

21 April 2006

The Hon. Carmel Tebbutt MLC
Minister for Education and Training
Parliament House
SYDNEY NSW 2000

Dear Minister

The Council of Southern Cross University presents the report of proceedings of the University and audited financial statements for the year ended 31 December 2005.

The report and financial statements have been prepared and approved in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983.

Yours sincerely



The Honourable John Dowd AO QC
Chancellor
Southern Cross University



Professor Paul Clark
Vice-Chancellor
Southern Cross University

Table of contents

List of diagrams, graphics and tables	1	Report by the Executive Director and Vice-President (Corporate Services)	23
List of appendices	2	Management activities.....	23
Report by Members of the University Council	3	Student Enrolment and Services	23
Message from the Vice-Chancellor	6	Promotion.....	24
Continuing Development	7	Financial and Resource Management.....	26
Research.....	7	Human Resource Services.....	31
Regional Engagement	8	Information Technology and Telecommunication Services.....	33
International Activity.....	8	Privacy Management Plan	34
Further Achievements by Academic Division	9	Insurance.....	34
Arts	9	Equity and Diversity	35
Business	11	Facilities.....	37
Health and Applied Science	15	Appendices	
Improving Access	15	Financial Reports	
Quality Assurance	17	Southern Cross University.....	43
Management Functions and Structure	19	Norsearch Limited.....	106
		Southern Cross Human Resource Development Pty Ltd.....	143
		Australian Plant DNA Bank Limited.....	166
		Biobank Pty Ltd.....	195

List of diagrams, graphics and tables

Diagrams

1. Management functions and structure.....19
2. Council, Boards and Major Committees20

Graphics

1. 2005 Revenue by type.....26
2. 2004 – 2005 Operating Expenses26
3. Number of Workers Compensation Claims.....33
4. Number of Workers Compensation Claims
by Injury Type, 2005.....33
5. Accademic and General Staff (persons)
2001 – 200535

Tables

1. Consultancies costing geater the \$30,00027
2. 2005 – 2006 Budget.....28
3. Number and full-time equivalence (FTE)
of Staff 2001 – 2005.....36
4. Full-time and fractional full-time staff (persons)
by gender and level, 1996 – 200536
5. Full-time and fractional full-time staff (FTE)
by gender and level, 1996 – 200537

List of appendices

1. Freedom of Information
2. Ethnic Affairs Priorities Statement

Report by Members of the University Council

Council is the governing authority of Southern Cross University and is responsible for the control and management of the affairs and concerns of the University. Its powers, duties and authorities are prescribed by the Southern Cross University Act 1993. There are six ordinary meetings of Council held each year and, except when confidential items are being considered, meetings are open to members of the University. In 2005, meetings were held on 18 February, 8 April, 27 May, 5 August, 16 September and 11 November.

Official Members of the University Council and Record of Attendance in 2005

(for the terms of the respective offices)

Chancellor and Chair of Council

The Honourable John Robert Arthur Dowd AO QC
(December, 2005 re-elected for second four-year term to 26 September, 2010)
Meetings of Council attended: 6/6

Deputy Chancellor and Deputy Chair of Council

Mary Elizabeth Rummery AM
(Deputy Chancellor for two-year term to 2 September, 2006)
(four-year term to 2 September, 2006)
Meetings of Council attended: 6/6

Vice-Chancellor

Professor Paul Ernest Clark BSc(Hons), PhD(Exe), DipEd(Tert)(Monash), FAIP, FIICA
Meetings of Council attended: 6/6

Chair of Academic Board

Associate Professor Roger Bronks DipT, DipPE(Cardiff), MSc, PhD(Oregon), FASMF
(two-year term to February, 2007)
Meetings of Council attended: 6/6

Members Appointed by the State Minister for Education and Training

Neil Duncan Black BScAgr(Syd), DipEd(Tech)(SCAE), HortCert(Hons)(SydTC)
(four-year term to 2 September, 2006)
Meetings of Council attended: 5/6

Warren Albert Grimshaw AM, BBus(NSWIT), ASTC
(four-year term to 2 September, 2006)
Meetings of Council attended: 5/6

Irene Harrington
(term of office to 2 September, 2006)
Meetings of Council attended: 4/6

Judith Madeline Reid BLegS(Macq)
(four-year term to 2 September, 2006)
Meetings of Council attended: 4/6

Trevor Stanley Wilson BSc(Griff)
(four-year term to 2 September, 2006)
Meetings of Council attended: 5/6

External Members Elected by Council

The Honourable Peter Breen MLC
Meetings of Council attended: 3/6

Neville Newell MLA
Meetings of Council attended: 5/6

John B Shanahan MCom(Hons)(NSW), FCA, MAICD, FFin
Meetings of Council attended: 4/4

Margot Ruth Sweeny BBus(NRCAE), MEc(NE), CPA, ACS, SIA(AFF)
Meetings of Council attended: 5/5

Two Graduates of the University

David Vincent Cody MB BS(Syd), PhD, FRACP, FACC, FAFRM
(four-year term to 18 November, 2008)
Meetings of Council attended: 5/6

Elizabeth Trevan BEM, GradDipHealthSc(QUT), MBA(SCU)
(four-year term to 18 November, 2008)
Meetings of Council attended: 6/6

Elected Members

Two Members of the Academic Staff

Associate Professor Sharon Parry
BBSoc, DipEd, PhD(LaT)
(two-year term to 9 September, 2006)
Meetings of Council attended: 5/6

Michael Whelan BAgSc(Qld), MSc
(two-year term to 9 September, 2006)
Meetings of Council attended: 6/6

One Member of the Non-Academic Staff

Toni Ledgerwood
(two-year term to 9 September, 2006)
Meetings of Council attended: 6/6

One Student of the University

Neville Neal BSocSc
(two-year term to 9 September, 2006)
Meetings of Council attended: 6/6

Council Secretary

Malcolm Hugh Marshall BA(CCAE), MBA(CQU), CPA

Principal Activities

Southern Cross University was established in 1993 through the enactment of the Southern Cross University Act. Prior to this in 1989, the institution had been the Lismore Campus member of the federated University of New England and operated as The University of New England (Northern Rivers). There were two predecessor organisations before the institution was amalgamated with the University of New England. In 1970, Lismore Teachers College had been established and this had been transformed into Northern Rivers College of Advanced Education by the early 1980s.

The main functions of the University as set out in the Act are:

- The provision of educational facilities of university standard, having particular regard to the needs of the North Coast region of the State
- The preservation, extension and dissemination of knowledge through scholarship, research, creative works, consultancy and internal and external teaching
- The conferring of the Degrees of Bachelor, Master, and Doctor, and the awarding of diplomas, certificates and awards.

Strategic Directions

In 2005, Southern Cross University underwent a strategic, administrative and budgetary review of its operations. The new Strategic Plan was published in May 2005. The key objectives of the University, in continuing to meet its Charter, are outlined below:

Vision

Southern Cross University aims to be a dynamic learning community recognised for distinctive achievements in teaching and research and for playing a leading role in supporting regional development with an international presence.

Mission

Southern Cross University provides opportunities for high quality university education with a strong student focus. Our programs are innovative, linked to targeted research and the needs of our partners in industry and the professions. Our research is regionally valued and internationally significant. Southern Cross University enhances the cultural, social, economic and intellectual development of our region.

Objectives

Our principal areas of activity are Teaching, Research, Regional and Community Engagement, International and Enterprise.

Our key objectives across these areas of activity are to be the first choice for students in our region; a best value education provider; the most research intensive regional university; to take a prime role in the intellectual, economic, environmental, social and cultural development of our region and to increase our non-government revenue stream through involvement in commercial activities with an acceptable return on investment.

Review of Operations

From the switchboard to the lecture theatre, the program of systematic reform undertaken in 2005 has ensured that Southern Cross University is better positioned to respond to the emerging different pattern of student demand for higher education.

The University Council commends the academic, functional and budgetary reforms initiated and led by the Vice-Chancellor Professor Paul Clark. A review of the University's administrative and support functions resulted in changes as diverse as a consolidation of administration functions at our coastal campuses and to our Faculties at our Lismore campus, through to the amalgamation of the Teaching and Learning Centre, the Learning Assistance Group and the Learning Assistance Staff into a New Learning and Teaching Services Centre.

A Strategic Planning Consultation process across the University and with key external stakeholders informed a new five year Strategic Plan. The Plan clearly sets out strategies across the five principal activity areas.

A streamlined Academic Structure to optimise our academic program groupings was finalised and a new fiscal strategy was developed in 2005 and applied to the 2006 budget process.

The University's financial performance in 2005 resulted in a consolidated net operating surplus of \$1.2 million for the year ending 31 December, 2005 – an improvement on the loss reported in 2004.

Our activities took place against a backdrop of continuous change in the external environment, with the University responding to issues including the Federal Government's Higher Education Workplace Relations Requirements, Voluntary Student Unionism and a new Research Quality Framework.

Internationally, Southern Cross University entered into new arrangements to deliver its courses including an Education Articulation Agreement with the South China Agriculture University located at Guangzhou, just north of Hong Kong. Domestically Southern Cross University also expanded its horizons, announcing it would offer its Bachelor in Applied Science (Forestry) degree from 2006 in the Green Triangle Region at Mt Gambier in South Australia, at the request of local industry.

In 2005 the Council welcomed two new members, Ms Margot Sweeny, the CEO of the Summerland Credit Union and Chair of the Northern Rivers Regional Development Board. Ms Sweeny brought to the role an extensive financial background, having held financial positions in national and multi-national organisations and non-profit organisations. Ms Sweeny is a former staff member of Southern Cross University, with 16 years experience in teaching, lecturing and training.

The Council also welcomed Mr John Shanahan, a partner in Robertson Shanahan, Consultant Accountants. Mr Shanahan acts as a forensic accountant and prepares expert reports in auditing and accounting litigation matters and is a recognised expert on financial reporting issues. Mr Shanahan has acted as advisor to the Department of Education, Science and Training and was an accounting academic for 12 years.

In 2005 Southern Cross University sought to reach out to its regions, providing expertise to assist the community understand itself and to help determine future directions. It sought to contribute to the cultural life of its regions and to enhance its own environmental footprint, signing up to the Talloires Declaration, incorporating sustainability and environmental literacy in our teaching, research, operations and outreach endeavours.

Evaluation of Council Performance

The performance of the University Council was evaluated by an external consultant during 2005. A workshop was held in November 2005 to analyse and discuss the recommendations of the consultant's findings.

Changes in State of Affairs

During the year there was no significant change in the state of affairs of the University or economic entity other than referred to in the financial statements or notes thereto.

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 University or economic entity, the results of those operations or the state of affairs of the University in future financial years.

Environmental Regulation and Performance

The University's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Future Developments

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the University in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the University. Accordingly, this information has not been disclosed in this report.

Insurance of officers

During or since the financial period the Southern Cross University has insured all of the Council Members previously listed 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 a Member of Council, other than conduct involving a wilful breach of duty in relation to the University.

Legal Proceedings on behalf of Southern Cross University

No person has applied for leave of Court to bring proceedings on behalf of the University or intervene in any proceedings to which the University is a party for the purpose of taking responsibility on behalf of the University for all or any part of those proceedings. The University was not a party to any such proceedings during the period.

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



The Honourable John Dowd AO QC
Chancellor
Southern Cross University
7 April 2006

Message from the Vice-Chancellor

Connecting with our Communities



A key objective of Southern Cross University in 2005 was to take a leading role in our regions. The establishment of the Office of Regional Engagement gave life to this commitment, with a brief to foster partnerships that enhanced the economic, social and cultural prosperity and environmental sustainability of the Mid North and North coast regions of NSW. In 2005 the Office reached out to the community, providing expertise to help our regions better understand themselves and to help determine future directions, and to assist the community to access the University.

Memorandums of Understanding were established with Byron Shire Council, adding to the existing MOU with Lismore City Council; and with North Coast Area Health Service and TAFE NSW-North Coast Institute, aimed at improving the health and well-being of people throughout the Mid North and North coast regions.

A number of mechanisms brought the community onto our campuses, including programs such as 'RRISK' – Reduce Risk, Increase Student Knowledge – aimed at high school students and supported by the Lismore campus, while the University's International Student Volunteer Program 'Caring for Kuntri' saw international students assisting community based groups on a range of projects such as environmental regeneration.

2005 was an extremely successful research year for Southern Cross University. The University was an active participant in eight centres in the Commonwealth Government's Co-operative Research Centre (CRC) program. It secured just under \$1.3 million in ARC Linkage and Discovery grants and matching industry funding for research and more than \$1.6 million in external research grants. \$500,000 was secured through the federal government's Sustainable Regions Program to support a Laboratory Information Management System (LIMS). In November ARC grants for 2006 were announced, with more than \$1.5 million awarded to Southern Cross University, our best result to date.

At our campuses, a number of initiatives reflected our commitment to providing staff and students with state-of-the-art teaching and research facilities. SCU signed up with Australia's Academic and Research Network (AARNet), providing Lismore, Tweed Gold Coast and Coffs Harbour with the same network capacity as metropolitan universities and better equipping it for distance education and high speed communication. Our commitment to strengthen our coastal campuses continued with the completion of the new Nursing and Teaching building with state of the art clinical laboratories at Coffs Harbour campus. A major project to extend the existing staff building M block at Coffs Harbour was also completed, providing a new high quality video conferencing facility, staff offices and support areas and incorporating all Coffs Harbour based university admission, enquiries and student support services.

Finally, 2005 saw the implementation of a number of initiatives aimed at strengthening the operations and activities of Southern Cross University. A new Strategic Plan has provided a comprehensive directions blueprint to guide the University's future for the next five years. We enter 2006 with streamlined academic structures, a new Academic Plan and a revised approach to our budget methodology – critical tools to help the University navigate the changing and volatile seascape of today's higher education sector.

A handwritten signature in black ink that reads "Clark". The signature is written in a cursive style and is positioned to the right of a large, stylized, handwritten flourish that resembles a large, open 'C' or a similar shape.

Professor Paul Clark
Vice-Chancellor, Southern Cross University

Continuing development

Research

2005 was another highly successful year for Southern Cross University's research activities, which also substantially increased its input to the region's economy and development, and greatly improved the University's and the region's combined international profile.

The year included receipt of another increase in funding from the Department of Education, Science and Training (DEST) for Research and Research Training, with more than \$20 million earned for the year. The vast bulk of this funding was expended on salaries for new staff, so Research and Research Training at Southern Cross University is becoming a significant contributor to the regional economy of the NSW North Coast and Mid North Coast.

The number of Doctoral candidates enrolled at Southern Cross University increased to more than 500, and many of these candidates were international students. Clearly Southern Cross University's international reputation for its research activities is growing, and demand for Research Training remains strong.

In 2005, the University focused some attention on further developing our research infrastructure to support the high quality science being done at Southern Cross University, and more than \$3 million of new equipment was installed.

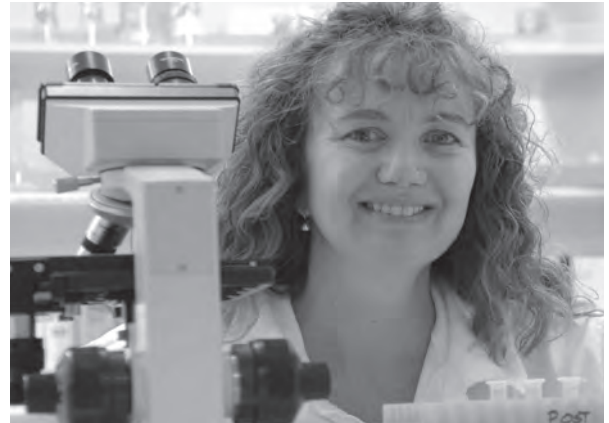
The Commonwealth Government's Sustainable Regions Funding provided almost \$500,000 towards a one million dollar "Laboratory Information Management System" or LIMS. The LIMS is a system similar to that used by Pathology Laboratories – for example, to "track" a sample of blood through the numerous pathology tests, and generate a consolidated report back to the doctor or hospital. Southern Cross University researchers will use the LIMS to track plant, water, and soil material through our numerous laboratory analyses. The LIMS will significantly enhance our capacity to process rapidly increasing volumes of material.

Sustainable Regions Funding has also contributed \$270,000 towards a \$600,000 "Sequenome". The Sequenome will

increase enormously our capacity to analyse DNA samples at very low cost. This is the only Sequenome in the country, again emphasising Southern Cross University's position at the cutting edge of Plant Science in Australia.

The University was also successful in receiving more than \$400,000 towards an "Isotope Ratio Mass Spectrometer" and \$150,000 towards a "Flow Cytometer." The Mass Spectrometer will significantly enhance the capacity of our Environmental Analysis Laboratory to process water samples. The Flow Cytometer will be used for cutting edge research bringing together our capacity in DNA Analysis to engage in the relatively new science of Nanotechnology.

Southern Cross University was also successful in winning a highly prestigious Australian Research Council Research Fellowship for Dr Richard Bush. This is the first ARC Research Fellowship won by the University. There were only 15 awarded throughout the country, and typically the ARC Research Fellowships are won by the older "sandstone universities".



Dr Sonya Marshall-Gradisnik, a post-doctoral fellow at SCU (pictured), won the prestigious John Sutton Best Young Science Investigator Award in 2005 for a study investigating the effect of anabolic steroids on immune system function. Dr Marshall-Gradisnik exemplifies the young and innovative scientists being attracted to SCU for its Research expertise and supervision.

Regional Engagement

Southern Cross University is a dynamic learning community recognised for distinctive achievements in teaching and research and for playing a leading role in supporting regional development with an international presence.

The University provides innovative opportunities, linked to targeted research and the needs of our partners in industry and the professions. Our domestic and international undergraduate and post-graduate students undertake programs across the Divisions of Arts, Business, and Health and Applied Science.

Within this broad setting, Southern Cross University has also committed itself to regional connectivity and established strong links with its regional community over the past decade.

This nurturing of a deliberate culture of mutually active and robust collaboration aims to secure the economic prosperity, socio-cultural well-being and environmental sustainability of the region.

Another significant step was also taken along that road during 2005 with the establishment of the University's Office of Regional Engagement.

Office of Regional Engagement (ORE)

Regional engagement is about developing, maintaining and nurturing relationships within the University, and between the University and its constituent communities. The effective development of such relationships can lead to a whole of community, whole of university approach to social and economic development from a regional perspective.

The University's newly established Office of Regional Engagement (ORE) is engaged in building upon the achievements of the past and facilitating new and efficient partnerships with the region.



The first group of graduates with a Master of Public Health graduated from SCU in 2005. The Indonesian students, administrative and health professionals, were selected by the Indonesian Ministry of Health and funded by the World Bank. The program was also one example of SCU's commitment to regional engagement as it was run with the support of the Northern Rivers University Department of Rural Health and senior personnel from the NSW North Coast Area Health Service.

Specifically, this includes assisting regional organisations with targeted research, offering student internships, documenting regional success stories as case studies for university teaching, encouraging volunteer service, or offering training programs for community groups, professional bodies and commercial organisations.

The core business of the ORE includes:

- Providing information and a communication channel between the regional community and the University, while liaising with staff and students of the University to ensure this information can be acted upon
- Facilitating partnership opportunities between various business, community and regional organisations and the University
- Encouraging the community to use University facilities for various events and activities
- Supporting enterprise development both, within and without the University, through such means as: project management, consultancy, events and resource sharing.

International Activity

The pattern established in recent years, of strong increases in enrolments of on-campus full-degree international students, continued in 2005 with a further increase of almost 15 per cent – again exceeding the year's national higher education sector average.

A new feature for the year was program delivery in Sydney and this, combined with an increase in student enrolments across all campuses and divisions, resulted in more than 500 international students enrolled with the University in Australia in 2005 – SCU's highest figure thus far.



SCU's international students worked voluntarily with local communities during 2005 as part of the Caring for Kuntri program – a collaboration between the University's International Office, School of Arts and Office of Regional Engagement. Students Bernadette Helmberger of Austria (left) and Hella Barth of Germany took part in bush regeneration work at Coraki and learned about the local culture interacting with local residents.

Growth in international students enrolled in programs delivered offshore was also robust, nearing a peak of 1500 students, with significant cohorts now enrolled in Hong Kong, China, Singapore and Malaysia.

Another significant development was the introduction of the OS-Help scheme, which makes government loan funds available specifically for the purpose of funding students' overseas exchange study. This has resulted in increased interest in exchange opportunities amongst the University's domestic students and may boost the number of outbound exchange students.

Thirty two SCU students embarked on an overseas exchange program in 2005 to destinations that included Hong Kong, Barcelona, London, Bath, New Orleans and New York.

The University continued to offer an extensive schedule of English language tuition programs for overseas students through its Lismore English Language Centre and as a partner in the CHEC English Language Centre on the Coffs Harbour campus. This provided opportunities for more than 600 students primarily from Japan, Korea and China to undertake short to medium term programs to improve their English language capability and to learn about and experience Australian culture and the University. Homestay accommodation, whereby students live with local families while they study, is a feature of many of the English language centre programs with more than 200 Lismore and Coffs Harbour families hosting our students in their homes during the year.

The University hosted a large number of overseas visitors from various institutions during the year including a group of 21 Vice-Presidents and senior Education Ministry officials from China.

Ensuring a high standard of international student support remained a significant priority throughout the year. The success of the support program was best expressed in the exuberant display of the students' diverse cultures on International Student Day in September, which was hosted on the Lismore campus.

The University's academic divisions administered a large and expanding portfolio of offshore programs in partnership with international organisations and universities.

Academic staff also made significant contributions to a wide range of international symposiums, conferences and publications throughout the year.

Further Achievements by Academic Division

Southern Cross University's core divisional activities in 2005 have continued to enhance the University's development and reputation both nationally and internationally. These achievements include but extend well beyond the examples which follow.

Arts

Innovative Initiatives

In its second year, the Centre for Children and Young People's notable achievements included grants, project partnerships with a number of organisations and services on the north coast of NSW, a highly successful conference and seminar series and increasing numbers of research projects and publications. The Centre is currently supporting seven PhD projects focusing on topics including children's experiences of supervised contact, mental health issues in schools, grandparents raising grandchildren, educational issues for children in out-of-home care and approaches to integral education.

The Desert Knowledge Cooperative Research Centre (CRC) conducted a national research workshop in 2005 attended by the Executives of the CRC, University staff undertaking research tasks that included the Sustainable Tourism CRC, Members of the CSIRO, The Northern Territory Government and the Indigenous Research Organisation, Centre for Appropriate Technology Inc. The Centre's Manager also completed several expeditions to Desert Australia and produced milestone reports on research into the various social, technical and policy factors that affect the life of material assets in desert settlements.

The School of Arts also completed a collaborative project with the City of Botany Bay Council that utilised drawing classes with school children to draw attention to major pollution issues in Botany Bay.

A major activity in the School of Psychology has included a project on the teaching of Psychology in Australia, funded by the Carrick Institute for Learning and Teaching in Higher Education. Southern Cross University is a partner in this research with the University of Queensland, Griffith University and the University of Tasmania. During 2005 workshops were held in Brisbane to collect and disseminate information from psychology academics across Australia. School staff also organised a symposium on the teaching of psychology at the annual conference of the Australian Psychological Society (APS). Several 2004 Honours graduates also presented at the conference, including the recipient of the APS prize for the best academic performance in the Honours year at SCU.

The School of Arts successfully introduced an on-line booking system for auditions and interviews for undergraduate applicants in Contemporary Music and Visual Arts. The new system allows students to book auditions through an easy access and flexible system.



More than 100 final-year Media, Contemporary Music and Visual Arts students including Reavis Vella pictured, presented their work to the general public in an Arts spectacular, *Exit 05*, which has become a highly popular annual event on the North Coast of NSW.

The School of Multimedia and Information Technology commenced operations in Sydney with the International College of Higher Education (ICHE) and took enrolments in both undergraduate and postgraduate programs. The School also received its first students from Dalian University (China) into the SCU articulated program.

The School of Law and Justice offered optional weekend workshops for external students in compulsory units throughout the year. These workshops are held at the Lismore and Tweed Gold Coast campuses and in Sydney.

The 2005 John and Sheilagh Kaske Fellowship was awarded to Natalya Garden-Thompson to support her further studies in Papermaking including a residency at a Tasmanian papermill and papermaking workshops in Japan.

Contemporary music graduate Ramesh Sathiah became a full partner in the Asia-Pacific's leading professional sound design company Songzu. Mr Sathiah established an annual \$5,000 Songzu award for best composition folio by an SCU music student, and came to Lismore in October to present the award.

The School of Psychology's first students in the Bachelor of Psychology (Honours) and the Graduate Diploma in Psychology graduated and one of the new graduates, Emily Melbourne, was awarded the University Medal. The graduation of students from the four-year undergraduate degree, in particular, is a milestone in the history of the University.

Industry and Professional Links

Prominent Mid North and North Coast solicitors, senior government policy advisors and Crown solicitors were among the group which attended The School of Law and Justice's 10th Anniversary celebration for the first graduates of the Bachelor of Laws degree.

The Honourable Greg James QC was appointed an Adjunct Professor of the Division of Arts and the Division of Health and Applied Science. Justice James has made a substantial contribution to both Divisions and will continue to teach annually in the Byron Bay Summer School of Law and Justice, provide guest lectures for law students and be a member of the Law Advisory Committee.

The Division of Arts Executive Dean, Professor Paul Thom, gave an invited paper at the 2nd annual conference "Logic East and West 500-1500" at Cambridge University. He also successfully completed his ARC Discovery project on the logical theories of Robert Kilwardby, and was awarded a 3-year ARC Discovery grant to work with colleagues from the Universities of Cambridge and Copenhagen on the reception of Aristotle's *Categories* in the Byzantine, Latin and Arabic traditions.

Associate Professor Baden Offord's book *Homosexual Rights as Human Rights* (2003), won the nationally competitive George Duncan Memorial Award in 2005 for "groundbreaking research". The award is the largest and most prestigious award for research on homosexuality in Australia.

A School of Education staff member, Professor Martin Hayden, was appointed by the World Bank as a consultant to a project on higher education renewal for the Ministry of Education and Training in Vietnam.

School of Education staff collaborated with the United States Mathematics Recovery Council to provide a year-long training program for Mathematics Recovery leaders; consulted on the nationally-funded Australian Government Quality Teaching Project; and worked with schools on their implementation of the New South Wales Quality Teaching Framework related to the teaching of literacy or numeracy, the Gifted and Talented Quality Teaching Program, and many other programs.

The School of Education in collaboration with the Whitehouse Institute of Design, was successful in a tender to retrain DET teachers in Textiles and Design.

A School of Arts staff member was invited to be a representative on the International Advisory Committee for the Sexualities, Genders, and Rights in Asia 1st international conference of Asian Queer Studies. The conference was organised jointly by the Office of Human Rights Studies at Mahidol University, Bangkok, and the AsiaPacifiQueer Network based at the Australian National University.

A Memorandum of Understanding between the University of Grenoble and Southern Cross University was signed in 2005. Students from the University of Grenoble studying paralegal degrees are selected to participate in a 10 week paralegal exchange program within a legal firm or other legal organisation. Three students attended placements in 2005.

Business

Innovative Initiatives

The Division began to trial 'Elluminate', an online teaching and conference tool that allows interactive workshops and meetings. This program is seen as a means of improving student learning both in domestic and external markets.

Southern Cross University, through the School of Tourism and Hospitality Management, was invited to be a foundation member of THE-ICE (Tourism and Hospitality Education-International Centre of Excellence). THE-ICE is an Australian Government initiative that profiles and endorses excellence in tourism and hospitality education at university and vocational training level. Member programs are independently assessed by an international panel to meet THE-ICE Standards.

Exploring both corporate demand for stand alone, targeted training and student demand for shorter, more concentrated MBA units, the GCM introduced a regular schedule of intensive unit deliveries (I-Mode units). Incorporating compulsory weekend workshops, these accredited eight-week study programs appeal to industry and provide real networking opportunities for current MBA students. In addition, the GCM prepared and delivered two e-Mode units (web based delivery and assessment) with a view to building a fully on-line masters program in the future.



SCU's Doctor of Business Administration team won the Vice-Chancellor's Award for Excellence in Customer Service in 2005, indicating the high standard of client service set by the Graduate College of Management. The DBA is becoming known globally as a flagship program at SCU and is increasingly being taken up by members of corporate Australia including Michael Neary (pictured), Head of Market Development at PMI Mortgage Insurance Ltd who recently completed the program.

The Tourism and Hospitality Winter School attracted 22 students from St Clouds State University in Minnesota USA to study Tourism and the Environment.

New international programs have been added to existing arrangements with licensed providers including the International College of Higher Education Sydney and the Management Development Institute of Singapore. New agreements for the offshore delivery of Division of Business courses have been signed with Australian Overseas Education Ltd to offer a MPA in India and the Tourism Management Institute of Singapore for the Bachelor of Business in Tourism Management in Singapore.

SCU signed new articulation agreements offering Division of Business courses with China's Chanchun Normal University and Fujian Agriculture and Forestry University. The first students from the articulation agreement with Dailian University, China arrived at SCU in 2005.

New exchange agreements were signed with Thompson University, Canada; University of Applied Sciences Krams, Austria; and the Hong Kong Polytechnic University SAR-China. In 2005 17 Tourism students travelled to seven international exchange partners. As part of the exchange arrangements, Dr Perry Hobson travelled to Austria to meet staff and students at IMC-Krams and MCI-Innsbruck. Part of the trip was sponsored through Austrian Airlines and three students from ICM-Innsbruck came on exchange to SCU in semester 2 2005.

The Enterprise Development and Research Institute (EDRI), an SCU research centre, has continued to develop the Software Business Management Course and Executive Certificate in Software Business Management in Eastern Europe, the Middle East and Africa in association with its commercial partner and a number of higher education institutes. EDRI research projects have also been rolled out in each of these regions.

The School of Commerce and Management re-established the Centre for Enterprise Development and Research (CEDAR) as a vehicle for improved community engagement. Several studies were completed with community partners that investigated housing affordability in the Tweed Shire, the economic impact of the Coffs Harbour Education Campus, a Coffs Coast visitor survey, tourist destination decision making and Indigenous ecotourism. Researchers from the School of Commerce and Management also completed the second Lismore City Council satisfaction survey during the year. Prof Don Scott and Peter Vitartas surveyed 500 residents in order to provide council and management with feedback and suggestions on the Council's performance.

