superannuation fund on behalf of its employees as required by law and contributions are charged as expenses when incurred. Refer also to Note 6.

(k) Trade Accounts Payable

Trade accounts payable includes accruals not yet billed which are recognised when CMBF Limited becomes obliged to make future payment as a result of purchase.

(l) Trade Accounts Receivable

Trade accounts receivable are recognised at amounts due. The collectibility of debts is assessed at balance date and it is considered that there is no requirement to provide for any doubtful debts. Trade accounts receivable are normally settled within 30 days.

(m) Financial Instruments

In accordance with AASB 139 "Financial Instruments: Recognition and Measurement" information is disclosed in Note 13 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at cost. The specific accounting policy in respect of each class of such financial instrument is stated hereunder. The carrying amounts equate to the net fair value of financial assets and liabilities. Classes of instruments recorded comprise cash, payables and receivables.

(a) *Cash and cash equivalents* comprises, deposits at call with financial institutions and cash investments with original maturities of three months or less.

(b) *Trade accounts payable* includes recognition of accruals not yet billed.

(c) *Trade accounts receivable* are recognised at amounts due. Trade accounts receivable are normally settled within 30 days.

(n) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in current year presentation.

Note 2. Financial risk management

CMBF Limited's activities expose it to a variety of financial risks, as follows:

(a) Market risk

Fair value interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The Company has financial assets comprising Cash at Bank, Cash On Deposit and Receivables. There is no significant fair value interest rate risk.

(b) Credit risk

There is no significant Receivables Credit Risk. The credit exposure to Financial Institutions comprises Cash at Bank and Cash On Deposit.

(c) Liquidity risk

The Company has liquid financial assets comprising Cash at Bank and Cash On Deposit.

(d) Cash flow and fair value interest rate risk

During the year the Company received \$1,826,000 (2006 - \$1,786,000) 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 has interest bearing assets comprising Cash at Bank and Cash On Deposit.

The Company's exposure to interest rate risk is set out in Note 13.

Note 3. Fees and charges

	2007	2006
	\$'000	\$'000
Other fees and charges		
Amenities and service fees	61	59
Other fees and charges	470	168
Administration charges to University	1826	1786
Total other fees and charges	2357	2013
Total fees and charges	2357	2013

Note 4. Investment income

	2007	2006
	\$'000	\$'000
National Australia Bank	53	34
Total investment income	53	34

Note 5. Consulting

	2007	2006
	\$'000	\$'000
Consulting	17	25
Total consulting	17	25

Note 6. Employee benefits and on costs

	2007 \$'000	2006 \$'000
Non-academic		
Salaries	1059	1088
Contribution to superannuation and pension schemes:		
Funded	84	89
Payroll tax	71	72
Worker's compensation	2	10
Long service leave expense	4	1
Annual leave	12	7
Other	203	61
Total non-academic	1435	1328
Total employee benefits & on costs	1435	1328

Note 7. Depreciation

	2007 \$'000	2006 \$'000
Depreciation		
Plant and equipment	8	3
Total depreciation	8	3

Note 8. Repairs and maintenance

	2007 \$'000	2006 \$'000
Equipment	14	6
Total repairs and maintenance	14	6

Note 9. Other expenses

	2007 \$'000	2006 \$'000
Scholarships, grants and prizes	86	81
Non-capitalised equipment	22	13
Advertising, marketing and promotional expenses	92	88
Audit fees, bank charges, legal costs, insurance and taxes	38	14
General consumables	71	48
Printing, stationery and postage	21	25
Rental, hire and other leasing fees	13	3
Telecommunications	32	32
Travel and related staff development and training	89	91
Other expenses - consulting	308	141
Total other expenses	772	536

Note 10. Cash and cash equivalents

	2007 \$'000	2006 \$'000
Cash at bank and on hand	406	702
Term Deposits	552	48
Total cash and cash equivalents	958	750

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

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

Balances as above	958	750
Balance per statement of cash flows	958	750

(b) Cash at bank and on hand

These are interest bearing.

(c) Deposits at call

The deposits are bearing floating interest rates between 6.72% and 6.80% (2006 – 5.40% and 5.75%). These deposits have an average maturity of 210 days.

Note 11. Receivables

	2007 \$'000	2006 \$'000
Current		
Debtors	23	4
Prepayments	3	3
Total current receivables	26	7

Note 12. Other Assets

	2007 \$'000	2006 \$'000
Current		
Accrued Income	14	-
Total current other assets	14	-

Note 13. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Note 14. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and at call deposits with banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	2007	2006
	\$	\$
Cash at Bank – National Australia	405,930	702,228
Cash at Bank – NAB Term Deposits	551,525	47,627
Cash on Hand	172	81
Total	957,627	749,936

Note 15. Property, plant and equipment

	Plant and equipment \$'000	Total \$'000
At 1 January 2006		
- Cost	76	76
- Valuation	–	–
Accumulated depreciation	74	74
Net book amount	2	2
Year ended 31 December 2006		
Opening net book amount	2	2
Revaluation surplus	–	–
Additions	25	25
Disposals	–	–
Depreciation charge	3	3
Closing net book amount	24	24
At 31 December 2006		
- Cost	59	59
- Valuation	–	–
Accumulated depreciation	35	35
Net book amount	24	24
	Plant and equipment \$'000	Total \$'000
Year ended 31 December 2007		
Opening net book amount	24	24
Revaluation surplus	–	–
Additions	–	–
Disposals	–	–
Depreciation charge	8	8
Closing net book amount	16	16
At 31 December 2007		
- Cost	59	59
- Valuation	–	–
Accumulated depreciation	43	43
Net book amount	16	16

Note 16. Payables

	2007 \$'000	2006 \$'000
Current		
Creditors	20	9
Total current payables	<u>20</u>	<u>9</u>
Total payables	<u>20</u>	<u>9</u>

Note 17. Provisions

	2007 \$'000	2006 \$'000
Current		
Employee benefits		
Annual leave	72	60
Long service leave	–	–
Total current provisions	<u>72</u>	<u>60</u>
Non-current		
Employee benefits		
Annual leave	–	–
Long service leave	22	18
Total non-current provisions	<u>22</u>	<u>18</u>
Total provisions	<u>94</u>	<u>78</u>

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated – 2007

	Annual Leave	Long Service Leave	Total \$'000
Current			
Carrying amount at start of year	60	–	60
Additional provisions recognised	12	–	12
Unused amounts reversed	–	–	–
Carrying amount at end of year	<u>72</u>	<u>–</u>	<u>72</u>
Non-current			
Carrying amount at start of year	–	18	18
Additional provisions recognised	–	4	4
Unused amounts reversed	–	–	–
Carrying amount at end of year	<u>–</u>	<u>22</u>	<u>22</u>

Note 18. Other liabilities

	2007 \$'000	2006 \$'000
Current		
Accrued Expenses	33	25
Total current other liabilities	33	25
Total other liabilities	33	25

Note 19. Reserves and retained surpluses

Retained surplus

Movements in retained surplus were as follows:

	2007 \$'000	2006 \$'000
Retained surplus at start of year	669	470
Net operating result for the year	198	199
Retained surplus at end of year	867	669

Note 20. Responsible persons and executive officers

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of CMBF Limited during the year:

Managing Director: P.M. Dolan

Other Directors: P.W. Bowler, E.M. Davis, J.H. Loxton, J.G. Thom, R.B. Tress

(b) Remuneration of Directors and Executives

	2007 \$	2006 \$
Income paid or payable, or otherwise made available, to Directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities:	-	-

Remuneration of Directors

Nil to \$9,999

2007
Number

6 5

2007
\$

-

Income paid or payable, or otherwise made available, to executive officers by entities in the consolidated entity and related parties:

-

2007
Number

Remuneration of executive officers

\$100,000 to \$109,999

\$110,000 to \$119,999

-

-

(c) Related party transactions

There were no related party transactions of responsible persons and executives, including loans and other transactions.

Note 21. Remuneration of auditors

	2007	2006
	\$	\$
During the year the following fees were paid for services provided by the auditor of the Company, its related practices and non-related audit firms:		
Assurance services		
1. Audit services		
Fees paid to NSW Auditor-General		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	6,900	6,600
Total remuneration for audit services	6,900	6,600

It is the Company's policy to employ NSW Auditor-General on assignments additional to their statutory audit duties where NSW Auditor-General's expertise and experience with the consolidated entity are important. It is the Company's policy to seek competitive tenders for all major consulting projects.

Note 22. Contributions to Superannuation Funds

The Company contributed 9% for the twelve months ended 31 December 2007 to the MLC Employee Retirement Plan, a defined contribution plan. During 2007 there were no contributions paid to any other fund.

	2007	2006
	\$	\$
Employer contributions to the plan	84,016	89,464

Note 23. Related parties

(a) Parent entity

CMBF Limited is controlled by Macquarie University which at 31 December 2007 owns 100% (2006 - 100%) of the issued ordinary shares of CMBF Limited.

(b) Transactions with related parties

The following transactions occurred with related parties:

	2007	2006
	\$	\$
<i>Sale of goods and services</i>		
Administration charges to Macquarie University	1,826,000	1,786,000
Consulting – Access Macquarie Limited	1,575	11,000
<i>Purchase of goods</i>		
Research Scholarships	66,971	73,250
Campus Rent	2,000	2,000
Stationery	1,097	71
Travel Overseas – Accom, Meals etc	1,173	-

(c) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2007	2006
	\$'000	\$'000
<i>Current receivables (sale of goods and services)</i>		
Macquarie University	1	3
<i>Current payables (purchases of goods)</i>		
Macquarie University	2	-

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Note 24. Economic dependency

During the year the Company received \$1,826,000 (2006 - \$1,786,000) 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 (2006 - \$2,000) is payable to the University for the year ended 31 December 2007. During the year Macquarie University provided Sydney city premises and other resources to enable the Company to administer the Program. Macquarie University determines what income and expenses are allocated to CMBF Limited.

Note 25. Limitation of Members' Liability

The Company has no share capital. Liability of each member is limited by guarantee to \$20.

Note 26. Additional Company Information

CMBF Limited is a public company, incorporated and operating in Australia.

Registered Office: Room 724 Building E4A, Macquarie University NSW 2109

Principal Place of Business: Room 724 Building E4A, Macquarie University NSW 2109

Note 27. Reconciliation of operating result after income tax to net cash inflow from operating activities

	2007	2006
	\$'000	\$'000
Operating result for the year	198	199
Depreciation	8	3
(Increase) decrease in trade debtors	(19)	10
(Increase) decrease in other operating assets	(14)	-
Increase (decrease) in trade creditors	11	(8)
Increase (decrease) in other operating liabilities	8	3
Increase (decrease) in other provisions	16	8
Net cash inflow (outflow) from operating activities	208	215

Note 28. Contingent Liabilities and Contingent Assets

The Company had no contingent liabilities or contingent assets at 31 December 2007.

Note 29. Commitments

The Company had no capital expenditure, material other expenditure, leasing arrangement or long-term remuneration commitments at 31 December 2007.

Note 30. New Australian Accounting Standards Issued but not Effective

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 and considers the impact to be insignificant.

End of Audited Financial Statements

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2007

The Directors of LAMS FOUNDATION LIMITED submit herewith the annual Financial Report for the financial year 1st January 2007 to 31st December, 2007. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during or since year end:

Name	Period of Directorship	
	Commencement	Resignation
Prof James Dalziel	18 th February 2004	-
Prof Jim Piper	18 th February 2004	-
Mr Iain Rothwell	18 th February 2004	13 th November 2007

PRINCIPAL ACTIVITY

The principal activity in the course of the financial year was to hold the Intellectual Property Rights of LAMS.

OPERATING RESULTS

The net loss after income tax for the financial year was nil (2006 - nil).

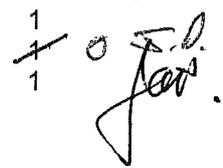
INFORMATION ON DIRECTORS

Name	Qualifications	Experience
Prof James Dalziel	BA(Hons) PhD (USYD) Grad Cert Higher Ed.	Inventor of LAMS
Prof Jim Piper	BSc Otago PhD Otago FOSA FAIP	Deputy Vice-Chancellor (Research) Macquarie University
Mr Iain Rothwell	BBus Charles Sturt MAcc Charles Sturt	Managing Director Access Macquarie Ltd

MEETINGS OF DIRECTORS

During the financial year, one meeting of Directors was held. Attendees were:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Prof James Dalziel	1	1
Prof Jim Piper	1	1
Mr Iain Rothwell	1	1



CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of the affairs other than that referred to in the financial statements or notes thereto.

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2007

SUMMARY OF OPERATIONS

During the financial year there was an operating loss of \$0.

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 operations, in financial years after the financial year, of the company; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years after the financial year, of the company

FUTURE DEVELOPMENTS

The Directors do not expect future developments to significantly affect the future operations of the Company.

DECLARATION OF INDEPENDENCE

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

DIVIDENDS

No dividends were paid during the year ended 31st December 2007 (2006 – nil).

LAMS FOUNDATION LIMITED

DIRECTORS' REPORT for the year ended 31st December 2007

INDEMNIFYING OFFICER OR AUDITOR

The Company, through its insurance coverage is liable for every officer, auditor or agent of the company out of the property of the Company against any liability incurred by his/her capacity as officer, audit or agent in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour or in which he/she is acquitted or in connection with any application in relation to any such proceedings in which relief is under the code granted to him/her by the Court.

