

**University of Wollongong
Recreation & Aquatic Centre Limited**

ABN 99 082 907 382

**Financial report
for the year ended 31 December 2004**

**University of Wollongong
Recreation & Aquatic Centre Limited**

**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets. These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ("GST"). Revenue is recognised when URAC has control of the good or right to receive, it is probable that the economic benefits will flow to URAC and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Members fees

Members' fees are brought to account in the year to which the fees relate, and not necessarily the year in which the University of Wollongong or Illawarra Technology Corporation Ltd, which collect those fees on behalf of the Company, remit them to the Company.

Sales of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of services

Revenue from rendering services is recognised once the service has been fully provided.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(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 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.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(d) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(e) Taxation

The operations of the company are exempt from income tax under sections 50-5 and 50-45 of the Income Tax Assessment Act (1997).

**University of Wollongong
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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(f) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Items of plant and equipment less than \$5,000 are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the company in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

(g) Occupancy contributions

The company from time to time contributes to the cost of construction of buildings, their improvements and landscaping on land over which it has no security of tenure. The company does not retain legal title to the buildings, this remains with the University of Wollongong. The costs of these contributions are capitalised on the Statement of Financial Position as Occupancy Contribution, based on agreement reached with the University of Wollongong.

The Occupancy Contribution is amortised over the expected useful life of the asset. The expected useful life is as determined by the University of Wollongong.

(h) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(i) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Trade debtors settled within 60 days are carried at amounts due.

**University of Wollongong
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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

(k) Recoverable amount of non-current assets valued on cost basis

URAC's assets are not held for the primary purpose of generating net cash inflows, therefore the requirement to right down assets to their recoverable amount under AAS10, 'Recoverable Amount of Non Current Assets' do not apply.

(l) Depreciation and amortisation

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

	2003	2002
Property, plant and equipment		
Building improvements	3.33%	3.33%
Plant and equipment **	10%-20%	10%-20%
Occupancy contribution	2.78%-7.69%	2.78%-7.69%

**** Plant and equipment includes the following sub categories: general equipment, unigym/unicircuit equipment, leased equipment, furniture and fittings, motor vehicles, pool equipment and hockey equipment.**

(m) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(n) Bank loans

Bank loans are carried on the statement of financial position at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in Note 12.

**University of Wollongong
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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(o) Employee entitlements

Wages, salaries, annual leave and sick leave

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled. The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave

Provisions made in respect of long service leave which is not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Superannuation plan

The Company contributes to "Superannuation Trust of Australia" superannuation plan. Contributions are charged against income as they are made.

(p) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, except where noted below.

(q) Leased assets

Leases under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases – finance leases are capitalised. A lease asset and lease liability equal to the present value of the minimum lease payments is recorded at the inception of the lease.

Operating leases – payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**University of Wollongong
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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(r) Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the company's financial statements for the year ending 31 December 2005.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained surplus as at 1 January 2004.

The company is participating in a project team established by the University to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. In addition, the University engaged consultants early in 2004 to undertake an impact assessment of the changes. The project team is chaired by the University's Assistant Director, Finance. The project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the company.

Major changes identified to date that will be required to the company's existing accounting policies include the following (references to new AASB standards below are to the Australian equivalents to IFRS issued in July 2004):

(i) Financial instruments

Under the new AASB 132 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the company will not change.

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**Notes to and forming part of the financial statements
for the year ended 31 December 2004**

1 Statement of significant accounting policies (cont'd)

(r) Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS) (cont'd)

(ii) Impairment of assets

Under the new AASB 136 Impairment of Assets, assets will be subject to assessment for impairment. Impairment must be measured for assets with indications of impairment and for intangible assets not yet available for use. Impairment is measured by comparing the asset's fair value less costs to sell and its value in use. The greater of these two measurements must not exceed the asset's carrying value. 'Value in use' is determined as either:

- (a) net present value of net cash inflows (for-profit assets); or
- (b) depreciated replacement cost (all other assets).