Staff of Commerce and Management engaged with several community agencies including the Board of the Northern Rivers Economic Development Agency and the Ballina and Lismore Council's Business Excellence Awards.

The Centre for Regional Tourism Research (CRTR) delivered a number of community projects including VICKit - an evaluation test kit for use in regional tourism; and the Total Event Evaluation and Management (TEEM) Project - a major national tourism research project to assist regional communities assess the value of festivals and events.

The CRTR hosted the 2005 Tourism Australia Regional Tourism Convention at Busselton in south-eastern West Australia in September. The conference attracted over 150 delegates and is a key annual meeting for Australia's regional tourism organisations.

The new Head of the CRTR, Dr Jeremy Buultgens, has been appointed as the Head of the Sustainable Tourism - Cooperative Research Centre's NSW Research Node. The Node coordinates all tourism research undertaken by the Federal Government's ST-CRC for Sustainable Tourism in NSW. Dr Buultgens is also coordinator of the Australian Indigenous Tourism Research Network and has been appointed editor of the online Indigenous Tourism Research Newsletter, designed to inform researchers about current initiatives and research in the field of Indigenous Tourism.

The Doctor of Business Administration team won the Vice-Chancellor's Award for Excellence in Customer Service indicating the high standard of client service set by the Graduate College throughout 2005. The College made a significant investment in internal student systems in 2005, working with CIS to develop and implement DOBI, the DBA Customer Relationship Management system and employing an analyst to design a more integrated contacts system for the GCM masters programs. The DOBI is seen as a precursor for the development of the university wide CRM system.

Industry and Professional Links

The Australian School of Tourism and Hospitality Management (ASTHM), Southern Cross University and Broadwater Hotels and Resorts in WA have established the Broadwater Business School. The new venture offers Broadwater employees training and education opportunities through ASTHM. A research relationship will be established between Broadwater Hotels and SCU and scholarships will be offered to SCU students at ASTHM. Currently there are 16 students already studying at various levels.

The Division strengthened its collaboration with the Australian Defence Forces through two major projects. The collaboration with Major Training Services, a training body providing accredited SCU programs to Defence Force personnel, continued to grow. The SCU Graduate Certificate in Accounting had approximately 60 students enrolled in 2005, with a view to continuing their studies into a MPA or MBA. In addition, the Graduate College of Management won a competitive tender and delivered the Public Sector Management Program (PSEMP) for Department of Defence Airforce personnel, facilitating a 15 week residential program for 10 students.

Four new honours scholarships became available to Tourism students in 2005. A scholarship worth \$2500 has been offered by Travel Week to support student development. Avis Australia confirmed that two new honours Scholarships worth \$5000 each will be offered to Tourism graduates over the next two years and in November the new Macquarie Bank Tourism Scholarship was confirmed and will be offered for the first time in 2007.

Southern Cross University's Business of Events Seminar, 'The Future of Quality Events' was presented at Rydges South Bank, Brisbane. Leading academics and business people in the field of convention and event management made presentations including SCU lecturer, Dr Vivienne McCabe, named by mice.net magazine as one of the top 20 most influential people in Australia's meetings industry.

The GCM entered into an agreement with Pine Rivers Shire Council for the development of corporate short courses. The College intends to further develop this product for application across local government.

A significant number of staff continued to engage with professional bodies such as the CPA, the Institute of Chartered Accountants in Australia, the Accounting and Finance Association of Australia and New Zealand, the Australian and New Zealand Academy of Management, the Small Enterprise Association of Australia and New Zealand, ANZAM, Australian Institute of Management and the Graduate Management Association of Australia. Industry and Professional links are further augmented through the development of international and commercial programs and the work of EDRI and CEDAR.

Health and Applied Science

Innovative Initiatives

ACCMER is a joint venture between the School of Natural and Complementary Medicine at SCU and the Faculty of Health Sciences at the University of Queensland. It is a unique collaborative research and education centre, providing an independent reference point built on substantial strengths in research, innovation and teaching.

The Herbal Authentication Service, administered through the School of Natural and Complementary Medicine, is a joint initiative with the University's Centre for Phytochemistry and Pharmacology, and provides an independent quality raw materials authentication service for the manufacturing industry in Australia and New Zealand.

The NRUDRH convened a workshop entitled 'Standing on the Edge' in July that explored a new practitioner model to address the increasing need for medical coverage in under-served rural and remote communities.

The Diploma of Sport Management (Surfing Studies), offered by the School of Exercise Science and Sport Management, was recognised with a Pioneer Award, as a groundbreaking initiative, at the 2005 Australian Surfing Hall of Fame awards.

Construction of a specialised wood science technology laboratory for Forestry students and researchers commenced in 2005. The laboratory will be a fully equipped scientific laboratory that will be available for students to conduct specialised wood science experiments.

A one-day conference at SCU presented outcomes from monitoring Northern Rivers ecological restoration projects, including dune restoration, koala habitat, and recovery after lantana.



SCU agreed to expand its Forestry program to Mt Gambier in South Australia in response to industry demand from the Green Triangle Region to meet a shortage of qualified foresters and educational opportunities in the region.

Southern Cross University, Rous Water, Wollongbar Agricultural Institute (DPI), and Lismore City Council hosted a 'Regional Forum Meeting' on Climate Change and Coastal Communities in Northern NSW and South East Queensland in June.

The first Nature Conservation Trust (NCT) of NSW Trust Conservation Covenant for the state was signed in May. In June the NCT of NSW and SCU established a Student Covenanting Program. By December 2005 the area protected under these covenants totalled 2,060 hectares, containing more than 20 threatened fauna species, 20 threatened flora species and two endangered ecological communities.

Gnibi consults regularly with selected Indigenous Elders from within the region to meet the critical needs of Aboriginal peoples and communities within the region, and provides supportive links for enrolled and enrolling students under its direction and care.

The School of Natural and Complementary Medicine operates a Natural Medicine Clinic which provides community services. The School participated in a wide range of community events and initiatives including the North Coast Healthy Living Expo, and the Casino Community Health Cancer Support Group.

A successful application for HEEP funding helped to establish a Surviving at University Support service (SUST) for environmental science students.

The School of Natural and Complementary Medicine ran a successful mentoring program aimed at improving students' university experience and reducing attrition.

ASLaRC's student support activities included guest lectures to SCU's Psychology, Nursing and Education, and UNSW School of Rural Health students; establishing a support group for postgraduate students working in ageing research; and awarding scholarships to two Honours students (both of whom obtained First Class Honours) and one PhD student who is researching the experiences of loss and grief with older Indigenous people.

Industry and Professional Links

The School of Natural and Complementary Medicine initiated the formation of a national education council for public and private education providers in the area of natural and complementary medicine in Australia.

ASLaRC was involved in meetings with a number of Regional Development Boards, with particular discussion on capitalising on the economic opportunities provided by older residents and tourists.

ASLaRC's director was appointed as the University's representative on the ARC/NHMRC Ageing Well Network; and as a member of the North Coast Area Health Service Palliative Care Advisory Committee; the Cancer and Palliative Care Research and Ethics Committee; the Coffs Clarence Health Participation Forum; and the Rural Palliative Care in Residential Care Project Advisory Committee.

The School of Nursing and Health Care staff members work with community groups such as Women's Health, Palliative Care and Breast Screen services, to provide expertise and input. Strong links are maintained with clinicians and health administrators in relation to the Bachelor of Nursing's clinical program.

The School of Exercise Science and Sport Management was re-accredited by the National Strength and Conditioning Association of America as one of only two University programs in Australia that meets the requirements of the NSCA's Education Recognition Programme in strength and conditioning.

The Head of Gnibi, Professor Judy Atkinson, sits on the NSW Child Death Review Team Board; the NSW Department of Community Services Research Council Committee; and more specifically, is involved with a team of researchers from five universities undertaking a commissioned longitudinal research study into the Early Intervention Programs of the Department of Community Services.

ACCMER and the Centre for Phytochemistry and Pharmacology (CPP) are joint venture partners in the Natural Products Pharmacology Unit (NPPU), which provides industry with a leading edge research.

ACCMER academic research partners include the Centre for Social Change Research, Queensland University of Technology; the Canadian College of Naturopathic Medicine; the Centre for Complementary Medicine, University of Western Sydney and RMIT, Victoria.

Improving access



Lismore



Tweed Gold Coast



Coffs Harbour

Campuses and sites

As part of its commitment to regional development, Southern Cross University has campuses at three locations on the Mid North and North Coast of New South Wales, servicing some of the fastest growing communities in NSW and Queensland. Each of the campuses is located in an area accessible by road, rail and air links. Local bus services also provide transport between the campuses and nearby business and residential areas.

The University continues to pursue valuable relationships throughout Australia and overseas to improve access to its courses. The number of relationships between the University and overseas education providers and organisations continued to increase in 2005, also providing increased access for Northern NSW residents to global economic, academic and scientific communities.

Each of the three campuses is also linked electronically for coursework and research purposes.

Lismore

The Lismore campus houses the majority of the University's academic and research units, administers most distance education courses, and is the base for the University's electronic information services and library, which support all three campuses.

Most essential student facilities and services are available on-campus at Lismore including three colleges that provide student accommodation.

With a population of more than 40,000, Lismore is the North Coast's regional economic and business hub. It is also the heartland of the region's arts and entertainment industries.

Tweed Gold Coast

The Tweed Gold Coast campus is particularly modern in design and has state-of-the-art technological facilities. It is also undergoing rapid expansion and provides a dynamic learning environment. Initially, its on-campus courses focused

largely on business in response to local demand, however, additional programs now include Tourism Management, Sport Management, Human Resource Management and Secondary Education.

Postgraduate business programs which have earned an international reputation for innovation and flexibility are also available at this campus. These programs attract many overseas and Australian students seeking international standard qualifications.

Students are assisted by University staff to access appropriate residential accommodation in the local private rental market.

Tweed Gold Coast campus, on the NSW-Queensland border, is located close to business facilities and an international airport.

Coffs Harbour

Students at the University's Coffs Harbour campus are enrolled in a wide range of prestigious degree programs from award-winning Tourism Management courses to ground-breaking programs in Education, Nursing, Arts, Information Technology, Multimedia, Business, Social Science, Psychology and Human Services.

Student accommodation, located just a few hundred metres from the on-campus teaching areas, provides a relaxing after-class environment.

The University's Marine Science students and researchers have access to the nearby \$12 million National Marine Science Research Centre, which is located just three kilometres north of Coffs Harbour and the Solitary Islands Marine Park. This facility is jointly operated by Southern Cross University and the University of New England.

Throughout Australia

Southern Cross University also delivers its courses at other locations throughout Australia in partnership, or association with, other providers and the number of these associations increased in 2005. For example:

- Tourism Management students located in Sydney attend The Hotel School as part of the University's partnership with the InterContinental Hotel.
- An arrangement with the Australian School of Tourism and Hotel Management in Perth enables Western Australian students to also access SCU's Tourism Management programs
- Port Macquarie Nursing students undertake their studies at the Port Macquarie Base Hospital in NSW.



SCU Tourism Management students at The Hotel School, Sydney.

Flexible Learning Options

To improve access to higher education even further, Southern Cross University provides flexible learning options to those students who may otherwise be precluded from studying.

Firstly, admission to the University is flexible, and takes into account the wide range of study and work experience that students bring to their academic life. During 2005, the University also took steps to more clearly identify academic pathways from the North Coast Institute of TAFE to University courses, and published a guide for TAFE students to inform them further regarding their future options for higher education.

The University's Network Sustainability Project was finalised in 2005 with the exception of the reconnection to the AARNet services. This is targeted for completion for the end of February 2006. The new network will provide high speed connectivity to the internet, and between all three campuses, enabling the carriage of video conferencing and voice over IP.

In 2005, around half the University's undergraduate programs were offered by distance education or in mixed internal/external mode. Students could also select to study full-time or part-time, depending on their work and family responsibilities.

To support all students studying internally or externally, the University offers students access to an online environment. This portal – 'MySCU' – provides students with access to extensive resources ranging from library search facilities and course timetables to online training and information about student support services such as counselling. It also offers secure, personal access to online sites relevant to each student's area of study.

The University Library provides an extensive range of online resources, and incorporates a distance education service providing resources and assistance to students in a timely manner. Through its participation with the University Library Australia, Southern Cross University is able to offer students access to other university libraries. The Library's website is the gateway to many online resources including electronic books and journals, past exam papers, subject guides and interactive self-paced information literacy tutorials.

During 2005, the University opened the eCommons on the Lismore campus, which provides enhanced computer and online access for students.

The University's Teaching and Learning Centre supports academic staff in establishing suitable curriculum for flexible learning, and has developed a guide to flexible teaching for quality learning – 'Pathways to Good Practice' – which is provided to all University staff.

In order to enhance delivery of its flexible learning options, the University has developed many online and telephone administration and student support services across each of its campuses. Students are able to enrol on the Internet, access telephone counselling and seek learning support on line in areas such as academic research, reading, writing and critical learning. These learning support services are provided through the University's Learning Assistance Unit.

Quality Assurance



The University's Teaching and Learning team conducted professional development programs for academic staff throughout the year.

Southern Cross University is strongly committed to the pursuit of continuous improvement. The University has a Quality Assurance and Improvement Plan as part of its approach to continuous improvement.

During 2005, the University conducted a review of some of its off-shore partnerships, and all partnerships will be reviewed as part of the University's quality assurance and improvement process.

Program Development and Administration

During 2005 the Academic Board conducted reviews of the following programs:

Division of Business

Master of Business Administration
Master of International Business
Master of Management
Master of Marketing Management
Master of Professional Accounting
Master of Professional Accounting / Master of Supply Chain Management (Acc component)

Doctor of Business Administration

Division of Health and Applied Science
Bachelor of Indigenous Studies
Bachelor of Nursing
Bachelor of Human Movement Science

Division of Arts

Graduate Diploma of Writing
Associate Degree of Arts (Writing)
Bachelor of Legal and Professional Studies

Redesigned programs

The following courses were redesigned in 2005 following review:

Master of Business Administration
Bachelor of Business

New Courses

Master of Business Administration (Advanced) - in response to market demand for both a generalist refresher program and an option for further specialised studies.

Master of Business and Technology (MBT) combining industry relevant discipline areas to in response to a need from practicing engineers and technology professionals for hands-on management skills.

Graduate Certificate in Education (TESOL)

Bachelor of Applied Computing.

Bachelor of Business in International Tourism Management - with an international exchange and international internship component.

Bachelor of Business in Convention and Event Tourism Management due to strong student demand, particularly on the Tweed Gold Coast campus.

Bachelor of Media with Honours – the four Honours degrees now share an identical structure and research methodology unit.

Improved delivery

Additional articulation programs from TAFE to SCU Bachelor degree programs were developed during 2005.

A number of programs were expanded for delivery from additional campuses (eg Bachelor of Arts) or by distance education (eg Bachelor of Nursing).

Performance Reporting

Each year the University produces performance reports to assist in identifying trends, initiating improvement activities and assessing performance against its strategic priorities. Course Performance Reports which contain statistics and trend data for all courses are available to relevant staff.

As part of performance reporting, the University prepares an annual General Report Card that documents its performance against key performance indicators that are aligned to the University's strategic priorities.

Consumer Response

The University has several ways to collect and analyse student and graduate feedback. The University participates in a nationally-benchmarked Graduate Destinations Survey and Course Experience Questionnaire. All of the results of the Course Experience Questionnaire compare very favourably with the national averages. The scales are: good teaching; clear goals and standards; appropriate workload; appropriate assessment; generic skills, and overall satisfaction. On all these scales, Southern Cross University is equal to or higher than the national averages.

Also at the University level, a survey of the first year experience was conducted in 2005. The results indicate high levels of satisfaction, and have indicated areas in which the University can improve.

The University has had a well-developed set of instruments for student feedback on units and teaching, and these form a mandatory on-line Student Experience in Units and Teaching Survey. The response rates have encouraged the University to continue and develop the on-line unit surveys. In addition, on-campus international students have the opportunity to provide feedback through entry and exit surveys,

The University provides high level analyses of its student surveys back on to the student website, together with initiatives that have been taken as a result of student feedback.

The Library regularly conducts nationally-benchmarked client satisfaction surveys. The response over the last three years showed a significant improvement in performance, from the bottom of the second quartile to the uppermost quartile and a rating as an exceptional library performer. As a response to student feedback, the University made major improvement to services in the library through an expanded 'information commons' area in the Lismore library, providing access to the internet and to library databases in a pleasant working environment.

The University has a Complaints Management Framework, which provides for a Nominated Officer in each of the University's major areas, and specifies timelines for all levels of response. There were 27 formal complaints in 2005, and 19 enquiries to the Student Ombud in 2005.

Improvements instituted based on student feedback include: concentration of University students at the Coffs Harbour campus into one building, improvements to timetabling and other activities to improve the University experience.

Management functions and structure

Organisational Change

The management functions and structure continued as illustrated in Diagram 1 (below) during 2005.

However, an external review was conducted during 2004 on the distribution of administrative and support functions across the University, and the final report was received in 2005.

This report, combined with development of the University's Strategic Plan for 2005 – 2010, provided a basis for the implementation of a new academic structure in 2006.

The new structure will comprise a fewer number of schools more appropriately grouped into three Faculties: The Faculty of Business, The Faculty of Arts and the Faculty of Health and Applied Science. In order to better support the new academic structure and enhance productivity, administrative and support functions are being reconfigured where appropriate. The University's Human Resource Services unit facilitated a number of workshops during 2005 which were designed to implement the changes in the academic units.

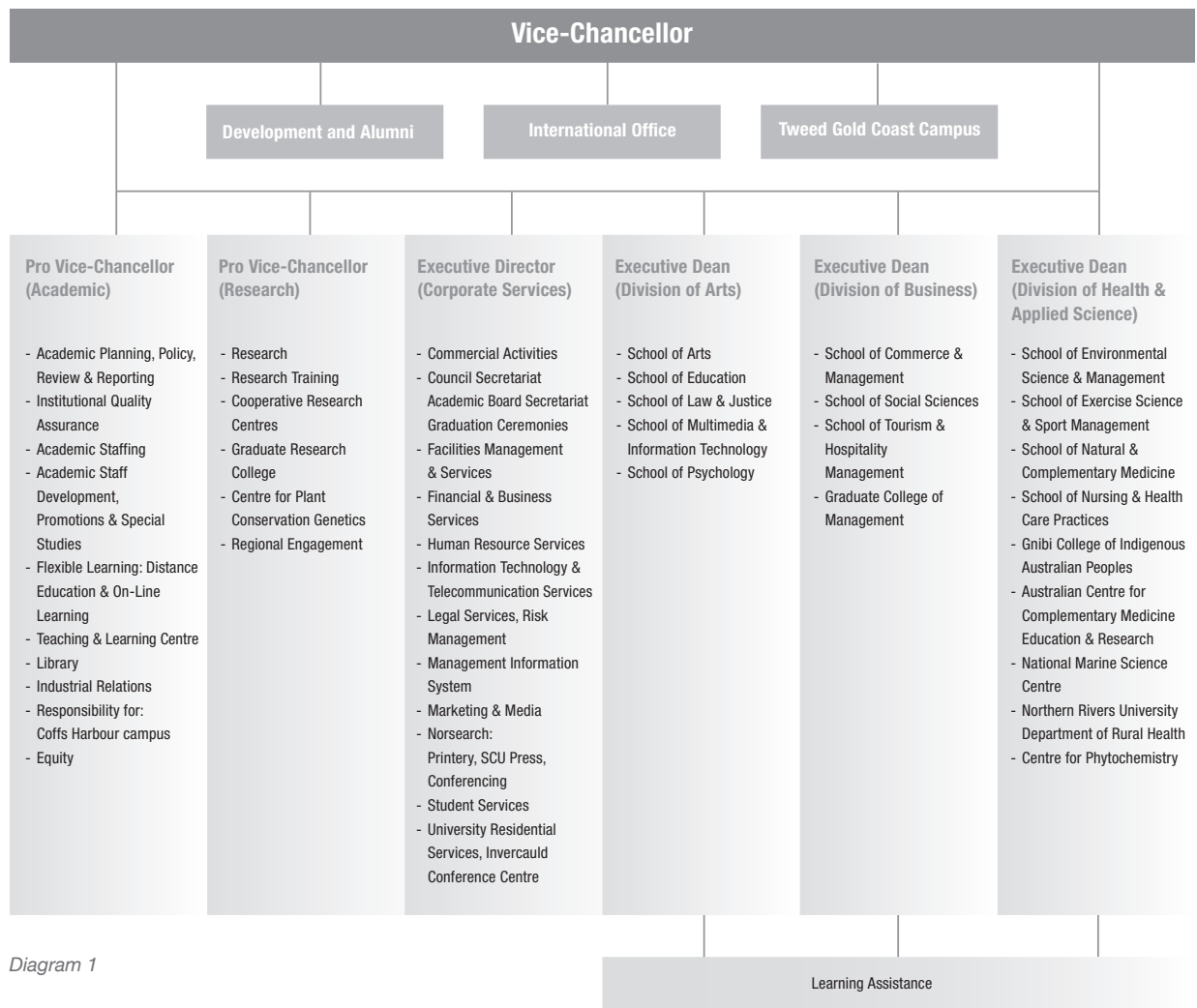


Diagram 1

Council, Boards and Major Committees

Boards and Committees of Council

Under the Act, Council has the power to delegate functions to an authorised person or persons and a number of boards and committees have been established to deal with specific areas of University business.

Chancellor's Committee

This Committee is the executive committee of Council and meets between Council meetings to deal with matters of an urgent nature. The Minutes of Chancellor's Committee meetings are forwarded to the next Council meeting. The Chancellor's Committee met eight times in 2005.

- Chancellor (Chair): The Honourable J. Dowd AO QC
- Deputy Chancellor: Mrs M.E. Rummary AM
- Vice-Chancellor: Professor P.E. Clark
- Chair, Academic Board: Associate Professor R. Bronks

Academic Board

The Academic Board is constituted under the Southern Cross University Act 1993 and By-laws of the University. Its primary functions are to advise the University Council and the Vice-Chancellor on all academic matters, including the formulation of policies and advice on the academic structure and academic development of the University and any matter relating to the University's teaching, learning, research or other academic activity. The Academic Board met six times in 2005.

Chair

- Associate Professor R. Bronks DipT, DipPE(Cardiff), MSc, PhD(Oregon), FASMF

Deputy Chair

- Professor J. Jackson BCom(UNSW), LLB(UNSW), GradDipEd(Tert)DDIAE, LLM(Hons), PhD(Syd)

Council, Boards and Major Committees

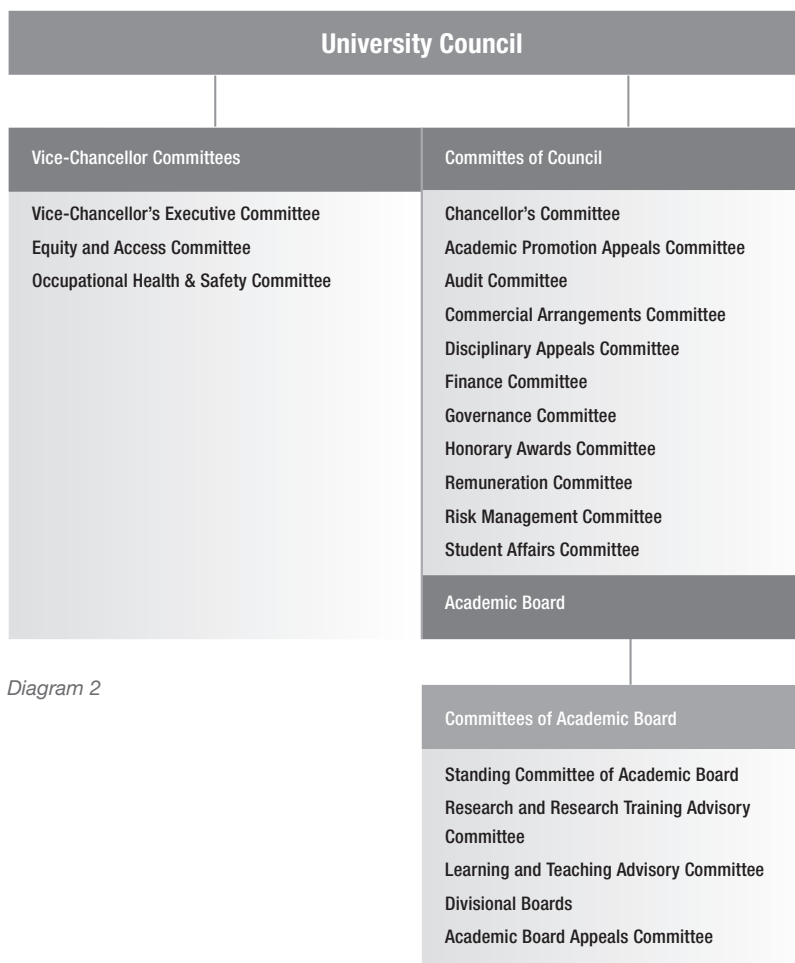


Diagram 2

Associate Chairs

- Associate Professor M.A. Wallace BA(Hons)(Syd), DipEd (WilliamBalmainCollege), MEd(NE), PhD(Deakin)
- Associate Professor W.E. Boyd BSc(StAnd), PhD(Glas), DSc(St.And)

Members

- Professor V.J. Atkinson BA(Canb), PhD(QUT)
- D. Arthur BHLthSc(Hons)(NE), PhD(SCU)
- Professor P.R. Baverstock BSc(Hons), DSc(Adel), PhD(WAust)
- U. Bay BSW, MSW (Melb)
- Professor P.E. Clark BSc(Hons), PhD(Exe), DipEd(Tert)(Monash), FAIP, FICA

- Associate Professor J.A. Davis DipPEd(Melb), GradDip(FineArt)(PIT), MA(FineArts)
- K. Davis DipNeurosurgical/ NeurologicalNursing(Macq), BSc(Macq), GradDipEd(SCAE), MSc(Hons)(UWSH), PhD(UWSH)
- R. Dowell GradDipOD(RMIT), AssocDipPersAdmin(PrahranCAE), MBus(VUT)
- Professor J.M. Graham DipOT(NSWCollOccTher), MSc(Brad)
- M. Evans BEc(Adel), MBA(Adel), PhD(Adel) (from June 2005)
- T. Gruner MSc(Chem)(Philipps), DipT(PNTC), PhD(Lincoln), Dip(Natural Therapies)(SPCNT)

- J. Hammond DipT(WASTC), GDipPE(WACAE), BPE(UWA), MEdSt(Monash), PhD(UNE) (from March 2005)
- Associate Professor P.L. Harrison BSc(Hons), PhD(JamesCook)
- Associate Professor S Hase RN AssocDipNursEd(CCHS), GradDipPsych(Tas), MA(Hons)(NE), PhD(SCU) (up to April 2005)
- Professor P.M. Hayden BA, MEd(Monash), PhD(Melb)
- Associate Professor J.S.P. Hobson BSc(Hons)(OxfordPoly), MSc(Mass), PhD(SCU)
- B. Kean BADipEd(Macq), GradDipEdStud(NepeanCAE), MA(Macq), PhD(SCU) (up to March 2005)
- L. Kelly BA(UNSW), LLB(UNSW) (up to March 2005)
- Professor L.Z. Klich BEd(Hons)(Nott), PhD(NE)
- E.A. Lewis AssocDegHlthSc(NE) (up to June 2005)
- M.H. Marshall BA(CCAE), MBA(CQU), CPA
- K. Martin
- P. Miller BBus(UTS), MBus(NE), PhD(SCU) (up to June 2005)
- G. Moloney DipT(Well) BA(Hons), PhD(Murdoch)
- Professor S. Murugesan BE(Hons)(Madr), MTech(I.I.T Madras), PhD(I.I.Sc.)
- N. Neal BSocSc
- D. Newell (up to March 2005)
- P.J. Orrock RN, ND, DBM, DipOsteopathy
- Associate Professor S. Parry BBSc, DipEd, PhD(LaT)
- J. Phillips BCom, GradDipAppSci(InstDes&Tech) CA
- A.M. Ransome BA(Hons)(Qld), DipLib(UNSW), MA (Canb), ALIA (up to July 2005)
- L. Rennie

- S. Rixon
- S. Rowe BBus(NRCAE), MA(SA)
- Professor L.K. Savery MSc(Aston), PhD(W.Aust)
- Associate Professor S. Schnierer MSc(Qld)
- M. Simms (from May 2005)
- Associate Professor R.H.K. Sloan MCom, DipEd, PhD(UNSW), AAIBF(Snr)
- I. Smith
- D. Stewart BA(LibSc), (KCAE) (from July 2005)
- Professor P. Thom MA(Syd), BPhil(Oxon), FAHA
- Associate Professor R.P. Weatherby BPharm(Hons), MSc, PhD(Syd)
- A. Wessell BA(Hons), PhD(UNSW)
- B.A. Wilks BSc(Hons)(ANU), MSc(Qld)
- M. Wiley
- Professor P.H. Wilson BA(Hons), PhD(UNSW)
- J. Xu BEng(University of Petroleum & Chemical Technology, China), MBA, PhD(Curtin)
- S. Yeo LLB(Sing), LLM(Hons)(Well), LLM(Hons)(Syd), Doctor of Laws(Syd) (from March 2005)

Academic Board Appeals Committee

This Committee is a standing committee of the Academic Board for matters relating to student appeals, apart from those of students enrolled in research degrees.

Academic Promotion Appeals Committee (dissolved December 2005)

This Committee considers and determines on an appeal against an academic promotion.

- Chancellor (Chair): The Honourable J. Dowd AO QC
Member from external university
NTEU nominee

Audit Committee

This Committee has the primary objective of assisting Council in fulfilling its responsibilities relating to the accounting and reporting practices of Southern Cross University. The Audit Committee met five times in 2005.

- Deputy Chancellor (Chair): Mrs M.E. Rummery AM
- Four members of Council:
The Honourable J. Dowd AO QC,
Dr D.V. Cody,
Mr T.S. Wilson,
Mr J.B. Shanahan

Commercial Arrangements Committee

The structure / membership of the Commercial Arrangements Committee is that of the Chancellor's Committee, i.e.