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

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

ENVIRONMENTAL ISSUES

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

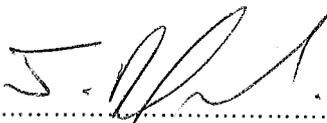
PROCEEDINGS ON BEHALF OF THE COMPANY

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.

Signed in accordance with a resolution of Directors.

Dated at Sydney this day of 10 April 2008


.....Director


.....Director



GPO BOX 12
Sydney NSW 2001

To the Directors
LAMS Foundation Limited

Auditor's Independence Declaration

As auditor for the audit of LAMS Foundation Limited for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "M T Spriggins". The signature is written in a cursive style.

M T Spriggins
Director, Financial Audit Services

10 April 2008
SYDNEY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

LAMS Foundation Limited

To Members of the New South Wales Parliament and Members of LAMS Foundation Limited

I have audited the accompanying financial report of LAMS Foundation Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of the Company:

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 10 April 2008 would be in the same terms if provided to the directors as at the date of this auditor's report.

A handwritten signature in cursive script that reads "Maria Spriggins". The signature is written in black ink and is positioned above the printed name and title.

M T Spriggins
Director, Financial Audit Services

29 April 2008
SYDNEY

LAMS FOUNDATION LIMITED

DIRECTORS' DECLARATION for the year ended 31st December 2007

In accordance with a resolution of the Directors of LAMS FOUNDATION LIMITED, we state that:

1. The attached general purpose financial report presents a true and fair view of the financial position as at 31 December 2007 and its financial performance and cash flows for the year ended on that date;
2. The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
3. The financial report has been prepared in accordance with Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board;
4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
5. There are reasonable grounds to believe that the Company will be able to pay its debts.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this day of 10 April 2008

Director



Director



LAMS FOUNDATION LIMITED
BALANCE SHEET as at 31st December 2007

	Notes	2007	2006
CURRENT ASSETS			
Cash and cash equivalents	2	\$ -	\$ -
Trade and other receivables	3	-	-
Other	4	-	-
TOTAL CURRENT ASSETS		<u>-</u>	<u>-</u>
NON-CURRENT ASSETS			
Intellectual Property	5	-	-
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>-</u>	<u>-</u>
CURRENT LIABILITIES			
Trade and Other Payables	6	-	-
Provisions	7	-	-
Other	8	-	-
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>-</u>
NON-CURRENT LIABILITIES			
Provisions	7	-	-
Other	8	-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		<u>-</u>	<u>-</u>
EQUITY			
Prior Year Surplus		-	-
Contributed Equity	9	-	-
Retained Surplus	10	-	-
TOTAL EQUITY		<u>-</u>	<u>-</u>

The accompanying notes form part of the financial report.

LAMS FOUNDATION LIMITED
INCOME STATEMENT
for the financial year ended 31st December 2007

	Note	2007	2006
		\$	\$
Revenue from ordinary activities	11	-	-
Impairment Loss		-	-
Amortisation Expense		-	-
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		-	-
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		-	-
NET (LOSS)		-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		-	-

The accompanying notes form part of the financial report.

LAMS FOUNDATION LIMITED
STATEMENT OF CASHFLOW
for the financial year ended 31st December 2007

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2007 \$	2006 \$
Receipts from customers		-	-
Payments to suppliers and employees		-	-
Interest received		-	-
Net cash inflow/(outflow) provided by operating activities	12	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		-	-
Net cash inflow/(outflow) provided by investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity contributions		-	-
Net cash inflow/(outflow) provided by financing activities		-	-
Net increase (decrease) in cash held		-	-
Cash at the beginning of the financial year		-	-
BALANCE OF CASH HELD AT END OF FINANCIAL YEAR	13	-	-

The accompanying notes form part of the financial report

LAMS FOUNDATION LIMITED
Statement of Changes in Equity
for the financial year ended 31 December 2007

	Notes	2007 \$	2006 \$
Accumulated surplus at the beginning of the financial year		-	-
Operating result for the year		-	-
Accumulated surplus at the end of the financial year	9	-	-

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

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

LAMS FOUNDATION LIMITED was incorporated on 18th February 2004. LAMS Foundation is an Unlisted Non Profit Company Limited by Guarantee. The amount of members' guarantee is \$ 1.00 (2006 - \$1.00)

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law. 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. The financial report is presented in Australian dollars. Cost is based on the fair value of the consideration given in exchange for assets. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The accounting policies have been consistently applied unless otherwise stated. This financial report for the year ended 31 December 2007 has been authorised for issue by the board on **10 April 2007**.

(b) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(c) Revenue recognition

Revenue is recognised by reference to the stage of completion. The stage of completion is determined with reference to underlying contracts and achievement of milestones. Revenue on investments is recognized as it accrues.

(d) Income tax

Not Applicable

LAMS FOUNDATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007**

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables

(f) 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.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(g) Plant & equipment

Company policy is to capitalise all items of plant & equipment with a value in excess of \$300. The carrying amount of these assets is reviewed annually by directors to ensure that it is not in excess of recoverable amounts from these assets. The recoverable amount is arrived at on the basis of expected net cash flows (without discounting to current value) which will be received from the assets' employment and subsequent disposal.

(h) Depreciation

Plant & equipment are depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method.

(i) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

Intellectual Property	20%
-----------------------	-----

(j) Impairment of assets

At each reporting date, the entity 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).

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to individual items on a first-in first-out basis. Cost comprises materials, labour and an appropriate portion of fixed and variable overheads.

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

(l) 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 company or were subject to control or significant influence by the company. This includes:

- associated companies;
- directors;
- spouses and other close members of the families of the directors; individuals or close members of the families of 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;
- superannuation plans of which the company is manager or trustee

(m) Employee entitlements

Provision has been made for employee entitlements for annual leave and long service leave. The balances of these provisions as at the end of the financial year have been categorised for The Balance Sheet purposes as either current liabilities or non-current liabilities

Employee entitlements for untaken annual leave and long service leave are accrued annually using the nominal method at expected pay rates including appropriate salary on-costs.

(n) Trade and other payables

Trade and other payables are recognised at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(o) 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 doubtful debts is created based on a review of all outstanding amounts periodically or at 31 December.

(p) Leaseholds

The Company had not entered into any leasehold as at 31st December 2007.

(q) Other assets

Other assets, including prepayments are recognised on a cost basis.

(r) Foreign currency translation

Foreign Currency transactions during the year are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Income Statement.

LAMS FOUNDATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007**

(s) Superannuation

Superannuation expense is calculated as a percentage of the employees' salary. The Company also contributes to UniSuper (formerly Superannuation Scheme for Australian Universities or "SSAU") details of which are included in Note 18.

(t) Financial instruments

In accordance with AAS33 (AASB 1033) "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 22 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

Trade accounts payable are recognised when the Company becomes obliged to make future payments as a result of purchases. Trade accounts payable are normally settled within 30 days.

Trade accounts receivable are recognised at amount due. Trade accounts receivable are normally settled within 60 days.

All financial instruments including revenue, expenses or other cash flows arising from these instruments are recognised on an accrual accounting basis.

LAMS FOUNDATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007**

NOTE 2 - CASH AND CASH EQUIVALENTS	2007	2006
	\$	\$
Cash at bank and on hand	-	-
	<hr/> <hr/>	<hr/> <hr/>
NOTE 3 – TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables – Related parties	-	-
- Other	-	-
	<hr/> <hr/>	<hr/> <hr/>
NOTE 4 – OTHER ASSETS		
Prepayments	-	-
	<hr/> <hr/>	<hr/> <hr/>
NOTE 5 – INTANGIBLE		Intellectual Property
GROSS CARRYING AMOUNT		
Balance – 31.12.06		<hr/> <hr/>
Additions		<hr/> <hr/>
Balance – 31.12.07		<hr/> <hr/>
ACCUMULATED AMORTISATION		
Balance - 31.12.06		<hr/> <hr/>
Impairment Loss		<hr/> <hr/>
Amortisation Expense		<hr/> <hr/>
Balance – 31.12.07		<hr/> <hr/>
NET BOOK VALUE		
As at 31.12.06		<hr/> <hr/>
As at 31.12.07		<hr/> <hr/>
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
Intellectual Property		<hr/> <hr/>
		<hr/> <hr/>
NOTE 6 – TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables - Related parties	-	-
- Others	-	-
Accrued charges	-	-
	<hr/> <hr/>	<hr/> <hr/>
NOTE 7 – PROVISIONS		
CURRENT		
Annual Leave	-	-
	<hr/> <hr/>	<hr/> <hr/>

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

NON-CURRENT	2007	2006
	\$	\$
Long Service Leave	-	-
The aggregate employee entitlement liability recognised and included in the financial report is as follows:		
PROVISION FOR EMPLOYEE ENTITLEMENTS		
Current	-	-
Non-Current	-	-
No. of employees at end of financial year	-	-
NOTE 8 - OTHER LIABILITIES		
Prepaid revenue	-	-
Borrowings from related party	-	-
NOTE 9 – CONTRIBUTED EQUITY		
Contributed Equity	-	-
NOTE 10 – RETAINED LOSS		
Balance at the beginning of the financial year	-	-
Net loss for current financial year	-	-
Balance at end of financial year	-	-
NOTE 11 - LOSS FROM ORDINARY ACTIVITIES		
Loss from ordinary activities before income tax includes the following items of revenue and expense:		
(a) OPERATING REVENUE:		
In Kind Contribution – Macquarie University	-	-
(b) EXPENSES:		
Impairment Loss	-	-
(c) NET LOSS	-	-

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

NOTE 12 – CASH FLOW FROM OPERATING ACTIVITIES	2007	2006
	\$	\$
The net loss is reconciled to net cash flows from operating activities as follows:		
NET PROFIT / (LOSS)	-	-
Write back non-cash items:		
Amortisation	-	-
Impairment Loss	-	-
Non-Cash In-Kind Contribution	-	-
NET CASHFLOW FROM OPERATING ACTIVITIES	-	-

NOTE 13 - RECONCILIATION OF CASH

The cash figure as shown in the Balance Sheet is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:

Cash at bank - Note 2	-	-
Cash at bank and on hand	-	-

NOTE 14 - RELATED PARTY INFORMATION

Names of Directors who have held office during the financial year are:

Prof James Dalziel

Prof Jim Piper

Mr Iain Rothwell (resigned 13th November 2007)

NOTE 15 - RELATED PARTY INFORMATION

Number of Directors whose total remuneration fell between
\$0 - \$9999

-

NOTE 16 - EXPENDITURE COMMITMENTS

There were no material commitments for expenditure of a non-capital nature as at 31st December 2007.

NOTE 17 - CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments for capital expenditure as at 31st December 2007.

NOTE 18 - CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2007

NOTE 19 - CONTRIBUTIONS TO DEFINED BENEFIT SUPERANNUATION PLANS

There were no contributions to defined benefit superannuation plans as at 31st December 2007.

NOTE 20 – FINANCE FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

NOTE 21 - FINANCIAL INSTRUMENTS

(a) - Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial report.

(b) - Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The company has no exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date.

(c) - CREDIT RISK

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

(d) - Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial report represents their respective net fair value, determined in accordance with the accounting policies disclosed in Note 1 to the financial report.

NOTE 22 – AUDITOR REMUNERATIONS

During the year, fees for services provided by the auditor are reflected in Access Macquarie Limited's accounts.

Audit services

Fees paid to The Audit Office of New South Wales:

Audit and review of financial reports and other audit work under the Corporations Act 2001 and the Public Finance and Audit Act 1983.

LAMS FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ending 31st December 2007

NOTE 23

New Australian Accounting Standards issued but not effective

(i) The company did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 7 Financial Instruments: Disclosures (1 July 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (1 Jan 2008)
- AASB 101 Presentation of Financial Statements (1 Jan 2009)

The company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant

NOTE 24 – EVENTS OCCURRING AFTER REPORTING DATE

As at 31st December 2007 there were no known events that have the potential to significantly affect the ongoing structure and financial activities of the company.

NOTE 25 – ADDITIONAL COMPANY INFORMATION

LAMS Foundation Limited is an Unlisted Public Company – Non Profit Company, operating in Australia.

Registered office

Level 1 Dow Corning Building
3 Innovation Road
Macquarie University
N S W 2109

Principal place of business

Level 1 Dow Corning Building
3 Innovation Road
Macquarie University
N S W 2109

END OF AUDITED FINANCIAL REPORT

LAMS INTERNATIONAL PTY LTD

DIRECTORS' REPORT for the year ended 31st December 2007

The Directors of LAMS International Pty Ltd submit herewith the annual Financial Report for the financial period 1st January, 2007 to 31st December, 2007. In accordance with the Corporations Act 2001, the Directors report that:

The names of Directors in office during or since year end:

Name	Period of Directorship
Prof James Dalziel	full period
Mr Iain Rothwell	resigned 13 th November 2007

Principal activity

The principal activity in the course of the financial period was development and sales of the LAMS software, and provision of support services for deploying the software.

Operating results

The net loss for the financial year was \$45,826.

Information on Directors

<u>Name</u>	<u>Qualifications</u>	<u>Experience</u>	<u>Special Responsibilities</u>
Prof James Dalziel	BA (Hons) PhD (USYD) Grad Cert Higher Ed.	Inventor of LAMS	
Mr Iain Rothwell	BBus <i>Charles Sturt</i> MAcc <i>Charles Sturt</i>	Managing Director Access Macquarie Ltd	

MEETINGS OF DIRECTORS

During the financial year, regular meetings of Directors were held. Attendees were:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Prof James Dalziel	5	5
Mr Iain Rothwell	5	5

In addition Directors, individually and in groups, met with senior company staff throughout the year to discuss company business.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of the affairs.