This will result in a change to the current accounting policy, under which the recoverable amount of for-profit assets is generally only measured where there is an indication of impairment.

(iii) Borrowing costs

Under the new AASB 123 Borrowing Costs, borrowing costs are generally expensed. AASB 123 includes the option to capitalise borrowing costs where they relate to qualifying assets. The company has decided that it will expense all of its borrowing costs on adoption of the new accounting standards.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the company's financial position.

2 Corporate information

University of Wollongong Recreation and Aquatic Centre Limited is a company limited by guarantee. It is incorporated and domiciled in Australia. The registered address of the company is:

Northfields Avenue
North Wollongong NSW 2500

**University of Wollongong
Recreation & Aquatic Centre Limited
Statement of financial performance
for the year ended 31 December 2004**

	Note	2004 \$	2003 \$
Revenue from rendering of services	3	3,502,650	2,802,777
Other revenues from ordinary activities	3	253,134	302,644
Total revenue from ordinary activities	3	<u>3,755,784</u>	<u>3,105,421</u>
Employee expenses		1,436,347	1,207,405
Depreciation and amortisation expenses	4	480,593	447,075
Written down value of assets disposed	4	89,868	162,824
Borrowing costs	4	177,444	220,984
Repairs and maintenance		314,989	216,344
Operating Expenses		899,965	522,467
Utilities expenses		141,309	123,647
Other expenses from ordinary activities		109,914	71,435
Total expenses from ordinary activities		<u>3,650,429</u>	<u>2,972,181</u>
Profit from ordinary activities before related income tax expense		105,355	133,240
Income tax expense relating to ordinary activities	1(e)	-	-
Net profit		105,355	133,240
Total Revenues, Expenses and valuation adjustments recognised directly in Equity		-	-
Total changes in equity other than those resulting from transaction with owners as owners		<u>105,355</u>	<u>133,240</u>

The statement of financial performance should be read in conjunction with the notes to the financial statements set out on pages 7 to 24.

**University of Wollongong
Recreation & Aquatic Centre Limited**

**Statement of financial position
as at 31 December 2004**

	Note	2004 \$	2003 \$
Current assets			
Cash assets	6	3,100	109,931
Receivables	7	82,432	45,894
Inventories	8	-	713
Other	9	57,937	100,616
Total current assets		<u>143,469</u>	<u>257,154</u>
Non-current assets			
Property, plant and equipment	10	760,759	809,937
Occupancy contribution	11	5,769,048	6,047,317
Total non-current assets		<u>6,529,807</u>	<u>6,857,254</u>
Total assets		<u>6,673,276</u>	<u>7,114,408</u>
Current liabilities			
Payables	12	218,398	162,318
Other Liabilities	13	-	259,062
Interest bearing liabilities	14	90,201	75,358
Provisions	15	85,362	90,175
Total current liabilities		<u>393,961</u>	<u>586,913</u>
Non-current liabilities			
Interest bearing liabilities	14	3,111,385	3,483,833
Provisions	15	29,830	11,925
Other Liabilities	16	2,764	1,756
Total non-current liabilities		<u>3,143,979</u>	<u>3,497,514</u>
Total liabilities		<u>3,537,940</u>	<u>4,084,427</u>
Net assets		<u>3,135,336</u>	<u>3,029,981</u>
Equity			
Retained profits	17	<u>3,135,336</u>	<u>3,029,981</u>
Total equity		<u>3,135,336</u>	<u>3,029,981</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 7 to 24.