- Chancellor (Chair): The Honourable J. Dowd AO QC
- Deputy Chancellor: Mrs M.E. Rummery AM
- Vice-Chancellor: Professor P.E. Clark
- Chair, Academic Board: Associate Professor R. Bronks
- plus an external member of Council who preferably has business experience.

The Commercial Arrangements Committee meets between Council meetings, and only considers proposals where timing is of the essence.

Disciplinary Appeals Committee

The Disciplinary Appeals Committee is an ad hoc committee of Council whose function is to hear and determine any matter referred to it under the By-laws and related to disciplinary matters.

- One member of Council (Chair):
Dr D.V. Cody
- Four other members of Council, as appropriate (e.g. in the case of a student appeal, the student member of Council should be a member).

Divisional Boards

The Divisional Board is the principal advisory committee of the Academic Board on academic matters within a Division. It provides a forum for the discussion and debate of the academic directions of the Division, as well as the quality of its academic programs. It may consider any matter relating to the Division's teaching, learning, research or other academic activity, and advise the Academic Board accordingly. In providing this advice, it shall have particular regard to issues of academic accountability and quality assurance, and to University plans.

Finance Committee

This Committee was established to oversee the capital, financial and budgetary arrangements of the University. The Finance Committee met six times in 2005.

- Chancellor (Chair): The Honourable J. Dowd AO QC
- Deputy Chancellor: Mrs M.E. Rummery AM
- Vice-Chancellor: Professor P.E. Clark
- Three external members of Council: Mr W.A. Grimshaw AM, Mrs E.A. Trevan BEM, Ms M.R Sweeny
- Chair, Academic Board: Associate Professor R. Bronks
- Staff member on Council: Mr M. Whelan

Honorary Awards Committee

This Committee advises, and makes recommendations as appropriate, on matters concerning the conferring and awarding of honorary degrees and honorary titles. The Committee met two times in 2005.

- Chancellor (Chair): The Honourable J. Dowd AO QC
- Deputy Chancellor: Mrs M.E. Rummery AM
- Vice-Chancellor: Professor P.E. Clark
- Chair, Academic Board: Associate Professor R. Bronks

- Two Pro Vice-Chancellors nominated by the Vice-Chancellor

Learning and Teaching Advisory Committee

This Committee is a sub-committee of Academic Board, with responsibility for advising on matters related to management and development in teaching and learning at the University.

Remuneration Committee

This Committee performs the annual performance appraisal of the Vice-Chancellor and determines the remuneration of the Vice-Chancellor.

- Chancellor (Chair): The Honourable J. Dowd AO QC
- Deputy Chancellor: Mrs M.E. Rummery AM
- One external member of Council: Mr T. Wilson

Research and Research Training Advisory Committee

This committee is a sub-committee of the Academic Board and is the principal advisory committee of the Academic Board on issues of research across the University.

Risk Management Committee

This Committee is to ensure that the University and its controlled entities have an effective risk management system; have identified the principal strategic, operational and financial risks to which they are exposed; and that systems are in place to facilitate the effective monitoring and management of the principal risks and that timely and accurate information is presented to Council.

- Three members of Council: Dr D. Cody (Chair), Ms I. Harrington and Ms J. Reid
- Two members of the University management: Mr M. Marshall and Mr P. Cordery

Standing Committee of Academic Board

The Standing Committee is the executive committee of the Academic Board and provides advice and recommendations on all matters of academic policy,

planning and development, and identifies emerging academic issues. It is a source of advice and reference to Schools and Divisions in course development and review and ensures that submissions conform to the requirements of and meets the standards established by the Academic Board.

Student Affairs Committee

The Student Affairs Committee deals with student matters as appropriate. The Committee meet two times in 2005.

- Nominee of Council (Chair): Associate Professor S. Parry
- One nominee of the Vice-Chancellor
- One nominee of the management
- Elected student member on Council
- Two Students from Lismore Campus
- One Student from Coffs Harbour Campus
- One Student from Tweed Heads Campus
- One post-graduate student
- One external student

Other Committees

Two other committees and the Tender Board also deal with University business and report through the Vice-Chancellor:

Vice-Chancellor's Executive Committee

Deals with all higher-level management issues at the Cost Centre level. This Committee meets weekly.

Occupational Health and Safety Committee

Investigates, discusses and makes recommendations on occupational health and safety issues. The Committee meets monthly.

Tender Board

Meets weekly to ensure that the University's policies and procedures for the acquisition of goods and services, tendering and quotations, involving amounts in excess of \$25,000, are properly applied.

Report by the Executive Director and Vice-President (Corporate Services)

Management Activities

In early 2005 a streamlined management structure was introduced which consisted of the establishment of three positions at the Group Director level. The Group Director positions cover responsibility for Student Services, Marketing, Finance, Business Services, Human Resources, Facilities, Information Technology and Telecommunications. This structure was recommended by David Phillips following a review of all administrative activities.

The Management Information Systems Project has continued with a focus on student load management and attrition. The level of management reporting in these areas has been vastly improved.

An Activity Based Costing Project commenced in late 2005 with the appointment of a project officer and some assistance and advice from an external consultant. The University has been assessing software programs and it is envisaged that this project will be nearing completion by mid 2006. There will be a focus on the costing of commercial activities undertaken by the University.

There were capital works activities on the Coffs Harbour Campus with a building being constructed for health sciences and nursing, while an existing building was extended to cater for the co-location of University staff. Design and planning activities have been underway at the Tweed Gold Coast Campus, however delays have been experienced in obtaining statutory approvals.



A new, clinical laboratory to accommodate SCU and North Coast Institute of TAFE Nursing students and completed on the Coffs Harbour campus in 2005 is one of an ongoing series of major works by SCU at all three of its campuses. Vice-Chancellor, Professor Paul Clark and Pro Vice-Chancellor and Head of Coffs Harbour campus, Professor Zbys Klich are pictured in October 2005 inspecting building extensions to accommodate SCU staff at Coffs Harbour.

Voluntary student unionism was passed in Federal Parliament by the Senate late in 2005 and this will result in a scaling back of student activities on the University's campuses from mid-2006. This decision will have a significant impact on regional University campuses which do not have resources to subsidise the services previously provided.

The University was successful in complying with the Federal Government's Protocols on Governance and Higher Education Workplace Reforms and has been advised that it will receive additional funding as a consequence of this compliance.

Student Enrolment and Services

In 2005 Student Services implemented various aspects of the Higher Education Support Act (2003). The legislation represents the most significant change to University funding, student management, and reporting since the introduction of HECS in 1989. In response Student Services has made significant changes to systems, business processes, and DEST reporting. This placed additional demands on staff and impacted on services during the course of the year.

The key areas of implementation include:

- Allocation of a Commonwealth Higher Education Student Support Number (CHESSN) to all SCU students
- Introduction of the new Higher Education Loan Program and Student Learning Entitlement
- Contribution to the national web-based Course Information System (known as GoingtoUni)
- Implementation of the University student equity scholarship scheme.

During 2005 there has been a high level of collaboration between the University, Technology One and the seven Student One sites in terms of system enhancements. SCU's Corporate Information Systems team (CIS) has been instrumental in supporting Student Services with ongoing implementation issues.

In the latter half of 2005 Student Services was reconfigured into a new administrative group that includes the Marketing and Media unit and the former Residential Services unit. In December 2005 approval was given to establish a new service in the Goodman Plaza known as OASIS – Office to Assist Student Involvement and Success. OASIS is a “one stop shop” supporting student life and will be a focus point for improving student experience and assisting the University with the fight against attrition. OASIS has a number of services operating from the one location including Accommodation Services (formerly Residential Services), Careers, Employment, Student Loans and Scholarships.

Other major achievements for 2005 include:

- Development of demand and load management reports via the new Management Information System (MIS)
- Commencement of the next stage of the Student Self Management Project that will lead to on-line enrolment and re-enrolment of students, and tutorial registration
- First time audit of Ancillary Fees and Charges as part of the Best Value Proposition
- Introduction of the E-newsletter
- Approval of a new Marketing structure to enhance relationships and communications with Faculties and Schools
- Enhanced timetabling relationships via new Timetable Advisory Group (TAG) and software in all schools
- Graduation process review
- Introduction of counselling and disability services at the Tweed Gold Coast campus
- Implementation of recommendations from Chaplaincy Review
- Introduction of new Student Occupancy agreement for the Colleges
- Review of all Accommodation rules and regulations
- Refurbishments and extensive landscaping of Orion College in Lismore.

Equity Scholarships

Many students experience difficulty with the costs of living and studying. These financial difficulties arise from having limited income and lots of expenses. Equity Scholarships are awarded to help disadvantaged students with costs associated with higher education and thereby assist in increasing the participation rate of students from equity groups.

Equity Scholarships offered in 2005 included:

- Commonwealth Learning Scholarships
- 48 Commonwealth Accommodation Scholarships (CAS) worth \$4084 per year for four years
- 78 Commonwealth Education Costs Scholarships (CECS) worth \$2042 per year for four years.

Institution Equity Scholarships:

- 40 Southern Cross University Equity Scholarship for first year students worth \$1500 as a one-off payment
- 50 Equity Book Bursaries worth \$250 as a voucher through the Lismore campus Coop Bookshop.

Promotion

A range of promotional activity was undertaken, including presentations to secondary schools, tertiary expos and other markets, information sessions at each campus and campus tours conducted by student ambassadors. Significant marketing campaigns were conducted in support of the 2005 mid-year and 2006 enrolments, featuring electronic and print advertising and direct marketing activities. Marketing publications produced throughout the year included the undergraduate and postgraduate study guides, course brochures and scholarship information sheets.

Events

The University invited the public to experience the works of graduating visual arts, contemporary music and media students at the EXIT showcase in November, with several hundred people attending the Undergraduate Art Exhibition at the Lismore campus. Community based activities included a public lecture jointly presented by researchers from the Southern Cross University Whale Research Centre and the non profit organisation Whales Alive and hosted by the National Marine Science Centre at Coffs Harbour, the first in a regular series of community lectures.

Media

Media interest in the University's research, its staff and student activities, and engagement with the communities surrounding each campus, continued to grow during 2005.

All mentions of the University are tracked through a Media Monitoring service, which recorded widespread coverage of a diverse range of activities in local, regional and national media. During 2005 there were 3079 mentions of Southern Cross University recorded through this service - an increase of 26 per cent from 2004.

A number of key issues relating to the University's operations and enrolments and the Higher Education Sector attracted coverage. These included new facilities at Coffs Harbour campus and expansion plans at the Tweed Gold Coast campus; the mid-year recruitment campaign; and the likely impact of Voluntary Student Union legislation.

Research-related activities gained strong coverage in local and national media, including print, radio and television. Southern Cross University's Centre for Ecotechnology hemp crop project was widely reported across the country. A number of clinical trials conducted by the Australian Centre for Complementary Medicine also drew a range of media coverage.

A PhD study by Dr Brian Kean on the use of drugs to control ADHD attracted state and national attention.

SCU's Whale Research Centre continued to attract national and local media coverage of its annual humpback migration studies. The Centre has cemented its position as a leader in this field of research and has become the first port of call for many media organisations seeking comment on whale-related topics.

Media coverage was also achieved following the announcement of new ARC funding for SCU research projects.

New staff appointments, including Professor Zbys Klich as Head of Coffs Harbour Campus, and Professor Colleen Cartwright as Chair of Aged Services, were reported in a variety of media. Promotion of the 2007 introduction of the new Bachelor of Applied Science (forestry) degree in Mt Gambier gained positive coverage in the Green Triangle region in South Australia.

Scholarships

Each year SCU offers Vice-Chancellor's and industry-sponsored scholarships, designed to acknowledge outstanding academic achievement and social responsibility, and also to provide the opportunity for people from the region to pursue tertiary education, irrespective of their socio-economic backgrounds.

The scholarship program reflects the community's desire to offer graduates the opportunity to continue to live and work locally, while providing regional businesses with access to a pool of highly skilled graduates.

Since their inception in 1995, 203 students have benefited from the University's scholarship program.

Scholarships are offered across a range of disciplines including business, tourism management, hotel and resort management, environmental science and research – and are made available to school leavers, mature age students and Honours candidates.

Vice-Chancellor's Scholarships

The Vice-Chancellor of Southern Cross University awards annual scholarships to high achieving students throughout Australia. Each Vice-Chancellor's scholarship is valued at \$15,000, paid over a three-year period. Five Vice-Chancellor's scholarships were granted in 2005, bringing to 98 the number of students who have received this prestigious award.

Industry Scholarships

In 1995, Summerland Credit Union sponsored the University's first industry scholarships. Each year, the University's ties with local industry and business strengthen and grow. Industry scholarships are open to high school leavers, mature age students, and Honours students, with each sponsor having specific criteria for eligibility.

In 2005, 32 students were awarded industry scholarships, bringing to 105 the number who have benefited from the program. These scholarships represent an important link between the University and local businesses, government and community groups.

New sponsoring organisations include: Bananacoast Community Credit Union; Coffs Harbour City Council; Coffs Ex-Services Club; Enterprise and Training Company of Coffs Harbour; the George Lewin Foundation; Lismore City Council; the Innes Foundation; Restaurant and Catering NSW; Thomas, Noble and Russell Chartered Accountants; Park Beach Plaza; Tweed Heads Bowls Club and UnitingCare Ageing NSW/ACT.

Other sponsors who have supported the program over the past decade include: Amlink Technologies, Ballina RSL Club, Beach Hotel, Casino RSM Club, Environmental Analysis Laboratory, Fletchers Photographics, Kirklands Buslines, The Koori Mail newspaper, Mayne Investments Ltd, Summerland Credit Union, Tourism NSW, Tweed Shire Council and The Xerox Shop – Lismore.

The growth in the University's scholarship program over the past 10 years demonstrates the strength of its relationships with local organisations – and the recognition of the value of providing tertiary education to people from all walks of life.



Bachelor of Nursing student, Sarah Pearce, was awarded a scholarship for academic achievement by the Mayor of Lismore, Cr. Merv King.

Publications

Copies of official University documents, publications and other correspondence are held in a number of locations. These include: Central File, the University Library, the Vice-Chancellor's Office and the Office of the Executive Director and Vice-President (Corporate Services). The agendas and minutes of Council, Academic Board, Divisional Boards and other Boards and Committees of the University are the major sources of information relating to the policies, procedures and operations of the institution and these are available from the Executive Director and Vice-President (Corporate Services).

The Human Resource Service Directorate maintains personal files of staff.

All the above documents are subject to the relevant legislation, policies and/or procedures on retention periods, disposal schedules or archiving.

Financial and Resource Management

Southern Cross University and its controlled entities (the Economic Entity) comprises the following:

- Southern Cross University
- Norssearch Limited
- Southern Cross Human Resource Development Pty Limited
- Australian Plant DNA Bank Limited
- Biobank Pty Limited

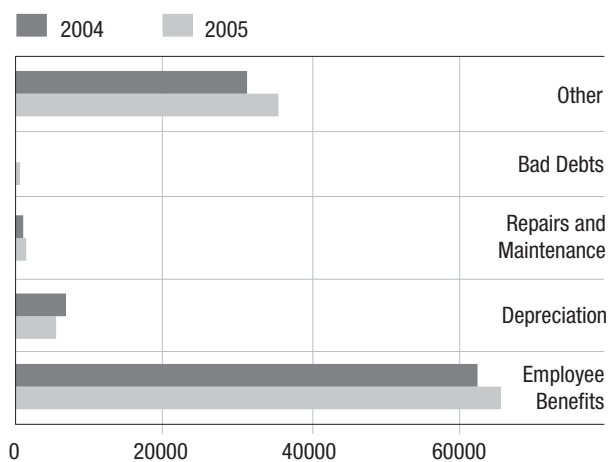
The Financial Statements (Section 2 of the Annual Report) include the audited financial statements for the economic entity and each of the controlled entities. In 2005 Southern Cross Human Resource Development Pty Limited was deregistered.

Southern Cross University and its controlled entities reported a consolidated net operating surplus of \$1.166 million for the year ending 31 December 2005 (2004 operating loss of \$5.766 million), the University reported a net operating surplus of \$0.722 million (2004 operating loss of \$5.633 million).

Consolidated revenue from ordinary activities was \$110 million, reflecting an increase of 14% on 2004. The majority of the increase is due to increased Commonwealth Grants for new places, governance and workplace reform, and capital development pool. In addition the change to Australian Government payment arrangements for the 2005 Commonwealth grant had a one off impact of \$3 million. Commonwealth government funding remains an important revenue stream, representing 46% of revenue. Student fees and charges were in line with 2004 and comprise 15% of total revenue from ordinary activities.

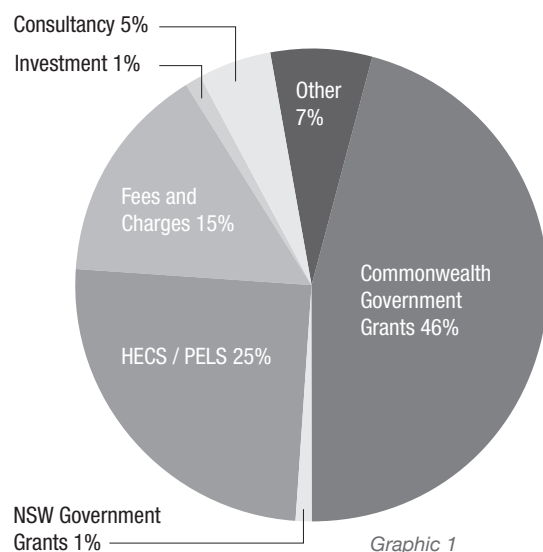
Consolidated expenses from ordinary activities increased by 8% on 2004. The table below provides an analysis of expenditure by type. Salary costs represent the most significant item and increased by 5% due to salary increases. Depreciation decreased on 2004 due to the adoption of the cost method of accounting, a review of the useful lives of assets and a shift towards equipment leasing. Other expenditure increases were due to computer leasing, fees paid to the National Marine Science Centre, additional Commonwealth scholarship payments, and contributions to Co-operative Research Centres.

2004 - 2005 Operating Expenses



Graphic 2

2005 Revenue by Type



Graphic 1

Consultancies costing greater than \$30,000

Consultant	Purpose of Consultant	\$
Organisational Review		
Phillips K P A Pty Ltd	University Functional Review	33,740
Management Services		
Competitive Dynamics Pty Ltd	Council Operational Review	39,350
Total Consultancy Fees greater than \$30,000		73,090

Consultancies costing less than \$30,000

Consultant	Number	\$
Building Works	4	7,304
Finance & Accounting	3	29,756
Information Technology	2	37,598
Management Services	19	84,530
Total Consultancy Fees less than \$30,000		159,188

Table 1

2005 - 2006 Budget	Actual 2005 \$'000	Budget 2005 \$'000	Budget 2006 \$'000
Southern Cross University Income Statements			
Revenue from Ordinary Activities			
Australian Government financial assistance			
Australian Government grants	50,244	39,400	53,420
HECS-HELP – Australian Government payments	20,716	25,790	29,059
FEE-HELP	2,780	0	
State and local Government financial assistance	783		
HECS-HELP – Student Payments	3,462		
Fees and charges	16,454	19,666	20,889
Investment income	1,434	1,354	1,680
Royalties, trademarks and licences	26		
Consultancy and contracts	5,773	858	8,159
Other revenue	7,172	7,639	6,611
Shares of net results of associates and joint venture partnership accounted for using the equity method	785	0	
Subtotal	109,629	94,707	119,819
Deferred Government Superannuation Contributions	-53		
Total revenue from continuing operations	109,576	94,707	119,819
Expenses from continuing operations			
Employee benefits and on costs	65,294	63,639	71,859
Depreciation and amortisation	5,451	7,457	6,800
Repairs and maintenance	1,474	961	4,461
Bad and doubtful debts	465		
Other expenses	35,779	25,650	38,499
Subtotal	108,463	97,707	121,619
Deferred Employee Benefits for Superannuation	-53		
Total expenses from continuing operations	108,410	97,707	121,619
Net operating result attributable to members of Southern Cross University	1,166	-3,000	-1,800

Table 2

2005 - 2006 Budget	Actual 2005 \$'000	Budget 2006 \$'000
Southern Cross University Balance Sheet		
ASSETS		
Current assets		
Cash and cash equivalents	24,196	26,500
Receivables	5,300	5,500
Inventories	66	100
Other non-financial assets	1,543	1,600
Total current assets	31,105	33,700
Non-current assets		
Receivables	24,245	25,000
Investments using the equity method	7,072	7,100
Property, plant and equipment	148,237	145,000
Other non-financial assets	-	1
Total non-current assets	179,554	177,101
Total assets	210,659	210,801
LIABILITIES		
Current liabilities		
Payables	5,930	6,409
Provisions	4,160	4,500
Other liabilities	5,408	5,500
Total current liabilities	15,498	16,409
Non-current liabilities		
Payables	1,314	1,300
Provisions	32,969	34,000
Total non-current liabilities	34,283	35,300
Total liabilities	49,781	51,709
Net assets	160,878	159,092
EQUITY		
Retained surplus	160,878	159,092
Total equity	160,878	159,092

2005 - 2006 Budget	Actual 2005 \$'000	Budget 2006 \$'000
Southern Cross University Cash Flow Statements		
Cash flows from operating activities		
Australian Government		
CGS and Other DEST Grants	41,735	45,000
Higher Education Loan Programmes	25,223	26,000
Scholarships	1,375	1,500
DEST Research	4,888	5,000
ARC grants - Discovery	172	200
ARC grants - Linkages	902	1,000
Other Australian Government Grants	1,415	1,500
State Government Grants	797	800
HECS-HELP – Student payments	3,263	3,000
Receipts from student fees and other customers	14,851	18,000
Interest received	1,434	1,500
Joint Venture partnership distributions received	500	500
Student Accommodation	2,166	2,000
Other Operating Receipts	11,994	11,000
Payments to employees	-51,317	-56,000
Salary related costs	-12,409	-13,500
Payments to suppliers (inclusive of goods and services tax)	-34,746	-37,000
Net cash inflow (outflow) from operating activities	12,243	10,500
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,940	2,000
Payments for property, plant and equipment	-7,210	-10,000
Payments for investment in joint venture partnership	-9	0
Net cash inflow (outflow) from investing activities	-5,279	-8,000
Cash flows from financing activities		
Dividends paid by controlled entities	-22	0
Net cash inflow (outflow) from financing activities	-22	0
Net increase (decrease) in cash and cash equivalents	6,942	2,500
Cash and cash equivalents at the beginning of the financial year	17,254	24,000
Effects of exchange rate changes on cash and cash equivalents	0	0
Cash and cash equivalents at end of year	24,196	26,500

Investment performance

In 2005, Southern Cross University invested in Interest Bearing Deposits and on-call bank deposits with various financial institutions including Suncorp-Metway, BankWest, Bank of Queensland, Illawarra mutual Building Society and Summerland Credit Union. In 2005, the average return on investment for Southern Cross University was 5.74 percent, which was slightly above the Tcorp Cash Hourglass Facility return of 5.68 percent.

Payment of Accounts

Due to timely payment of accounts, no interest was incurred during 2005.

Consultants

The University engaged a range of consultants to provide recommendations or high level specialist or professional advice to assist in decision making by management. Table 1 on p 27 lists the consultants used by the university and the fees paid for their services during the year ended 31 December 2005.

Southern Cross University Budget 2006 Statement of Financial Performance

The 2006 budgeted operating result is a deficit of \$1.8 million. Actual 2005 revenues were significantly higher than budget 2005 due to increased research contract revenue, reflecting the impact of Southern Cross University's participation in a number of Co-operative Research Centres, and increased other revenue. Actual 2005 expenditure was significantly higher than budget 2005 due to the impact of research projects as discussed above. The 2006 budget includes the University's expected research activities.

Human Resource Services

A new Enterprise Agreement certified in November 2005 was the culmination of approximately two and half years of negotiations. Since April 2005, the enterprise bargaining negotiations were underpinned by and focused on the Government's Higher Education Workplace Relations Requirements (HEWRR). Every effort was made to secure a HEWRR compliant Agreement which was one of the requirements. The University also addressed the other HEWRRs which required the offering of Australian Workplace Agreements, amendments to policies and procedures as appropriate and in some instances adjustment to work practices. In relation to compliance, the University met the Government's deadlines and submitted its compliance statement and supporting documentation on 2 December 2005. The University awaits the Minister's assessment in 2006.

The provisions of the Enterprise Agreement apply to academic and general staff paid in accordance with the relevant salary rates appended to the Agreement. The Agreement will nominally expire on 9 November 2008.

The Enterprise Agreement embodies significant workplace reform measures including: provision for the offering of Australian Workplace Agreements (AWA), more flexible employment arrangements, leave provisions that facilitate better work/family balance, and more direct relations with employees. The Agreement also provides for salary increases totaling 16% over the three year life of the Agreement from date of certification.

In 2005, the University's Recruitment and Appointment again underwent significant review and amendment to enable more flexible employment arrangements, streamline the recruitment processes and take account of HEWRR compliance issues. The University also introduced a Rewards Program for general staff and developed a similar Program for academic staff which will be implemented in 2006. The Programs aim to recognize, through the granting of monetary or non-monetary rewards, outstanding contributions that staff make to the operational and/or strategic endeavours of the University. Another new development in 2005 was the implementation of an academic promotion to Professorial level. As a result, there were three staff promoted to the Professoriate. Further policy work during the year included amendments to the University's Performance Management Policy, development of an Harassment, Bullying and Discrimination Policy for implementation in 2006 and revision of the Staff Grievance Policy.

Benchmarking

The University continued its participation in the Australian Universities HR Benchmarking Program in 2005. Of particular note from the findings was Southern Cross University's relatively low staff turnover rate which was recorded as 10.68 per cent.

Australian Indigenous Employment

A new Australian Indigenous Employment Strategy was approved in 2005. The Strategy covers the years 2005 to 2008 and focuses on recruitment, retention, career development, development of non-Indigenous staff capabilities and strengthening community relationships and partnerships. Australian Indigenous employees now represent approximately 4% of the overall University workforce. Through the Strategy, the University aims to increase that participate rate significantly.

Staff Development

Fewer staff participated in centrally recorded training and development activities during 2005 compared to the previous year. There were 505 participants in 2005 compared to 647 in 2004. The University's investment in professional development through the academic staff Special Studies Leave Program exceeded \$1M in 2005.

Further developments in the University's Management Development Strategy included a three day Team Leadership course through TAFE for frontline supervisors and staff participation in and completion of a Certificate IV in Frontline Management also facilitated by TAFE, the design of the Management Development website and the inclusion of the SCU Graduate Certificate in Professional Management into the Management Development Program.

Senior Appointments

The following senior positions were filled in 2005: Manager, Corporate Information Systems, Head, Office of Regional engagement, Director of Development, Director, Marketing and Media, and Professor of Nursing. Notable departures during the year were the Pro Vice-Chancellor (Enterprise and International), the University Librarian and two members of the Professoriate.

Organisational Change

Following receipt of the report of an external review on the distribution of administrative and support functions across the University conducted in 2004, and development of the University's Strategic Plan for 2005-2010, the University prepared throughout 2005 for the implementation of a new academic structure in 2006. The new structure comprises a fewer number of schools more appropriately grouped into three Faculties: The Faculty of Business, The Faculty of Arts and the Faculty of Health and Applied Sciences. In order to better support the new academic structure and enhance productivity, administrative and support functions have been reconfigured where appropriate. Human Resources facilitated a number of workshops designed to implement the changes in the academic units.

Recruitment

The University advertised a total of 85 job vacancies in 2005. Only 20 of those vacancies were for academic positions, which represented a significant decline over the 36 academic positions advertised in 2004. It appears that the consolidation of academic organisational units into the new academic structure was a contributing factor in the decline in advertisements.

Occupational Health and Safety (OHS)

Elections were held for new employee representatives on the OHS Committees at Lismore, Coffs Harbour and Tweed/Gold Coast campuses. The representatives will serve on the committees for the next two years. To further enhance the function of the Committee, Coffs Harbour campus has adopted the use of Safety Support Officers to carry out workplace inspections, as is in place at Lismore and Tweed Gold Coast campuses.

A chemical audit of work units was carried out in 2005, and the data will be set up on the Human Resource Services web site to be accessed by University staff as well as emergency services. This has enabled the University to comply with the requirements of the recently released 'OHS Amendment (Dangerous Goods) Regulation 2005'.

In 2005 the University implemented a Wellness Program to promote a healthy lifestyle. Benefits of the Program included subsidised gym programs, massages, and acupuncture. Seminars on coping with the stresses of every day life, and nutrition and wellbeing were also run during the year. In addition, free flu vaccination was made available to staff through the Program.

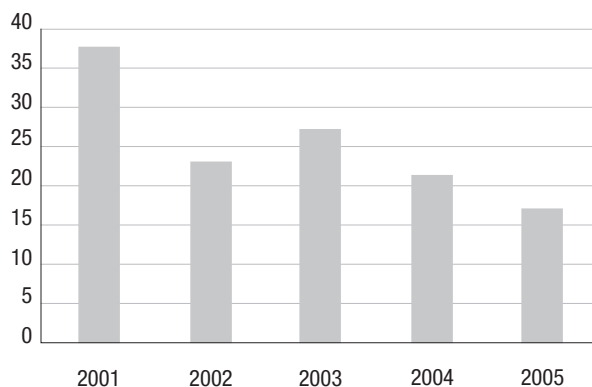
Following risk assessments conducted in the Library and Student Services, staff in those work units participated in training programs on ergonomics and manual handling.

There were a total of 17 workers compensation claims in 2005, compared with 21 claims in 2004. It should be noted that these claims do not include journey claims (i.e. claims resulting from travel to and from work).

The following graphs show:

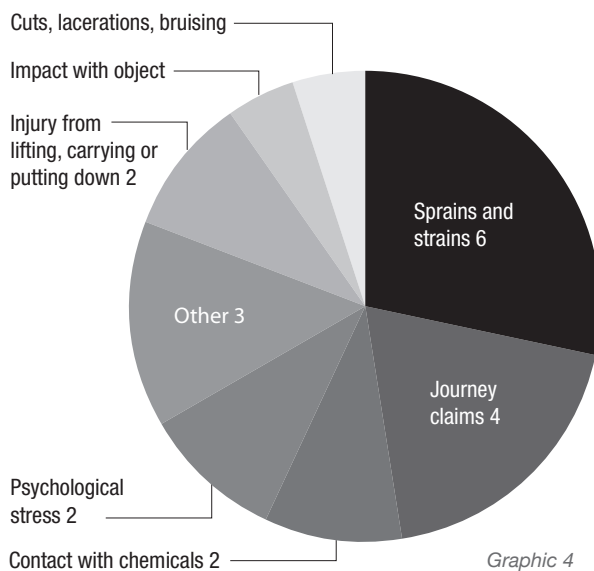
- A comparison of workers compensation claims over the years 2001 to 2005.
- The number of workers compensation claims by injury type in 2005.