LAMS INTERNATIONAL PTY LTD

DIRECTORS' REPORT for the year ended 31st December 2007

SUMMARY OF OPERATIONS

In early 2007, LAMS International experienced new changes to the staff arrangements and business. With a new General Manager onboard and reduced staff numbers, LAMS International was able to minimise expenses and increase the revenue. During the first half of 2007, new business was developed with trials of LAMS undertaken by various clients. In addition there have been a number of software development projects for new and existing clients.

LAMS International formed an international partnership with a Japanese E-Learning company. This will result in broadening the awareness and adoption of the LAMS software in the Asian market. In 2007 LAMS International sponsored 2 highly successful LAMS Conferences, one in the UK and the other in Sydney, Australia. 2007 was a year of consolidation and cost reduction which resulted in a year of financial growth.

DIRECTORS BENEFITS

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.

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 operations, in financial years after the financial year, of the company; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years after the financial year, of the company

FUTURE DEVELOPMENTS

The Directors do not expect future developments to significantly affect the future operations of the Company.

DIVIDENDS

No dividends were declared in 2007.

LAMS INTERNATIONAL PTY LTD

DIRECTORS' REPORT for the year ended 31st December 2007

INDEMNIFYING OFFICER OR AUDITOR

The Company, through its insurance coverage is liable for every officer, auditor or agent of the company out of the property of the Company against any liability incurred by his/her capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour or in which he/she is acquitted or in connection with any application in relation to any such proceedings in which relief is under the code granted to him/her by the Court.

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

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

ENVIRONMENTAL ISSUES

The Company is not subject to significant environmental regulations under the Law of the Commonwealth and State.

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.

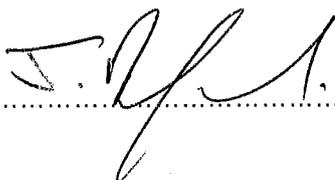
The Company was not a party to any such proceedings during the year.

DECLARATION OF INDEPENDENCE

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of Directors.

Dated at Sydney this 10th day of April 2008


..... Director



GPO BOX 12
Sydney NSW 2001

To the Directors
LAMS International Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of LAMS International Pty Ltd for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "Maria Spriggins".

Maria Spriggins
Director, Financial Audit Services

10 April 2008
SYDNEY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

LAMS International Pty Ltd

To Members of the New South Wales Parliament and Members of LAMS International Pty Ltd

I have audited the accompanying financial report of LAMS International Pty Ltd (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of the Company:

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 10 April 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



M T Spriggins
Director, Financial Audit Services

29 April 2008
SYDNEY

LAMS INTERNATIONAL PTY LTD

Declaration by Directors for the year ended 31st December 2007

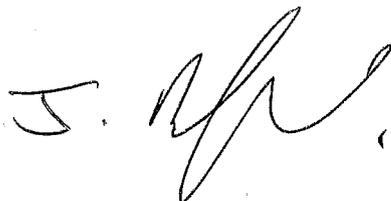
In accordance with a resolution of the Directors of LAMS International Pty Ltd, we state that:

1. The attached general purpose financial report presents a true and fair view of the financial position as at 31 December 2007 and its financial performance and cash flows for the year ending on that date;
2. The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
3. The financial report has been prepared in accordance with Australian Accounting Standards, and authoritative pronouncements of the Australian Accounting Standards Board;
4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due with the continuing support of Macquarie University.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at Sydney this 10th day of April 2008

Director

A handwritten signature in black ink, appearing to be 'J. [unclear]', written over a faint circular stamp.

LAMS INTERNATIONAL PTY LTD

**Income Statement
for the financial year ended 31 December 2007**

	Note	2007 \$	2006 \$
CONTINUING OPERATIONS	11		
REVENUE			
Revenue from ordinary activities		287,462	255,442
Grant		24,857	70,000
Other Revenue		275	20,004
Total Revenue		312,594	345,446
EXPENSES	11		
Employee benefits expense		185,993	271,732
Depreciation & Amortisation Expense		20,890	30,051
Other expenses		151,537	254,483
Total Expenses		358,420	556,266
Loss before income tax		(45,826)	(210,820)
Income Tax Expense	10	--	--
Loss for the year from Continuing Operations		(45,826)	(210,820)

The accompanying notes form part of the financial report

LAMS INTERNATIONAL PTY LTD

Balance Sheet as at 31st December 2007

	Note	2007 \$	2006 \$
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	2	41,265	16,921
Trade and other receivables	3	75,126	76,605
Total Current Assets		116,391	93,526
NON-CURRENT ASSETS			
Plant & equipment	4	44,757	56,427
Total Non-Current Assets		44,757	56,427
TOTAL ASSETS		161,148	149,953
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade and other payables	5	26,430	48,008
Provisions	6	764	--
Other	7	29,048	14,649
Total Current Liabilities		56,242	62,657
NON-CURRENT LIABILITIES			
Provisions	6	426	--
Borrowings	7	--	874,053
Total Non-Current Liabilities		426	874,053
TOTAL LIABILITIES		56,668	936,710
NET ASSETS		104,480	(786,757)
EQUITY			
Contributed Equity	8	1,187,163	250,100
Accumulated losses	9	(1,082,683)	(1,036,857)
TOTAL EQUITY		104,480	(786,757)

The accompanying notes form part of the financial report

LAMS INTERNATIONAL PTY LTD

**Cash Flow Statement
for the financial year ended 31 December 2007**

Cash flows from operating activities	12	2007	2006
		\$	\$
Receipts from customers		326,507	452,541
Payments to suppliers and employees		(356,227)	(461,170)
Interest received		275	20,004
Net cash inflow/(outflow) provided by operating activities		(29,445)	11,375
Cash flows from investing activities			
Payment for plant & equipment		(9220)	(641)
Net cash inflow/(outflow) provided by investing activities		(9220)	(641)
Cash flows from financing activities			
Conversion of debt into equity		63,009	--
Net cash inflow/(outflow) provided by financing activities		63,009	--
Net increase /(decrease) in cash held		24,344	10,734
Cash at the beginning of the financial year		16,921	6,187
Balance of cash held at end of financial year	13	41,265	16,921

The accompanying notes form part of the financial report

LAMS INTERNATIONAL PTY LTD

**Statement of Changes in Equity
for the financial year ended 31 December 2007**

	Notes	2007 \$	2006 \$
Accumulated losses at the beginning of the financial year		(1,036,857)	(826,037)
Operating result for the year		(45,826)	(210,820)
Accumulated losses at the end of the financial year	9	((1,082,683))	(1,036,857)

The accompanying notes form part of the financial report

LAMS INTERNATIONAL PTY LTD

**NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2007**

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with Australian Accounting Standards, the Corporation Act 2001, Section 41B(1) of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, and other authoritative pronouncements of the Australian Accounting Standards Board, and complies with other requirements of the law. The financial report is presented in Australian dollars.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Reporting Standards (A-IFRS).

LAMS International is a controlled entity of Macquarie University.

The financial report for the year ended 31 December 2007 has been authorised for issue by the Directors of LAMS International: James Dalziel on 10 April 2008

(b) Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs and does 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) Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS for the financial year ended 31 December 2007

(d) New Australian Accounting Standards issued but not effective

- The company did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 7 Financial Instruments: Disclosures (1 July 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (1 Jan 2008)
- AASB 101 Presentation of Financial Statements (1 Jan 2009)

The company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(e) Significant Accounting Judgements & Estimates

No accounting assumptions, judgements or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within this accounting period.

(f) 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 underlying contracts and achievement of project milestones. Revenue is measured at the fair value of the considerations received or receivable.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Current tax assets & liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

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

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

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS for the financial year ended 31 December 2007

(g) Income tax (continued)

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

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

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(i) 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 \$300.00. 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.

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.

(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.

(k) Plant & Equipment

Plant & 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.

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS for the financial year ended 31 December 2007

(l) Depreciation

Plant & equipment are depreciated over their estimated useful lives. Depreciation is calculated using the diminishing value method.

The rates of depreciation used by the company are as follows:

Plant & Equipment	18%
Computer Equipment	36%

(m) Cash and Cash Equivalents

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

(n) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(o) Income in advance or in arrears

Income may be received in advance or in arrears resulting in the following categorisations:

- i. Deferred income includes fees received before the commencement of the project or before milestones have been completed.
- ii. Accrued income is where fees are receivable from a project, but a tax invoice has not been raised due to a timing difference or before milestones have been completed.

(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 company or were subject to control or significant influence by the company. This includes:

- i. associated companies;
- ii. directors;
- iii. spouses and other close members of the families of the directors; individuals or close members of the families of 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;
- iv. superannuation plans of which the company is manager or trustee

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS for the financial year ended 31 December 2007

(q) Employee benefits

- i. Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.
- ii. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values. Provisions made in respect of employee benefits, that are not expected to be settled within 12 months are measured at the present value of future cash flows in respect of services provided by employees up to the reporting date. The Outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax which are consequential to employment are recognised as liabilities and expenses with the employment benefits to which they have been recognised. However, as the present value does not vary materially, non current employee benefits are measured at their nominal value.
- iii. Retirement benefit obligations – Contributions to the defined contribution fund 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. All employees of the company are entitled to benefits on retirement, disability or death from the Company's superannuation plan. The defined contribution plan receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

(r) Trade and other payables

Trades and other payables are carried at amortised cost. Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(s) 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 doubtful debts is created based on a review of all outstanding amounts periodically or at 31 December.

(t) Leaseholds

The company had not entered into any leasehold as at 31st December 2007.

(u) Other assets

Other assets are recognised on a cost basis.

LAMS INTERNATIONAL PTY LTD

**NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2007**

(v) Foreign currency translation

Foreign Currency transactions during the period are generally brought to account using the exchange rate in effect at the date of the transaction, with exchange rate fluctuations being recorded in the Income Statement.

(w) Superannuation

Superannuation expense is calculated as a percentage of the employees' salary, per the Superannuation Guarantee Levy.

(x) Comparative figures

Where necessary, comparative figures have also been adjusted to conform to changes in the current year presentation. Following a review of the financial report, that the classification would be more appropriate for the Sony Project(acquired in 2006) be classified as office equipment rather than the computer equipment. This has resulted the reclassification on the opening balance of carrying amount for office equipment and computer equipment by \$641.00.

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 2 – CASH AND CASH EQUIVALENTS	2007	2006
	\$	\$
Cash at bank and on hand	41,265	16,921

NOTE 3 – TRADE AND OTHER RECEIVABLES	2007	2006
Current		
Trade receivables – Related parties	--	3,804
- Other	74,083	58,887
Less: Provision for Doubtful Debts	--	--
Prepayments	1,043	13,914
	75,126	76,605

Interest Rate Risk

The company exposure to interest rate risk and the effective weighted average interest rate by maturity period is set out in the following tables

2007	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
Trade Receivables	--	--	74,083	74,083	--
Total	--	--	74,083	74,083	--

2006	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
Trade Receivables	--	--	62,691	62,691	--
Total	--	--	62,691	62,691	--

*There is no significant concentration of risk in respect of receivables due from any one customer.

Credit Risk

There is no concentration of credit risk with respect to current and non-current receivables.

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

NOTE 4 – PLANT & EQUIPMENT

	Plant & Equipment \$	Computer Equipment \$	Total \$
Gross carrying amount			
Balance – 31.12.06	6,918	141,024	147,942
Reclassification	641	(641)	
Additions	9,220	-	9,220
Disposals	-	-	-
Balance – 31.12.07	16,779	140,383	157,162
Accumulated Depreciation			
Balance – 31.12.06	2,636	88,879	91,515
Disposals	-	-	-
Depreciation Expense	2,349	18,541	20,890
Balance – 31.12.07	4,985	107,420	112,405
Net book value			
As at 31.12.06	4,282	52,145	56,427
As at 31.12.07	11,794	32,963	44,757

NOTE 5 – TRADE AND OTHER PAYABLES

	2007 \$	2006 \$
Current		
Trade payables - Related parties	8,277	11,085
- Others	2,653	26,673
Accrued liabilities	15,500	10,250
	26,430	48,008

Related parties are Access Macquarie Ltd and Macquarie University.

Interest rate risk exposure

The following table sets out the company's exposure to interest rate risk. There are no interest bearing liabilities.