**University of Wollongong
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Statement of cash flows
for the year ended 31 December 2004**

	Note	2004 \$	2003 \$
Cash flows from operating activities			
Cash receipts in the course of operations		3,455,638	3,355,895
Cash payments in the course of operations		(2,892,409)	(2,343,183)
Interest received		17,179	8,954
Borrowing costs paid		(176,097)	(239,381)
Net cash provided by operating activities	19(ii)	<u>404,311</u>	<u>782,285</u>
Cash flows from investing activities			
Payment for property, plant and equipment and occupancy contribution		(259,974)	(825,430)
Proceeds on disposal of non-current assets		103,482	178,545
Net cash used in investing activities		<u>(156,492)</u>	<u>(646,885)</u>
Cash flows from financing activities			
Proceeds of borrowings		750,000	600,000
Repayment of borrowings		(1,050,000)	(600,000)
Repayment of leases		(72,403)	(58,656)
Net cash (used in)/provided by financing activities		<u>(372,403)</u>	<u>(58,656)</u>
Net increase/(decrease) in cash held		(124,584)	76,744
Cash at the beginning of the financial year		109,931	33,187
Cash at the end of the financial year	19(i)	<u><u>(14,653)</u></u>	<u><u>109,931</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 24.

	Note	2004 \$	2003 \$
3 Revenue from operating activities			
Revenue from rendering of services			
■ Trading income		1,758,674	1,234,324
■ Members fees paid by related parties		1,678,617	1,544,952
■ Members fees paid by other parties		65,359	23,501
		<u>3,502,650</u>	<u>2,802,777</u>
Other revenues			
<i>From operating activities</i>			
Interest - Other Parties		17,179	8,954
Rent		82,880	56,145
Grants - Related Parties		59,000	59,000
<i>From outside operating activities</i>			
Gross proceeds from sale of non current assets		94,075	178,545
Total other revenue		<u>253,134</u>	<u>302,644</u>
Total revenue from ordinary activities		<u><u>3,755,784</u></u>	<u><u>3,105,421</u></u>
4 Profit from ordinary activities before income tax expense			
<i>(a) Profit from ordinary activities has been arrived at after charging/(crediting) the following items</i>			
Depreciation of:			
■ Property, plant and equipment		125,334	109,198
Amortisation of:			
■ Occupancy contribution		278,269	267,212
■ Leased equipment		76,990	70,665
Total depreciation and amortisation		<u>480,593</u>	<u>447,075</u>
Written down value of assets disposed		<u>89,868</u>	<u>162,824</u>
Borrowing costs			
■ Interest		168,625	211,717
■ Finance charges on capitalised leases		8,819	9,267
		<u>177,444</u>	<u>220,984</u>
Net bad and doubtful debts expense including movements in provision for doubtful debts		<u>5,004</u>	<u>1,131</u>
Net expense from movements in provision for:			
■ Employee entitlements		<u>67,962</u>	<u>62,358</u>
Net (loss)/gain on disposal of non-current assets:			
Property, plant and equipment		<u>4,207</u>	<u>15,721</u>

	Note	2004 \$	2003 \$
5 Auditors' remuneration			
Audit of the financial report		8,100	7,600
Total auditors' remuneration		<u>8,100</u>	<u>7,600</u>
6 Cash assets			
Cash on hand		3,100	3,100
Undeposited funds		-	5,050
Cash at bank		-	101,781
		<u>3,100</u>	<u>109,931</u>
7 Receivables			
Current			
Trade debtors		84,887	48,349
Less: Provision for doubtful trade debtors		(2,455)	(2,455)
		<u>82,432</u>	<u>45,894</u>
8 Inventories			
Current			
Consumables - at cost		-	713
9 Other current assets			
Prepayments		<u>57,937</u>	<u>100,616</u>