Number of Workers Compensation Claims, 2005



Graphic 3

Number of Workers Compensation Claims by Injury Type, 2005



Graphic 4

Information Technology and Telecommunication Services

The Network Sustainability Project was finalised in 2005 with the exception of the reconnection to the AARNet services. This is targeted for completion for the end of February 2006 and has entailed the build of fibre tails from the AARNet3 network into each of the campuses at Lismore, Coffs Harbour and Tweed Gold Coast. The new network will provide high speed connectivity to the internet and between campuses enabling the carriage of video conferencing and voice over IP.

The University received funding during 2005 via a Capital Development Pool (CDP) grant to improve information technology infrastructure at the Coffs Harbour Education Campus. The CDP project will focus on 3 main areas, network reliability and security, video conferencing and desktop management. The network reliability and security aspect of this project along with the work undertaken in another project (Network Sustainability) has seen a complete replacement and upgrade of the University network infrastructure (both LAN and WAN) over the past 2 years. The University network now has added robustness, improved security features and network monitoring capabilities that will sustain the needs of the University for the foreseeable future.

The video conferencing aspect of the CDP project has provided multipoint video conferencing capabilities between the three campuses enabling the delivery of video conferenced lectures. A new Mediasite system will be implemented to record video conference lectures and stream them from the web. In general, the University's administration, research and collaborative capabilities will also be improved through the use of the new video conference systems.

A University wide wireless architecture was developed and implemented during 2005. The architecture takes advantage of technology installed with the upgrading of the University's modem banks. The first rollout of wireless occurred on the Lismore campus in the Library's new E-space.

An upgrade and refresh of equipment in the Lismore campus general purpose computing labs was completed for the start of Semester 1, 2005.

The University's corporate information systems infrastructure was also replaced and upgraded during 2005. The environment is now considered leading edge consisting of HP blade servers running a Linux OS with Oracle RAC (Real Application Clustering) across the databases. Virtualisation was also implemented to consolidate and reduce costs in the test and development environments.

The current Management Information System Project has delivered forty eight reports covering attrition, load management and student profiling to assist with the business planning processes.

A number of new releases have been applied to the Student system throughout 2005 to provide functionality required to interface with DEST Higher Education Information Management System (HEIMS) and comply with the Higher Education Support Act.

A Disaster Recovery Project (DRP) was initiated in Q4 of 2005. The project has been scoped and costed, and will be presented to the Vice Chancellor's Executive Committee and Council in February 2006 for funding. The DRP covers key corporate information systems and enables the continuity of the University's main business processes. The plan will be integrated into the wider University Disaster and Emergency plan.

IT&TS governance has been strengthened by the development of a Policy, Service Delivery and Planning framework based on best practice examples. Benchmarking activities were undertaken with both Educause and Council of Australian University Directors of Information Technology (CAUDIT). Additionally, Service Level Agreements were developed to cover all IT services that are delivered across the campuses.

Freedom of Information

Under the Freedom of Information Act 1989 (NSW) ("the Act") the University is required to include in its Annual Report information on the processing of Freedom of Information ("FOI") requests received by the University. The tables in Appendix 1. show the FOI statistics for the 2005 year.

Privacy Management Plan

Section 33(3) of the Privacy and Personal Information Protection Act 1998 (NSW) ("the Act") requires the University to report on the actions it has taken to comply with the Act and to provide statistical details of any review conducted by or on its behalf.

The University's Privacy Management Plan ("the plan") was developed by the University in 2001 and sets out the policies, procedures and practices to ensure compliance by the University with the requirements of the Act.

The plan provides details on how the policies and procedures in relation to privacy and the protection of personal information are to be disseminated throughout the University. The plan also provides details of the procedures adopted by the University to deal with applications for internal review of complaints regarding privacy matters.

The University has complied with the Act in 2005 by:

- adding privacy notices to electronic and hardcopy forms used to collect personal information;
- developing privacy statements for the University's websites;
- continuing the awareness on privacy related matters and the Act;
- widely disseminating copies of the plan;
- providing timely and accurate advice to members of the University community on privacy related matters.

During 2005, there were no changes to the plan.

During 2005 there was only one privacy internal review with a finding of no breach of privacy by the University.

Insurance

In 2005 the University effected the following forms of insurance cover:

- Industrial Special Risk (Property)
- General & Products Liability (including Casual Hirers)
- Professional Indemnity
- Directors & Officers
- Medical Malpractice
- Clinical Trials
- Motor Vehicle
- Corporate Travel
- Marine Hull

While, overall, the University's insurance premium remained relatively stable with a 0.6 per cent decrease over 2004, there were considerable fluctuations in the individual policy premiums, with General and Products Liability and Medical Malpractice premiums falling markedly while Professional Indemnity and Clinical Trials cover were considerably more expensive to purchase.

With most world insurance markets continuing to strengthen and stabilise, however, it was possible to negotiate some improved terms for the Medical Malpractice and Clinical Trial protections, in particular a considerably reduced policy excess.

The University incurred a number of property losses due to storms in late 2004 and early 2005 leading to claims. With the prospect of an increase in the frequency and severity of damaging weather events, a review of the self-insurance component of the University's Property policy has taken place. A lower excess has been purchased for 2005/06.

Generally speaking, however, the University's claims record remains excellent but risk management issues and the structure of the insurance portfolio continue to be priority areas for consideration during 2006.

Risk Management

The approach to risk management at Southern Cross University is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360) which is widely regarded as defining world's best practice.

The University Council's Risk Management Committee ensures the effective governance of the issue, including the oversight of the University's risk management policy and procedures, adopted by Council in 2004.

The end aim is for the University to have in place a strategy, structure and process to effectively identify and manage, in a timely fashion and at an appropriate level, its exposure to risk.

The key strategic risks faced by the University have been identified and analysed and, in accordance with the standard, action plans for the mitigation of all unacceptably high risks have been developed.

A Risk Management Report is provided, via the Risk Management Committee, to the University Council for each of its meetings. This report provides a summary of all strategic risks of the University and their current rating. It also contains an extract of the risks rated as High or above, along with the action plan and timeframe for mitigating those risks to an acceptable level.

At the end of 2005, the major risks faced by the University were assessed as:

- Poor quality of student intake
- Declining demand for programs
- Academic fraud
- Excessive rates of attrition
- Major failure of IT systems
- IT system security breached, and
- IT business continuity compromised.

Additional risk management activity during 2005 included a Self Audit Assessment of the University's Fraud Control Framework. This audit found that whilst the University was progressing its fraud control framework, some areas still required attention. A follow-up of this audit resulted in the drafting of a Fraud and Corruption Policy for the University and an Action Plan being developed to address outstanding issues.

Assessment of database software to enable storage of the University's risk profile information and ongoing administration of the identified risks, including the monitoring of the risk action plan, was completed. Implementation of the preferred software is expected in early 2006.

Equity and Diversity

Ethnic Affairs Priorities Statement

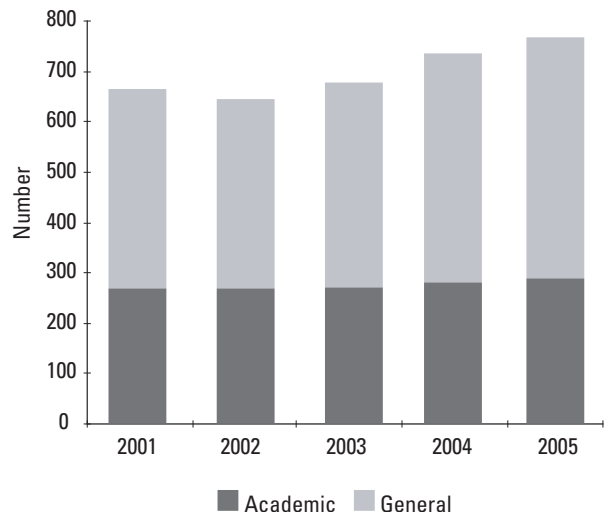
The University complies with the Ethnic Affairs Priorities Statement (EAPS), as required by the NSW Community Relations Commission. Appendix 2 provides a summary of the University activities in 2005, and highlights specific examples of School-based initiatives, demonstrating compliance with the Government's Ethnic Affairs Priority Standards Framework under the relevant sections of Program and Service Delivery, Staffing, Communications, and Planning and Evaluation.

Equal Employment Opportunity

The continued success of the University's Indigenous Australians' Employment Strategy is evidenced by the maintenance of staff numbers that are significantly above the benchmarks of other NSW Universities. Indigenous Australian staff represents 5 percent of general staff and an increase from 3 percent to 4 percent of academic staff. The representation of academic staff from non-English speaking backgrounds has remained steady at 10% during 2005. Staff statistics indicate that the majority of staff members are female. Women comprise 64 percent of general staff and 45 percent of academic staff. Women hold 27 percent of senior management positions within the University. In 2005, 6 percent of general staff and 6 percent of academic staff reported disabilities.

Academic and General Staff (Persons)

2001 – 2005



Graphic 5

Academic Promotion: Promotion rounds for academic staff have been monitored and support is offered to women considering application for promotion. The Teaching and Learning Centre compiled an information package called Developing a Teaching Portfolio and provides assistance for individual women academics to develop their portfolio.

Leadership and management training for women:

The University has developed, and is implementing, a Management Development Strategy. A specific objective of the strategy is to establish a network of University women for leadership and management to provide support for women interested in developing their leadership and/or management capabilities and prospects.

Merit Based Selection and Flexible Work Practices:

The University has clear guidelines on merit-based selection, including requirement for gender balance on its selection panels, with all staff members serving on selection panels required to have undertaken merit based selection training.

On-Line EEO Training: The Equal Employment Opportunity On-line training program provides comprehensive information on discrimination and harassment issues in a flexible delivery mode, and is available to all staff via the University web site.

Staff Equity Services: The University Equity Services, the Equity and Access Committee, and the Equity Website were reviewed in 2005.

Number and Full Time Equivalence (FTE) of Staff 2001 – 2005

Staff	Persons					FTE				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Academic Staff										
Full-time	248	246	238	250	253	248	246	238	250	253
Fractional	21	23	33	31	36	13	16	22	19	22
Subtotal	269	269	271	281	289	261	262	260	269	275
General Staff										
Full-time	335	310	329	357	371	335	310	329	357	371
Fractional	62	67	79	99	109	38	42	49	62	66
Subtotal	397	377	408	456	480	373	352	378	419	437
All Staff										
Full-time	583	556	567	607	624	583	556	567	607	624
Fractional	83	90	112	130	145	51	58	71	81	88
TOTAL	666	646	679	737	769	634	614	638	688	712

Table 3

Full Time and Fractional Full Time Staff (persons) by Gender and Level 1996 – 2005

	Above Senior Lecturer		Senior Lecturer		Lecturer		Below Lecturer		Academic Subtotal			General			TOTAL		
	F	M	F	M	F	M	F	M	F	M	Total	F	M	Total	F	M	Total
1996	7	38	19	33	35	79	27	23	88	173	261	202	134	336	290	307	597
1997	5	38	19	38	41	75	31	20	96	171	267	221	146	367	317	317	634
1998	7	44	18	51	45	60	37	25	107	180	287	239	143	382	346	323	669
1999	7	37	21	46	37	63	30	20	95	166	261	241	140	381	336	306	642
2000	8	35	20	45	38	60	40	20	106	160	266	247	140	387	353	300	653
2001	9	36	17	45	50	57	31	24	107	162	269	240	157	397	347	319	666
2002	9	40	16	43	50	49	40	22	115	154	269	230	147	377	345	301	646
2003	10	41	19	40	50	55	35	21	114	157	271	254	154	408	368	311	679
2004	11	39	20	43	56	49	37	26	124	157	281	290	166	456	414	323	737
2005	15	45	12	48	60	46	43	20	130	159	289	308	172	480	438	331	769

Table 4

Full Time and Fractional Full Time Staff (FTE) by Gender and Level 1996 – 2005

	Above Senior Lecturer		Senior Lecturer		Lecturer		Below Lecturer		Academic Subtotal			General			TOTAL		
	F	M	F	M	F	M	F	M	F	M	Total	F	M	Total	F	M	Total
1996	7	36	19	32	33	78	23	21	82	168	250	190	129	319	271	297	569
1997	4	37	18	38	38	73	29	18	90	166	256	205	141	347	295	307	602
1998	7	43	18	51	43	59	34	24	102	177	278	222	138	360	323	315	638
1999	7	36	21	46	35	63	28	19	91	164	254	222	137	359	313	300	614
2000	8	35	20	45	36	59	35	19	99	159	258	227	136	363	326	295	620
2001	9	36	17	45	47	57	28	23	101	160	261	220	153	373	321	313	634
2002	9	40	16	43	47	49	37	22	109	154	262	208	144	352	317	298	614
2003	10	41	19	40	46	53	32	19	106	154	260	229	150	378	335	303	638
2004	11	39	20	43	51	48	33	24	115	154	269	258	161	419	373	316	688
2005	15	44	12	48	52	46	39	19	118	157	275	273	164	437	391	321	712

Table 5

Facilities

Waste Management – Environmental Initiatives

The Environmental Management Plan has been formally adopted as policy.

The University's waste minimisation program with regard to recyclable cardboard/paper continues to expand with an excess of 200t of paper being collected and recycled.

During 2005 an industrial strength compactor was purchased to enable the compaction of waste paper into manageable bales. The compactor will also compress polystyrene waste thereby reducing waste volume.

Landscape watering is in the process of connection to a newly created retention pond thereby eliminating the need to use potable water. As part of this program an extensive regeneration program is also underway with the planting of over 600 rainforest and native trees.

Energy Management

During 2005 both the Lismore and Tweed campuses will undergo an energy management audit.

Major Works

Coffs Harbour campus

Construction is almost complete to the extension to M block to accommodate university staff. An extension to Q block to cater for the growth in Nursing is also taking place and is expected to be completed mid next year.

Tweed Gold Coast campus

A Development Application is in the process of being submitted for the construction of an additional building to meet general growth and newly allocated student loads, completion expected in 2007. To cater for demand in the meantime, demountable buildings are expected to be positioned in early 2006.

Lismore campus

Planning is underway for an extension to the Library to provide increased student services.

The development is also an important regional initiative and would permit members of the community to also use the library for research.

Appendix 1: Freedom of information

Section A

Number of new FOI requests – information relating to numbers of new requests received, those processed and those completed from the previous period:

FOI requests	Personal	Other	Total
A1 New (incl. transferred in)	2	0	2
A2 Brought forward	0	0	0
A3 Total to be processed	0	0	0
A4 Completed	2	0	2
A5 Transferred out	0	0	0
A6 Withdrawn	0	0	0
A7 Total processed	2	0	2
A8 Unfinished (carried forward)	0	0	0

Section B

Result of FOI requests – relates to completed requests (A4)

Result of FOI requests	Personal	Other
B1 Granted in full	0	0
B2 Granted in part	1	0
B3 Refused	1	0
B4 Deferred	0	0
B5 Completed	2	0

Section c

Ministerial Certificates – number issued during the period.

Ministerial Certificates	Issued	Total
C1 Ministerial Certificates issued	0	0

Section D

Formal consultations – number of requests requiring consultations (issued) and total number of FORMAL consultation(s) for the period.

Formal consultations	Issued	Total
D1 Number of requests requiring formal consultation(s)	0	0

Section E

Amendment of personal records – number of requests for amendment processed during the period:

Result of amendment request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

Section F

Notation of personal records – number of requests for notation processed during the period.

Notation of personal records	Issued	Total
F3 Number of requests for notation	0	0

Section G

FOI requests granted in part or refused – basis of disallowing access – number of times each reason cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 [application incomplete, wrongly directed]	0	0
G2 Section 22 [deposit not paid]	0	0
G3 Section 25(1)(a1) [diversion of resources]	0	0
G4 Section 25(1)(a) [Exempt]	1	0
G5 Section 25(1)(b),(c),(d) [Otherwise available]	0	0
G6 Section 28(1)(b) [documents not held]	1	0
G7 Section 24(2) – deemed refused, over 21 days	0	0
G8 Section 31(4) [released to medical practitioner]	0	0
G9 Totals	2	0

Section H

Costs and fees of requests processed during the period (ie those included in lines A4, A5 and A6).

	Assessed costs	FOI fees received
H1 All completed requests	\$0	\$30.00

Section I

Discounts allowed – numbers of FOI requests processed during the period where discounts were allowed

Type of discount allowed	Personal	Other
I1 Public interest	0	0
I2 Financial hardship – Pensioner/Child	0	0
I3 Financial hardship – Non profit organisation	0	0
I4 Totals	0	0

Section J

Days to process – number of completed request (A4) by calendar days (elapsed time) taken to process.

Elapsed time	Personal	Other
J1 0 – 21 days	2	0
J2 22 – 35 days	0	0
J3 Over 35 days	0	0
J4 Totals	2	0

Section K

Processing time – number of completed request (A4) by hours taken to process.

Processing hours	Personal	Other
K1 0 – 10 hours	2	0
K2 11 – 20 hours	0	0
K3 21 – 40 hours	0	0
K4 Over 40 hours	0	0
K5 Totals	2	0

Section L

Reviews and appeals – number finalised during the period.

L1 Number of internal reviews finalised	0	0
L2 Number of Ombudsman reviews finalised	0	0
L3 Number of District Court appeals finalised	0	0

Details of internal review results – in relation to internal reviews finalised during the period.

Bases of internal review	Personal		Other	
	*Upheld	*Varied	*Upheld	*Varied
Grounds on which Internal Review Requested				
L4 Access refused	0	0	0	0
L5 Deferred	0	0	0	0
L6 Exempt	0	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	0	0	0	0
L10 Totals	0	0	0	0

**relates to whether or not the original agency decision was upheld or varied by the internal review*

Access to documents is generally granted at times on the basis of informal administrative processes.

Legislative Changes

During 2005 changes were made to the By-Laws of the University and to the Higher Education Support Amendment Act ("the Act").

The Act was passed through the Senate on 9 December 2005 and will come into effect from 1 July 2006. The Act is designed to provide choice to students in relation to membership of student organisations and payment for amenities, facilities or services. It has two essential purposes:

1. The University cannot require a person to become a member of an organisation of students; or require a person to join an organisation of students unless that person has chosen to become a member of the organisation.
2. The University cannot require a person enrolled with it to pay to the provider or a student organisation an amount for the provision to the student of an amenity, facility or service that is not of an academic nature, unless that person has chosen to use the amenity, facility or service.

Appendix 2: Ethnic Affairs Priorities Statement

1. Program and service delivery

Objective 1.1

Ensure that curricula is inclusive and considerate of cultural diversity.

Outcome 2005

- A copy of a brochure on inclusive curricula is provided to all new academic staff.
 - Students from non-English background have been identified as a key performance indicator, to improve the quality of learning and teaching.
 - In the School of Law and Justice all first year Bachelor of Laws students are exposed to cross cultural curriculum materials in the Legal Process unit. The School's mission aims to graduate students who are "gender, culturally, socially, politically,...and ethically aware". Graduate attributes for courses include cultural awareness.
 - The School of Tourism and Hospitality Management continued the 6 month student exchange program, and had 17 students in 4 different countries in 2005.
 - The School of Social Sciences has embedded cross cultural perspectives in the curriculum of the revised Bachelor of Social Sciences, including cultural diversity, refugee populations, intercultural communications, diversity in the workplace, and social inequality and social justice.
 - The Graduate College of Management has included ethics and diversity issues in the core curriculum of the Master of Business Administration.
 - The School of Psychology offers a core unit, titled Cross-cultural and Indigenous Issues in Psychology, to Bachelor of Psychology (Honours) students. Recent feedback suggests the School is amongst the leaders in Australian psychology in this area.
-

Objective 1.2

Provide information and support for students and access to language resources of staff.

Outcome 2005

- Several Schools within the University have developed and implemented Student Peer Mentoring Programs targeting specific equity groups, including people from non-English speaking backgrounds.
 - A list of languages spoken by staff is maintained, updated annually, and accessible to all staff via the University Intranet.
 - The International Office offers language courses to staff, to assist in the development of language skills.
-

Objective 1.3

Social harmony – multiculturalism.

Outcome 2005

- The University presents an Annual Cultural Diversity Lecture. The guest speaker in 2005 was Professor Vin D'Cruz. This is a public lecture, open to all students and staff.
 - The multi-faith worship need of students was accommodated with the provision of an appropriate space on campus. The University Chaplaincy services were reviewed and revised.
 - The University Centre for Cultural Diversity and Social Justice is an interdisciplinary community of scholars, focussing on difference that potentially contributes to the inclusion or exclusion in full citizenship. Markers include race and ethnicity, with researchers in the Centre committed to strengthening core values of diversity including tolerance, mutual respect and mutual recognition. The Centre publishes a newsletter, and presents research seminars which are publicised and available to all.
 - The University is supporting the local refugee communities, for example, members of the School of Law and Justice work with Rural Australians for Refugees and Sanctuary, a group resettling Sudanese people in the local area.
 - The School of Law and Justice Summer School at Byron Bay facilitated a public forum with the theme "Australia's Asylum Seeker Policies".
-

Plan for 2006

- Continuation of curricula that is inclusive and considerate of cultural diversity.
 - The School of Tourism and Hospitality Management will commence a new Bachelor of Business in International Tourism Management. As a component of this program Australian students will have to spend at least one year in a foreign country (or 6 months in two countries) to expose them to different cultures, with students encouraged to spend a period of time in a non-English speaking country.
 - The School of Nursing and Health Care Practices will implement a new course design in the Bachelor of Nursing ensuring inclusion of cultural elements, meeting the Nurses and Midwives Board cultural competencies for graduates.
 - The Graduate College of Management will develop graduate attributes related to ethics and diversity and map them into the curriculum.
 - Equity Student Peer Mentor programs will be extended and standardised, with both an on-campus and outreach focus. Programs will be implemented in several Schools on both the Lismore and Coffs Harbour campuses. A specific target group will be Australian students from non-English speaking backgrounds.
 - Establishment of a whole of University multi-faith model to ensure greater coordination and facilitation of multi-faith activities across all the campuses.
-

2. Staffing**Objective 2.1**

Provide ongoing training and education in cultural diversity to university staff.

Outcome 2005

- The Recruitment and Appointment Policy requires that all staff participating on staff selection panels must have completed training in staff selection and interviewing. This training includes anti-discrimination and cultural diversity segments, with an emphasis on the principles of merit selection and highlighting the value of a culturally diverse workplace.
 - The University provides Intranet based anti-discrimination training modules for all staff, plus an additional module for Managers.
 - Various School-based workshops and learning opportunities are provided for staff focussing on teaching and learning methods for students from non-English speaking backgrounds.
-

Objective 2.2

Ensure staffing profile is analysed and reported annually.

Outcome 2005

- The staffing profile of people from culturally diverse backgrounds was analysed and reported to the University Executive.
-

Objective 2.3

Continue to promote a positive culture that is free from discrimination and harassment.

Outcome 2005

- Position descriptions for general staff include selection criteria requiring a demonstration of a commitment to staff and student equity and cultural diversity within the workplace.
 - All staff selection panels include a representative from Human Resources, providing additional support in ensuring merit based appointments.
-

Plan 2006

- The University will continue to promote a culture that is supportive of diversity in order to attract and retain staff from culturally and linguistically diverse backgrounds.
 - Provision of cultural diversity training is an ongoing commitment of the University.
 - Establish a program for the annual recruitment of trainees, exploring the possibility of targeting equity groups, including people from culturally diverse backgrounds.
 - Analyse and report on the staffing profile of people from culturally diverse backgrounds.
-

3. Communication

Objective 3.1

Communicate the University's objective to develop a culture of knowledge and respect for equity and cultural diversity.

Outcome 2005

- The Equity and Access Committee plays an important role in the two-way communication of cultural diversity issues, initiated through committee members representing all areas of the University.
- The University displays posters for international, national and local multi-cultural events, and promotes events that support intercultural understanding. Relevant culturally diverse event information is also placed on the University Website.
- Cultural diversity resources and electronic links are available via the Equity Website.

All externally advertised staff vacancies express the University's commitment to cultural diversity.

Plan 2006

- Review and revise the Equity Website to ensure the continued inclusion of relevant information related to cultural diversity.
 - Continue to build on successes in diversity initiatives and achievements and publicise these within the University and in the local community.
-

4. Planning and evaluation

Objective 4.1

Incorporate cultural diversity into University plans.

Outcome 2005

- Cultural Diversity was incorporated into the 2002-2005 Southern Cross University Equity and Access Plan, with one objective being the development of a culture of knowledge and respect for equity and cultural diversity

Plan 2006

- Monitor and review University staff training/education programs in cultural diversity.
 - Review the Equity and Access Plan and develop a plan for the University for 2006-2010, ensuring inclusion of cultural diversity strategies for Faculties, Schools and Departments.
 - Monitor all University plans for inclusion of cultural diversity strategies.
-

SOUTHERN CROSS UNIVERSITY

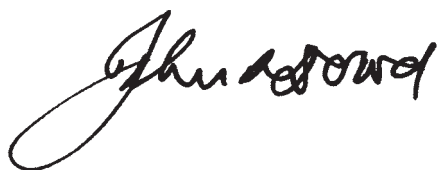
FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

Statement by Members of the Council

In accordance with a resolution of the Council of Southern Cross University and pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state that:

1. The attached is a general purpose financial report and presents a true and fair view of the University's and Consolidated Entity's financial position as at 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date;
2. The financial reports have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Commonwealth Guidelines for the Preparation of Annual Financial Reports for the 2005 Reporting Period by Australian Higher Education Providers;
3. The financial reports have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other mandatory professional reporting requirements;
4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate;
5. At the time of this certificate there are reasonable grounds to believe that the University and Consolidated Entity will be able to pay their debts as and when they become due and payable;
6. The amount of Commonwealth financial assistance expended during the reporting period was for the purposes for which it was provided.



J.R. Dowd
Chancellor



P. Clark
Vice-Chancellor

7th April 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Southern Cross University

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Southern Cross University (the University):

- presents fairly the University's and the consolidated entity's financial position as at 31 December and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with:
 - section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2005*, and
 - the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2005 Reporting Period', issued by the Australian Government Department of Education, Science and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*.

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

Scope

The Financial Report and Council's Responsibility

The financial report comprises the balance sheets, income statements, statement of changes in equity, cash flow statements and accompanying notes to the financial statements for the University and the consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the University and the entities it controlled during the financial year.

The *Council* of the University are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF&A Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the *Council* in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that members of the *Council* had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. 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.