2007	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
Trade and other payable			26,430	26,430	--
Total			26,430	26,430	
2006	Floating Interest	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount	Weighted average effective interest rate
Trade and other payable			48,008	48,008	--
Borrowings			874,053	874,053	7.5%
Total			922,061	922,061	

LAMS INTERNATIONAL PTY LTD

**NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007**

NOTE 6 – PROVISIONS	2007	2006
	\$	\$
Current		
Annual Leave	764	--
Long Service Leave	--	--
	<u>764</u>	<u>--</u>
Non-Current		
Long Service Leave	426	--
	<u>426</u>	<u>--</u>
No. of employees at end of financial year	<u>1</u>	<u>2</u>

NOTE 7 - OTHER LIABILITIES

Current		
Prepaid Revenue	29,048	14,649
Total Current Other Liabilities	<u>29,048</u>	<u>14,649</u>
Non-Current		
Borrowings from related party	-	874,053
Total Non-Current Other Liabilities	<u>-</u>	<u>874,053</u>
Total Other Liabilities	<u>-</u>	<u>888,702</u>

Related parties are Macquarie University and Access Macquarie Ltd

NOTE 8 – CONTRIBUTED EQUITY

Contributed Equity	1,187,163	250,100
Total number of share issued is	194	100
Equity per share	6,119	2,501
Major Shareholders:	%	%
Macquarie University	77	55
L.D. Educational Service Pty Ltd	23	45

NOTE 9 – ACCUMULATED LOSSES

Balance at beginning of financial year	(1,036,857)	(826,037)
Net loss for current financial year	(45,826)	(210,820)
Balance at end of financial year	<u>(1,082,683)</u>	<u>(1,036,857)</u>

LAMS INTERNATIONAL PTY LTD

NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2007

NOTE 10 - INCOME TAX	2007	2006
	\$	\$
Current tax	(6,136)	(50,852)
	<u>(6,136)</u>	<u>(50,852)</u>

Income tax expenses is attributable to:

Loss from continuing operations	(45,826)	(210,820)
Income tax expense	(13,748)	(63,246)
Income tax expense after unutilised tax losses	-	-

Numerical reconciliation of income tax expense to prima facie tax payable

Operating result from continuing operations before income tax expenses	(45,826)	(210,820)
Tax at the Australian tax rate of 30%	(13,748)	(63,246)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible legal expenses	-	1,262
Sundry Items	5	359
	<u>5</u>	<u>1,621</u>
Income tax expense	(13,743)	(61,625)
Income tax expense after unutilised tax losses	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	(788,516)	(768,063)
Potential tax benefit @30%	<u>(236,555)</u>	<u>(230,419)</u>

All unused tax losses were incurred by Australian entities

Unrecognised temporary differences

Temporary difference relating to timing differences		
Accrued expenditure at 30%	7,378	10,773
Provisions for leave at 30%	229	-
	<u>7,607</u>	<u>10,773</u>

LAMS INTERNATIONAL PTY LTD

**NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2007**

	2007	2006
NOTE 11 - LOSS FROM ORDINARY ACTIVITIES	\$	\$
Loss from ordinary activities before income tax includes the following items of revenue and expense:		
(a) Operating Revenue:		
Rendering of Services	287,462	255,442
Grant	24,857	70,000
Interest Revenue	275	20,004
	312,594	345,446
(b) Expenses:		
Auditors' remuneration	4,500	5,250
Depreciation	20,890	30,051
Salaries & Wages paid: Administration	105,887	176,920
Software development	72,366	79,684
Employer superannuation contributions	7,740	15,128
Legal fees		14,806
Printing, postage & stationery	2,415	1,823
Promotional activities & marketing	25,063	32,917
Telephone	672	1,019
Other administrative expenses	118,887	198,668
	358,420	556,266
(c) Net Loss	(45,826)	(210,820)

NOTE 12 – CASH FLOW FROM OPERATING ACTIVITIES

The net profit is reconciled to net cash flows from operating activities as follows:

Net loss	(45,826)	(210,820)
Write back non-cash items:		
Depreciation	20,890	30,051
Changes in assets & liabilities:		
Decrease/(Increase) in debtors	(16,741)	143,738
Decrease/(Increase) in prepayments	12,871	(13,111)
Increase/(Decrease) in accrued charges	14,399	(30,053)
(Decrease)/Increase in accrued expenses	5,250	(3,241)
Increase/(Decrease) in creditors	(21,478)	114,456
Decrease/(Increase) in provision	1,190	(19,646)
	(29,445)	11,375

LAMS INTERNATIONAL PTY LTD

**NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2007**

	2007	2006
NOTE 13 - RECONCILIATION OF CASH	\$	\$

The cash figure as shown in the Balance Sheet is reconciled to cash as at the end of the financial year as disclosed in the Statement of Cash Flows as follows:

Cash at bank - Note 2	41,265	16,921
Cash at bank and on hand	41,265	16,921

	2007	2006
--	-------------	-------------

NOTE 14 - RELATED PARTY INFORMATION

Names of Directors who have held office during the financial year are:

Mr Iain Rothwell

Dr James Dalziel

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 entity (including amounts paid as salary to employees of LAMS International Pty Ltd who also act as officers of its controlled entities)

--	Dr Ian Reinecke received \$28,000.00
----	--------------------------------------

NOTE 15 - RELATED PARTY INFORMATION (CONTINUED)

Number of Directors whose total remuneration fell between		
\$0 - \$9,999	2	2
\$10,000-\$20,000		
\$20,000-\$30,000		1
\$30,000-\$40,000		
\$40,000-\$50,000		

NOTE 16 - EXPENDITURE COMMITMENTS

There were no material commitments for expenditure of a non-capital nature as at 31st December 2007.

NOTE 17 - CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments for capital expenditure of a non-capital nature as at 31st December 2007.

NOTE 18 - CONTINGENT LIABILITIES

There were no contingent liabilities as at 31st December 2007.

NOTE 19 - CONTRIBUTIONS TO DEFINED BENEFIT SUPERANNUATION PLANS

There were no contributions to defined benefit superannuation as at 31st December 2007.

LAMS International Pty Ltd

NOTES TO AND FORMING THE FINANCIAL STATEMENTS
for the financial year ended 31st December 2007

Note 20 – DEFINED CONTRIBUTION PLANS

LAMS International Pty Ltd pays fixed contributions to superannuation plans but has no legal or constructive obligation to pay further contributions if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods. Superannuation expense is calculated as 9% of the employees' salary.

Contributions which fall due wholly within 12 months after the end of the period in which employee services are rendered are recognised as expenses on an undiscounted basis.

Contributions which fall due after 12 months are discounted using a rate determined by reference to market yields on high quality corporate bonds/market yields on government bonds.

NOTE 21 – FINANCE FACILITIES

There were no standby arrangements with banks to provide funds and support facilities.

Acting Managing Director of Access Macquarie Limited, Alan Ellis approved in February that Access Macquarie Limited will provide funds if there is cash shortfall in LAMS International.

NOTE 22 – AUDITOR REMUNERATIONS

	2007	2006
	\$	\$
During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		

Audit services

Fees paid to The Audit Office of New South Wales:

Audit and review of financial reports and other audit work under the Corporations Act 2001 and the Public Finance Audit Act 1983	5,750	5,250
--	-------	-------

NOTE 23 – EVENTS OCCURING AFTER REPORTING DATE

There are no significant events occurred since the end of the financial year and to this date.

NOTE 24 – ADDITIONAL COMPANY INFORMATION

LAMS International Pty Ltd is a private company, incorporated and operating in Australia.

Registered office

Level 1 DC Building
3 Innovation Rd
Macquarie University
N S W 2109

Principal place of business

Level 1 DC Building
3 Innovation Rd
Macquarie University
N S W 2109

END OF AUDITED FINANCIAL REPORT

Macquarie Graduate School of Management Pty. Limited Directors' Report

The Directors of Macquarie Graduate School of Management Pty. Limited submit herewith the annual financial report for the Financial Year Ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the Directors of the company during the financial year are:

Directors' Names and Particulars

Prof J H Loxton	MSc, PhD Director appointed 23/11/1998 Director resigned 17/05/2007	Non-Executive Director
Prof P Allan	BEC, MEC Director appointed 13/02/2007	Non-Executive Director
Mr R Warburton AO	Director appointed 13/02/2007	Non-Executive Director
Prof R H Green	BA, LLB, PhD Director appointed 16/02/2006	Executive Director
Dr W Beerworth	BA, LLB, LLM, SJD, MCOM, MBA Chairperson Director appointed 23/10/2006	Non-Executive Director
Dr M Irving AM	BCom, Hon D Litt Director appointed 23/10/2006	Non-Executive Director
Ms C Livingstone AO	Director appointed 19/04/2007	Non-Executive Director
Prof J Croucher	BA (Hons)(Macq)MSc PhD(Minn) FAustMS Director appointed 19/04/2007	Executive Director
Mr P Bowler	Director appointed 18/06/2007	Executive Director
Mr A Farley	Director appointed 19/04/2007	Executive Director

The above named directors held office during and since the end of the financial year.

Company Secretary

The following person held the position of entity secretary at the end of the financial year:
Mr G Weir CPA . Mr Weir has worked for MGSM for the past two years performing the role of Company Secretary and Director of Finance and Corporate Services. Mr Weir was appointed Company Secretary on 22 May 2006.

Principal Activities

The company's principal activities in the course of the financial year were promoting management education, conducting education and award courses, research in the field of management and the operation of an executive residence. During the financial year there were no significant changes in the nature of those activities.

Review of Operations

The results for the year reflect improved revenue and profitability growth in award based education and continued growth in Executive Education revenue.

The Company continues to pay a part contribution for the services provided by Macquarie University 2007: \$2,847,629 (2006: \$2,601,868).

There are no current plans to materially alter the Company's operations in the future.

Macquarie Graduate School of Management Pty. Limited Directors' Report (Continued)

Operating Results

The profit of the entity amounts to \$1,755,416 (2006: \$10,000).

Dividends

Directors do not recommend the payment of a dividend at this time. No Dividend has been paid or declared since the commencement of the financial year and up to and including the date of signing this report.

Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

After Balance Date Events

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 those operations, or the state of affairs of the company in future financial years.

Future Developments

There have been no future developments of significance reported since the end of 2007.

Environmental Regulations

The Directors are not aware of any event or circumstance that would impact the Company or its operations from an environmental perspective.

Share Options

The Company has not at any time granted to a person an option to have issued to him/her shares in the Company.

Indemnification of Directors, 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 such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a director, officer or auditor of the company against a liability incurred as such a director, officer or auditor.

Insurance of Officers

MGSM as a 100% owned subsidiary of Macquarie University is a nominated affiliate under the following policies:

- Professional Liability insurance of Macquarie University covers MGSM staff, volunteers and students on course related/work experience. Premium \$62,000
- Directors and Officers Protection – covers all professional, consulting, research and teaching activities (and any activities associated therewith), including the provision of and/or the facilitating of all recognised student activities. Premium \$30,000

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.

Macquarie Graduate School of Management Pty. Limited Directors' Report (Continued)

Directors' Meetings

The following table sets out the number of directors' (including committee of directors) held during the financial year and the number of meetings attended by each director (while they were a director)

The following table details the director's attendance at these meetings:

	Directors' Meeting	
	A	B
Prof J Loxton	2	0
Prof R H Green	4	4
Dr W Beerworth	4	4
Dr M Irving AM	4	1
Prof P Allan	4	4
Mr R Warburton AO	4	4
Ms C Livingstone AO	3	3
Prof J Croucher	3	3
Mr P Bowler	2	0
Mr A Farley	3	3

A- Number of meetings held during the time the Director held office during the period
B- Number of meetings attended.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

Signed in accordance with the resolution of Directors, and on behalf of the Directors, dated at North Ryde.

On this 11th day of April 2008.



W Beerworth
Chair



P Bowler
Director



GPO BOX 12
Sydney NSW 2001

To the Directors
Macquarie Graduate School of Management Pty Limited

Auditor's Independence Declaration

As auditor for the audit of Macquarie Graduate School of Management Pty Limited for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

Maria Spriggins
Director, Financial Audit Services

8 April 2008
SYDNEY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Macquarie Graduate School of Management Pty Limited

To Members of the New South Wales Parliament and Members of Macquarie Graduate School of Management Pty Limited

I have audited the accompanying financial report of Macquarie Graduate School of Management Pty Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In my opinion the financial report of the Company:

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.
- other mandatory financial reporting requirements in Australia

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Macquarie Graduate School of Management Pty Limited on 8 April 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



M T Spriggins
Director, Financial Audit Services

15 April 2008
SYDNEY

Macquarie Graduate School of Management Pty. Limited Directors' Declaration

In accordance with a resolution of the Directors of Macquarie Graduate School of Management Pty. Limited and pursuant to sections 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

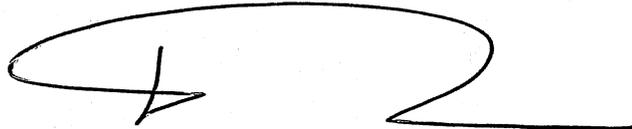
1. The attached general purpose financial report presents a true and fair view of the financial position and performance of the Company at December 31, 2007 and the results of its operations and transactions of the Company for the year then ended;
2. The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
3. The financial report has been prepared in accordance with Australian Accounting Standards, and other mandatory professional reporting requirements;
4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of Directors, and on behalf of the Directors.

Dated at North Ryde this 11th day of April 2008.



W Beerworth
Chair



P Bowler
Director

Macquarie Graduate School of Management Pty. Limited
Income Statement

For the year ended 31 December 2007

	Note	2007 \$	2006 \$
Revenue from ordinary activities	2	27,291,377	27,477,580
Expenses from ordinary activities	2	25,535,961	27,467,580
Surplus attributable to members of the parent entity		<u>1,755,416</u>	<u>10,000</u>

Notes to the financial statements are shown on pages 11 to 27.

Macquarie Graduate School of Management Pty. Limited

Balance Sheet

As at 31 December 2007

	Note	2007 \$	2006 \$
Current Assets			
Cash and cash equivalents	4	6,194,775	1,330,018
Receivables	5	2,648,940	6,763,722
Inventories	6	67,685	75,529
Other financial assets	7	0	1,352,766
Other assets	8	342,427	284,781
Total Currents Assets		9,253,827	9,806,816
Non-Current Assets			
Other financial assets	9	274,050	260,798
Plant and equipment	10	670,804	652,530
Intangibles	11	445,214	483,091
Total Non-Current Assets		1,390,068	1,396,419
TOTAL ASSETS		10,643,895	11,203,235
Current Liabilities			
Payables	12	4,269,633	6,596,500
Provisions	13	572,476	593,193
Other	14	1,446,693	1,374,943
Total Current Liabilities		6,288,802	8,564,636
Non-Current Liabilities			
Provisions	15	217,013	255,935
Total Non-Current Liabilities		217,013	255,935
TOTAL LIABILITIES		6,505,815	8,820,571
NET ASSETS		4,138,080	2,382,664
Equity			
Contributed equity	17	100	100
Retained profits	18	4,137,980	2,382,564
TOTAL EQUITY		4,138,080	2,382,664

Notes to the financial statements are shown on pages 11 to 27.