	Note	2004 \$	2003 \$
10 Property, plant and equipment			
Building improvements - at cost		213,387	183,007
Less: Accumulated depreciation		(56,014)	(36,194)
		<u>157,373</u>	<u>146,813</u>
General equipment - at cost		286,916	234,093
Less: Accumulated depreciation		(155,744)	(136,510)
		<u>131,172</u>	<u>97,583</u>
Unigym/Unicircuit equipment - at cost		215,880	213,380
Less: Accumulated depreciation		(122,282)	(106,706)
		<u>93,598</u>	<u>106,674</u>
Leased gym equipment - at cost		307,961	307,961
Less: Accumulated depreciation		(179,825)	(102,835)
		<u>128,136</u>	<u>205,126</u>
Furniture and fittings - at cost		215,002	200,722
Less: Accumulated depreciation		(167,886)	(155,957)
		<u>47,116</u>	<u>44,765</u>
Motor vehicles - at cost		128,296	147,535
Less: Accumulated depreciation		(18,768)	(7,821)
		<u>109,528</u>	<u>139,714</u>
Computer Equipment - at cost		117,507	84,592
Less: Accumulated depreciation		(86,143)	(67,862)
		<u>31,364</u>	<u>16,731</u>
Pool equipment - at cost		138,642	119,828
Less: Accumulated depreciation		(76,294)	(67,712)
		<u>62,348</u>	<u>52,116</u>
Hockey equipment - at cost		13,457	13,457
Less: Accumulated depreciation		(13,333)	(13,041)
		<u>124</u>	<u>416</u>
Total property, plant and equipment net book value		<u>760,759</u>	<u>809,937</u>

The recreation centre, pool centre, swimming pool, tennis courts and hockey field are erected on land made available by the University of Wollongong and in respect to which there is no formal lease or any other agreement.

	Note	2004 \$	2003 \$
10 Property, plant and equipment (cont'd)			
Reconciliations			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
Building improvements			
Carrying amount at beginning of year		146,813	165,114
Additions		30,380	-
Transfer from capital works in progress		-	-
Depreciation		(19,820)	(18,301)
Carrying amount at end of year		<u>157,373</u>	<u>146,813</u>
General equipment			
Carrying amount at beginning of year		97,583	82,624
Additions		52,825	52,885
Disposals		-	(24,968)
Depreciation		(19,234)	(12,958)
Carrying amount at end of year		<u>131,174</u>	<u>97,583</u>
Unigym/Unicircuit equipment			
Carrying amount at beginning of year		106,674	119,062
Additions		2,500	3,591
Disposals		-	-
Depreciation		(15,576)	(15,979)
Carrying amount at end of year		<u>93,598</u>	<u>106,674</u>
Computer Equipment			
Carrying amount at beginning of year		16,731	20,226
Additions		32,915	4,746
Disposals		-	-
Depreciation		(18,281)	(8,241)
Carrying amount at end of year		<u>31,365</u>	<u>16,731</u>
Leased gym and equipment			
Carrying amount at beginning of year		205,126	160,850
Additions		-	114,941
Disposals		-	-
Depreciation		(76,990)	(70,665)
Carrying amount at end of year		<u>128,136</u>	<u>205,126</u>
Furniture and fittings			
Carrying amount at beginning of year		44,764	55,153
Additions		14,280	2,509
Disposals		-	-
Depreciation		(11,929)	(12,898)
Carrying amount at end of year		<u>47,115</u>	<u>44,764</u>

Note	2004	2003
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	\$	\$
Pool equipment		
Carrying amount at beginning of year	53,432	52,619
Additions	18,815	12,481
Disposals	-	-
Depreciation	(9,900)	(11,668)
Carrying amount at end of year	<u>62,347</u>	<u>53,432</u>
Hockey equipment		
Carrying amount at beginning of year	416	958
Additions	-	-
Disposals	-	-
Depreciation	(292)	(542)
Carrying amount at end of year	<u>124</u>	<u>416</u>
Motor vehicles		
Carrying amount at beginning of year	139,714	158,646
Additions	89,982	147,535
Disposals	(89,868)	(137,856)
Depreciation	(30,302)	(28,611)
Carrying amount at end of year	<u>109,526</u>	<u>139,714</u>
Capital works in progress		
Carrying amount at beginning of year		
Additions	-	602,991
Transfers to occupancy contribution	-	(602,991)
Carrying amount at end of year	<u>-</u>	<u>-</u>
Total property, plant and equipment		
Carrying amount at beginning of year	811,254	815,252
Additions	241,697	941,680
Disposals	(89,868)	(162,824)
Depreciation	(202,324)	(179,863)
Transfers to occupancy contribution	-	(602,991)
Carrying amount at end of year	<u>760,759</u>	<u>811,254</u>