MT Spriggins CA
Director, Financial Audit Services

SYDNEY
13 April 2006

Income Statements for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	50,244	39,363	50,244	39,363
HECS-HELP – Australian Government payments	3	20,716	21,088	20,716	21,088
FEE-HELP	3	2,780	1,323	2,780	1,323
State and local Government financial assistance	4	783	841	783	841
HECS-HELP – Student Payments		3,462	3,397	3,462	3,397
Fees and charges	5	16,454	16,101	15,897	15,347
Investment income	6	1,434	1,123	1,335	991
Royalties, trademarks and licences	7	26	26	26	26
Consultancy and contracts	8	5,773	5,815	5,381	5,280
Other revenue	9	7,172	6,570	5,419	4,870
Shares of net results of associates and joint venture partnership accounted for using the equity method	36	785	389	526	329
Subtotal		109,629	96,036	106,569	92,855
Deferred Government Superannuation Contributions		(53)	(1,661)	(53)	(1,661)
Total revenue from continuing operations		109,576	94,375	106,516	91,194
Expenses from continuing operations					
Employee benefits and on costs	10	65,294	62,466	63,521	60,890
Depreciation and amortisation	11	5,451	6,854	5,354	6,756
Repairs and maintenance	12	1,474	1,103	1,474	1,103
Bad and doubtful debts	13	465	44	465	44
Other expenses	14	35,779	31,316	35,033	29,695
Subtotal		108,463	101,783	105,847	98,488
Deferred Employee Benefits for Superannuation	10	(53)	(1,661)	(53)	(1,661)
Total expenses from continuing operations		108,410	100,122	105,794	96,827
Operating result before income tax		1,166	(5,747)	722	(5,633)
Income tax expense	15	-	(19)	-	-
Operating result from continuing operations		1,166	(5,766)	722	(5,633)
Net operating result for the year		1,166	(5,766)	722	(5,633)
Net operating result attributable to minority interest		-	22	-	-
Net operating result attributable to members of Southern Cross University		1,166	(5,788)	722	(5,633)

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

Southern Cross University and Controlled Entities

ABN 41 995 651 524



Balance Sheets as at 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	16	24,196	17,254	22,446	15,123
Receivables	17	5,300	4,456	5,021	4,658
Inventories	18	66	73	-	-
Other non-financial assets	23	1,543	1,235	1,519	1,196
Total current assets		31,105	23,018	28,986	20,977
Non-current assets					
Receivables	17	24,245	24,339	24,245	24,354
Inventories	18	-	-	-	-
Investments using the equity method	19	7,072	6,787	572	546
Available-for-sale financial assets	20	-	-	-	-
Other financial assets	21	-	410	-	410
Property, plant and equipment	22	148,237	148,550	147,998	148,231
Other non-financial assets	23	-	-	-	-
Total non-current assets		179,554	180,086	172,815	173,541
Total assets		210,659	203,104	201,801	194,518
LIABILITIES					
Current liabilities					
Payables	24	5,930	4,247	5,720	4,045
Provisions	25	4,160	3,832	4,095	3,775
Other liabilities	26	5,408	2,801	5,037	2,266
Total current liabilities		15,498	10,880	14,852	10,086
Non-current liabilities					
Payables	24	1,314	709	1,314	709
Interest bearing liabilities		-	-	-	-
Provisions	25	32,969	31,781	32,855	31,665
Other liabilities	26	-	-	-	-
Total non-current liabilities		34,283	32,490	34,169	32,374
Total liabilities		49,781	43,370	49,021	42,460
Net assets		160,878	159,734	152,780	152,058
EQUITY					
Parent entity interest					
Statutory funds		-	-	-	-
Reserves		-	-	-	-
Retained surplus	27	160,878	159,712	152,780	152,058
Parent entity interest		160,878	159,712	152,780	152,058
Minority interest	28	-	22	-	-
Total equity		160,878	159,734	152,780	152,058

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

Statement of changes in equity for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Total equity at the beginning of the financial year		159,734	165,500	152,058	157,691
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:					
Retained surplus	27	-	-	-	-
Reserves		-	-	-	-
Gain on revaluation of land and buildings, net of tax		-	-	-	-
Share of revaluation of land of associate, net of tax		-	-	-	-
Share of revaluation of land and buildings by joint venture, net of tax		-	-	-	-
Available for sale financial assets, net of tax		-	-	-	-
Exchange differences on translation of foreign operations		-	-	-	-
Net income recognised directly in equity		-	-	-	-
Operating result for the year		1,166	(5,766)	722	(5,633)
Total recognised income and expense for the year		1,166	(5,766)	722	(5,633)
Transactions with equity holders in their capacity as equity holders:					
Minority interest		-	22	-	-
Dividends paid		(22)	-	-	-
		1,144	(5,766)	722	(5,633)
Total equity at the end of the financial year		160,878	159,734	152,780	152,058
Total recognised income and expense for the year is attributable to:					
Members of Southern Cross University		1,166	(5,788)	722	(5,633)
Minority interest		-	22	-	-
		1,166	(5,766)	722	(5,633)

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

Cash flow statements for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash flows from operating activities					
Australian Government					
CGS and Other DEST Grants	41.1	41,735	31,607	41,735	31,607
Higher Education Loan Programmes	41.2	25,223	20,623	25,223	20,623
Scholarships	41.3	1,375	960	1,375	960
DEST Research	41.4	4,888	4,167	4,888	4,167
ARC grants - Discovery	41.5(a)	172	466	172	466
ARC grants - Linkages	41.5(b)	902	1,283	902	1,283
Other Australian Government Grants		1,415	878	1,415	878
State Government Grants		797	944	797	944
HECS-HELP – Student payments		3,263	3,397	3,263	3,397
OS-HELP (net)		-	-	-	-
Receipts from student fees and other customers		14,851	14,245	16,460	13,418
Interest received		1,434	1,115	1,335	991
Joint Venture partnership distributions received		500	850	500	850
Student Accommodation		2,166	2,137	2,166	2,137
Other Operating Receipts		11,994	15,136	8,344	11,387
Payments to employees		(51,317)	(47,124)	(49,837)	(47,124)
Salary related costs		(12,409)	(11,971)	(12,115)	(10,454)
Payments to suppliers (inclusive of goods and services tax)		(34,746)	(35,949)	(34,046)	(32,538)
Interest paid		-	-	-	-
Income taxes paid		-	(5)	-	-
Net cash inflow (outflow) from operating activities	38	12,243	2,759	12,577	2,992
Cash flows from investing activities					
Proceeds from sale of division		-	-	-	-
Proceeds from sale of property, plant and equipment		1,940	2,825	1,192	2,792
Proceeds from sale of investments		-	3	-	3
Proceeds from sale of available-for-sale financial assets		-	-	-	-
Loans to related parties		-	-	-	-
Payment for purchase of subsidiary, net of cash acquired		-	-	-	-
Payments for property, plant and equipment		(7,210)	(6,088)	(6,446)	(5,829)
Repayments of loans by related parties		-	-	-	-
Payments for investment in joint venture partnership		(9)	-	-	-
Net cash inflow (outflow) from investing activities		(5,279)	(3,260)	(5,254)	(3,034)
Cash flows from financing activities					
Dividends paid by controlled entities		(22)	(3)	-	-
Repayment of directors loans		-	(7)	-	-
Net cash inflow (outflow) from financing activities		(22)	(10)	-	-
Net increase (decrease) in cash and cash equivalents		6,942	(511)	7,323	(42)
Cash and cash equivalents at the beginning of the financial year		17,254	17,765	15,123	15,165
Effects of exchange rate changes on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at end of year	16	24,196	17,254	22,446	15,123

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

Notes to the Financial Statements for the year ended 31 December 2005

Note	Contents of the notes to the financial statements
1	Summary of significant accounting policies
2	Disaggregated information
	Revenue
3	Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes
4	State and Local Government financial assistance
5	Fees and charges
6	Investment income
7	Royalties, trademarks and licenses
8	Consultancy and contracts
9	Other revenue
	Expenses
10	Employee benefits and on costs
11	Depreciation and amortisation
12	Repairs and maintenance
13	Bad and doubtful debts
14	Other expenses
15	Income tax
	Assets
16	Cash and cash equivalents
17	Receivables
18	Inventories
19	Investments accounted for using the equity method
20	Available-for-sale financial assets
21	Other financial assets
22	Property, plant and equipment
23	Other non-financial assets
	Liabilities
24	Payables
25	Provisions
26	Other liabilities
	Equity
27	Retained surplus
28	Minority interest
29	Responsible persons and executive officers
30	Remuneration of auditors
31	Contingent liabilities and contingent assets
32	Commitments for expenditure
33	Related parties
34	Business combinations
35	Subsidiaries
36	Interests in joint ventures
37	Subsequent Events
38	Reconciliation of operating result after income tax to net cash inflow from operating activities
39	Financial Instruments
40	Explanation of transition to Australian equivalents to IFRS
41	Acquittal of Australian Government financial assistance

Notes to the Financial Statements for the year ended 31 December 2005

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 Southern Cross University as an individual entity and the consolidated entity consisting of Southern Cross University and its subsidiaries.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the requirements of the Department of Education, Science and Training and other State/Australian Government legislative requirements.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

These financial statements are the first financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The Financial Statements of the consolidated entity until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the consolidated entity's equity and its net income are given in note 40.

The consolidated entity has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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.

The financial report has been prepared on an accruals basis and is based on 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.

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

Notes to the Financial Statements for the year ended 31 December 2005

Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Southern Cross University as at 31 December 2005 and the results of all controlled entities for the year then ended. Southern Cross University and its controlled entities are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity have been eliminated in full. All controlled entities are audited by The Audit Office of New South Wales.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report. Details of controlled entities are contained in Note 35.

b) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

c) Revenue recognition

Financial assistance

Financial assistance received is recognised as revenue in the period in which the funds are received.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

Notes to the Financial Statements for the year ended 31 December 2005

d) Student associations

The financial activities of student associations related to the functioning of the University or providing services to the student body have not been consolidated with or included in the financial statements of the institution as they are not considered to be controlled entities.

e) Cash and cash equivalents

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

f) Basis of valuation of non-current assets

Land, buildings and infrastructure

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

The consolidated entity has elected to revert to a cost basis for measuring non-current assets and has chosen to deem the existing carrying amount to be their cost. The deemed cost of the non-current assets is the carrying value at 1 January 2004. These values were based on the 2002 independent valuation prepared by a member of the Australian Property Institute.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. Southern Cross University is classified as a not-for-profit entity under AIFRS. Value in use for not-for-profit entities is deemed to be depreciated replacement cost. At each reporting date the economic entity assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the economic entity will perform a recoverable amount test. Impairment losses are recognised in the income statement.

Plant and equipment

Plant and equipment are measured at cost. Plant, equipment and vehicles with an acquisition cost of \$5,000 or greater are capitalised and are recognised in the balance sheet at cost (being purchase price plus incidental costs directly attributable to the acquisition). Individual items of plant and equipment costing less than \$5,000 are treated as an expense in the year of acquisition.

Library collection

The library book collection is measured at cost. The University has a rare book collection, which has been capitalised but has not been depreciated due to the unique nature of the collection.

Notes to the Financial Statements for the year ended 31 December 2005

g) Depreciation of non-current assets

Buildings, Infrastructure and Plant and Equipment are depreciated over their estimated economic useful lives to the consolidated entity using the straight-line method.

The annual rates for depreciation are:

	%p.a.
Buildings	1-15
Infrastructure	1-10

Plant & equipment	%p.a.
Research equipment	33.3
Vehicles	15
Computer equipment	33.3
Medical, audio visual equipment	15
Boats and associated	25
General equipment	10
Library general collection	20

h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The University currently has no finance leases. All leases are operating leases where the consolidated entity does not assume the risks and benefits of ownership. Lease payments for operating leases are charged as an expense in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability. Lease payments for operating leases are recognised as an expense in the income statement.

i) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

j) Inventories

Inventories have been valued at lower of cost or net realisable value, on a first in first out basis (FIFO).

Notes to the Financial Statements for the year ended 31 December 2005

k) Investments and other financial assets

From 1 January 2004 to 31 December 2004

The group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable. Transaction costs are excluded from the carrying amounts.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

For further information concerning the adjustments on transition date reference should be made to the following notes Explanation of transition to AIFRS - note 40 and Available-for-sale financial assets - note 20.

From 1 January 2005 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

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 exist 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.

Notes to the Financial Statements for the year ended 31 December 2005

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the 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 not carried at fair value through profit or loss. 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 and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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 and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Notes to the Financial Statements for the year ended 31 December 2005

l) 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 group 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 group 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 group for similar financial instruments.

m) Payables

Accounts payable represent goods and services provided to the consolidated entity prior to balance date. The accounts are usually settled on the creditors trading terms.

n) Employee benefits

(i) Wages and salaries and annual 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.

(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.

Notes to the Financial Statements for the year ended 31 December 2005

(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 all 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 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.

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 charged or credited to income over the employees' expected average remaining working lives.

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.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (eg taxes on investment income and employer contributions) are taken into account in measuring the net 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.

o) 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, Science and Training (DEST) the effects of the unfunded superannuation liabilities of the HEP 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 recorded in the Balance Sheet under Provisions have been determined by independent actuaries appointed by each defined benefit plan and relate to the assessment of the gross superannuation liabilities for the defined benefits scheme administered by the SAS Trustee Corporation for the year ended 31 December 2005. These schemes include the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-Contributory Superannuation Scheme (SANCS).

The details of the actuarial assessment at 31 December 2005 are disclosed in note 25.

Notes to the Financial Statements for the year ended 31 December 2005

Contributions are made by the university to employee superannuation funds and are expensed when incurred.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the HEP'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 HEP and its controlled entities.

p) Joint venture operations

(i) Jointly controlled operations

The proportionate interests in the assets, liabilities and expenses of a jointly controlled operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 36.

(ii) Jointly controlled entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in note 36.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

q) Research and development costs

Research and development costs are expensed in the year in which they are incurred.

r) Provisions

Provisions are recognised when the economic entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the economic entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the rises specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

Notes to the Financial Statements for the year ended 31 December 2005

s) Financial instruments transaction costs

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The Consolidated entity has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the consolidated entity was immaterial.

t) Foreign currency

Transactions in foreign currencies are initially recorded in the functional currency (\$AUD) at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

u) Deferred tax assets and liabilities

Southern Cross University, Norsesearch Limited and Australian Plant DNA Bank Limited are exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the consolidated financial report.

The controlled entities Southern Cross Human Resource Development Pty Ltd and Biobank Pty Ltd are subject to income tax, and a provision for income tax has been made in respect of their profit / loss for 2005.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements for the year ended 31 December 2005

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

v) 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. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

w) Financial effects of changes to Australian Government payment arrangements for 2005 grant year

Background

DEST made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year will be made in that year. The past practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

Financial effects for 2004

Changes to payment arrangements will mean that those HEPs that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 will have the effect of understating the Australian Government funding for the 2004 grant year in their 2004 Statement of Financial Performance. The HEPs were required to identify in their 2004 financial statements, the impact of the changed treatment on their operating result by restating the Australian Government financial assistance for 2004 (by incorporating the amount received in December 2003 as revenue for the 2004 reporting period) and the total revenue from operating activities. If the restated amounts for 2004 are not reported in the income statement, then that information is provided below:

	\$'000
2004 Revenue from Operating Activities (per Income Statement)	97,167
Add Grants Received in 2003 for 2004 Activities:	
Australian Government financial assistance	2,949
HECS – Australian Government payments	–
Australian Government loan programmes	–
	<hr/>

Notes to the Financial Statements for the year ended 31 December 2005

Total Restated 2004 Revenue from Operating Activities	100,116
Restated 2004 Operating Result	(2,893)
Reported 2004 Operating Result	(5,842)
Financial Effect on 2004 Operating Result	2,949

The Australian Government has used the restated figures for 2004 in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all HEPs.

x) Rounding of amounts

The company is of a kind referred to in Class order 98 / 0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

y) Comparative figures

Where necessary, 2004 comparative figures have been reclassified for purposes of consistency in presentation.

Notes to the Financial Statements
for the year ended 31 December 2005

Note 2. Disaggregated information

Geographical [Consolidated Entity]

	Revenue		Results		Assets	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	106,366	92,351	970	(6,017)	210,659	203,104
Asia	2,753	1,689	100	142	-	-
Other	457	335	96	87	-	-
	109,576	94,375	1,166	(5,788)	210,659	203,104

Notes to the Financial Statements
for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 3. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes					
(a) Commonwealth Grants Scheme and Other Grants					
	41.1				
Commonwealth Grants Scheme #		38,849	30,708	38,849	30,708
Indigenous Support Fund		659	457	659	457
Equity Programmes +		405	434	405	434
Workplace Reform Programme		566	-	566	-
Workplace Productivity Programme		-	-	-	-
Learning & Teaching Performance Fund		-	-	-	-
National Institutes Funding		-	-	-	-
Capital Development Pool		1,256	-	1,256	-
Superannuation Programme		-	-	-	-
Collaboration & Structural Reform Programme		-	-	-	-
Total Commonwealth Grants Scheme and Other Grants		41,735	31,599	41,735	31,599
(b) Higher Education Loan Programmes					
	41.2				
HECS-HELP		20,716	21,088	20,716	21,088
FEE-HELP*		2,780	1,323	2,780	1,323
Total Higher Education Loan Programmes		23,496	22,411	23,496	22,411
(c) Scholarships					
	41.3				
Australian Postgraduate Awards		668	575	668	575
International Postgraduate Research Scholarship		88	127	88	127
Commonwealth Education Cost Scholarships		235	74	235	74
Commonwealth Accommodation Scholarships		384	184	384	184
Indigenous Staff Scholarships		-	-	-	-
Total Scholarships		1,375	960	1,375	960
(d) DEST – Research					
	41.4				
Institutional Grants Scheme		1,336	1,200	1,336	1,200
Research Training Scheme		3,077	2,553	3,077	2,553
Systemic Infrastructure Initiative		-	-	-	-
Research Infrastructure Block Grants		476	414	476	414
Regional Protection Scheme		-	-	-	-
Total DEST – Research Grants		4,889	4,167	4,889	4,167
(e) Australian Research Council					
	41.5				
(i) Discovery					
	41.5(a)				
Project		172	466	172	466
Fellowships		-	-	-	-
Indigenous Researchers Development		-	-	-	-
Total Discovery		172	466	172	466

Notes to the Financial Statements
for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 3. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes					
(ii) Linkages	41.5(b)				
Special Research Initiatives		-	-	-	-
Infrastructure		-	289	-	289
International		-	-	-	-
Learned Academics		-	-	-	-
Projects		902	994	902	994
Total Linkages		902	1,283	902	1,283
(iii) Networks and Centres	41.5(c)				
Research networks		-	-	-	-
Centres		-	-	-	-
Total Networks and Centres		-	-	-	-
# For 2004, the CGS would be an amount equivalent to the CGS base operating grant amount and will exclude Superannuation Programme and Workplace Productivity Programme.					
* For 2004, FEE-HELP would include PELS and BOTPLS					
+ Includes amounts for Higher Education Equity Support Programme and Students with Disabilities Programme					
(f) Other Australian Government financial assistance					
Department Employment Science and Training (ATAS)		170	176	170	176
Regional Universities Network		-	-	-	-
Other		1,001	712	1,001	712
Grants unexpended in prior year brought forward		-	-	-	-
Total other Australian Government financial assistance		1,171	888	1,171	888
Total Australian Government financial assistance		73,740	61,774	73,740	61,774
Reconciliation					
Australian Government grants [a + c + d + e + f]		50,244	39,363	50,244	39,363
HECS-HELP – Australian Government payments		20,716	21,088	20,716	21,088
Other Australian Government loan programmes [FEE-HELP]		2,780	1,323	2,780	1,323
Total Australian Government financial assistance		73,740	61,774	73,740	61,774

Notes to the Financial Statements for the year ended 31 December 2005

Notes	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 4. State and Local Government financial assistance				
New South Wales State and local Government	577	709	577	709
Queensland Government	154	50	154	50
Western Australian Government	14	-	14	-
Victorian Government	22	-	22	-
Tasmanian Government	5	15	5	15
South Australian Government	6	3	6	3
Northern Territory Government	5	64	5	64
Revenue received this period	783	841	783	841
Add:				
Grants unexpended in prior year brought forward	-	-	-	-
Total income available	783	841	783	841
Less:				
Unexpended funds carried forward to following year	-	-	-	-
	783	841	783	841
Other State Government Financial Assistance	-	-	-	-
Total State and Local Government financial assistance	783	841	783	841

Note 5. Fees and charges

Course fees and charges

Fee-paying overseas students	9,946	9,144	9,946	9,144
Continuing education	575	767	19	13
Fee-paying domestic postgraduate students	2,795	3,256	2,795	3,256
Fee-paying domestic undergraduate students	166	78	166	78
Fee-paying domestic non-award students	432	468	432	468
Other domestic course fees and charges	-	-	-	-
Total course fees and charges	13,914	13,713	13,358	12,959

Other fees and charges

Amenities and service fees	42	-	42	-
Examination fees	-	-	-	-
Late fees	114	-	114	-
Library fines	-	-	-	-
Parking fees	-	-	-	-
Registration fees	-	-	-	-
Rental charges	-	-	-	-
Student accommodation	2,166	2,137	2,166	2,137
Other fees and charges	218	251	217	251
Total other fees and charges	2,540	2,388	2,539	2,388
Total fees and charges	16,454	16,101	15,897	15,347

Notes to the Financial Statements for the year ended 31 December 2005

Notes	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 6. Investment income				
Interest income	1,434	1,123	1,335	991
Total investment income	1,434	1,123	1,335	991
Note 7. Royalties, trademarks and licences				
Royalties, trademarks & licenses	26	26	26	26
Total royalties, trademarks and licences	26	26	26	26
Note 8. Consultancy and contracts				
Consultancy	556	5,815	164	157
Contract research	5,217	-	5,217	5,123
Total consultancy and contracts	5,773	5,815	5,381	5,280
Note 9. Other revenue				
Donations and bequests	64	323	92	323
Scholarships and prizes	124	43	124	43
Net gain on disposal of property, plant & equipment	-	33	-	-
Fair value gains on other financial assets at fair value through profit or loss	1	3	1	3
Net gain on sale of available-for-sale financial asset	-	-	-	-
Scientific Testing	541	355	541	355
Sale of goods	453	351	232	350
Cost Recoveries	3,078	2,998	3,053	2,978
Miscellaneous Sales	711	616	711	596
Other revenue	2,200	1,848	665	222
Total other revenue	7,172	6,570	5,419	4,870

Notes to the Financial Statements
for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Note 10. Employee benefits and on costs				
Academic				
Salaries	25,384	24,715	25,342	24,684
Contribution to superannuation and pension schemes:				
Emerging cost	792	824	792	824
Funded	2,528	2,706	2,524	2,706
Provisions for future emerging costs	-	-	-	-
Payroll tax	1,511	1,793	1,508	1,791
Worker's compensation	36	309	36	309
Long service leave expense	1,475	788	1,475	788
Annual leave	199	(49)	199	(49)
Other	291	279	291	276
Total academic	32,216	31,365	32,167	31,329
Non-academic				
Salaries	25,933	23,664	24,503	22,440
Contribution to superannuation and pension schemes:				
Emerging cost	493	492	493	492
Funded	2,760	3,512	2,611	3,372
Payroll tax	1,526	1,704	1,458	1,627
Worker's compensation	31	298	35	282
Long service leave expense	1,391	886	1,319	863
Annual leave	587	224	589	208
Other	357	321	346	277
Total non-academic	33,078	31,101	31,354	29,561
Total academic & non-academic employee benefits & on costs	65,294	62,466	63,521	60,890
Deferred employee benefits for superannuation	(53)	(1,661)	(53)	(1,661)
Total employee benefits & on costs	65,241	60,805	63,468	59,229

Note 11. Depreciation and amortisation

Depreciation				
Buildings and infrastructure	3,492	4,384	3,492	4,384
Plant and equipment	1,445	1,644	1,348	1,546
Library collection	514	826	514	826
Total depreciation and amortisation	5,451	6,854	5,354	6,756

Notes to the Financial Statements
for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 12. Repairs and maintenance				
Buildings and grounds	1,474	1,103	1,474	1,103
Total repairs and maintenance	1,474	1,103	1,474	1,103

Note 13. Bad and doubtful debts

Bad and doubtful debts	465	44	465	44
Total bad and doubtful debts	465	44	465	44

Note 14. Other expenses

Scholarships, grants and prizes	3,656	2,991	3,656	2,991
Non-capitalised equipment	2,237	2,163	2,158	2,115
Equipment maintenance, rental & hire charges	377	437	344	368
Advertising, marketing and promotional expenses	1,218	1,464	1,218	1,441
taxes	1,570	1,459	1,518	1,400
Printing and stationery	731	1,002	2,267	1,974
Postage, freight & courier	676	794	665	763
Property and facility costs	2,570	2,761	2,570	2,530
Software purchases, licences, consultancy	963	1,177	954	1,172
Books, serials & subscriptions	1,230	1,187	1,230	1,179
Rental, hire and other leasing fees	1,858	1,282	1,108	572
Telecommunications	1,241	1,125	1,238	1,108
Travel and related staff development and training	3,601	4,257	3,602	3,680
equipment	133	163	133	131
Loss on sale of investments	227	691	197	691
Fees paid	7,881	5,829	7,156	4,830
Contributions to CRCs	858	111	858	111
Education providers	608	-	608	-
Laboratory consumables	629	357	550	325
Other expenses	3,515	2,066	3,003	2,314
Total other expenses	35,779	31,316	35,033	29,695

Notes to the Financial Statements
for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 15. Income tax				
(a) Income tax expense				
Current tax	-	19	-	-
	-	19	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Operating result from continuing operations before income tax expense	184	(173)	-	-
Operating result from discontinuing operations before income tax expense	-	-	-	-
Tax at the Australian tax rate of 30% (2005 30%)				
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	(1)	(19)	-	-
Write-off of deferred income tax asset as it is not probable that they will be recovered by future operations	1			
Depreciation and amortisation	-	-	-	-
Share of net operating result of associates	-	-	-	-
Tax offset for franked dividends	-	-	-	-
Non-taxable dividends	-	-	-	-
Sundry items	-	-	-	-
Difference in overseas tax rates	-	-	-	-
Under (over) provision in prior years	-	-	-	-
Prior year tax losses not recognised now recouped	-	-	-	-
Income tax expense	-	(19)	-	-

The controlled entities, Biobank Pty Limited and Southern Cross Human Resource Development Pty Ltd are not exempt from income tax. The tax provision is based on the company tax rate for 2005.

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.

Notes to the Financial Statements for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 16. Cash and cash equivalents					
Cash at bank		1,050	725	851	465
Petty cash		15	15	14	14
Bank interest bearing and at call deposits		23,131	16,514	21,581	14,644
Total cash and cash equivalents		24,196	17,254	22,446	15,123

(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		24,196	17,254	22,446	15,123
Balance per statement of cash flows		24,196	17,254	22,446	15,123

(b) Cash at bank

These are variable interest rates.

(c) Deposits at call

The deposits are bearing floating interest rates of 5.50% (2004 – 5.25%).

(d) Interest bearing deposits

The deposits are bearing floating interest rates between 5.75% and 5.95% (2004 – 5.47% and 5.59%).
These deposits have an average maturity of 44 days.

Note 17. Receivables

Current

Student fees		1,283	1,444	1,283	1,444
Trade debtors		3,423	2,988	3,144	2,509
Less: Provision for doubtful receivables		(584)	(153)	(584)	(151)
		4,122	4,279	3,843	3,802
Other debtors		1,178	177	1,178	856
Total current receivables		5,300	4,456	5,021	4,658

Non-current

Deferred government contribution for superannuation		23,758	23,811	23,758	23,811
Receivable from student associations		-	30	-	29
Coffs Harbour Technology Park Limited		16	-	16	16
Tweed Heads land		471	498	471	498
Total non-current receivables		24,245	24,339	24,245	24,354

Total receivables

		29,545	28,795	29,266	29,012
--	--	--------	--------	--------	--------

Bad and doubtful trade receivables

The Group has recognised a loss of \$465,400 (2004: \$120,997) in respect of bad and doubtful trade receivables during the year ended 31 December 2005. The loss has been included in 'other expenses' in the income statement.

Notes to the Financial Statements for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 18. Inventories					
Current					
At cost		66	73	-	-
Total current inventories		66	73	-	-
Total inventories		66	73	-	-

Note 19. Investments accounted for using the equity method

Interest in joint venture entity	36	7,072	6,787	572	546
Total investments accounted for using the equity method		7,072	6,787	572	546

(a) Shares in joint venture partnership

The interest in Southern Cross University is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity (refer to note 36).

(b) Non-current assets pledged as security

The economic entity and parent entity has not pledged any non-current assets as security for its liabilities.

Note 20. Available-for-sale financial assets

At beginning of year	-	-	-	-
Adjustment on adoption of AASB 132 and AASB 139	410	-	410	-
Additions	-	-	-	-
Disposals (sale and redemption)	(410)	-	(410)	-
Revaluation surplus transfer to equity	-	-	-	-
At end of year	-	-	-	-

(a) Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 as described in note 1(s) from 1 January 2005. At the date of transition to these standards of 1 January 2005.

For more information refer to note 1(s) and note 38.

Note 21. Other financial assets

Non-current				
Other listed securities at fair value	-	410	-	410
Total non-current other financial assets	-	410	-	410
Total other financial assets	-	410	-	410

These financial assets are carried at cost.

Notes to the Financial Statements
for the year ended 31 December 2005

Note 22. Property, plant and equipment

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Library	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
At 1 January 2004							
Cost	206	11,796	120,905	16,373	6,920	12,336	168,536
Accumulated depreciation	-	-	-	(11,160)	(5,102)	-	(16,262)
Net book amount	206	11,796	120,905	5,213	1,818	12,336	152,274
Year ended 31 December 2004							
Opening net book amount	206	11,796	120,905	5,213	1,818	12,336	152,274
Additions	68	-	416	4,912	619	84	6,099
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	(2,954)	-	-	(2,954)
Depreciation charge	-	-	(3,979)	(1,644)	(826)	(405)	(6,854)
Transfers	(3)	31	-	(28)	-	-	-
Write-offs	-	-	-	(15)	-	-	(15)
Closing net book amount	271	11,827	117,342	5,484	1,611	12,015	148,550
At 31 December 2004							
Cost	271	11,827	121,321	18,288	7,538	12,420	171,665
Accumulated depreciation	-	-	(3,979)	(12,804)	(5,927)	(405)	(23,115)
Net book amount	271	11,827	117,342	5,484	1,611	12,015	148,550
Consolidated							
Year ended 31 December 2005							
Opening net book amount	271	11,827	117,342	5,484	1,611	12,015	148,550
Additions	3,187	29	77	2,345	868	68	6,574
Assets classified as held for sale and other disposals	-	-	-	(2,073)	-	-	(2,073)
Depreciation charge	-	-	(3,266)	(705)	(514)	(227)	(4,712)
Transfers	-	-	-	-	-	-	-
Write-offs	-	-	(102)	-	-	-	(102)
Closing net book amount	3,458	11,856	114,051	5,051	1,965	11,856	148,237
At 31 December 2005							
Cost	3,458	11,856	121,296	18,560	8,407	12,487	176,064
Accumulated depreciation	-	-	(7,245)	(13,509)	(6,442)	(631)	(27,827)
Net book amount	3,458	11,856	114,051	5,051	1,965	11,856	148,237

Notes to the Financial Statements
for the year ended 31 December 2005

Note 22. Property, plant and equipment (continued)

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Library	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent entity							
At 1 January 2004							
Cost	206	11,796	120,905	15,623	6,920	12,336	167,786
Accumulated depreciation	-	-	-	(10,588)	(5,102)	-	(15,690)
Net book amount	206	11,796	120,905	5,035	1,818	12,336	152,096
Year ended 31 December 2004							
Opening net book amount	206	11,796	120,905	5,035	1,818	12,336	152,096
Additions	68	-	416	4,642	619	84	5,829
Disposals	-	-	-	(2,923)	-	-	(2,923)
Depreciation charge	-	-	(3,979)	(1,546)	(826)	(405)	(6,756)
Transfers	(3)	31	-	(28)	-	-	-
Write-offs	-	-	-	(15)	-	-	(15)
Closing net book amount	271	11,827	117,342	5,165	1,611	12,015	148,231
At 31 December 2004							
Cost	271	11,827	121,321	17,299	7,538	12,420	170,676
Accumulated depreciation	-	-	(3,979)	(12,134)	(5,927)	(405)	(22,445)
Net book amount	271	11,827	117,342	5,165	1,611	12,015	148,231
Parent entity							
Year ended 31 December 2005							
Opening net book amount	271	11,827	117,342	5,165	1,611	12,015	148,231
Additions	3,187	29	77	2,328	868	68	6,557
Disposals	-	-	-	(1,325)	-	-	(1,325)
Depreciation charge	-	-	(3,266)	(1,347)	(514)	(227)	(5,354)
Write-offs	-	-	(102)	(9)	-	-	(111)
Closing net book amount	3,458	11,856	114,051	4,812	1,965	11,856	147,998
At 31 December 2005							
Cost	3,458	11,856	121,296	16,589	8,407	12,487	174,093
Accumulated depreciation	-	-	(7,245)	(11,777)	(6,442)	(631)	(26,095)
Net book amount	3,458	11,856	114,051	4,812	1,965	11,856	147,998

(a) Valuations of land and buildings

The valuation basis of land and buildings is deemed cost. Refer to Note 1.