Macquarie Graduate School of Management Pty. Limited
Statement of Changes in Equity
For the year ended 31 December 2007

	Note	2007 \$	2006 \$
Total Equity at the beginning of the year	17,18	2,382,664	2,372,664
Operating profit for the year	18	1,755,416	10,000
Total equity at the end of the year		<u>4,138,080</u>	<u>2,382,664</u>

Notes to the financial statements are shown on pages 11 to 27.

Macquarie Graduate School of Management Pty. Limited

Cash Flow Statement

For the year ended 31 December 2007

	Note	Inflows/(Outflows)	
		2007	2006
		\$	\$
Cash Flows From Operating Activities			
Receipts from customers		29,385,219	23,101,074
Payments to suppliers and employees		(25,826,879)	(23,373,276)
Interest received		218,866	228,414
Net cash (used)/provided by operating activities	24(b)	3,777,207	(43,788)
Cash Flow From Investing Activities			
Payment for property, plant and equipment		(288,096)	(265,636)
Payment for intangibles (software)			(389,188)
Proceeds from sale of property, plant and equipment		36,132	133,922
Payment for investments		1,339,514	(87,709)
Proceeds from investments			
Net cash provided/(used) by investing activities		1,087,550	(608,611)
Net increase (decrease) in cash held		4,864,757	(652,399)
Cash at the beginning of the financial year		1,330,018	1,982,417
Cash at the end of the financial year	24(a)	6,194,775	1,330,018

Notes to the financial statements are shown on pages 11 to 27.

Reporting Entity

The MGSM Pty Ltd is a controlled entity of the Macquarie University. The company is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the Macquarie University Accounts.

The financial report of MGSM Pty Ltd for the year ended 31 December 2007 was authorised for issue by Dr W Beerworth on 7th April 2008.

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards other authoritative pronouncements of the Australian Accounting Standards Board and State / National legislative requirements including the requirements of the Corporations Act 2001.

Compliance with IFRSs

The financial statements and notes of the company comply with Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRSs) requirements

These financial statements are prepared in accordance with AIFRSs. AASB 1 *Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

New accounting standards and interpretations

Adoption of New Accounting Standard

MGSM has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments which became applicable on 1st January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by MGSM for the annual reporting period ending 31 December 2007.

(i) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 1 First-time adoption of Australian equivalents to International Financial Reporting Standards (1 January 2008)
- AASB 7 Financial Instruments: Disclosures (1 July 2007)
- AASB 101 Presentation of Financial Statements (1 January 2009) and AASB 2007-8
- AASB 102 Inventories (1 July 2007)
- AASB 107 Cash Flow Statements (1 July 2007)
- AASB 108 Accounting Policies , Changes in accounting estimates and errors (1 July 2007)
- AASB 110 Events after Balance Sheet Date (1 July 2007)
- AASB 116 Property, plant & equipment (1 July 2007)
- AASB 117 Leases (1 July 2007)
- AASB 118 Revenue (1 July 2007)
- AASB 119 Employee Benefits (1 July 2007)
- AASB 132 Financial Instruments: Presentation (1 July 2007)
- AASB 136 Impairment of Assets (1 July 2007)
- AASB 137 Provisions, Contingent liabilities and Contingent assets (1 July 2007)
- AASB 138 Intangible assets (1 July 2007)
- AASB 139 Financial Instruments: Recognition and measurement (1 July 2007)

Note 1. Summary of significant accounting policies (Continued)

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 at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Changes to comparatives

Some comparatives have been reclassified to be consistent with the current year presentation.

(b) Foreign currency translation

(i) Functional and presentation 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 income statement.

(c) Revenue recognition

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

(i) Operating revenue and interest income

- Operating revenue in respect of courses leading to an academic award is recognised in the term in which the teaching was conducted. The revenue is brought to account in the following proportions – first month 30%, second month 30%, and third month 40%.
- Operating revenue in respect of public, corporate and non award courses is recognised in the month in which the course is completed.
- Operating revenue in respect of facilities rental and hotel operations is recognised when the goods and services are provided.
- Interest income is recognised as it accrues.
- The company collects student fees on behalf of the University. These fees are paid to the University and recorded on its student system. The University retains an agreed percentage of the fees as a contribution for the services and pays the balance to the company.

(ii) Assets sales

The gross proceeds of asset sales are included as revenue of the company.

(d) Goods and services tax

Revenues, 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

Net amount of GST recoverable from or payable to, ATO (through Macquarie University group) is included as a current asset or liability in the Balance Sheet.

Note 1. Summary of significant accounting policies (Continued)

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO (through Macquarie University group) are classified as operating cash flows.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 22). Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(f) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets. 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.

(g) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for the impairment of debts. Trade receivables are due for settlement in no more than 30 days.

(i) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investments and other financial assets

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

This category has two sub-categories: 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 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

iii) Held-to-maturity investments

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

Note 1. Summary of significant accounting policies (Continued)

(k) Fair value estimation

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

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

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

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

(l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. 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.

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 income statement during the financial period in which they are incurred.

Depreciation 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	2 - 10 years
- Motor vehicles	7 years
- Office furniture and equipment	3 - 10 years
- Plant and equipment – Executive residence dining room	2 - 10 years
- Plant and equipment – Executive residence accommodation	5 - 10 years
- Computer equipment	3 - 4 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(m) Intangibles

Amortisation of Intangibles is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Computer software	3 - 10 years
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Note 1. Summary of significant accounting policies (Continued)

(n) 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.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave 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 reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The company's plan is a defined contribution plan. The defined contribution plan receives fixed contributions from the company and the company's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund 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.

(p) Income Tax Exemption

The company is exempt from the payment of tax by virtue of section 50-5 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.

2,007 **2006**
\$ **\$**

Note 2. Profit From Ordinary Activities

Profits from ordinary activities include the following items of revenue and expenses:

(a) Operating Revenue

Sales revenue:

Total course revenue	23,897,932	22,956,953
Less: Macquarie University Levy on course revenue	<u>(2,395,745)</u>	<u>(2,670,290)</u>
Net course revenue	21,502,187	20,286,663

Consultancy	77,100	156,600
Other revenue	<u>5,945,106</u>	<u>6,805,903</u>
Total other revenue	6,022,206	6,962,503
Less: Macquarie University Levy on other revenue	<u>(451,883)</u>	<u>0</u>
Net other revenue	5,570,323	6,962,503

Interest revenue received from other entities	218,867	228,414
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Total revenue	<u>27,291,377</u>	<u>27,477,580</u>
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(c) Expenses

Employee entitlements:

Salaries	11,253,403	12,816,658
Superannuation	1,043,554	1,233,880
Payroll tax	727,221	798,525
Workers compensation	137,611	122,931
Annual leave	394,921	21,624
Long service leave	<u>(212,904)</u>	<u>119,063</u>
	13,343,806	15,112,681

Course expenditure	5,049,239	5,156,775
Facility rental costs	105,939	239,130
Accommodation & Catering	2,136,396	1,826,013
Rent - University	0	840,000
Consultancy fees	3,089,790	2,970,865
Auditor's remuneration		
Auditing the financial report	36,400	33,872
Depreciation and amortisation	267,410	414,619

Other costs		
Other costs	476,440	458,820
Operating leases	440,303	397,033
Doubtful debt expense	191,915	4,330
Foreign exchange Loss	6,004	3,194
MQ Management Charge	388,164	0
Net loss on disposal of plant and equipment	4,155	10,248

Total expenses	<u>25,535,961</u>	<u>27,467,580</u>
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Note 3. Directors' Remuneration

The Board Members of Macquarie Graduate School of Management Pty. Limited during the year were:

Prof J H Loxton	Director appointed 23/11/1998 & resigned 17/05/2007
Prof R H Green	Director appointed 16/02/2006
Dr W Beerworth	Director appointed 23/10/2006
Dr M Irving AM	Director appointed 23/10/2006
Prof P Allan	Director appointed 13/02/2007
Mr R Warburton AO	Director appointed 13/02/2007
Ms C Livingstone AO	Director appointed 19/04/2007
Prof J Croucher	Director appointed 19/04/2007
Mr A Farley	Director appointed 19/04/2007
Mr P Bowler	Director appointed 18/06/2007

The above members did not receive any remuneration from MGSM Pty Ltd in their capacity as Board of Directors.

The Executive Officers of Macquarie Graduate School of Management Pty. Limited during the year were:

Mr P Stewart
Mr G Weir
Ms A Hely
Mr C Hawke

	2007	2006
	\$	\$
Note 4. Cash and Cash Equivalents		
Cash at bank	1,598,333	807,405
Cash on call	4,590,840	516,930
Cash on hand	5,602	5,683
	<u>6,194,775</u>	<u>1,330,018</u>

Note 5. Current Receivables

Trade receivables	1,608,138	1,205,856
Allowance for impairment of debts	(207,915)	(16,000)
	<u>1,400,223</u>	<u>1,189,856</u>
Macquarie University	985,651	5,482,293
Sundry receivables	263,066	91,573
	<u>2,648,940</u>	<u>6,763,722</u>

Note 6. Current Inventories

Alcoholic beverages	27,909	26,230
Catering	17,623	10,969
Stationery	22,153	38,330
	<u>67,685</u>	<u>75,529</u>

Note 7. Other Financial Assets

Term Deposit	<u>-</u>	<u>1,352,766</u>
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Note 8. Other Assets

Prepayments	<u>342,427</u>	<u>284,781</u>
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Note 9. Non Current Financial Assets

Interest bearing deposits	<u>274,050</u>	<u>260,798</u>
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	2007	2006
	\$	\$
Note 10. Plant and equipment		
a) Summary of plant and equipment		
Plant and equipment at cost	469,055	418,859
Less: accumulated depreciation	<u>(250,420)</u>	<u>(289,903)</u>
	<u>218,635</u>	<u>128,956</u>
Motor vehicles at cost	220,781	245,839
Less: accumulated depreciation	<u>(66,526)</u>	<u>(70,745)</u>
	<u>154,255</u>	<u>175,094</u>
Office, furniture and equipment at cost	113,577	197,498
Less: accumulated depreciation	<u>(58,900)</u>	<u>(147,852)</u>
	<u>54,677</u>	<u>49,646</u>
Plant and equipment - executive dining room equipment at cost	166,391	188,536
Less: accumulated depreciation	<u>(78,147)</u>	<u>(89,085)</u>
	<u>88,244</u>	<u>99,451</u>
Plant and equipment - executive residence equipment at cost	32,708	62,314
Less: accumulated depreciation	<u>(30,306)</u>	<u>(58,094)</u>
	<u>2,402</u>	<u>4,220</u>
Computer hardware at cost	114,443	334,546
Less: accumulated depreciation	<u>(64,366)</u>	<u>(314,367)</u>
	<u>50,077</u>	<u>20,179</u>
Leasehold improvements - CBD	949,443	1,056,536
Less: accumulated depreciation	<u>(912,634)</u>	<u>(968,479)</u>
	<u>36,809</u>	<u>88,057</u>
Leasehold improvements - North Ryde	133,605	137,759
Less: accumulated depreciation	<u>(81,251)</u>	<u>(66,493)</u>
	<u>52,354</u>	<u>71,266</u>
Buildings - Hotel	16,167	16,166
Less: accumulated depreciation	<u>(2,816)</u>	<u>(505)</u>
	<u>13,351</u>	<u>15,661</u>
Net book value of plant and equipment	<u><u>670,804</u></u>	<u><u>652,530</u></u>

Note 10. Plant and equipment (Con'd)

b) Reconciliation of carrying value of plant and equipment by class of asset.

Asset Class	Net carrying value 1/1/07	Additions	Disposals	Depreciation Expense	Depreciation write back	Net carrying value 31/12/07
Plant and equipment	128,956	131,663	(81,467)	(40,517)	80,000	218,635
Motor Vehicles	175,094	42,795	(67,853)	(24,812)	29,032	154,255
Office Furniture and equipment	49,646	18,953	(102,875)	(13,922)	102,875	54,677
Dining room	99,451	5,563	(27,708)	(16,769)	27,708	88,244
Executive residence	4,220	0	(29,607)	(1,818)	29,607	2,402
Computer hardware	20,179	54,599	(274,702)	(24,701)	274,702	50,077
Leasehold improvement - CBD	88,057	-	(107,093)	(51,248)	107,093	36,809
Leasehold improvement - North Ryde	71,266	-	(4,155)	(18,912)	4,155	52,354
Leasehold improvement- Hotel	15,661	-	-	(2,310)	-	13,351
	652,530	253,573	(695,460)	(195,009)	655,172	670,804

Note 11. Intangibles

	2007	2006
	\$	\$
(a) Summary of the intangibles		
Computer software at cost	750,846	1,368,050
Less: accumulated amortisation	(305,632)	(884,959)
Net book value of intangibles	<u>445,214</u>	<u>483,091</u>

(b) Reconciliation of carrying value of intangibles.