	Note	2004 \$	2003 \$
11 Occupancy contribution			
Non-current			
Occupancy contribution		7,403,809	7,403,809
Less: Accumulated amortisation		<u>(1,634,761)</u>	<u>(1,356,492)</u>
		<u>5,769,048</u>	<u>6,047,317</u>
Occupancy contribution is amortised at the rate nominated by the University of Wollongong, rather than at the standard rate of depreciation provided for building improvement and buildings at cost.			
Reconciliation			
A reconciliation of the carrying amount of occupancy contribution is set out below:			
<i>Occupancy contribution</i>			
Carrying amount at beginning of year		6,047,317	5,711,538
Additions		-	602,991
Transfers from capital works in progress		-	-
Amortisation		<u>(278,269)</u>	<u>(267,212)</u>
Carrying amount at end of year		<u>5,769,048</u>	<u>6,047,317</u>
12 Payables			
Current			
University of Wollongong		127,785	-
Other creditors		<u>90,613</u>	<u>162,318</u>
		<u>218,398</u>	<u>162,318</u>
13 Income in Advance			
Current			
Members Fees Received in Advance		-	250,000
Other Income received in Advance		<u>-</u>	<u>9,062</u>
		<u>-</u>	<u>259,062</u>
14 Interest bearing liabilities			
Current			
Bank overdraft	19	17,753	-
Lease liabilities	21	<u>72,448</u>	<u>75,358</u>
		<u>90,201</u>	<u>75,358</u>
Non-current			
Bill facilities		3,050,000	3,350,000
Lease liabilities	21	<u>61,385</u>	<u>133,833</u>
		<u>3,111,385</u>	<u>3,483,833</u>

	Note	2004 \$	2003 \$
(i) The company has access to the following facilities:			
Total facilities available:			
Bill acceptance facility		3,050,000	3,350,000
Leasing facility		333,833	409,191
Business credit card facility		50,000	10,000
		3,433,833	3,769,191
Facilities utilised at balance date:			
Bill acceptance facility		3,050,000	3,350,000
Leasing facility		133,833	209,191
Business credit card facility		50,000	10,000
		3,233,833	3,559,191
Facilities not utilised/(exceeded) at balance date:			
Bill acceptance facility		-	-
Leasing facility		200,000	200,000
Business credit card facility		-	-
		200,000	200,000

The bill acceptance facility is secured by way of:

registered mortgage debenture over the assets and undertakings of University of Wollongong Recreation and Aquatic Centre Limited; and

guarantee and indemnity for the amount of \$3,550,000 from the University of Wollongong.

(ii) Commercial bill repayment commitments

Not later than one year	350,000	300,000
Later than one years but not later than five years	2,000,000	1,750,000
Later than five years	700,000	1,300,000
	3,050,000	3,350,000

The commitment schedule is based on projected budget and is subject to renewal and review by the financial institution on December 2005.

15 Provisions

Current

Annual leave	51,116	49,938
Long service leave	34,246	40,237
	85,362	90,175

Non-current

Long service leave	29,830	11,925
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Number of employees

Average number of employees during the year	28	27
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Aggregate employee benefits and related on-costs

Accrued salaries, wages and on-costs	15,354	7,947
Provisions - current	85,362	90,175
Provisions - non-current	29,830	11,925
Accrued salaries, wages and on-costs	130,546	110,047