Notes to the Financial Statements
for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 23. Other non-financial assets					
Current					
Prepayments		1,543	1,235	1,519	1,196
Total current other non-financial assets		1,543	1,235	1,519	1,196
Non-current					
Deferred tax asset		-	-	-	-
Total non-current other non-financial assets		-	-	-	-
Total other non-financial assets		1,543	1,235	1,519	1,196
Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.		4	-	-	-

Note 24. Payables

Current					
Payables and accrued expenses		5,930	4,247	5,720	4,045
Total current payables		5,930	4,247	5,720	4,045
Non-current					
Student assistance fund - Commonwealth Government		309	311	309	311
Funds held in trust		1,005	398	1,005	398
Total non-current payables		1,314	709	1,314	709
Total payables		7,244	4,956	7,034	4,754

Included in the "Funds held in trust" is an amount of \$921,572 which is held on behalf of the parties involved in the Coffs Harbour Education Campus (CHEC)

Notes to the Financial Statements for the year ended 31 December 2005

Note 25. Provisions

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current				
Deferred tax liabilities	-	15	-	-
Employee benefits				
Annual leave	3,040	2,929	2,987	2,895
Long service leave	1,120	888	1,108	880
Total current provisions	4,160	3,832	4,095	3,775
Non-current				
Employee benefits				
Annual leave	716	554	693	510
Long service leave	8,495	7,416	8,404	7,344
Deferred benefits for superannuation	23,758	23,811	23,758	23,811
Total non-current provisions	32,969	31,781	32,855	31,665
Total provisions	37,129	35,613	36,950	35,440

State Superannuation Schemes

The NSW Government Actuary has determined the following deferred liabilities in respect of the State Superannuation Funds. The date of assessment was 31 December, 2005.

Accounting policy for recognising actuarial gains/losses

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

General description of the type of plan

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.

Notes to the Financial Statements
for the year ended 31 December 2005

Note 25. Provisions (cont)

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS Financial Year to 31 December 2005 A\$	SANCS Financial Year to 31 December 2005 A\$	SSS Financial Year to 31 December 2005 A\$
Present value of defined benefit obligations	8,028,242	3,081,778	42,033,517
Fair value of plan assets	(7,084,981)	(2,645,926)	(19,654,703)
	943,261	435,852	22,378,814
Surplus in excess of recovery available from schemes	-	-	-
Unrecognised past service cost	-	-	-
Net (asset)/liability to be recognised in balance sheet	943,261	435,852	22,378,814

Assets invested in entity or in property occupied by the entity

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

Movement in net liability/asset recognised in balance sheet

	SASS Financial Year to 31 December 2005 A\$	SANCS Financial Year to 31 December 2005 A\$	SSS Financial Year to 31 December 2005 A\$
Net (asset)/liability at start of year	1,163,502	501,777	22,145,872
Net expense recognised in the income statement	354,277	158,311	704,861
Contributions	(574,518)	(224,236)	(471,919)
Net (asset)/liability to be recognised in balance sheet	943,261	435,852	22,378,814

Total expense recognised in income statement

	SASS Financial Year to 31 December 2005 A\$	SANCS Financial Year to 31 December 2005 A\$	SSS Financial Year to 31 December 2005 A\$
Current service cost	579,943	181,826	565,257
Interest on obligation	384,648	152,459	2,081,331
Expected return on plan assets	(434,579)	(215,412)	(1,196,304)
Net actuarial losses (gains) recognised in year	(175,735)	39,437	(745,423)
Change in surplus in excess of recovery available from scheme	-	-	-
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
Total included in "employee benefits expense"	354,277	158,311	704,861

Notes to the Financial Statements for the year ended 31 December 2005

Note 25. Provisions (cont)

Actual return on plan assets

SASS Financial Year to 31 December 2005 A\$	SANCS Financial Year to 31 December 2005 A\$	SSS Financial Year to 31 December 2005 A\$
899,363	416,641	2,564,388

Principal actuarial assumptions at the reporting date

	31-Dec-05
Discount rate at 31 December	5.3%
Expected return on plan assets at 31 December	7.3%
Expected salary increases	4.0%
Expected rate of CPI increase	2.5%

Arrangements for employer contributions for funding

The following is a summary of the 31 December 2005 financial position of the Fund calculated in accordance with AAS 25 - *Financial Reporting by Superannuation Plans*.

	SASS A\$	SANCS A\$	SSS A\$
Accrued benefits	7,156,679	2,788,200	32,191,627
Net market value of Fund assets	(7,084,981)	(2,645,926)	(19,654,703)
Net (surplus)/deficit	71,698	142,274	12,536,924

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
0.00	17.00	0.00

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.

Notes to the Financial Statements for the year ended 31 December 2005

Note 25. Provisions (cont)

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

Weighted-Average Assumptions	
Expected rate of return on Fund assets	7.0%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

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.

State Superannuation Schemes

The NSW Government Actuary has determined the following deferred liabilities in respect of the State Superannuation Funds. The date of assessment was 31 December, 2004.

Accounting policy for recognising actuarial gains/losses

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

General description of the type of plan

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 assets and liabilities recognised in the balance sheet

	SASS Financial Year to 31 December 2004 A\$	SANCS Financial Year to 31 December 2004 A\$	SSS Financial Year to 31 December 2004 A\$
Present value of defined benefit obligations	7,410,445	2,957,481	38,924,780
Fair value of plan assets	(6,246,943)	(2,455,704)	(16,778,908)
	1,163,502	501,777	22,145,872
Surplus in excess of recovery available from schemes	-	-	-
Unrecognised past service cost	-	-	-
Net (asset)/liability to be recognised in balance sheet	1,163,502	501,777	22,145,872

Notes to the Financial Statements for the year ended 31 December 2005

Note 25. Provisions (cont)

Assets invested in entity or in property occupied by the entity

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

Movement in net liability/asset recognised in balance sheet

	SASS Financial Year to 31 December 2004 A\$	SANCS Financial Year to 31 December 2004 A\$	SSS Financial Year to 31 December 2004 A\$
Net (asset)/liability at start of year	1,754,398	118,417	21,398,199
Net expense recognised in the income statement	249,683	179,049	1,426,720
Contributions	(840,579)	204,311	(679,048)
Net (asset)/liability to be recognised in balance sheet	1,163,502	501,777	22,145,872

Total expense recognised in income statement

	SASS Financial Year to 31 December 2004 A\$	SANCS Financial Year to 31 December 2004 A\$	SSS Financial Year to 31 December 2004 A\$
Current service cost	559,161	176,462	571,233
Interest on obligation	360,022	146,647	2,018,041
Expected return on plan assets	(332,540)	(224,833)	(1,021,760)
Net actuarial losses (gains) recognised in year	(336,960)	80,773	(140,793)
Change in surplus in excess of recovery available from	-	-	-
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
Total included in "employee benefits expense"	249,683	179,049	1,426,720

Actual return on plan assets

SASS Financial Year to 31 December 2004 A\$	SANCS Financial Year to 31 December 2004 A\$	SSS Financial Year to 31 December 2004 A\$
718,607	394,047	2,165,504

Principal actuarial assumptions at the reporting date

	31-Dec-04
Discount rate at 31 December	5.4%
Expected return on plan assets at 31 December	7.3%
Expected salary increases	4.0%
Expected rate of CPI increase	2.5%

Notes to the Financial Statements for the year ended 31 December 2005

Note 25. Provisions (cont)

Arrangements for employer contributions for funding

The following is a summary of the 31 December 2004 financial position of the Fund calculated in accordance with AAS 25 - *Financial Reporting by Superannuation Plans*.

	SASS A\$	SANCS A\$	SSS A\$
Accrued benefits	6,625,080	2,680,337	29,971,774
Net market value of Fund assets	(6,246,943)	(2,455,704)	(16,778,908)
Net (surplus)/deficit	378,137	224,633	13,192,866

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
0.00	17.00	0.00

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.

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

Weighted-Average Assumptions	
Expected rate of return on Fund assets	7.0%
Expected salary increase rate	4.0%
Expected rate of CPI increase	2.5%

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.

Notes to the Financial Statements
for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Note 26. Other liabilities					
Current					
Australian Government unspent financial assistance		1,067	383	1,067	383
Student fees & other income in advance		4,341	2,418	3,970	1,883
Total current other liabilities		5,408	2,801	5,037	2,266
Total other liabilities		5,408	2,801	5,037	2,266

Note 27. Retained surplus

(a) Retained surplus

Movements in retained surplus were as follows:

Retained surplus at 1 January		159,712	165,500	152,058	157,691
Adjustment on adoption of AASB132 and AASB139, net of tax	20	-	-	-	-
Net operating result for the year		1,166	(5,788)	722	(5,633)
Retained surplus at 31 December		160,878	159,712	152,780	152,058

Note 28. Minority interest

Interest in:

Statutory funds	-	-	-	-
Share capital	-	-	-	-
Reserves	-	-	-	-
Retained surplus	-	22	-	-
Total minority interest	-	22	-	-

Notes to the Financial Statements for the year ended 31 December 2005

Note 29. Responsible persons and executive officers

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of Southern Cross University during the year:

Responsible Persons

The Honourable Justice John Robert Arthur Dowd
Mary Elizabeth Rummery
Professor Paul Clark
Associate Professor Roger Bronks
The Honourable Peter Breen
The Honourable Neville Newell
Neil Duncan Black
Warren Albert Grimshaw
Irene Caroline Harrington
Judith Madeline Reid
Trevor Stanley Wilson
David Vincent Cody
Elizabeth Anne Trevan
Sharon Parry
Michael Whelan
Toni Ledgerwood
Margot Ruth Sweeny
Neville Neal
John B Shanahan

Executive Officers

Professor Paul Clark
Professor Peter Baverstock
Professor Angela Delves (resigned February, 2005)
Professor Jenny Graham
Professor Zbys Klich
Professor Lawson Savery
Professor Paul Thom
Malcolm Marshall

The above persons have been in office since the start of the year unless otherwise stated.

Executives

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Income paid or payable, or otherwise made available, to Board Members by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities:	650,658	691,275	650,658	691,275

	Consolidated		Parent entity	
	2005	2004	2005	2004
	Number	Number	Number	Number
Remuneration of Board Members				
Nil to \$9,999	14	16	14	16
\$10,000 to \$19,999	-	2	-	2
\$40,000 to \$49,999	1	1	1	1
\$60,000 to \$69,999	1	1	1	1
\$70,000 to \$79,999	1	1	1	1
\$80,000 to \$89,999	1	1	1	1
\$120,000 to \$129,999	-	1	-	1
\$270,000 to \$279,999	-	1	-	1
\$370,000 to \$379,999	1	-	1	-

Notes to the Financial Statements for the year ended 31 December 2005

Note 29. Responsible persons and executive officers (cont)

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Income paid or payable, or otherwise made available, to executive officers by entities in the consolidated entity and related parties:	1,923,335	1,802,242	1,923,335	1,802,242

	Consolidated		Parent entity	
	2005	2004	2005	2004
	Number	Number	Number	Number
Remuneration of executive officers				
\$120,000 to \$129,999	-	1	-	1
\$190,000 to \$199,999	1	5	1	5
\$200,000 to \$209,999	2	1	2	1
\$210,000 to \$219,999	1	1	1	1
\$220,000 to \$229,999	2	-	2	-
\$270,000 to \$279,999	-	1	-	1
\$280,000 to \$289,999	1	-	1	-
\$370,000 to \$379,999	1	-	1	-

Note 30. Remuneration of auditors

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:

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Assurance services				
1. Audit services				
Fees paid to The Audit Office of New South Wales: Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	150	129	122	105
Fees paid to non The Audit Office of New South Wales audit firms for the audit or review of financial reports of any entity in the consolidated entity	7	9	7	9
Total remuneration for audit services	157	138	129	114
2. Fees paid to internal audit service providers				
Fees paid to The Audit Office of New South Wales				
Fees paid to non The Audit Office of New South Wales audit firms	66	93	66	93
Total remuneration for other assurance services	66	93	66	93
Total remuneration for assurance services	223	231	195	207
Advisory services				
Fees paid to The Audit Office of New South Wales				
Fees paid to non The Audit Office of New South Wales audit firms	14	14	14	14
Total remuneration for advisory services	14	14	14	14

It is the consolidated entity's policy to employ The Audit Office of New South Wales on assignments additional to their statutory audit duties where The Audit Office of New South Wales' 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.

Notes to the Financial Statements for the year ended 31 December 2005

Note 31. Contingent liabilities and contingent assets

Contingent liabilities

The University currently has a number of legal matters outstanding none of which are expected to result in material claims against the University.

i) Consequent upon the HIH group being placed in provisional liquidation on 16 March 2001 the University may have an exposure to the non-settlement of claims arising from unreported incidences. At this time the extent of any potential exposure cannot be estimated

ii) Southern Cross University has provided a letter of comfort to the National Australia Bank in relation to a loan held by Southern Cross University Union Ltd to the extent of \$260,000. The letter of comfort extends to 30 June, 2006.

iii) Southern Cross University has provided a letter of comfort to meet any debts and expenses incurred by Biobank Pty Ltd. The letter of comfort extends to 30 June, 2007.

Note 32. Commitments for expenditure

(a) Capital commitments

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

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<i>Building Works</i>				
Payable:				
Within one year	1,766	386	1,766	386
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	1,766	386	1,766	386

(b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	1,535	1,230	1,179	861
Later than one year but not later than five years	2,538	2,699	2,314	2,124
Later than five years	-	-	-	-
	4,073	3,929	3,493	2,985

Representing:

Cancellable operating leases	4,073	3,929	3,493	2,985
Non-cancellable operating leases	-	-	-	-
Future finance charges on finance leases	-	-	-	-
	4,073	3,929	3,493	2,985

(c) Other expenditure commitments

Joint venture commitments

Within one year	985	1,073	985	1,073
Later than one year but not later than five years	3,611	4,290	3,611	4,290
Later than five years	385	666	385	666

Purchase orders placed with suppliers as at 31 December for goods and services (other than inventories) receivable within twelve months of year end

	2,335	2,166	2,156	2,024
	7,316	8,195	7,137	8,053

Notes to the Financial Statements for the year ended 31 December 2005

Note 33. Related parties

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

(a) Parent entities

The ultimate parent entity within the group is Southern Cross University which is incorporated in Australia. The ultimate Australian parent entity is Southern Cross University.

(b) Subsidiaries

Interests in subsidiaries are set out in note 35.

(c) Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 29.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<i>Revenue:</i>				
Administration fees			239	239
Donation			28	-
Other costs recovered			198	464
			198	464
<i>Expenses:</i>				
Printing charges			1,540	1,190
Salary and related costs			155	152
Other costs paid			100	165
			100	165

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

<i>Current receivables (sale of goods and services)</i>				
Subsidiaries	88	694	88	694
	88	694	88	694

No provision for doubtful debts have 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.

(f) Guarantees

There have been no guarantees given.

Notes to the Financial Statements for the year ended 31 December 2005

Note 34. Business combinations

(a) Summary of acquisition

On 6th June 2005, Norsearch Limited acquired the remaining 50% share in Southern Cross Human Resource Development Pty Ltd.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	10
Direct costs relating to the acquisition	-
Total purchase consideration	10

Fair value of net identifiable assets acquired (refer to (c) below)

(b) Purchase consideration

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	10	-	-	-
Less: Balance acquired				
Cash	-	-	-	-
Bank overdraft	-	-	-	-
Outflow of cash	10	-	-	-

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
<i>Minority shares not owned in Southern Cross Human Resource Development Pty Ltd</i>	10	
Net assets	10	-
Minority interests	-	-
Net identifiable assets acquired	-	-

Note 35. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2005 %	2004 %
Norsearch Limited	Australia	Limited by Guarantee	100%	100%
Australian Plant DNA Bank Limited	Australia	Limited by Guarantee	100%	100%
Biobank Pty Ltd	Australia	Ordinary	100%	100%
Southern Cross Human Resource Development Pty Ltd	Australia	Ordinary	100%	50%

Notes to the Financial Statements for the year ended 31 December 2005

Note 36. Interests in joint ventures

(a) Joint venture operations

Name of Entity	Principal Activity	Output Interest	
		2005 %	2004 %
Coffs Harbour Education Campus (CHEC)	A joint educational precinct	38	38
Australian Centre for Complimentary Medicine Education and Research (ACCMER)	Research, teaching and training in the field of complimentary medicine	50	50
Co-operative Research Centre for Sugar Industry Innovation through Biotechnology	Research and development in molecular biology and chemical engineering of sugarcane. Commenced operation on 1 July 2003	10	10

The consolidated entity's interest in assets employed in the above joint venture operations are included in the consolidated statement of financial position as part of property, plant and equipment.

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current assets				
Cash and cash equivalents	-	-	-	-
Other	-	-	-	-
Total current assets	-	-	-	-
Non-current assets				
Land and buildings	21,150	21,146	-	-
Less: Accumulated depreciation	(976)	(520)	-	-
	20,174	20,626	-	-
Plant and equipment – at cost	16	16	-	-
Less: Accumulated depreciation	(16)	(15)	-	-
	-	1	-	-
Inventories	-	-	-	-
Total non-current assets	20,174	20,627	-	-
Share of assets employed in joint venture	20,174	20,627	-	-

For capital expenditure commitments relating to Southern Cross University refer to Note 32.

Notes to the Financial Statements for the year ended 31 December 2005

Note 36. Interests in joint ventures (cont)

(b) Joint venture partnership / entities

Name of Entity	Principal Activity	Output Interest	
		2005 %	2004 %
Australasian Institute of Hotel Management	Professional development services for participants in the hotel industry	50	50
National Marine Science Centre Pty Limited	Marine science research and education	50	50
CHEC English Language Centre	Provide language training packages	50	50
Coffs Harbour Technology Park Limited *	Real estate development	33	33
CRC for Sustainable Tourism Pty Ltd	Research and development to improve the sustainability of the tourism industry in Australia.	8.5	5
Puragrain Pty Limited *	Create, develop and exploit intellectual property connected with the growing and processing of grain products	50	50
Grain Foods CRC Limited*	Research and development in grain	10	10
CRC Care Pty Ltd	Research and development in contamination assessment and remediation of the environment. Commenced operation in July 2005	10	N/A
CRC Forestry Limited	Research and development in forestry management. Commenced operation in July 2005	3.8	N/A

* The reporting date of the entity is 30 June and the amounts disclosed below have been adjusted to report on a 31 December basis.

The interest in the Partnership is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity (refer to notes 22 and 24). Information relating to the joint venture partnership is set out below.

Notes to the Financial Statements
for the year ended 31 December 2005

Note 36. Interests in joint ventures (cont)

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Carrying amount of investment in partnership	7,072	6,787	572	546
Share of partnerships' assets and liabilities				
Current assets	4,479	2,249	3,058	1,811
Non-current assets	6,376	6,076	48	70
Total assets	10,855	8,325	3,106	1,881
Current liabilities	2,986	1,532	2,534	1,333
Non-current liabilities	28	6	-	-
Total liabilities	3,014	1,538	2,534	1,333
Net assets	7,841	6,787	572	548
Share of partnership's revenues, expenses and results				
Revenues	6,268	4,517	1,725	1,587
Expenses	(5,483)	(4,128)	(1,199)	(1,258)
Net operating result before income tax	785	389	526	329
Share of partnership's commitments				
Lease commitments	-	-	-	-
Other commitments (other than for the supply of inventories)	4,980	6,028	4,980	6,028
Total expenditure commitments	4,980	6,028	4,980	6,028
Capital commitments	-	-	-	-
	4,980	6,028	4,980	6,028

Notes to the Financial Statements for the year ended 31 December 2005

Note 37. Subsequent events

Directors resolved in 2005 to transfer the majority of Norsesearch Limited operations to Southern Cross University in 2006. It was not possible to quantify the effects in 2006 however in the 2005 financial year the two major operations (Printery and Environmental Analysis Lab) contributed \$136,249 of the 2005 net operating profit.

The Norsesearch Limited controlled entity Southern Cross Human Resource Development Pty. Ltd. applied for voluntary deregistration on 17 January 2006.

There were no other events subsequent to balance date that would have a material financial effect on the financial report as presented.

Note 38. Reconciliation of operating result after income tax to net cash inflow from operating activities

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Operating result for the year		1,166	(5,766)	722	(5,634)
Write-down investment to recoverable amount		410	91	410	91
Depreciation and amortisation		5,451	6,854	5,354	6,756
Net (gain) loss on sale of non-current assets	14	133	126	133	131
Write-down of goodwill		11	-	-	-
Superannuation		53	(1,661)	53	(1,661)
Increase/(Decrease) in provision for employee benefits		1,477	1,711	1,508	1,651
(Increase)/Decrease in inventories		6	77	-	77
(Increase)/Decrease in other assets		(308)	(513)	(323)	(500)
Increase/(Decrease) in other liabilities		3,212	(1,840)	3,377	(1,535)
(Increase)/Decrease in joint venture investments		(285)	461	(26)	521
effects from purchase of controlled entity		(22)	-	-	-
(Increase)/Decrease in trade debtors		(751)	3,328	(307)	2,733
Increase/(Decrease) in trade creditors		1,705	(123)	1,676	361
Increase /(Decrease) in provision for income taxes payable		(15)	14	-	-
Net cash inflow (outflow) from operating activities		12,243	2,759	12,577	2,992

Notes to the Financial Statements for the year ended 31 December 2005

Note 39. Financial instruments

(A) Financial risk management

The Group's activities exposes it to a variety of financial risks, as follows:

(i) Market risk

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

(ii) Credit risk

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Normal business trading terms are payment in 30 days.

(iii) Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and continuously monitoring forecast and actual cash flows.

(iv) Cash flow and fair value interest rate risk

The consolidated entity invests in term deposits with financial institutions and is exposed to normal interest rate variation risks. Interest is paid on maturity.

(B) Derivative financial instruments

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 as described in note 1(s). At the date of transition, 1 January 2005, no adjustments were required.

Notes to the Financial Statements for the year ended 31 December 2005

Note 39. Financial instruments (cont)

(C) 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.

2005	Fixed interest maturing in:								Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	
Financial assets									
Cash and cash equivalents	1,050	23,131	-	-	-	-	-	15	24,196
Receivables	-	-	-	-	-	-	-	29,545	29,545
	1,050	23,131	-	-	-	-	-	29,560	53,741
Weighted average interest rate	4.08%	5.74%							
Financial liabilities									
Trade & other creditors	-	-	-	-	-	-	-	7,244	7,244
Other liabilities	-	-	-	-	-	-	-	5,408	5,408
	-	-	-	-	-	-	-	12,652	12,652
Weighted average interest rate	N/A	N/A							
Net financial assets/(liabilities)	1,050	23,131	-	-	-	-	-	16,908	41,089

2004	Fixed interest maturing in:								Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	
Financial assets									
Cash and cash equivalents	725	16,514	-	-	-	-	-	15	17,254
Receivables	-	-	-	-	-	-	-	28,794	28,794
Other financial assets - Investments	-	-	-	-	-	-	-	410	410
	725	16,514	-	-	-	-	-	29,219	46,458
Weighted average interest rate	4.00%	5.54%							
Financial liabilities									
Trade & other creditors	-	-	-	-	-	-	-	4,953	4,953
Other liabilities	-	-	-	-	-	-	-	2,801	2,801
	-	-	-	-	-	-	-	7,754	7,754
Weighted average interest rate	N/A	N/A							
Net financial assets/(liabilities)	725	16,514	-	-	-	-	-	21,465	38,704

Notes to the Financial Statements
for the year ended 31 December 2005

Note 39. Financial instruments (cont)

(D) Fair value of financial assets and liabilities

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

	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Non-traded financial assets	53,741	53,741	46,458	46,458
Traded financial assets	-	-	-	-
	53,741	53,741	46,458	46,458
Financial liabilities				
Non-traded financial liabilities	12,652	12,652	7,754	7,754
Traded financial assets	-	-	-	-
	12,652	12,652	7,754	7,754

The fair values of non-current receivables are based on expected cash flows.

Notes to the Financial Statements for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Notes	Consolidated			Parent entity		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS							
Current assets							
Cash and cash equivalents		17,765	-	17,765	15,165	-	15,165
Receivables	40(a)	5,919	79	5,998	5,544	79	5,623
Inventories		150	-	150	76	-	76
Other non-financial assets		722	-	722	696	-	696
Total current assets		24,556	79	24,635	21,481	79	21,560
Non-current assets							
Receivables	40(b)	16,016	7,815	23,831	16,016	7,815	23,831
Investments accounted for using the equity method		7,248	-	7,248	1,067	-	1,067
Other financial assets		501	-	501	501	-	501
Property, plant and equipment		152,274	-	152,274	152,096	-	152,096
Total non-current assets		176,039	7,815	183,854	169,680	7,815	177,495
Total assets		200,595	7,894	208,489	191,161	7,894	199,055
LIABILITIES							
Current liabilities							
Payables		4,186	-	4,186	3,506	-	3,506
Provisions	40(c)	3,656	(430)	3,226	3,603	(409)	3,194
Other		4,641	-	4,641	3,801	-	3,801
Total current liabilities		12,483	(430)	12,053	10,910	(409)	10,501
Non-current liabilities							
Payables		808	-	808	808	-	808
Interest bearing liabilities		7	-	7	-	-	-
Provisions	40(b)	21,876	8,245	30,121	21,831	8,224	30,055
Total non-current liabilities		22,691	8,245	30,936	22,639	8,224	30,863
Total Liabilities		35,174	7,815	42,989	33,549	7,815	41,364
Net Assets		165,421	79	165,500	157,612	79	157,691
EQUITY							
Parent entity interest							
Reserves		65,123	(65,123)	-	65,123	(65,123)	-
Retained surplus		100,295	65,202	165,497	92,489	65,202	157,691
Parent entity interest		165,418	79	165,497	157,612	79	157,691
Minority interest		3	-	3	-	-	-
Total equity		165,421	79	165,500	157,612	79	157,691

Notes to the Financial Statements
for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS (Cont)

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

Notes	Consolidated			Parent entity		
	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS						
Current assets						
	17,254	-	17,254	15,123	-	15,123
Cash and cash equivalents						
Receivables	4,300	156	4,456	4,518	140	4,658
40 (a)						
Inventories	73	-	73	-	-	-
Other non-financial assets	1,235	-	1,235	1,196	-	1,196
Total current assets	22,862	156	23,018	20,837	140	20,977
Non-current assets						
Receivables	14,323	10,016	24,339	14,323	10,032	24,354
40(b)						
Investments accounted for using the equity method	6,787	-	6,787	546	-	546
Other financial assets	410	-	410	410	-	410
40(d)						
Property, plant and equipment	167,735	(19,185)	148,550	167,416	(19,185)	148,231
Total non-current assets	189,255	(9,169)	180,086	182,695	(9,153)	173,541
Total assets	212,117	(9,013)	203,104	203,532	(9,013)	194,518
LIABILITIES						
Current liabilities						
Payables	4,247	-	4,247	4,045	-	4,045
Provisions	4,386	(554)	3,832	4,285	(510)	3,775
40(c)						
Other	2,801	-	2,801	2,266	-	2,266
Total current liabilities	11,434	(554)	10,880	10,596	(510)	10,086
Non-current liabilities						
Payables	709	-	709	709	-	709
Provisions	21,211	10,570	31,781	21,140	10,526	31,665
40(b)						
Total non-current liabilities	21,920	10,570	32,490	21,849	10,526	32,374
Total Liabilities	33,354	10,016	43,370	32,445	10,016	42,460
Net Assets	178,763	(19,029)	159,734	171,087	(19,029)	152,058
EQUITY						
Parent entity interest						
Reserves	84,308	(84,308)	-	84,308	(84,308)	-
Retained surplus	94,433	65,279	159,712	86,779	65,279	152,058
Parent entity interest	178,741	(19,029)	159,712	171,087	(19,029)	152,058
Minority interest	22	-	22	-	-	-
Total equity	178,763	(19,029)	159,734	171,087	(19,029)	152,058

Notes to the Financial Statements for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS (Cont)

(2) Reconciliation of profit for the year ended 31 December 2004

Notes	Consolidated			Parent entity		
	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue from continuing operations						
Australian Government financial assistance						
	40,686	-	40,686	40,686	-	40,686
	21,088	-	21,088	21,088	-	21,088
	841	-	841	841	-	841
	3,397	-	3,397	3,397	-	3,397
40(b)	(1,661)	2,201	540	(1,661)	2,201	540
	16,101	-	16,101	15,347	-	15,347
	1,123	-	1,123	991	-	991
	26	-	26	26	-	26
	5,815	-	5,815	5,280	-	5,280
40(e)	9,362	(2,792)	6,570	7,662	(2,792)	4,870
	389	-	389	329	-	329
	97,167	(591)	96,576	93,986	(591)	93,395
Expenses from continuing operations						
40(b)	60,805	2,201	63,006	59,229	2,201	61,430
	6,854	-	6,854	6,756	-	6,756
	1,103	-	1,103	1,103	-	1,103
40(a)	121	(77)	44	121	(77)	44
40(e)	34,108	(2,792)	31,316	32,487	(2,792)	29,696
	102,991	(668)	102,323	99,696	(668)	99,028
	(5,824)	77	(5,747)	(5,710)	77	(5,633)
	(19)	-	(19)	-	-	-
	(5,843)	77	(5,766)	(5,710)	77	(5,633)
	(5,843)	77	(5,766)	(5,710)	77	(5,633)
	(22)	-	(22)	-	-	-
	(5,865)	77	(5,788)	(5,710)	77	(5,633)

Notes to the Financial Statements for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS (Cont)

(3) Reconciliation of cash flow statement for the year ended 31 December 2004

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement

(4) Notes to the reconciliations

a) Current Receivables

1 January 2004

AASB 139 "Financial Instruments: Recognition and Measurement" requires the provision for doubtful debts to be based on specific accounts that where there is a probability that the amount outstanding will not be collected by the economic entity. As at 1 January 2004 the University's provision for doubtful debts included a general amount which was not based on specific amounts outstanding. As a result, the University has reduced the provision for doubtful debts by the amount of the general provision. As at 1 January 2004 the amount of the general provision was \$79,000. This amount was deducted from the provision for doubtful debts as at 1 January 2004 with a corresponding entry processed to retained earnings at that date.