Asset class	Net carrying value 1/01/07	Additions	Disposals	Amortisation expense	Amortisation write back	Net carrying value 31/12/07
Computer software	483,091	34,523	(651,728)	(72,400)	651,728	445,214
	483,091	34,523	(651,728)	(72,400)	651,728	445,214

Macquarie Graduate School of Management Pty. Limited
Notes to the Financial Statements
31 December 2007

2007 **2006**
\$ **\$**

Note 12. Current Payables

Trade Payables	235,188	450,045
Macquarie University	1,915,379	4,664,388
Sundry payables and accrued charge	2,119,066	1,482,067
	4,269,633	6,596,500
	4,269,633	6,596,500

Note 13. Current Provisions

Provision for annual leave	518,937	475,427
Provision for long service leave	53,539	117,766
	572,476	593,193
	572,476	593,193

Note 14. Other Current Liabilities

Macquarie University - course fees received in advance	253,919	323,184
Macquarie University - student activity fees	-	88,069
Other - course fees received in advance	884,479	579,713
Deposits on hand	211,829	237,900
Research accounts	96,466	146,077
	1,446,693	1,374,943
	1,446,693	1,374,943

Note 15. Non - Current Liabilities

Provision for long service leave	217,013	255,935
	217,013	255,935

Note 16. Employee Entitlements

The aggregate employee entitlement liabilities recognised and included in the financial statements is as follows:

Provision for employee entitlements		
Current (Note 13)	572,476	593,193
Non - current (note 15)	217,013	255,935
Accrued salaries	477,441	523,100
	1,266,930	1,372,228
	1,266,930	1,372,228

2007 **2006**
\$ **\$**

Note 17. Contributed Equity

100 fully paid ordinary shares (2006:100 ord. Shares)	100	100
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There were no movements in contributed equity during the financial year

Note 18. Retained Earnings

Balance at beginning of financial year	2,382,564	2,372,564
Surplus for the year	1,755,416	10,000
	4,137,980	2,382,564

Note 19. Superannuation

The company contributes to defined contribution plans which provide accumulated benefits for employees of the company were:

Unisuper	306,502	532,734
Hostplus	138,474	131,770
AMP Life	2,710	-
Asgard Super	1,248	-
Asset Super	3,314	-
Asteron Super	333	-
Australian Super	507	-
BT Business Super	3,382	-
BT Life	2,938	19,385
Care Super	1,194	-
Colonial First State	3,946	-
Hesta Super Fund	365	-
McLaughlin Super	2,032	-
Rest Super	2,462	-
Varlex P/L Super	1,101	-
Virgin Super	363	-
Zurich Super	9,289	-
	480,160	683,889

Note 20. Contingent Liabilities

Bank guarantees amounting to **\$ 141,948** (2006: \$241,948) have been provided to third parties. These bank guarantees are secured by interest bearing deposits of **\$ 274,050** (2006: \$260,798).

Note 21. Leases

Operating Leases

The operating leases entered into by the company relate principally to computer equipment and office space in the Sydney CBD. The CBD lease contains a clause to the lease costs by reference to a fixed percentage increase. 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.

	2007	2006
	\$	\$
Non-cancellable operation leases		
Not longer than 1 year	980,821	856,066
Longer than 1 year and not longer than 5 years	289,341	745,253
Longer than 5 years	-	-
	1,270,162	1,601,319

Note 22. Related Parties

(a) Parent entities

The ultimate parent entity of the company is Macquarie University which owns 100% of the issued ordinary shares of the company (2006: 100%).

(b) Directors

Details of directors' remuneration are disclosed in Note 4 to the financial statements.

(c) Transaction with related parties

The student fees earned on behalf of the ultimate parent entity are disclosed in Note 2 to the financial statements.

Amounts receivable from and payable to the ultimate parent entity are disclosed in Notes 5, 12 and 14 of the financial statements.

There were no transactions between the Company and the Directors or with organisations with which the directors held a substantial financial interest.

Note 23. Events after the balance sheet date

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 (2006: \$nil).

	2007	2006
	\$	\$

Note 24. Notes To The Statement Of Cash Flows

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the bank and invested in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to related items in the Statement of Financial Position as follows:

Cash at bank, on deposit, and on hand	6,194,775	1,330,018
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The non current interest bearing deposit held by the Company amounting to \$274,050 (2006: \$260,798) is not available as it is held by the bank to secure a guarantee on rental properties occupied by the Company.

The Company has a credit facility of \$70,000 (2006:\$70,000). \$9,849.42 was used at December 31, 2007 (2006: \$4,224).

(b) Reconciliation of Operating Profit to Net Cash Flows from operating activities

(Loss)/Profit from ordinary activities	1,755,416	10,000
Depreciation of non current assets	267,410	416,149
Loss/(Profit) on sale of non current assets	4,155	10,248
Changes in operating assets and liabilities:		
Provision for annual leave	43,510	(61,981)
Provision for long service leave	(103,148)	(88,781)
Decrease/(increase) in receivables	4,247,125	(4,135,324)
Decrease/(increase) in prepayments	(57,646)	308,482
Decrease/(increase) in inventories	7,844	8,720
(Decrease)/increase in payables	(2,387,459)	3,488,699
Net cash provided/(used) by operating activities	3,777,207	(43,788)

Note 25. Financial Instruments

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 1 to the financial statements.

MGSM principal financial instruments comprises receivables, payables, bank overdrafts, cash and short term deposits.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. MGSM uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

(b) Credit Risk Exposure

The credit risk on financial assets of the economic entity which have been recognised on the Statement of the Financial Position is generally the carrying amount, net of provision for loss. The company does not have any significant exposure to any unrelated customer.

(c) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rate as the company intends to hold fixed rate securities and liabilities to maturities.

The following table details company's exposure to interest rate risk at December 31, 2007.

2007	Average interest rate	Variable interest rate	Fixed interest maturing less than 1 year	Non interest bearing	Total
Financial Assets					
Cash	6.00%	6,194,775	-	-	6,194,775
Receivables	-	-	-	2,648,940	2,648,940
Term deposits	0.00%	-	-	-	-
Interest bearing deposits	6.27%	-	274,050	-	274,050
		6,194,775	274,050	2,648,940	9,117,765
Financial Liabilities					
Payables and accruals	-	-	-	4,269,633	4,269,633
Other current liabilities	-	-	-	1,446,693	1,446,693
		-	-	5,716,326	5,716,326
		6,447,179	274,050	(3,067,386)	3,401,439

As at 31 December 2007 MGSM held cash as deposits.

- a) If the interest rates moved by +1% it would increase profit and equity by \$33,000.
- b) If the interest rates moved down by -0.5% it would have decreased profit and equity by \$16,500.

The following table details the company's exposure to interest rate risk as at December 31, 2006

2006	Average interest rate	Variable interest rate	Fixed interest maturing less than 1 year	Non interest bearing	Total
Financial Assets					
Cash	5.75%	1,330,018	-	-	1,330,018
Receivables	-	-	-	6,763,721	6,763,721
Term deposits	5.61%	1,352,766	-	-	1,352,766
Interest bearing deposits	5.48%	-	260,798	-	260,798
		2,682,784	260,798	6,763,721	9,707,303
Financial Liabilities					
Payables and accruals	-	-	-	6,596,500	6,596,500
Other current liabilities	-	-	-	1,374,943	1,374,943
		-	-	7,971,443	7,971,443
		2,682,784	260,798	(1,207,722)	1,735,860

2007
\$

2006
\$

Reconciliation of net financial assets to net assets

Net financial assets/(liabilities)	3,401,439	1,735,860
Non financial assets and liabilities		
Inventories	67,685	75,529
Prepayments	342,427	284,781
Plant and equipment	670,804	652,530
Intangibles	445,214	483,091
Provisions	(789,489)	(849,127)
Net assets	4,138,080	2,382,664

(d) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities approximated their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market value.

	2007		2006	
	Carrying Amount	Net Value	Carrying Amount	Net Value
Financial Assets				
Cash and deposits	6,194,775	6,194,775	2,682,784	2,682,784
Receivables	2,648,940	2,648,940	6,763,721	6,763,721
	8,843,715	8,843,715	9,446,505	9,446,505
Financial Liabilities				
Payables and accruals	4,269,633	4,269,633	6,596,500	6,596,500
Other current liabilities	1,446,693	1,446,693	1,374,943	1,374,943
	5,716,326	5,716,326	7,971,443	7,971,443

Note 26. Labour Management Studies Foundation (LMSF)

This activity is administered by Macquarie Graduate School of Management Pty. Limited and \$252,404 (2006:\$258,418) is held on behalf of LMSF and not included in these financial statements.

Note 27. Staff Numbers

The number of full time equivalent staff as at 31 December 2007 was 93 (2006:88).

Note 28. Additional Company Information

Macquarie Graduate School of Management Pty. Limited is a company incorporated and operating in Australia, having its registered office and principal place of business at: Graduate School of Management Building, Macquarie University, North Ryde NSW 2113.

End of audited financial statements.

U@MQ LIMITED
ABN 27 125 926 169

REPORT OF OPERATIONS

PERIOD ENDED 31 DECEMBER 2007

General Information

U@MQ Limited was established on 20 June 2007 pursuant to the general authority contained in Parts 3 & 4 of the *Macquarie University Act 1989* for University subsidiary companies. The company was incorporated under the Corporations Act 2001 on 20 June 2007 as a public company limited by guarantee.

The Relevant Minister is The Hon. John Joseph DELLA BOSCA, BA MLC

The principal objective of the company is to provide facilities for the members of the University community, including staff and students.

During the year, the company undertook the following activities

- Provision of food, beverage and retail services
- Provision of sporting equipment and facilities
- Provision of childcare facilities

These services were provided to both the public and private sectors.

Administrative Structure

The names and particulars of the directors in office during or since the end of the financial year are: -

Denise Osmand	Director & Company Secretary
Paul Bowler	Director
Brian Spencer	Director
Michael Wall	Director
Marilyn Dodkin	Director
Robert Tongue	Director
Nicholas Mueller	Director
William Hughes	Director
John Shepherd	Director
Deidre Anderson	Director resigned 23 August 2007
Anthony Matis	Director resigned 23 August 2007

Directors have been in office since U@MQ was established to the date of this report, unless otherwise stated.

Chief Executive Officer

The Chief Executive Officer is Deidre Anderson.

Staff of the Company

As at 31 December 2007, the company employed 270 staff.

Merit and Equity Policy

The company has in place a Merit and Equity Policy, which includes policies relating to anti-discrimination, equal employment opportunity, and harassment and victimisation.

Occupational Health and Safety

U@MQ is committed to providing a safe working environment by:

1. Providing adequate resources, including finance, to facilitate U@MQ's OHS responsibilities;
2. Maintaining a clean, safe and healthy working environment for all staff;
3. Ensuring the health, safety and welfare of all staff, students of Macquarie University and visitors to the campus facilities of U@MQ;
4. Providing appropriate OHS training, information, instruction and supervision for all staff and visitors;
5. Providing, monitoring and maintaining safe systems and equipment for the use, handling, storage and transportation of plant, equipment, food, materials and substances;
6. Providing a working environment that minimises the risks of accidents, ill health or property damage;
7. Continually identifying risks to health and safety by working together to assess manage and overcome such risks in the workplace;
8. Providing staff with the opportunity to enhance the effectiveness of the OHS Management System.

U@MQ require that all staff comply with the above OHS Policy and safe work practices by;

1. Ensuring the safety of themselves and others in the workplace;
2. Immediately reporting any unsafe condition, dangerous occurrence or injury to their supervisor;
3. Taking action to avoid, eliminate or minimise risks
4. Ensuring they are able to competently and safely perform any work they undertake;
5. Ensuring compliance by all employees, contractors and visitors with regard to U@MQ OHS Policy.

Financial Results and Financial Position

The net operating profit of the company for the financial period accounted to \$14,743,292. The company is exempt from income tax.

Events Occurring After the Balance Date

There were no events which occurred after balance date which may significantly affect the entity's operations in subsequent reporting periods.

Consultancies

Payments in excess of \$20,000 (exclusive of GST) made during the year to consultants engaged by the company were:

Consultant	Project	Total approved project fee	Expenditure 2007	Future Expenditure
DBM Australia Ltd	Executive coaching for key personnel	\$64,000	\$64,000	Nil
Warfield and Associates&	Forensic risk review and recommendations	\$26,000	\$26,000	Nil

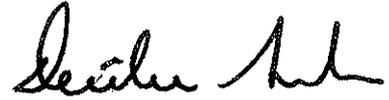
In addition, a further 21 consultancies where the total fees payable to the consultant was less than \$20,000 were engaged during the financial year at a total cost of \$226,899. Total approved project fees and expenditure for 2007 are exclusive of GST.

Environmental Performance

The directors are of the opinion the company has complied with all relevant environmental legislations as far as it concerns the operations of the company.



(On behalf of the Board)
Director
Paul Bowler
18 April 2008



(Accountable Officer)
Chief Executive Officer
Deidre Anderson
18 April 2008

U@MQ LIMITED
ABN 27 125 926 169

DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2007

Your directors present their report on the company for the financial period ended 31 December 2007. The financial report has been prepared pursuant to the *Financial Management Act 1994* and the provisions of the *Corporations Act 2001*.