	Note	2004 \$	2003 \$
16 Other Liabilities			
Non-current			
Unclaimed Money		2,764	1,756
17 Retained profits			
Retained profits at beginning of year		3,029,981	2,896,741
Adjustment to opening balance		-	-
Changes in equity - transactions with owners as owners		-	-
Changes in equity - other than transactions with owners as owners		-	-
Net profit		105,355	133,240
Retained profits at the end of the year		3,135,336	3,029,981
18 Commitments			
Capital expenditure commitments (occupancy contribution)			
Contracted but not provided for and payable:			
Not later than one year		-	-
19 Notes to the statement of cash flows			
(i) Reconciliation of cash			
For the purposes of the statement of cash flows, cash includes cash on hand and at bank. Cash as 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:			
Cash on hand	6	3,100	109,931
Bank Overdraft	14	(17,753)	-
		(14,653)	109,931
(ii) Reconciliation of operating profit after tax to net cash provided by operating activities			
Net profit		105,355	133,240
Add/(less) items classified as investing/financing activities			
Loss/(profit) on disposal of non-current assets		(4,207)	(15,721)
Add non-cash items:			
Amortisation and depreciation		480,593	447,075
Bad debts expense not previously provided for		5,004	1,131
Net cash provided by operating activities before change in assets and liabilities		586,745	565,725
Change in assets and liabilities during the financial year:			
■ receivables;		(36,538)	8,716
■ prepayments;		42,679	(58,678)
■ inventories;		713	1,406
■ trade creditors and accruals; and		(201,974)	259,212
■ provisions.		13,091	5,904
Net cash provided by operating activities		404,716	782,285

(ii) Non-cash financing and investing activities

	Note	2004 \$	2003 \$
21 Commitments			
Finance lease payment commitments			
Finance lease commitments are payable:			
Within one year		84,202	84,202
Later than one year but not later than five years		57,444	141,646
Later than five years		<u>141,646</u>	<u>225,848</u>
Less: Future lease finance charges		<u>7,813</u>	<u>16,657</u>
		<u><u>133,833</u></u>	<u><u>209,191</u></u>
Lease liabilities provided for in the financial statements			
<i>Current</i>	14	72,448	75,358
<i>Non-current</i>	14	<u>61,385</u>	<u>133,833</u>
Total lease liability		<u><u>133,833</u></u>	<u><u>209,191</u></u>

The entity leases equipment under finance lease expiring in three years.

22 Directors' remuneration

The number of directors of the company whose income from the company or any related party falls within the following bands:

\$ 0 - \$ 9,999	11	11
\$80,000 - \$89,999	<u>1</u>	<u>1</u>
Total income paid or payable, or otherwise made available, to all directors of the company from the company or any related party.	<u><u>93,047</u></u>	<u><u>86,749</u></u>

The amounts are disclosed in aggregate as the directors believe the provision of full particulars would be unreasonable.

23 Related parties

(a) Directors

The names of each person holding the position of director of University of Wollongong Recreation & Aquatic Centre Limited during the financial year are Murray Reid, Prof John Patterson, Dr Paul Webb, Bridget Munro, Diane Harland (nee Riddiford), Paul Manning, Cheryl Batteard, Prof Don Iverson, Nathan Hart, Peter Maywald, Canio Fierravanti, Michael Kelly and Prof Tempe Lees. Prof Margaret Sheil resigned as directors during the year.

(b) Ultimate controlling entity

The ultimate controlling entity of the company is the University of Wollongong.

Note	2004	2003
	\$	\$

23 Related parties

(c) *Non-director related parties*

The classes of non-director related parties are:

- controlling entity of the company; and
- commonly controlled entities.

(d) *Controlling entity disclosures – University of Wollongong*

The University of Wollongong collects student membership fees on behalf of the company. The amount of fees collected during the year was \$1,636,519 (\$1,794,952). The University of Wollongong hires the company facilities, from time to time. The controlling entity also pays certain expenses on behalf of the company. These expenses are on-charged to the company. These expenses include grounds maintenance, telephone charges, internet fee, printing, accounting service fee and general maintenance. All of these transactions are charged in accordance with the provisions of a “Memorandum of Understanding” between the company and the controlling entity.