31 December 2004

As at 31 December 2004 the University's provision for doubtful debts included a general component of \$156,000. The difference between the general provision as at 31 December 2004 and 1 January 2004 was \$77,000. This increase in the general provision has been deducted from the provision for doubtful debts as at 31 January 2004 with the bad and doubtful debts expense reduced in the income statement for the 2004 financial year.

b) Defined Benefit Superannuation Plans

The University contributes to a number of different superannuation plans. Some of these plans are defined benefit superannuation plans. AASB 119 "Employee Benefits" requires the University to recognise a liability or asset representing its share of the defined benefit superannuation plan's net assets or liabilities as at balance date. Any amounts owing to the defined benefit superannuation plans by the University is offset by a receivable to the University which represents the Federal Government's undertaking to finance the liability. The University has received advice from the actuaries of each defined benefit plan indicating the amount it should recognise in its balance sheet as at 31 December 2003, 31 December 2004 and 31 December 2005. The adjustments to the amounts previously recognised in the balance sheet under AGAAP have been adjusted by the amounts advised by the actuaries to comply with AIFRS requirements. The following adjustments have been made:

31 December 2003

The University's share of defined benefit fund liabilities as calculated for AIFRS has resulted in an increase to the previously recognised liability calculated under AGAAP of \$7,815,000. As a result, the amount to be provided by the Federal Government to fund this deficit, which is recognised as a non-current receivable in the balance sheet, has increased by a corresponding amount.

31 December 2004

The University's share of defined benefit fund liabilities as calculated for AIFRS has resulted in an increase to the previously recognised liability calculated under AGAAP as at 1 January 2004 of \$10,016,000. As a result, the amount to be provided by the Federal Government to fund this deficit, which is recognised as a non-current receivable in the balance sheet, has increased by a corresponding amount.

Effect on Income Statement for 2004 Prepared Under AIFRS

After adjusting the balance sheet to reflect the University's liability, and corresponding receivable, relating to defined benefit superannuation plans under AIFRS the resulting impact on the income statement for the 2004 financial year has been to recognise:

Revenue of \$2,201,000 representing the additional amount owing to the University by the Federal Government as a result of the increase in the University's share of the defined benefit plans net liabilities.

Expenses of \$2,201,000 representing the increase in the University's share of the defined benefit plan's net liabilities.

Notes to the Financial Statements for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS (Cont)

c) Provisions

The University has complied with AASB 119 "Employee Benefits" and determined that part of the liability for annual leave entitlements not expected to be paid within the next 12 months. As at 31 December 2003 an amount of \$430,000 was reclassified from a current liability to a non-current liability for the economic entity. An additional \$124,000 was reclassified as non-current as at 31 December 2004 to reflect a total non-current annual leave liability of \$554,000 for the economic entity. This exercise of reclassifying part of the annual leave liability as non-current has not had any impact on the income statement for the 2004 financial year as prepared under AIFRS.

d) Available for Sale Financial Assets

As at 31 January 2004 the University held shares in a listed entity for sale. The 2004 financial report prepared under AGAAP classified these assets as non-current financial assets. The 2004 balance sheet prepared under AIFRS has reclassified these listed shares as a current "available for sale" financial asset. The University has sold these assets during the 2005 financial reporting period.

e) Net Loss on Disposal of Non-Current Assets

AASB 101 "Presentation of Financial Statements" requires net losses incurred on the sale of non-current assets to be disclosed as an expense. This presentation differs to the disclosure requirements under AGAAP where proceeds on sale were disclosed as revenue whilst the written down value of assets disposed was disclosed as an expense. The 2004 financial report prepared under AIFRS has been amended to net proceeds on sale against the written down value of assets disposed so that a net loss on sale of assets is disclosed as an expense. The proceeds received on sale of non-current assets that were received during the 2004 financial year totalling \$2,792,000 have been netted against other expenses which contains the written down value of assets disposed.

(f) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

	01 January 2004		31 December 2004	
	Consolidated	Parent entity	Consolidated	Parent entity
	\$'000	\$'000	\$'000	\$'000
Opening Balance	100,295	92,489	165,500	157,691
Write back of revaluation reserves	65,123	65,123	-	-
Adjustment doubtful debts provision	79	79	77	77
Net operating result	-	-	(5,865)	(5,710)
Closing Balance	165,497	157,691	159,712	152,058

Notes to the Financial Statements for the year ended 31 December 2005

Note 40. Explanation of transition to Australian equivalents to IFRS (Cont)

(5) Adjustments on transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*: 1 January 2005

	Consolidated			Parent entity		
	31 December 2004 \$'000	Adjustment \$'000	01 January 2005 \$'000	31 December 2004 \$'000	Adjustment \$'000	01 January 2005 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	17,254	-	17,254	15,123	-	15,123
Receivables	4,456	-	4,456	4,674	-	4,674
Inventories	73	-	73	-	-	-
Available-for-sale financial assets	-	410	410	-	410	410
Other non-financial assets	1,235	-	1,235	1,196	-	1,196
Total current assets	23,018	410	23,428	20,993	410	21,403
Non-current assets						
Receivables	24,339	-	24,339	24,339	-	24,339
Investments accounted for using the equity method	6,787	-	6,787	546	-	546
Other financial assets	410	(410)	-	410	(410)	-
Property, plant and equipment	148,550	-	148,550	148,231	-	148,231
Total non-current assets	180,086	(410)	179,676	173,526	(410)	173,116
Total assets	203,104	-	203,104	194,519	-	194,519
LIABILITIES						
Current liabilities						
Payables	4,247	-	4,247	4,045	-	4,045
Provisions	3,832	-	3,832	3,775	-	3,775
Other	2,801	-	2,801	2,266	-	2,266
Total current liabilities	10,880	-	10,880	10,086	-	10,086
Non-current liabilities						
Payables	709	-	709	709	-	709
Provisions	31,781	-	31,781	31,666	-	31,666
Total non-current liabilities	32,490	-	32,490	32,375	-	32,375
Total Liabilities	43,370	-	43,370	42,461	-	42,461
Net Assets	159,734	-	159,734	152,058	-	152,058
EQUITY						
Parent entity interest						
Retained surplus	159,712	-	159,712	152,058	-	152,058
Parent entity interest	159,712	-	159,712	152,058	-	152,058
Minority interest	22	-	22	-	-	-
Total equity	159,734	-	159,734	152,058	-	152,058

Refer to notes 1(k), 1(s) and 1(y) for further information on the transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* on 1 January 2005.

Notes to the Financial Statements for the year ended 31 December 2005

Note 41. Acqittal of Australian Government financial assistance

41.1 DEST – CGS and Other DEST Grants

Parent entity ONLY

Notes	Commonwealth Grants Scheme#		Indigenous Support Fund		Equity Programmes*		Workplace Reform Programme		Workplace Productivity Programme	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programmes)	38,849	31,150	659	457	405	434	566	-	-	-
Net accrual adjustments	-	(442)	-	-	-	-	-	-	-	-
Revenue for the period	38,849	30,708	659	457	405	434	566	-	-	-
3(a)										
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	38,849	30,708	659	457	405	434	566	-	-	-
Less expenses including accrued expenses	(38,849)	(30,708)	(659)	(457)	(368)	(434)	-	-	-	-
Surplus / (deficit) for reporting period	-	-	-	-	37	-	566	-	-	-

Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading.
* Includes Higher Education Equity Programme and Students with Disabilities Programme.

Parent entity ONLY

Notes	Learning & Teaching Performance Fund		National Institutes Funding		Capital Development Pool		Superannuation Programme		Collaboration & Structural Reform Programme		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	-	-	-	-	1,256	-	-	-	-	-	41,735	32,041
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	(442)
Revenue for the period	-	-	-	-	1,256	-	-	-	-	-	41,735	31,599
3(a)												
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	-	-	-	-	1,256	-	-	-	-	-	41,735	31,599
Less expenses including accrued expenses	-	-	-	-	(478)	-	-	-	-	-	(40,354)	(31,599)
Surplus / (deficit) for reporting period	-	-	-	-	778	-	-	-	-	-	1,381	-

Notes to the Financial Statements for the year ended 31 December 2005

Note 41. Acquittal of Australian Government financial assistance (cont)

41.2 Higher Education Loan Programmes

Notes	HECS-HELP (Australian Government payments only)		FEE-HELP*		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	22,089	19,300	2,177	1,323	24,266	20,623
Net accrual adjustments	(1,373)	1,788	603	-	(770)	1,788
Revenue for the period	20,716	21,088	2,780	1,323	23,496	22,411
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	20,716	21,088	2,780	1,323	23,496	22,411
Less expenses including accrued expenses	(20,716)	(21,088)	(2,780)	(1,323)	(23,496)	(22,411)
Surplus / (deficit) for reporting period	-	-	-	-	-	-

* For '2004, FEE-HELP figures will equal PELS and BOTPLS amounts

41.3 Scholarships

Notes	Parent entity ONLY		Parent entity ONLY		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Staff Scholarships		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	668	575	88	127	235	74	384	184	-	-	1,375	960
Net accrual adjustments	668	575	88	127	235	74	384	184	-	-	1,375	960
Revenue for the period	39	36	54	6	(2)	-	40	-	-	-	131	42
Surplus / (deficit) from the previous year	707	611	142	132	233	74	424	184	-	-	1,506	1,002
Total revenue including accrued revenue	(710)	(572)	(126)	(78)	(212)	(76)	(353)	(144)	-	-	(1,401)	(870)
Less expenses including accrued expenses	(3)	39	16	54	20	(2)	71	40	-	-	105	132
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements for the year ended 31 December 2005

Note 41. Acquittal of Australian Government financial assistance (cont)

41.4 DEST Research

Parent entity ONLY

Notes	Institutional Grants Scheme		Research Training Scheme		Systemic Infrastructure Initiative		Research Infrastructure Block Grants		Regional Protection Scheme		Total
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,336	1,200	3,077	2,553	-	-	476	414	-	-	4,889
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	1,336	1,200	3,077	2,553	-	-	476	414	-	-	4,889
Surplus / (deficit) from the previous year	-	-	-	-	-	-	109	43	-	-	109
Total revenue including accrued revenue	1,336	1,200	3,077	2,553	-	-	585	457	-	-	4,998
Less expenses including accrued expenses	(1,336)	(1,200)	(3,077)	(2,553)	-	-	(743)	(348)	-	-	(5,156)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	(158)	109	-	-	(158)

41.5 Australian Research Council Grants

Parent entity ONLY

Notes	Projects		Fellowships		Indigenous Researchers Development		Total
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	172	466	-	-	-	-	172
Net accrual adjustments	-	-	-	-	-	-	-
Revenue for the period	172	466	-	-	-	-	172
Surplus / (deficit) from the previous year	328	29	-	-	-	19	328
Total revenue including accrued revenue	500	495	-	-	-	19	500
Less expenses including accrued expenses	(239)	(167)	-	-	-	-	(239)
Surplus / (deficit) for reporting period	261	328	-	-	-	19	261

Notes to the Financial Statements for the year ended 31 December 2005

Note 41. Acquittal of Australian Government financial assistance (cont)

41.5 Australian Research Council Grants

Parent entity ONLY

(b) Linkages	Notes	Special Research Initiatives										Total		
		2005		2004		2005		2004		2005			2004	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		-	-	-	289	-	-	-	-	-	-	902	994	1,283
Net accrual adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	3(e)(ii)	-	-	-	289	-	-	-	-	-	902	994	902	1,283
Surplus / (deficit) from the previous year		-	-	-	-	-	-	-	-	-	(404)	(5)	(404)	(5)
Total revenue including accrued revenue		-	-	-	289	-	-	-	-	-	498	989	498	1,278
Less expenses including accrued expenses		-	-	-	(289)	-	-	-	-	-	(366)	(1,394)	(366)	(1,683)
Surplus / (deficit) for reporting period		-	-	-	-	-	-	-	-	-	132	(404)	132	(405)

(c) Networks and Centres

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

Notes	Research Networks		Centres		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	-	-	-	-	-	-

NORSEARCH LIMITED
ABN 57 003 082 406

A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Norsearch Limited

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

Audit Opinion

In my opinion, the financial report of Norsearch Limited (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements, accompanying notes to the financial statements and directors' declaration for the Company and consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the Company and the entities it controlled during the financial year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Company or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and 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.

My Declaration of Independence dated 7 April 2006 would have been made on the same terms if it had been made at the date of this report.



M T Spriggins CA
Director, Financial Audit Services

SYDNEY
13 April 2006

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

ANNUAL REPORT

MEMBERS

Angela Delves	BSc(Hons), DipEd(Bath),PhD(Hull) Resigned 2 February 2006
Jean Griffiths	BA(Qld), Grad Dip Counselling, (BCAE), MNA(UNSW)
Malcolm H. Marshall	BA(CCAE),MBA(CQU),CPA,FTIA
Lionel E. Phelps	AM,BA,MEd,DUNIV(NE),DUNIV(SC)

**OFFICERS OF
THE COMPANY**

Company Secretary Kenneth G. Hudson	DipTech(Comm)NSWIT AssocDip Small BusMgt(NRCAE), CPA,FTIA
--	---

**REGISTERED
OFFICE**

c/- Southern Cross University
Military Road,
EAST LISMORE NSW 2480
Ph: (02) 66203188
Fax:(02) 66228763

AUDITORS

The Audit Office of New South Wales
P.O. Box 12,
SYDNEY NSW 2001

SOLICITORS

Maxwell & Co.
P.O. Box 755,
LISMORE NSW 2480

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

STATEMENT OF OBJECTIVES

1. To enhance the stature and reputation of Southern Cross University, its courses and graduates, consistent with the education objectives of the University.
2. To enhance the quality of education by providing University personnel with opportunities for experience in commercial fields.
3. To provide an environment for Southern Cross University staff which fosters creativity, thereby improving and maintaining internal productivity.
4. To develop and maintain the University's position as principal provider of information-based services in the Northern Rivers region of New South Wales. Information will be provided through research and development, consultancy, analysis, training courses, continuing education and skills development.
5. To generate revenue to support development of the Southern Cross University mission.
6. To compete on a fair and commercial basis in the market place.

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

DIRECTORS' REPORT

The directors submit the statutory report in respect of the results of the company and its controlled entity for the financial year ended 31 December 2005, and the state of the company's affairs as at that date.

DIRECTORS

The directors in office during or since the end of the financial year are:

Angela C. Delves	BSc(Hons),DipEd(Bath),Phd(Hull) Resigned 2 February 2006
Malcolm H. Marshall	BA(CCAE),MBA(CQU),CPA,FTIA
Lionel E Phelps	AM,BA,MEd,DUNIV(NE),DUNIV(SC)
Jean Griffith	BA (Qld), Grad Dip Counselling,(BCAE),MNA(UNSW)

The directors have been in office since the start of the financial year unless otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year were:

- a) consultancy and research;
- b) continuing education, skills development and training courses;
- c) development of education modules and units for professional development, university and continuing education;
- d) university enterprise activities, including the printery; and
- e) conference services.

OPERATING RESULTS

The net operating result of the economic entity after providing for income tax and eliminating outside equity interests was a profit of \$187,668 (prior year loss \$216,320) after providing \$ 96,741 (prior year \$97,971) for depreciation.

REVIEW OF OPERATIONS

During the financial year there were no significant changes in the state of affairs of the company.

TAXATION

The company is a non-profit organisation and claims exemption from the payment of income tax under Div 50-5 & 50-65 of the Income Tax Assessment Act 1997(ITAA). The controlled entity Southern Cross Human Resource Development Pty.Ltd. is a for profit organisation and subject to the ITAA.

DIVIDENDS PAID OR RECOMMENDED

The economic entity does not issue shares or debentures. Dividends declared and paid by the controlled entity totalled \$44,898 declared 17 May 2005 (prior year \$6,814) in the financial year.

SUBSEQUENT EVENTS

Directors have approved the transfer of some company operations to Southern Cross University, effective from 1 January 2006. See note 27.

The controlled entity Southern Cross Human Resource Development Pty. Ltd. applied for voluntary deregistration on 17 January 2006.

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

DIRECTORS' REPORT

No other matter or circumstance has arisen since the end of the financial year and at the date of this report, that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in financial years subsequent to 31 December, 2005.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the 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.

INFORMATION ON DIRECTORS

Professor Angela C. Delves, BSc(Hons), DipEd(Bath), Phd(Hull)
Pro-Vice-Chancellor of Southern Cross University and a Director since 2000.

Resigned 2 February 2006.

Malcolm H. Marshall, BA(CCAE), MBA(CQU), CPA, FTIA
Executive Director (Corporate Services) Southern Cross University and a Director since 1991.

Lionel E Phelps, AM, BA, MEd, DUNIV(NE), DUNIV(SC)
Former Chancellor of Southern Cross University and Director since 1989.

Jean Griffiths, BA(Qld), Grad Dip Counselling, (BCAE), MNA(UNSW) Senior Lecturer at Southern Cross University and a Director since 1996.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Jean Griffiths	8	4
Malcolm H. Marshall	8	6
Lionel E. Phelps	8	7
Angela Delves	8	8

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial year, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest;
has made with the company, an entity controlled by the company or a related body corporate, other than:
 - (i) a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the company, and
 - (ii) the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial year the parent entity has insured all of the directors previously listed 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 director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) 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.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2005 has been received and is on the next page.

Signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Dated this 6 day of April 2006.



GPO BOX 12
Sydney NSW 2001

To the Directors
Norsearch Limited

Auditor's Independence Declaration

As auditor for the audit of Norsearch Limited for the *year* ended 31 December 2005, 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".

M T Spriggins CA
Director, Financial Audit Services

7 April 2006
SYDNEY

**NORSEARCH LIMITED
AND CONTROLLED ENTITY
ABN 57 003 082 406
A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Norsesearch Limited and of the economic entity and pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2005 and the performance for the year ended 31 December 2005;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005, the Corporations Regulations 2001 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations 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 and economic entity will be able to pay their debts as and when they become due and payable.

Signed this 6 day of April, 2006 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors.



Director



Director

Income statement for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from continuing operations					
Consultancy income	4	365,673	534,538	365,673	456,788
Tuition and course fees		556,801	754,158	555,301	754,158
Printery income		1,760,844	1,431,546	1,760,844	1,431,546
Sales of modules		22	1,389	22	1,389
Sponsorship and promotion		45,591	37,257	45,591	37,257
Interest		98,837	119,638	97,959	118,740
Scientific testing		1,112,463	981,958	1,112,463	981,958
Net gain on disposal of plant and equipment	6	-	929	-	929
Conference fees		668,458	1,010,818	668,458	1,010,818
Other revenue		405,733	406,224	433,500	406,224
Total revenue from continuing operations		5,014,422	5,278,455	5,039,811	5,199,807
Expenses from continuing operations					
Employee benefits	5.1	1,772,493	1,576,419	1,772,493	1,576,419
Consultancy fees	5.2	725,021	1,023,361	725,021	1,023,361
Minor equipment		78,774	50,871	78,774	47,857
Depreciation on plant & equipment		96,741	97,971	96,741	97,971
Travel, accommodation and hospitality		200,339	361,521	200,339	361,521
Borrowing costs		14,363	17,332	14,363	16,746
Company fees & legals		693	4,444	693	4,244
Audit fees	9	24,100	22,000	22,000	20,000
Writedown of investments		-	-	30,000	-
Writedown of goodwill	17	10,526	-	-	-
Income related costs		884,663	1,127,994	884,663	1,127,994
Equipment leasing costs		750,075	729,762	750,075	729,762
Other expenses		269,592	441,409	260,070	437,420
Total expenses from continuing operations		4,827,380	5,453,084	4,835,232	5,443,295
Operating result before income tax expense		187,042	(174,629)	204,579	(243,488)
Income tax expense	7	-	(19,242)	-	-
Operating result from continuing operations		187,042	(193,871)	204,579	(243,488)
Net operating result for the year		187,042	(193,871)	204,579	(243,488)
Operating results attributable to minority interests	26	(626)	22,449	-	-
Net operating result attributable to members of the parent entity		187,668	(216,320)	204,579	(243,488)

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

Norsearch Limited and Controlled Entity

ABN 57 003 082 406

A controlled entity of Southern Cross University



Balance sheet as at 31 December 2005

	Notes	Consolidated		Parent entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	10	1,706,859	2,081,089	1,706,535	2,006,793
Receivables	11	360,413	480,898	362,556	480,602
Inventories	12	66,359	72,644	66,359	72,644
Tax assets	13	90	-	-	-
Other non-financial assets	14	22,471	39,641	22,471	39,641
Total current assets		2,156,192	2,674,272	2,157,921	2,599,680
Non-current assets					
Property, plant and equipment	16	239,204	319,064	239,204	319,064
Other financial assets	15	-	-	-	20,000
Intangible assets	17	-	-	-	-
Total non-current assets		239,204	319,064	239,204	339,064
Total assets		2,395,396	2,993,336	2,397,125	2,938,744
Current liabilities					
Trade and other payables	18	657,870	1,430,405	657,600	1,428,205
Provisions	19	64,893	63,605	64,893	63,605
Current tax payables	20	-	15,030	-	-
Total current liabilities		722,763	1,509,040	722,493	1,491,810
Non-current liabilities					
Provisions	19	116,875	93,756	116,875	93,756
Total non-current liabilities		116,875	93,756	116,875	93,756
Total liabilities		839,638	1,602,796	839,368	1,585,566
Net assets		1,555,758	1,390,540	1,557,757	1,353,178
Equity					
Minority interests	26	-	21,824	-	-
Contributed equity		-	-	-	-
Retained earnings	21	1,555,758	1,368,716	1,557,757	1,353,178
Total equity		1,555,758	1,390,540	1,557,757	1,353,178

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

Statement of changes in equity for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Total equity at the beginning of the financial year	1,390,540	1,587,818	1,353,178	1,596,666
Net Operating Result for the year	187,042	(193,871)	204,579	(243,488)
Minority Interest on controlled entity's loss	626	-	-	-
Dividend paid	(22,450)	(3,407)	-	-
Total equity at the end of the financial year	1,555,758	1,390,540	1,557,757	1,353,178
Total recognised income and expense for the year is attributable to:				
Members of Norsearch Limited	187,668	(216,320)	204,579	(243,488)
Minority interest	(626)	22,449	-	-
	187,042	(193,871)	204,579	(243,488)

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

Cash flow statement for the year ended 31 December 2005

	Notes	Consolidated		Parent entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash flows from operating activities					
Tuition fees & charges		556,801	827,296	555,301	754,158
Interest received		98,837	112,084	97,959	111,186
Other operating receipts		4,484,587	4,239,512	4,504,597	4,241,368
Income tax paid		(15,120)	(5,241)	-	-
Salaries and wages		(1,748,086)	(1,516,522)	(1,748,086)	(1,516,522)
Interest paid		(14,363)	-	(14,363)	-
Other operating payments		(3,688,517)	(3,367,599)	(3,668,784)	(3,358,457)
Net cash provided by/(used in) operating activities	28	(325,861)	289,530	(273,376)	231,733
Cash flows from investing activities					
Proceeds from asset sales		-	32,727	-	32,727
Plant and equipment		(16,780)	(259,141)	(16,882)	(259,141)
Acquisition of minority interest		(9,140)	-	(10,000)	-
Net cash provided by/(used in) investing activities		(25,920)	(226,414)	(26,882)	(226,414)
Cash flows from financing activities					
Repayment of borrowings		-	(6,583)	-	-
Payment of dividends		(22,449)	(3,407)	-	-
Net cash provided by/(used in) financing activities		(22,449)	(9,990)	-	-
Net increase/ (decrease) in cash and cash equivalents					
		(374,230)	53,126	(300,258)	5,319
Cash and cash equivalents at the beginning of the financial year		2,081,089	2,027,963	2,006,793	2,001,474
Cash and cash equivalents at the end of the financial year	10	1,706,859	2,081,089	1,706,535	2,006,793

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

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

Note 1. Company information

The company is limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. As at December 2005 the number of members was 4 (2004: 4).

The company was incorporated on 11 July 1986 and commenced trading on 1 January 1987. The company can make donations and gifts to Southern Cross University from time to time as well as other organisations and bodies which may be related to the work of Southern Cross University. In the event of winding up or dissolution of the company any property shall be given to some other institution or institutions, which may include Southern Cross University.

Company details;

The registered office of the company is;

Military Road,

EAST LISMORE NSW 2480

The company is domiciled and incorporated in Australia.

Note 2. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of the consolidated entity until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the consolidated entity's equity and its net income are given in note 29.

The consolidated entity has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

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.

The financial report has been prepared on an accruals basis and is based on 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.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Norsearch Limited as at 31 December 2005 and the results of all controlled entities for the year then ended. Norsearch Limited and its controlled entities are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity have been eliminated in full. All controlled entities are audited by The Audit Office of New South Wales.

Minority interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report. Details of controlled entities are contained in Note 26.

b) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

c) Revenue recognition

Financial assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

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

e) Basis of valuation of non-current assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

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

All plant and equipment is stated at historical cost less depreciation.

f) Depreciation of non-current assets

Depreciation is calculated using the straight line method to allocate their costs over their estimated useful lives to the consolidated entity.

The annual rates for depreciation are:

	%p.a.
Computer equipment	33.3
General equipment	10
Motor vehicle	15

g) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company currently has no finance leases. All leases are operating leases where the consolidated entity does not assume the risks and benefits of ownership. Lease payments for operating leases are charged as an expense in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability. Lease payments for operating leases are recognised as an expense in the income statement.

h) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

NORSEARCH LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

i) Inventories

Inventories have been valued at lower of cost or net realisable value, on a first in first out basis (FIFO).

j) Investments and other financial assets

From 1 January 2004 to 31 December 2004

The group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable. Transaction costs are excluded from the carrying amounts.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

For further information concerning the adjustments on transition date reference should be made to the following notes Explanation of transition to AIFRSs - note 29 and Other financial assets - note 15

From 1 January 2005

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*

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 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.

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

(iii) *Held-to-maturity investments*

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

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the 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 not carried at fair value through profit or loss. 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 and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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 and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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 group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

Notes to the financial statements for the financial year ended 31 December 2005

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 group 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 group for similar financial instruments.

l) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid on the creditors' payment terms.

m) Employee benefits

(i) Wages and salaries and annual 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.

(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 all 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 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.

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

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 charged or credited to income over the employees' expected average remaining working lives.

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.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net 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.

n) 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, Science and Training (DEST) the effects of the unfunded superannuation liabilities of the HEP 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 recorded in the balance sheet under provisions have been determined by independent actuaries appointed by each defined benefit plan and relate to the assessment of the gross superannuation liabilities for the defined benefits scheme administered by the SAS Trustee Corporation for the year ended 31 December 2005. These schemes include the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-Contributory Superannuation Scheme (SANCS).

Contributions are made by the company to employee superannuation funds and are expensed when incurred.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the HEP'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 HEP and its controlled entities.

Notes to the financial statements for the financial year ended 31 December 2005

o) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

p) Financial instruments transaction costs

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The consolidated entity has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the consolidated entity was immaterial.

q) Income tax

Norsearch Limited is exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the parent entity's financial report.

The controlled entity Southern Cross Human Resource Development Pty Ltd is subject to income tax, and a provision for income tax has been made in respect of its loss for 2005.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NORSEARCH LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

r) 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. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

Note 3. General

- a) The Company operates from premises owned by Southern Cross University at no charge, and Norsearch Limited is unable to determine the value for this charge.
- b) Research and consulting work is primarily carried out by academic staff employed by the University, or staff employed directly by the company for the term of the consultancy or project. Academic staff are entitled to undertake external consultancy work as a percentage of normal working hours in accordance with University policy.

Notes to the financial statements for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Note 4. Revenue from continuing operations				
Consultancy and contract research	365,673	534,538	365,673	456,788
Note 5. Expenses from continuing operations				
Note 5.1. Employee benefits				
Academic				
Salaries	41,980	31,022	41,980	31,022
Superannuation	3,960	2,792	3,960	2,792
Payroll tax	2,756	2,029	2,756	2,029
Workers' compensation	(137)	500	(137)	500
Total academic	48,559	36,343	48,559	36,343
Non-academic				
Salaries	1,407,408	1,232,512	1,407,408	1,232,512
Superannuation	148,839	156,168	148,839	156,168
Payroll tax	67,939	78,792	67,939	78,792
Workers' compensation	(4,808)	17,484	(4,808)	17,484
Long service leave expense	71,988	23,040	71,988	23,040
Annual leave	21,246	15,743	21,246	15,743
Maternity leave	-	8,525	-	8,525
Leave loading	11,322	7,812	11,322	7,812
Total non-academic	1,723,934	1,540,076	1,723,934	1,540,076
	1,772,493	1,576,419	1,772,493	1,576,419
Note 5.2 Consultancy fees paid				
The group as part of its normal activities engages consultants to provide services not available within its own resources	725,021	1,023,361	725,021	1,023,361
Note 6. Sale of non-current assets				
<i>Proceeds from sale</i>				
Plant & equipment	-	32,727	-	32,727
<i>Carrying amount of assets sold</i>				
Plant & equipment	-	(31,798)	-	(31,798)
Net gain on disposal of assets	-	929	-	929

Notes to the financial statements for the year ended 31 December 2005

Note 7. Income tax

Major components of income tax expense are as follows:

Income tax on profit from continuing operations at 30%
Write-off of deferred tax asset as it is not probable
that they will be recovered by future operations

Income tax expense

Consolidated		Parent entity	
2005	2004	2005	2004
\$	\$	\$	\$
(2,923)	19,242	-	-
2,923	-	-	-
-	19,242	-	-

The controlled entity, Southern Cross Human Resource Development Pty. Ltd. is not exempt from income tax. The tax provision is based on the company tax rate for 2005.

Deferred tax assets

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.

- operating losses

2,923	-	-	-
--------------	---	---	---

Franking account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.

-	3,737	-	-
---	-------	---	---

Note 8. Dividends paid

A final dividend of \$224.49 (2004:\$34.07) per share franked at the tax rate of 30% (2004: 30%) was paid on 27 May 2005 by Southern Cross HRD Pty Ltd.

22,449	3,407	-	-
22,449	3,407	-	-

No dividend has been declared as at balance date.