Directors

The names and particulars of the directors in office during or since the end of the financial year are:

Paul William BOWLER, BSc *Lough.*, MBA *Cran.*, MA *Leic.*
President (appointed 20 June 2007)

Brian John SPENCER, BCom *NSW*, BA *Macq.*, FAICD, FAIM
Board Member (appointed 20 June 2007)
Vice-President

Marilyn DODKIN, BA *NE*, MA *Syd.*, PhD *Macq.*
Board Member (appointed 29 June 2007)

William Donald HUGHES, BEc *Macq.*, MEc *Macq.*
Board Member (appointed 27 August 2007)
Interests: Economics, minerals, sport

Nicholas Francis MUELLER
Board Member (appointed 20 June 2007)
Interests: Student engagement, mental health, environmental sustainability

Denise OSMAND, BBus *Kuring-gai CAE*, FCPA, JP
Board Member (appointed 20 June 2007)
Interests: Finance, investments, management of organisations

John Allan SHEPHERD, BA *Macq.*, GDipEd *Sydney CAE*, MHigherEd *NSW*
Board Member (appointed 27 August 2007)
Interests: Sport and recreation, education (learning and teaching), actuarial studies

Gregory Robert TONGUE, BEc *Macq.*
Board Member (appointed 20 June 2007)
Interests: Accounting

Michael Graham WALL, BA LLB *Macq.*
Board Member (appointed 20 June 2007)

Company Secretary
Denise OSMAND, BBus *Kuring-gai CAE*, FCPA, JP

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

Principal Activities

The principal 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 and retail services, and childcare.

Trading Results

In its first period of operation the profit/(loss) of the entity for the financial period was \$14,743,292. Included in this result is a one-time gain of \$15,347,426 arising from the transfer of assets from Macquarie University Sports and Recreation Incorporated, Macquarie University Union Limited and Venues at Macquarie Pty Ltd. The company is not taxable.

Review of Operations

For the first 5 months of operation U@MQ has performed as expected. The amalgamation of the operations of Macquarie University Sport and Recreation (MUSR) with Students at Macquarie (SAM and VENUES) and subsequent reorganisation of the corporate structure, whilst challenging has been achieved. The CEO and the executive team have guided U@MQ into a new phase of development and have established clear vision, values and mission for the company.

For the period ended 31 December 2007 the income of U@MQ reflected the post VSU environment and strategies put into place by the executive of the former organisations to address the obvious subsequent shortfalls. Expenses were contained and monitored and all financial arrangements are being assessed for economy and best practice. In October 2007 U@MQ engaged a Human Resources Consultant that resulted in a review of the employment conditions and contracts of all employees of the company.

Significant Changes in the State of Affairs

No significant changes occurred in the state of affairs of the entity during the financial period.

Events After the Balance Sheet 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 entity, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Results

No information is included on the likely developments in the operations of the entity and the expected results of those operations in future financial years as it is the opinion of the directors of the parent entity that this information would prejudice the interests of the consolidated entity, if included in this report.

Environmental Regulation

The directors are of the opinion that the entity has complied with all relevant environmental legislation, so far as it concerns the operations of the entity.

U@MQ has adopted a sustainability policy to ensure that the wise use of resources within a framework in which social, environmental, economic and cultural factors are integrated.

Indemnifying Officer's

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

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings;

with the exception of the following matter:

- During or since the financial period, the company has paid premiums to insure each of the following persons against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was paid as part of an overall insurance charge to the entity's parent entity, Macquarie University:

Denise Osmand
Paul Bowler
Brian Spencer
Michael Wall

Robert Tongue
Nicholas Mueller
William Hughes
John Shepard

Deidre Anderson
Anthony Matis
Marilyn Dodkin

Proceedings on Behalf of Company

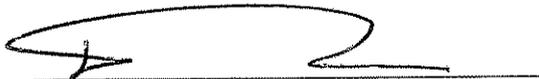
No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings, to which the company is a party for the purpose of taking responsibility on behalf of the company, for all or any part of those proceedings.

Declaration of Independence

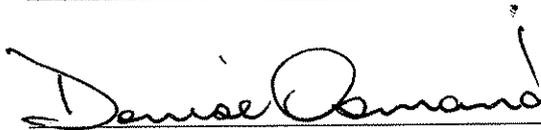
A copy of the Auditor's Independence Declaration as required under Section 302(c) of the Corporation Act 2001 is attached.

Dated at Sydney the 18th day of April 2008

In accordance with a resolution of the Board.



Paul Bowler Director



Denise Osmand Director



GPO BOX 12
Sydney NSW 2001

To the Directors
U@MQ Limited

Auditor's Independence Declaration

As auditor for the audit of U@MQ Limited for the period ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The independence requirements of the *Corporations Act 2001* in relation to the audit, and
- Any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in cursive script that reads "M T Spriggins".

M T Spriggins
Director, Financial Audit Services

SYDNEY
18 April 2008



GPO BOX 12
Sydney NSW 2001

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 report of U@MQ Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Auditor's Opinion

In my opinion the financial report of U@MQ Limited

- is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the period ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 report.

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

My opinion does *not* provide assurance:

- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of U@MQ Limited on 18 April 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



M T Spriggins, CA
Director, Financial Audit Services

23 April 2008
SYDNEY

U@MQ LIMITED
ABN 27 125 926 169

DIRECTORS' DECLARATION

PERIOD ENDED 31 DECEMBER 2007

In accordance with a resolution of the Directors of U@MQ Limited and pursuant to sections 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

1. The attached general purpose financial report presents a true and fair view of the financial position and performance of the Company at December 31, 2007 and the results of its operations and transactions of the Company for the period then ended;
2. The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporations Act 2001;
3. The financial report has been prepared in accordance with Australian Accounting Standards, and other mandatory professional reporting requirements;
4. We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and
5. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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



Paul Bowler
Director
18 April 2008



Denise Osmand
Director
18 April 2008

U@MQ LIMITED
ABN 27 125 926 169

ACCOUNTABLE OFFICER'S DECLARATION

PERIOD ENDED 31 DECEMBER 2007

We certify that the attached financial statements of the company have been prepared in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the income statement, balance sheet, cash flow statement, statement of changes in equity and notes to and forming part of the financial statements, presents fairly the financial transactions during the period ended 31 December 2007 and financial position of the company as at 31 December 2007.

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



Deidre Anderson
Accountable Officer (CEO)
18 April 2008



Paul Bowler
Chairman/Director
18 April 2008

Sydney

U@MQ LIMITED
ABN 27 125 926 169
INCOME STATEMENT
FOR PERIOD 20 JULY 2007 TO 31 DECEMBER 2007

	<u>Note</u>	<u>2007</u> \$
Revenue from Ordinary Activities		
Gain on Asset Transfers		15,347,426
Sale of retail goods		3,067,410
Grant - Macquarie University		1,400,000
Child care fees		1,288,691
Membership fees		719,062
Sale of food and beverage		467,010
Interest received		241,950
Commonwealth Child Care fee relief		213,554
Sport programs		204,814
Commissions		194,088
Government grant - child care		40,488
Other revenue	3(a)	812,882
Total revenue from ordinary activities		<u>23,997,375</u>
Expenses from ordinary activities		
Employee costs	4(a)	4,541,691
Raw materials and consumables used		1,102,815
Fees - general	4(b)	634,524
Changes in inventories		414,715
Asset Disposal		371,067
Occupancy expenses (utilities)		305,312
Depreciation & amortisation expense	4(c)	222,906
Hire and Lease		196,979
Design		161,570
Repairs, maintenance and minor replacements		144,301
Discounts		108,223
Printing and stationery costs		94,461
Cleaning and garbage		75,864
Travel		75,467
Board grants, initiatives and scholarships		58,928
Bands, DJs and prizes		54,405
Administrative and general expenses	4(d)	690,855
Total expenses from ordinary activities		<u>9,254,083</u>
Profit before income tax expense		14,743,292
Income tax expense	5	0
Profit for the period		<u>14,743,292</u>
Profit attributable to members		<u><u>14,743,292</u></u>

Note: The accompanying notes form part of these financial statements

U@MQ LIMITED
ABN 27 125 926 169
BALANCE SHEET
AS AT 31 DECEMBER 2007

	<u>Note</u>	<u>2007</u> \$
CURRENT ASSETS		
Cash and cash equivalents	8	10,718,050
Receivables	9	325,790
Inventories	11	414,715
Prepayments	12	<u>28,792</u>
TOTAL CURRENT ASSETS		<u>11,487,347</u>
NON-CURRENT ASSETS		
Plant and equipment	13	<u>6,035,472</u>
TOTAL NON-CURRENT ASSETS		<u>6,035,472</u>
TOTAL ASSETS		<u>17,522,819</u>
CURRENT LIABILITIES		
Payables	15	2,082,225
Provisions	17	<u>398,576</u>
TOTAL CURRENT LIABILITIES		<u>2,480,801</u>
NON-CURRENT LIABILITIES		
Provisions	17	<u>289,726</u>
TOTAL NON-CURRENT LIABILITIES		<u>289,726</u>
TOTAL LIABILITIES		<u>2,770,527</u>
NET ASSETS		<u>14,752,292</u>
EQUITY		
Accumulated funds	18	14,743,292
Reserves	19	<u>9,000</u>
TOTAL EQUITY		<u>14,752,292</u>

Note: The accompanying notes form part of these financial statements

U@MQ Limited
ABN 27 125 926 169
STATEMENT OF CHANGES IN EQUITY
FOR PERIOD 20 JULY 2007 TO 31 DECEMBER 2007

<u>Note</u>	<u>Accumulated Member's funds</u> \$	<u>Asset Revaluation Reserve</u> \$	<u>Total</u> \$
Balance at 20 July 2007	<u>0</u>	<u>0</u>	<u>0</u>
Profit attributable to members	14,743,292	0	14,743,292
Transfers to and from reserves	<u>0</u>	<u>9,000</u>	<u>9,000</u>
Balance at 31 Dec 2007	<u>14,743,292</u>	<u>9,000</u>	<u>14,752,292</u>

Note: The accompanying notes form part of these financial statements

U@MQ Limited
ABN 27 125 926 169
CASH FLOW STATEMENT
FOR PERIOD 20 JULY 2007 TO 31 DECEMBER 2007

	<u>Note</u>	<u>2007</u> \$
Cash flows from operating activities		
Receipts from customers and members		17,180,257
Payments to suppliers and employees		(6,298,785)
Interest received		241,950
GST Remitted to ATO		<u>(405,372)</u>
Net cash provided by operating activities	20	<u>10,718,050</u>
Cash flows from investing activities		
Net cash used in investing activities		<u>(0)</u>
Cash flows from financing activities		
Transfers		<u>0</u>
Net cash used in financing activities		<u>0</u>
Net increase in cash held		10,718,050
Cash at the beginning of the financial year		<u>0</u>
Cash at the end of the financial year	8	<u><u>10,718,050</u></u>

Note: The accompanying notes form part of these financial statements

U@MQ Limited
ABN 27 125 926 169
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD 20 JULY 2007 TO 31 DECEMBER 2007

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

U@MQ Limited is a controlled entity of the Macquarie University. The company is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the Macquarie University Accounts.

The financial report of U@MQ Limited for the period ended 31 December 2007 was authorised for issue by the Board on 18 April 2008.

The financial report of U@MQ Limited complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by U@MQ Limited in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The entity is limited by guarantee to the amount of \$1.00 by the sole member.

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001. The financial report has been prepared in Australian dollars.

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

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

Accounting Policies

(a) Income Tax

U@MQ Limited does not provide for income tax as it is exempt from income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997.

(b) 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.

Macquarie University grant revenue is recognised upon invoice being four instalments per annum. Point of sales revenue is recognised upon receipt of cash. Childcare fees are recognised upon an accruals basis. Rental income is recognised upon invoice or an accruals basis. Functions revenue is recognised once the function has occurred. Other revenue is recognised upon invoice or receipt of cash.

Revenue is recognised as interest 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.

(c) Government Grants

U@MQ Limited accounts for the receipt of non-taxable government grants as income rather than as deferred income. As such, a temporary difference does not arise.

Income is measured at the fair value of the contributions received or receivable. Income arising from the contribution of an asset to U@MQ Limited shall be recognised when, and only when, all the following conditions have been satisfied:

- U@MQ Limited obtains controls of the contribution or the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to U@MQ Limited; and
- the amount of the contribution can be measured reliably.

(d) 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.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 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. A provision for doubtful receivables is established when there is objective evidence that U@MQ Limited will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(f) Provision for doubtful debts

The company establishes a provision for any doubtful debts based on a review of all outstanding amounts at period end. Bad debts are written off when they are identified.

Note 1.
cont.

(g) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates - Impairment

U@MQ Limited assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, except for the retail shop, are assigned on weighted average basis, which approximately reflects actual cost. Retail shop costs are assigned on a first in first out basis.

(i) Trade and other Payables

These amounts represent liabilities for goods and services provided to U@MQ Limited prior to the end of the 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 amortised cost due to their short term nature, they are not discounted.

(j) Recoverable amounts of non-current assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amounts of all non-current assets have been determined using net cash flows which have been discounted to their present values.

(k) 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.

(l) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.

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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying 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 the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to the retained earnings.

Note 1.
cont.

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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10%
Furniture & Fittings	10%
Motor Vehicles	15%
Computer Equipment	30%
Leasehold improvements	10%
Academic Dress & Paintings	10%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve to the asset are transferred to retained earnings.

Capital works in progress are not depreciated until such time the asset is considered ready for use.

(m) Impairment of Assets

At each reporting date, U@MQ Limited reviews the carrying values of its tangible and intangible 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 assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, U@MQ Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) Leased Assets

Leases of property, plant and equipment where U@MQ Limited has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

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

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

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

(iii) Superannuation

All employees of U@MQ Limited are entitled to benefits on retirement, disability or death from U@MQ Limited's superannuation plan. U@MQ Limited has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from U@MQ Limited's legal or constructive obligation is limited to these contributions. The employees of U@MQ Limited are all members of the defined contribution section of U@MQ Limited's plan.