(i) *Other transactions with the controlling entity:*

	2004	2003
	\$	\$
<i>Income</i>		
Sales	25,336	20,719
Grants for specific purposes	59,000	59,000
Total income	<u>84,336</u>	<u>79,719</u>
<i>Expenses</i>		
Goods and services	603,390	508,165
Total expenses	<u>603,390</u>	<u>508,165</u>
<i>(ii) Balances with the controlling entity:</i>		
Receivables	<u>1,146</u>	<u>1,985</u>
Intercompany balance	127,785	
Payables	2,487	
	<u>130,272</u>	<u>40,027</u>

Note	2004	2003
	\$	\$

23 Related parties

(e) Other related parties

The company enters into transactions with other entities controlled by the University of Wollongong: Wollongong UniCentre Ltd and Illawarra Technology Corporation Ltd.

(i) Transactions with other related parties:

Income from sales	<u>59,402</u>	<u>1,169</u>
Expenses		
Goods and services	12,185	7,075
Grants for specific purposes	<u>2,500</u>	<u>10,000</u>
	<u>14,685</u>	<u>17,075</u>

(ii) Balances with other related parties:

Receivables	<u>-</u>	<u>86</u>
Payables	<u>-</u>	<u>18</u>

From time to time, directors of related parties or their director-related entities may hire the company's facilities. The provision of these facilities is made on the same commercial terms and conditions available to other customers and is trivial or domestic in nature.

24 Contingent liabilities

There are no known contingent liabilities existing at balance date.

25 Economic dependency

The company's trading activities do not depend upon a major customer or supplier. However, the company is economically dependent upon the continued existence of the operating and financial arrangements it has with the University of Wollongong.

26 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

End of audited financial report

**University of Wollongong
Recreation & Aquatic Centre Limited**

**Detailed statement of financial performance
for the year ended 31 December 2004**

	2004	2003
	\$	\$
Income		
Members' fees	1,743,975	1,568,453
Interest	17,180	8,954
Squash court hire	39,486	41,567
Tennis court hire	24,750	29,012
Facility hire	106,733	88,032
Pool trading income	350,454	337,404
Hockey field income	50,398	34,513
Recreation program	618,457	582,719
Rent and commission received	82,879	102,416
Grant income	59,000	59,000
Profit on sale of property, plant and equipment	4,207	15,721
Special Events	321,260	
Other income	247,137	74,807
	<u>3,665,915</u>	<u>2,942,598</u>
Expenditure		
Advertising	25,503	17,158
Amortisation of occupancy contribution	278,269	267,212
Accounting and audit fees	32,363	37,983
AUSA subsidy	16,997	14,497
Bad debts	5,003	1,131
Catering	3,425	3,628
Club funding and equipment	86,625	79,557
Cleaning and garbage removal	22,372	18,752
Computer maintenance	-	21,537
Depreciation	202,324	179,864
Electricity and gas	142,864	123,647
Equipment	19,945	35,439
Insurance	47,995	42,227
Borrowing costs and bank charges	177,444	228,077
Motor vehicle expenses	14,612	20,055
Outdoor adventure expenses	-	15,664
Pool chemicals	57,133	23,465
Printing	23,986	22,058
Prizes and awards	25,974	27,624
Repairs and maintenance – general	245,538	181,485
Superannuation	79,984	53,037
Telephone, stationery and postage	41,653	47,596
Training	9,494	1,372
Travel and conferences	198,910	25,932
Vending machine expenses	-	23,582
Wages and salaries	1,356,363	1,157,186
Other expenses	445,785	139,593
Total expenditure	<u>3,560,560</u>	<u>2,809,358</u>
Operating profit	<u>105,355</u>	<u>133,240</u>