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

Note 1. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in the income statement.

cont.

Past service costs are recognised immediately in the income statement, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period. Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset. Contributions to the defined contribution fund 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.

(v) *Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(p) Provisions

Provisions for legal claims and service warranties are recognised when: U@MQ Limited has a present, legal or constructive obligation, as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount 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 balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Web site Costs

Costs in relation to web sites controlled by U@MQ Limited are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefits. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the entity that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits which vary from three to five years.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables in the balance sheet. Cash flows in the statement of cash flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(s) Comparative Figures

There are no comparative figures as 2007 is the first reporting period.

Note 3.

REVENUE

3 (a) Other revenue

	<u>2007</u>
	\$
Rent	385,571
General	138,821
Income Electricity	4,382
Parking fees	3,887
Income Cleaning	2,901
Other general revenue	<u>277,320</u>
	<u><u>812,882</u></u>

Note 4.	EXPENSES	2007
	4 (a) Employee Costs	\$
	Salaries and Wages	4,134,269
	Contract Payments	313,594
	Agency costs	64,999
	Staff Development/Training	28,829
		4,541,691
	4 (b) Fees - General	
	Fees Consultants	226,899
	Fees Legal	147,401
	Fees Other	109,918
	Fees Security	106,926
	Audit Fees	43,380
		634,524
	4 (c) Depreciation & Amortisation Expense	
	Depreciation of Property ,Plant & Equipment	222,906
	Amortisation of Property, Plant & Equipment	0
		222,906
	4 (d) Administrative & Other expenses	
	Overheads cleaning	95,653
	Scholarships	52,672
	Uniforms	32,457
	Telephone	32,245
	General services/ expenses	24,733
	Marketing	22,364
	Advertising	15,338
	Administrative and general expenses	415,393
		690,855

Note 5. INCOME TAX EXPENSE

U@MQ Limited is exempt from income tax

Note 6. Key Management Personnel Compensation

(a) Names and positions held of the Company's key management personnel in office at any time during the financial period are:

Directors:

Paul William Bowler
Brian John Spencer
Marilyn Dodkin
William Donald Hughes
Nicholas Francis Mueller
Denise Osmand
John Allan Shepherd
Gregory Robert Tongue
Michael Graham Wall
Deidre Anderson (resigned 23 August 2007)
Anthony Matis (resigned 23 August 2007)

No director received compensation since incorporation with the exception of Ms. D. Osmand who received \$15,000 in her capacity as company secretary.

Executives:

Deidre Anderson (Chief Executive Officer)

(b) Key Management Personnel Compensation

Short Term Benefits:

Salary & Fees	106,818
Superannuation	9,182
Non-Cash Benefits	0

Post Employment	0
-----------------	---

Total	116,000
-------	----------------

Note 7. REMUNERATION OF AUDITORS

The amount of remuneration of the auditor of the U@MQ in respect of:

- Auditing the financial statements	31,000
	31,000

Note 8.	CASH AND CASH EQUIVALENTS	<u>2007</u>
	Cash at bank and in hand	\$ 10,718,050
		<u>10,718,050</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	10,718,050
	<u>10,718,050</u>

Note 9. RECEIVABLES

(a) Impaired Receivables

As at 31 December 2007 current receivables of the company with a nominal value of \$4,208 were impaired. The amount of the provision was \$4,208. (The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

3 to 6 months	4,208
Over 6 months	0
	<u>4,208</u>

As at 31 December 2007, trade receivables of \$99,433 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

3 to 6 months	36,434
Over 6 months	62,999
	<u>99,433</u>

Movements in the provision for impaired receivables are as follows:

At beginning of the period	0
Provision for impairment recognised during the year	4,208
Receivables written off during the year as uncollectible	0
	<u>4,208</u>

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

(b) Debtors

Trade debtors	393,566
Provision for doubtful debts	(4,208)
	389,358
Other Debtors	(63,568)
	<u>325,790</u>

U@MQ Limited's terms for debtors are 7 days from date of invoice. The University has extended terms of trade of 30 days.

Note 10. OTHER CURRENT FINANCIAL ASSETS

Shares in controlled entities	0
	<u>0</u>

Note 11. INVENTORIES

At cost	
Stores, Kitchen, Outlets and Shop	414,715
	414,715
Provision for obsolete stock	0
	<u>414,715</u>

Note 12. PREPAYMENTS

Prepayments	<u>28,792</u>
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U@MQ LIMITED
 ABN 27 125 926 169
 NOTES TO THE FINANCIAL STATEMENTS
 FOR PERIOD 20 JULY 2007 TO 31 DECEMBER 2007

		<u>2007</u>
		<u>\$</u>
Note 13.	PLANT AND EQUIPMENT	
	Work in Progress	553,673
		<u>553,673</u>
	Plant and equipment at cost	458,541
	Less accumulated depreciation	16,944
		<u>441,597</u>
	Computer Equipment at cost	216,720
	Less accumulated depreciation	22,053
		<u>194,667</u>
	Office Equipment at cost	295,546
	Less accumulated depreciation	11,065
		<u>284,481</u>
	Furniture at cost	203,365
	Less accumulated depreciation	7,767
		<u>195,598</u>
	Catering Equipment at cost	285,163
	Less accumulated depreciation	11,601
		<u>273,562</u>
	Sports Equipment at cost	581,596
	Less accumulated depreciation	28,624
		<u>552,972</u>
	Academic Dress & Paintings at cost	145,305
	Less accumulated depreciation	6,052
		<u>139,253</u>
	Works of Art at cost	28,500
	Less accumulated depreciation	-
		<u>28,500</u>
	Motor Vehicles at valuator	239,004
	Less accumulated depreciation	14,528
		<u>224,476</u>
	Leasehold Improvements	3,250,965
	Less accumulated amortisation	104,272
		<u>3,146,693</u>
	Total plant and equipment	<u>6,035,472</u>

(a) Movements in Carrying Amounts

As 2007 was the first year of operation, the only movement in the carrying amounts for each class of property, plant and equipment were to motor vehicle the beginning and the end of the current financial year

	Work in Progress \$	Plant & Equipment \$	Furniture & Fitting \$	Computer Equipment \$	Motor Vehicle \$	Academic Dress & Painting \$	Leasehold Improvements \$	Total \$
Parent Entity								
Balance at beginning of the period	-	-	-	-	-	-	-	-
Additions	553,673	1,649,346	203,365	216,720	230,004	145,305	3,250,965	6,249,378
Disposals	-	-	-	-	-	-	-	-
WIP Completed during the period	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	9,000	-	-	9,000
Impairment	-	-	-	-	-	-	-	-
Depreciation & Amortisation	-	(68,234)	(7,767)	(22,053)	(14,528)	(6,052)	(104,272)	(222,906)
Carrying amounts at the end of period	<u>553,673</u>	<u>1,581,112</u>	<u>195,598</u>	<u>194,667</u>	<u>224,476</u>	<u>139,253</u>	<u>3,146,693</u>	<u>6,035,472</u>

		<u>2007</u>
		\$
Note 14.	NON-CURRENT FINANCIAL ASSETS	
	Loans	<u>0</u>
Note 15.	PAYABLES	
	CURRENT	
	Unsecured liabilities	
	Trade creditors	933,885
	Net Gst Payable	(126,824)
	Sundry Accruals & Creditors	<u>1,275,164</u>
		<u><u>2,082,225</u></u>
	Creditors terms vary from 7 to 30 days from date of invoice.	
Note 16.	TAX LIABILITIES	
	CURRENT	
	Income Tax	<u>0</u>
Note 17.	PROVISIONS	
	Opening Balance at 1 January 2007	0
	Payroll provisions raised during year	688,302
	Amounts used	<u>0</u>
	Balance at 31 December 2007	<u>688,302</u>
	Current - Annual Leave	398,576
	Non-current - Long Service Leave	<u>289,726</u>
		<u><u>688,302</u></u>
Note 18.	ACCUMULATED FUNDS	
	Balance at the beginning of the financial of the financial period	0
	Transfer to reserves	0
	Profit from ordinary activities	<u>14,743,292</u>
	Balance at the end of the financial period	<u>14,743,292</u>
Note 19.	RESERVES	
	Balance at the beginning of the financial of the financial period	0
	Transfer to reserves	<u>9,000</u>
	Balance at the end of the financial period	<u>9,000</u>
Note 20.	NOTES TO THE STATEMENT OF CASH FLOWS	
	Reconciliation of Cash Flow from Operations	
	with Profit from Ordinary Activities after Income Tax	
	Profit from ordinary activities after income tax	14,743,292
	Non-cash flows in profit from ordinary activities	
	Depreciation	222,906
	Net Assets Transferred in	(6,249,378)
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	
	Increase/(decrease) creditors and accruals	2,082,225
	(Increase)/decrease in receivable	(325,789)
	(Increase) in inventory	(414,715)
	(Increase) in prepayments	(28,792)
	(Decrease)/increase in employee entitlements	<u>688,302</u>
		<u><u>10,718,050</u></u>
Note 21.	CONTROLLED ENTITIES	
	There are no controlled entities.	
Note 22.	SEGMENT REPORTING	
	U@MQ Limited operates predominantly in one business segment and one geographic location being the provision of University student recreation, entertainment and catering services, in Australia.	

Note 23. FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in Note 1 to the financial statements.

U@MQ Limited's principal financial instruments comprises receivables, payables, cash and short term deposits.

The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. U@MQ Limited uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and assessment of market forecast for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

(b) Credit Risk Exposure

The credit risk on financial assets of the entity which have been recognised on the Balance Sheet is generally the carrying amount, net of provision for loss. The company does not have any significant exposure to any unrelated customer.

(c) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rate as the company intends to hold fixed rate securities and liabilities to maturities.

The following table details company's exposure to interest rate risk at 31 December 2007.

					<u>2007</u>
	Average interest rate	Variable interest rate	Fixed interest maturing less than 1 year	Non interest bearing	\$ Total
Financial Assets					
Cash and deposits	6.25%	10,718,050	-	-	10,718,050
Receivables	-	-	-	325,790	325,790
		10,718,050	-	325,790	11,043,840
Financial Liabilities					
Payables and Accruals	-	-	-	1,850,706	1,850,706
		-	-	1,850,706	1,850,706
		10,718,050	-	(1,524,916)	9,193,134
Net financial assets/(liabilities)					9,193,134
Non financial assets and liabilities					
Prepayments					28,792
inventories					414,715
Plant and equipment					6,035,472
Accrued expenses					(231,519)
Provisions					(688,302)
Net assets					14,752,292

At 31 December 2007 U@MQ Limited held cash as deposits.

If the interest rates moved by +1% it would increase profit and equity by approximately \$66,700.

If the interest rates moved down by -0.5% it would have decreased profit and equity by approximately \$33,350.

(d) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities approximated their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market value.

	Carrying Amount	2007 \$ Net Value
Financial Assets		
Cash and deposits	10,718,050	10,718,050
Receivables	<u>325,790</u>	<u>325,790</u>
	<u>11,043,840</u>	<u>11,043,840</u>
Financial Liabilities		
Payables and Accruals	<u>1,850,706</u>	<u>1,850,706</u>
	<u>1,850,706</u>	<u>1,850,706</u>

Note 24.

CAPITAL COMMITMENTS

Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:

Capital commitments

Payable		
- not later than 1 year		<u>1,019,949</u>

Note 25. CONTINGENCIES

The company has no contingencies at the date of this report.

Note 26. RELATED PARTY TRANSACTIONS

There are University transactions

The following transactions occurred with the University:

General consumables	11,000
Printing, stationery and postage	3,000
Rental, hire and other leasing fees	1,000
Telecommunications	3,000
Security Services	10,000
Utility Expenses	89,000
Other expenses	<u>23,000</u>
Total	<u>140,000</u>

Note 27. EVENTS SUBSEQUENT TO 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.

Note 28. COMPANY DETAILS

The registered office and principal place of business is:

U@MQ Limited
Building E11A
1 Balaclava Road
North Ryde
NSW 2113

Note 29 FINANCE LEASES & HIRE PURCHASE COMMITMENTS

Minimum lease payment commitments in relation to plant and equipment finance leases payable as follows:

Future minimum lease payment		
<1 year		94,438
1<5 years		228,428
>5 years		<u>0</u>
Total		<u>322,866</u>
PV of future minimum lease payment		<u>281,662</u>

Note 30 ADOPTION OF NEW ACCOUNTING STANDARDS

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by U@MQ Limited for the reporting period ending 31 December 2007.

The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 1 First-time adoption of Australian equivalents to International Financial Reporting Standards (1 January 2008)
- AASB 102 Inventories (1 July 2007)
- AASB 107 Cash Flow Statements (1 July 2007)
- AASB 108 Accounting Policies, Changes in accounting estimates and errors (1 July 2007)
- AASB 110 Events after Balance Sheet Date (1 July 2007)
- AASB 116 Property, plant & equipment (1 July 2007)
- AASB 117 Leases (1 July 2007)
- AASB 118 Revenue (1 July 2007)
- AASB 119 Employee Benefits (1 July 2007)
- AASB 132 Financial Instruments: Presentation (1 July 2007)
- AASB 136 Impairment of Assets (1 July 2007)
- AASB 137 Provisions, Contingent liabilities and Contingent assets (1 July 2007)
- AASB 138 Intangible assets (1 July 2007)
- AASB 139 Financial Instruments: Recognition and measurement (1 July 2007)

End of audited financial statements.

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