Note 9. Remuneration of auditors

During the year the following fees were paid for services provided by the auditor, its related practices and non-related audit firms:

Fees paid to *The Audit Office of New South Wales*:

Audit of financial report

24,100	22,000	22,000	20,000
---------------	--------	---------------	--------

Notes to the financial statements for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Note 10. Cash and cash equivalents				
Cash at bank	155,559	209,789	155,235	135,493
Petty cash	1,300	1,300	1,300	1,300
Bank interest bearing and at call deposits	1,550,000	1,870,000	1,550,000	1,870,000
Total cash and cash equivalents	1,706,859	2,081,089	1,706,535	2,006,793

(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:

Balances as above	1,706,859	2,081,089	1,706,535	2,006,793
Balance per cash flow statement	1,706,859	2,081,089	1,706,535	2,006,793

(b) Cash at bank

These are variable interest rates

(c) Interest bearing deposits

These deposits are bearing floating interest rates of 5.74% (2004 5.48%)

Note 11. Receivables

Current

Trade debtors	357,517	469,996	359,660	469,700
Provision for doubtful debts	-	(1,762)	-	(1,762)
Net debtors	357,517	468,234	359,660	467,938
Accrued interest income	2,896	12,664	2,896	12,664
	360,413	480,898	362,556	480,602

Note 12. Inventories

Current

Printery raw materials at cost	66,359	72,644	66,359	72,644
--------------------------------	--------	--------	--------	--------

Note 13. Current tax assets

Income tax receivable	90	-	-	-
-----------------------	----	---	---	---

Note 14. Other non-financial assets

Current

Prepayments	22,471	39,641	22,471	39,641
-------------	--------	--------	--------	--------

Notes to the financial statements for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Note 15. Other financial assets				
Non-current				
Investment in the shares of the subsidiary were written off during 2005 as the parent entity has decided to deregister the controlled entity Southern Cross Human Resource Development Pty Ltd - unlisted shares (at cost)	-	-	-	20,000

Note 16. Plant and equipment

Plant and equipment

At cost	951,247	942,303	951,247	942,303
Accumulated depreciation	(712,043)	(623,239)	(712,043)	(623,239)
	239,204	319,064	239,204	319,064

Movement in the carrying amounts

Movement in the carrying amounts of plant and equipment between the beginning and the end of the current financial year

Carrying amount as at 1 January 2005	319,064	178,381	319,064	178,381
Additions	16,881	259,141	16,881	259,141
Disposals	(7,937)	(31,798)	(7,937)	(31,798)
Other adjustments	7,937	11,311	7,937	11,311
Depreciation expense	(96,741)	(97,971)	(96,741)	(97,971)
Carrying amount as at 31 December 2005	239,204	319,064	239,204	319,064

Note 17. Intangible assets

Non-current

Goodwill	10,526	-	-	-
Write-down to recoverable amount	(10,526)	-	-	-
	-	-	-	-

Goodwill was recognised on acquisition of 50% interest in the company from the minority interest on 1 June 2005. The directors resolved to write-down the carrying amount of the goodwill to its recoverable amount resulting in a charge to the income statement of \$10,526 for the 2005 financial year.

Notes to the financial statements for the year ended 31 December 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Note 18. Trade and other payables				
Current				
Payables and accrued expenses	94,477	150,818	94,207	148,618
Amounts payable to related parties	85,040	694,302	85,040	694,302
Academic pursuit funds	35,521	49,386	35,521	49,386
Consultancies and contracts	73,542	9,198	73,542	9,198
Industry partnership funds	369,290	526,701	369,290	526,701
	657,870	1,430,405	657,600	1,428,205
Note 19. Provisions				
Current				
Provision for annual leave	52,605	55,077	52,605	55,077
Provision for long service leave	12,288	8,528	12,288	8,528
	64,893	63,605	64,893	63,605
Non-current				
Provision for annual leave	23,718	22,581	23,718	22,581
Provision for long service leave	93,157	71,175	93,157	71,175
	116,875	93,756	116,875	93,756
The aggregated employees benefit liability recognised and included in the financial statements is as follows:				
Current employee benefits	64,893	63,605	64,893	63,605
Non-current employee benefits	116,875	93,756	116,875	93,756
Accrued wages and salaries	15,390	4,676	15,390	4,676
	197,158	162,037	197,158	162,037
Note 20. Current tax liability				
Provision for income tax	-	15,030	-	-
Note 21. Retained earnings				
Balance at the beginning of year	1,368,716	1,585,036	1,353,178	1,596,666
Net operating result attributable to members of the parent entity for the year	187,668	(216,320)	204,579	(243,488)
Transfer to minority interest	(626)	-	-	-
Balance at the end of year	1,555,758	1,368,716	1,557,757	1,353,178

Notes to the financial statements for the year ended 31 December 2005

Consolidated		Parent entity	
2005	2004	2005	2004
\$	\$	\$	\$

Note 22. Related party transactions

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

Ultimate parent entity

Southern Cross University is the controlling entity of Norsearch Limited. Transactions with Southern Cross University for services provided are fully re-imbursed by the Company.

Related party transactions

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

Revenue

Printing charges	1,540,246	1,189,717	1,540,246	1,189,717
Southern Cross University service fees	255,463	316,090	255,463	316,090
Dividends from Sthn Cross Human Resource Development Pty.Ltd	22,449	-	-	-

Expenditure

Southern Cross University service fees	(382,679)	(695,614)	(382,679)	(695,614)
Contribution to Southern Cross Human Resource Development Pty.Ltd.	(22,449)	-	-	-
	1,413,030	810,193	1,413,030	810,193

Outstanding balances

Aggregate amounts receivable from , and payable to related parties at balance date are as follows:

Current receivables

Ultimate parent entity	450	-	-	-
------------------------	-----	---	---	---

Current payables

Ultimate parent entity	87,900	694,302	85,040	694,302
------------------------	--------	---------	--------	---------

Notes to the financial statements for the year ended 31 December 2005

Consolidated		Parent entity	
2005	2004	2005	2004
\$	\$	\$	\$

Note 23. Responsible persons and executive officers

Directors

Names of directors who have held office during the financial year were:

Angela Delves (Resigned February 2006)
Jean Griffiths
Malcolm Marshall
Lionel Phelps

The above persons have been in office since the start of the year unless otherwise stated.

Directors' remuneration

Income paid or payable, or otherwise made available, to all board members by the entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities:

	597,848	506,143	597,848	506,143
	Number		Number	
\$0 to \$9,999	1	1	1	1
\$90,000 to \$99,999	1	1	1	1
\$190,000 to \$199,999	-	1	-	1
\$210,000 to \$219,999	-	1	-	1
\$220,000 to \$229,000	1	-	1	-
\$280,000 to \$289,999	1	-	1	-

The company's operations are managed by personnel employed by Southern Cross University. No executive remuneration is disclosed.

Notes to the financial statements for the year ended 31 December 2005

Consolidated		Parent entity	
2005	2004	2005	2004
\$	\$	\$	\$

Note 24. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 31 December 2005.

(b) Operating lease commitments

Future minimum lease payments under non-cancellable operating leases for each of the following periods:

not later than one year	355,964	369,141	355,964	369,141
later than one year and not later than two years	81,384	354,836	81,384	354,836
later than two years and not later than three years	142,422	220,704	142,422	220,704
	579,770	944,681	579,770	944,681

(c) Other expenditure commitments

Purchase orders placed with suppliers as at 31 December for goods and services (other than inventories) receivable within twelve months of year end

	178,990	140,515	178,990	140,515
	178,990	140,515	178,990	140,515

All commitments include GST which is expected to be recoverable in the normal course of operations.

Note 25. Contingent liabilities

Norsearch Limited currently has no legal matters outstanding which are expected to result in material claims against Norsearch Limited.

Note 26. Controlled entities

	Country of Incorporation	% Ownership	
		2005	2004
Parent entity			
Norsearch Limited	Australia		
Controlled entities			
Southern Cross Human Resource Development Pty Ltd	Australia	100%	50%

Minority interests

Parent entity	
Norsearch Limited	
2005	2004
\$	\$
Minority interests in controlled entities comprises:	
Issued capital	100
Retained earnings prior year	21,724
Less dividend paid	(22,449)
Operating result for the period	(626)
Minority interest sold to parent entity 1 June 2005	1,251
	-
	21,824

During the 2005 financial year the parent entity purchased the outside equity interest for \$10,000. This purchase gave the company 100% ownership of the controlled entity. The value of the parent entity's interest in the controlled entity was written off during 2005 due to the intention to deregister the controlled entity. The writedown totalling \$30,000 has been disclosed as an expense in the income statement. ASIC has approved the company deregistration on 1 February 2006.

Notes to the financial statements for the year ended 31 December 2005

Consolidated		Parent entity	
2005	2004	2005	2004
\$	\$	\$	\$

Note 27. Subsequent events

Directors resolved in 2005 to transfer the majority of company operations to Southern Cross University in 2006. It was not possible to quantify the effects in 2006 however in the 2005 financial year the two major operations (Printery and Environmental Analysis Lab) contributed \$136,249 of the 2005 net operating profit.

The controlled entity Southern Cross Human Resource Development Pty. Ltd. applied for voluntary deregistration on 17 January 2006.

Note 28. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Net operating result for the year	187,042	(193,871)	204,579	(243,488)
<i>Add: Depreciation</i>	96,741	97,971	96,741	97,971
<i>Add: Write-down of investment in subsidiary</i>	-	-	30,000	-
<i>Add: Write-down of goodwill</i>	10,526	-	-	-
<i>Less: Plant & equipment adjustment</i>	-	(11,311)	-	(11,311)
<i>Less: Profit on disposal of assets</i>	-	(929)	-	(929)
<i>Change in operating assets and liabilities</i>				
(Increase)/Decrease in receivables	119,443	5,583	118,046	2,835
(Increase)/Decrease in other assets	17,170	(13,026)	17,170	(14,351)
(Increase)/Decrease in inventories	6,285	1,986	6,285	1,986
(Increase)/Decrease in deferred tax assets	90	450	-	-
Increase/(Decrease) in provision for employee benefits	24,407	59,897	24,407	59,897
Increase/(Decrease) in payables and other liabilities	(772,535)	329,229	(770,604)	339,123
Increase/(Decrease) in provision for income tax	(15,030)	13,551	-	-
Net cash provided by/(used in) operating activities	(325,861)	289,530	(273,376)	231,733

Business acquisition

Norsearch Limited acquired 50% of Southern Cross Human Resource Development Pty. Ltd. on 6th June 2005. Norsearch Limited then became the sole owner of Southern Cross Human Resource Development Pty. Ltd.

Consideration	10,000	-	10,000	-
Fair value of net assets acquired.	1,251	-	1,251	-
Cash flow on acquisition net of cash acquired	10,000	-	10,000	-

Notes to the financial statements for the year ended 31 December 2005

Note 29. Explanation of transition to Australian equivalents to IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Previous AGAAP	Consolidated Effect of transition to AIFRS	AIFRS	Previous AGAAP	Parent entity Effect of transition to AIFRS	AIFRS
Current assets						
Cash and cash equivalents	2,027,963	-	2,027,963	2,001,474	-	2,001,474
Receivables	485,181	-	485,181	483,437	-	483,437
Inventories	74,630	-	74,630	74,630	-	74,630
Other	26,615	-	26,615	25,290	-	25,290
Total current assets	2,614,389	-	2,614,389	2,584,831	-	2,584,831
Non-current assets						
Property, plant and equipment	178,381	-	178,381	178,381	-	178,381
Deferred tax assets	450	-	450	-	-	-
Other financial assets	-	-	-	20,000	-	20,000
Total non-current assets	178,831	-	178,831	198,381	-	198,381
Total assets	2,793,220	-	2,793,220	2,783,212	-	2,783,212
Current liabilities						
Payables and other liabilities	1,099,876	-	1,099,876	1,089,082	-	1,089,082
Provisions excluding tax liabilities	52,599	(21,086)	31,513	52,599	(21,086)	31,513
Current tax liabilities	1,479	-	1,479	-	-	-
Total current liabilities	1,153,954	(21,086)	1,132,868	1,141,681	(21,086)	1,120,595
Non-current liabilities						
Provisions	44,865	21,086	65,951	44,865	21,086	65,951
Interest bearing liabilities	6,583	-	6,583	-	-	-
Total non-current liabilities	51,448	21,086	72,534	44,865	21,086	65,951
Total liabilities	1,205,402	-	1,205,402	1,186,546	-	1,186,546
Net assets	1,587,818	-	1,587,818	1,596,666	-	1,596,666
Equity						
Minority interest	2,782	-	2,782	-	-	-
Retained profits	1,585,036	-	1,585,036	1,596,666	-	1,596,666
Total equity	1,587,818	-	1,587,818	1,596,666	-	1,596,666

Notes to the financial statements for the year ended 31 December 2005

Note 29. Explanation of transition to Australian equivalents to IFRS (continued)

(b) At the date of transition to AIFRS: 31 December 2004

	Previous AGAAP	Consolidated Effect of transition to AIFRS	AIFRS	Previous AGAAP	Parent entity Effect of transition to AIFRS	AIFRS
Current assets						
Cash and cash equivalents	2,081,089	-	2,081,089	2,006,793	-	2,006,793
Receivables	480,898	-	480,898	480,602	-	480,602
Inventories	72,644	-	72,644	72,644	-	72,644
Other	39,641	-	39,641	39,641	-	39,641
Total current assets	2,674,272	-	2,674,272	2,599,680	-	2,599,680
Non-current assets						
Property, plant and equipment	319,064	-	319,064	319,064	-	319,064
Deferred tax assets	-	-	-	-	-	-
Other financial assets	-	-	-	20,000	-	20,000
Total non-current assets	319,064	-	319,064	339,064	-	339,064
Total assets	2,993,336	-	2,993,336	2,938,744	-	2,938,744
Current liabilities						
Payables and other liabilities	1,430,405	-	1,430,405	1,428,205	-	1,428,205
Provisions excluding tax liabilities	86,186	(22,581)	63,605	86,186	(22,581)	63,605
Current tax liabilities	15,030	-	15,030	-	-	-
Total current liabilities	1,531,621	(22,581)	1,509,040	1,514,391	(22,581)	1,491,810
Non-current liabilities						
Provisions	71,175	22,581	93,756	71,175	22,581	93,756
Interest bearing liabilities	-	-	-	-	-	-
Total non-current liabilities	71,175	22,581	93,756	71,175	22,581	93,756
Total liabilities	1,602,796	-	1,602,796	1,585,566	-	1,585,566
Net assets	1,390,540	-	1,390,540	1,353,178	-	1,353,178
Equity						
Minority interest	21,824	-	21,824	-	-	-
Retained profits	1,368,716	-	1,368,716	1,353,178	-	1,353,178
Total equity	1,390,540	-	1,390,540	1,353,178	-	1,353,178

Notes to the financial statements for the year ended 31 December 2005

Note 29. Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit for the year ended 31 December 2004

The introduction of AIFRS as at 1 January 2004 did not have any material impact on the profit of the economic entity or of the parent entity for the year ended 31 December 2004.

(3) Reconciliation of cash flow statement for year ended 31 December 2004

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement

(4) Notes to the reconciliations

a) Provisions The movement was a consequence of the allocations of Annual Leave and LSL between Current & Non-Current Liabilities as required under AIFRS.

(5) No adjustments on transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement were required as at 1 January 2004 or 31 December 2004

Notes to the financial statements for the year ended 31 December 2005

Note 30. Financial instruments

(A) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the economic entity these include cash at bank, receivables, other financial assets, payables, other liabilities and interest bearing liabilities.

In accordance with AASB 1033 "Presentation and Disclosure of Financial Instruments" information is disclosed below and all such accounts are carried at net fair value unless otherwise stated. The specific accounting policy of each class of such financial instrument is stated below.

The following is the economic entity's accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets			
Cash assets	10	All instruments are recorded at cost	Interest is paid on maturity
Receivables	11	All are carried in the accounts at net value unless otherwise stated	Normal business trading terms are payment in 30 days
Other financial assets	15	All are recorded in the accounts at cost unless otherwise stated	Non-tradable
Financial liabilities			
Trade and other payables	18	All are carried in the accounts at net fair value unless otherwise stated	Normal business trading terms apply to the payment of suppliers accounts

(B) 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.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total \$	Total \$
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Financial assets										
Cash assets	3.55%	3.63%	155,559	209,789	-	-	1,300	1,300	156,859	211,089
Bank interest bearing deposits	5.74%	5.48%	150,000	-	1,400,000	1,870,000	-	-	1,550,000	1,870,000
Receivables			-	-	-	-	360,413	480,898	360,413	480,898
			305,559	209,789	1,400,000	1,870,000	361,713	482,198	2,067,272	2,561,987
Financial liabilities										
Payables	N/A	N/A	-	-	-	-	657,870	1,430,405	657,870	1,430,405
			-	-	-	-	657,870	1,430,405	657,870	1,430,405

Notes to the financial statements for the year ended 31 December 2005

Note 30. Financial instruments (continued)

(C) Credit risk by classification of counterparty

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 economic entity'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	Banks	Other	Total
	\$	\$	\$
Cash	155,559	1,300	156,859
Bank interest bearing deposits	1,550,000	-	1,550,000
Receivables	-	360,413	360,413
	1,705,559	361,713	2,067,272

(D) Fair value of financial assets and liabilities

The net fair value of financial assets and liabilities approximates their carrying value.

** End of Audited Accounts **

**SOUTHERN CROSS HUMAN RESOURCE DEVELOPMENT PTY LTD
ABN 39 086 524 530**

A CONTROLLED ENTITY OF NORSEARCH LIMITED

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Southern Cross Human Resource Development Pty Ltd

To Members of the New South Wales Parliament and Members of Southern Cross Human Resource Development Pty Ltd

Audit Opinion

In my opinion, the financial report of Southern Cross Human Resource Development Pty Ltd (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 2005 and financial performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and 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.

My Declaration of Independence dated 7 April 2006 would have been made on the same terms if it had been made at the date of this report.



MT Spriggins CA
Director, Financial Audit Services

SYDNEY
13 April 2006

DIRECTORS' REPORT

The directors of the company present their report on the company for the financial year ended 31 December 2005:

DIRECTORS

The directors in office during or since the end of the year are:

Peter Miller B Bus (UTS),MBus(NE)PhD – Resigned 18 July 2005

Brian Griffin BA,MEd(NE) – Resigned 18 July 2005

Malcolm Marshall BA(CCAE), MBA(CQU),CPA,FTIA

Lawson Savery MSc(Aston),PhD(WAust)

The directors have been in office since the start of the financial year unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were operating as a registered training organisation. The company applied for deregistration on 17 January 2006.

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

OPERATING RESULTS

The net operating result for the financial year ended 31 December 2005 was a loss of \$9,744 (prior year profit \$44,898).

DIVIDENDS PAID OR RECOMMENDED

A fully franked dividend of \$224.49 per share was declared on 17 May 2005 by the company during the financial year, and totalled \$44,898 fully franked.

SIGNIFICANT CHANGES

No matters or circumstances have arisen since the end of the financial year and at the date of this report, 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.

SUBSEQUENT EVENTS

The company applied for voluntary deregistration on 17 January 2006.

FUTURE DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Name	Qualifications	Experience
Peter Miller	B Bus (UTS),MBus(NE)PhD	Senior lecturer & course co-ordinator in the School of Social Sciences at Southern Cross University. Resigned 18 July 2005.
Brian Griffin	BA,Med(NE)	Retired lecturer in workplace learning. Resigned 18 July 2005.
Malcolm Marshall	BA(CCAE), MBA(CQU), CPA,FTIA.	Executive Director (Corporate Services) at Southern Cross University. Director since 2002.
Lawson Savery	MSc(Aston),Phd(WAust)	Executive Dean of the Division of Business at Southern Cross University. Director since 2002.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Peter Miller	2	2
Malcolm Marshall	5	5
Lawson Savery	5	5
Brian Griffin	2	2

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 these proceedings.

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

No director has, during and since the end of the financial year, received or become entitled to receive a benefit by reason of a contract made by the company or related corporation with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

During or since the financial year the parent entity has insured all of the directors previously listed 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 director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFYING OFFICERS OR AUDITOR

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


- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) 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.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2005 has been received and is on the next page.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors.



Director



Director

Dated this 24 day of April 2006



GPO BOX 12
Sydney NSW 2001

To the Directors
Southern Cross Human Resources Development Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of Southern Cross Human Resources Development Pty Ltd for the year ended 31 December 2005, 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 "M T Spriggins".

M T Spriggins CA
Director, Financial Audit Services

7 April 2006
SYDNEY

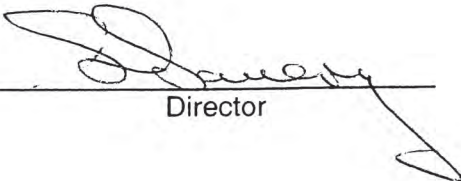
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Southern Cross Human Resource Development Pty Ltd and pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

1. The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2005 and of the performance for the year ended 31 December 2005;
2. The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Corporations Act 2001 and Corporation Regulations 2001.
3. The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations 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 reports 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 this ^{6th} day of April, 2006 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Income statement for the year ended 31 December 2005

	Notes	2005 \$	2004 \$
Revenue from continuing operations			
Fees received from services		1,500	77,750
Interest revenue		878	898
Contribution from Norsesearch Limited		22,449	-
Total revenue from continuing operations		24,827	78,648
Expenses from continuing operations			
Audit fees	4	2,100	2,000
Commission-Norsesearch Limited		500	4,719
Computer related expenses		538	3,014
Borrowing costs		-	-
Donations		27,600	-
Bank fees		508	586
Subscriptions		-	2,953
Miscellaneous charges		3,325	1,236
Total expenses from continuing operations		34,571	14,508
Operating result before income tax expense		(9,744)	64,140
Income tax expense	5	-	(19,242)
Operating result from continuing operations		(9,744)	44,898
Net operating result for the year		(9,744)	44,898
Loss attributable to the members of Southern Cross Human Resource Development Pty Ltd		(9,744)	44,898

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

Balance sheet as at 31 December 2005

	Notes	2005 \$	2004 \$
Current assets			
Cash and cash equivalents	6	324	74,296
Receivables	7	717	296
Current tax assets	8	90	-
Total current assets		<u>1,131</u>	<u>74,592</u>
Total assets		<u>1,131</u>	<u>74,592</u>
Current liabilities			
Payables	9	3,130	6,919
Current tax liabilities	10	-	15,030
Total current liabilities		<u>3,130</u>	<u>21,949</u>
Total liabilities		<u>3,130</u>	<u>21,949</u>
Net assets		<u>(1,999)</u>	<u>52,643</u>
Equity			
Contributed equity	20	200	200
Retained earnings/(Accumulated losses)	12	(2,199)	52,443
Total equity		<u>(1,999)</u>	<u>52,643</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 2005

	Notes	2005 \$	2004 \$
Total equity at the beginning of the financial year		52,643	11,152
Net operating result		(9,744)	44,898
Total recognised income and expense for the year		(9,744)	44,898
Dividends declared and paid	3	(44,898)	(6,814)
Transfer to reserves		-	3,407
Total equity at the end of the financial year		(1,999)	52,643
Total recognised income and expense for the year is attributable to:			
Members of Southern Cross Human Resource Development Pty Ltd		(9,744)	44,898

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

Cash flow statement for the year ended 31 December 2005

	Notes	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from customers		1,079	73,138
Interest received		878	898
Contribution from Norsesearch Limited		22,449	
Payments to suppliers		(38,360)	(9,142)
Income tax paid		(15,120)	(5,241)
Net cash provided by/ (used in) operating activities	21	(29,074)	59,653
Cash flows from financing activities			
Payment of dividends		(44,898)	(3,407)
Repayment of borrowings		-	(8,439)
Net cash used in financing activities		(44,898)	(11,846)
Net increase/(decrease) in cash and cash equivalents		(73,972)	47,807
Cash and cash equivalents at the beginning of the financial year		74,296	26,489
Cash and cash equivalents at the end of the financial year	6	324	74,296

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

**Notes to the financial statements
for the financial year ended 31 December 2005**

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 the financial statements for Southern Cross Human Resource Development Pty Ltd as an individual entity.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The Financial Statements of the company until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The company has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

As the introduction of AIFRS has not had a material impact on the financial reporting of Southern Cross Human Resource Development Pty Ltd, reconciliations and descriptions of the effect of the transition from the previous AGAAP to AIFRSs on the consolidated entity's equity and its net income are not required.

The company has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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.

The financial report has been prepared on an accruals basis and is based on 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.

Significant accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

**Notes to the financial statements
for the financial year ended 31 December 2005**

a) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

b) Revenue recognition

Financial assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

c) 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.

d) Basis of valuation of non-current assets

Plant and equipment

Plant and equipment are measured at cost which is a surrogate for fair value for short lived assets. Plant and equipment is capitalised and recognised in the balance sheet at cost (being purchase price plus incidental costs directly attributable to the acquisition).

**Notes to the financial statements
for the financial year ended 31 December 2005**

e) Depreciation of non-current assets

Plant and equipment is depreciated over their estimated economic useful lives to the company using the straight-line method.

The annual rates for depreciation are:

	%p.a.
Computer equipment	33.3
General equipment	10

f) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

g) Payables

Accounts payable represent goods and services provided to the company prior to balance date. The accounts are usually settled on the creditors trading terms.

h) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

i) Income tax

Southern Cross Human Resource Development Pty Ltd is subject to income tax, and a provision for income tax has been made in respect of its loss for 2005.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

**Notes to the financial statements
for the financial year ended 31 December 2005**

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

j) 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. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the statement of financial position and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

Notes to the financial statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 2. General		
The company is administered by staff either:		
i) Seconded from Norsesearch Limited (these secondments are reviewable at two year intervals, seconded staff are employed under conditions that prevail for staff of Norsesearch Limited).		
ii) Employed on a contractual basis directly with Southern Cross Human Resource Development Pty Ltd.		
Note 3. Dividends		
A final dividend of \$224.49 (2004:\$34.07) per share franked at the tax rate of 30% (2004: 30%) was paid on 27 May 2005.		
	<u>44,898</u>	<u>6,814</u>
No dividend has been declared as at balance date.		
Note 4. Remuneration of auditors		
During the year the following fees were paid for services provided by the auditor, its related practices and non-related audit firms:		
Fees paid to <i>The Audit Office of New South Wales</i> Audit of financial report		
	<u>2,100</u>	<u>2,000</u>
Note 5. Income tax		
The prima facie tax on loss from continuing operations before income tax is reconciled to the income tax expense as follows:		
Income tax on profit/(loss) from continuing operations at 30%	(2,923)	19,242
Write-off deferred tax asset as it is not probable that they will be recovered by future operations	<u>2,923</u>	-
Income tax expense	<u>-</u>	<u>19,242</u>
Deferred tax assets		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.		
- operating losses	<u>2,923</u>	-
Franking account		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.		
	<u>-</u>	<u>3,737</u>

Notes to the financial statements for the year ended 31 December 2005

	2005	2004
	\$	\$
Note 6. Cash and cash equivalents		
Cash at bank and on hand	324	74,296
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	324	74,296
Balance per statement of cash flows	324	74,296
Note 7. Receivables		
Current		
Net goods & services tax receivable	267	296
Amounts receivable from ultimate parent entity	450	-
	717	296
Note 8. Current tax assets		
Current		
Income tax receivable	90	-
Note 9. Payables		
Current		
Accounts payable to parent entity	2,860	-
Payables and accrued expenses	270	6,919
	3,130	6,919
Note 10. Current tax liabilities		
Current		
Provision for income tax	-	15,030
	-	15,030

Notes to the financial statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 11. Restricted assets		
<p>Shareholders resolved to establish from retained earnings a research and development reserve to provide funds for future research and development such as post-graduate scholarships to be undertaken at Southern Cross University. These funds were provided from Norsesearch Limited's share of profits, and the fund balance is included in the amount shown as retained earnings.</p> <p>During the year Southern Cross Human Resource Development Pty Ltd became a wholly owned subsidiary of Norsesearch Limited. As a consequence of this, the restriction which previously applied under the shareholders agreement was removed.</p> <p>Closing balance of research & development reserve at the end of year.</p>		
	-	8,994
Note 12. Retained earnings		
Balance at beginning of financial year	52,443	10,952
Net operating result	(9,744)	44,898
Dividends declared and paid	(44,898)	(6,814)
Restricted asset	-	3,407
Balance at end of financial year	(2,199)	52,443

Notes to the financial statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 13. Related party information		
Share transactions of directors		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company.		
100 ordinary shares	-	100
Ultimate parent entity		
Southern Cross University is the ultimate parent entity. The University provides financial services and administration to the company at no cost.		
Parent entity		
Norsesearch Limited is the parent entity of Southern Cross Human Resource Development Pty Ltd. As at 31 December 2005 Norsesearch Limited holds all of the 200, \$1 issued and fully paid up shares. As a result Southern Cross Human Resource Development Pty Ltd is now a wholly owned subsidiary of Norsesearch Limited. As at 31 December 2004 Norsesearch Limited held 50% of share capital being 100 ordinary shares.		
	200	100
Related party transactions		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
<i>Revenue</i>		
Receipt of contribution from Norsesearch Limited	22,449	-
<i>Expenditure</i>		
Payment to Norsesearch Limited for commissions	500	4,719
Payment of dividends to Norsesearch Limited	22,449	3,407
Payment of donation to Southern Cross University	27,600	-
Payment of dividends to other shareholders	22,449	3,407
Outstanding balances		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current receivables</i>		
Ultimate parent entity	450	-
<i>Current payables</i>		
Parent entity	2,860	4,719

Notes to the financial statements for the year ended 31 December 2005

	2005 \$	2004 \$
--	------------	------------

Note 14. Responsible persons and executive officers

Directors

The names of directors who have held office during the financial year were:

Lawson Savery
Malcolm Marshall
Brian Griffin - Resigned 18 July 2005
Peter Miller - Resigned 18 July 2005

The above persons have been in office since the start of the financial year unless otherwise stated.

Directors' remuneration

Income paid or payable or otherwise made available, to all directors from the company and any related parties

<u>471,772</u>	<u>516,926</u>
----------------	----------------

	Number	Number
Number of directors whose income was within the following bands:		
Nil to \$9,999	1	1
\$50,000 to \$59,999	1	-
\$100,000 to \$109,999	-	1
\$190,000 to \$199,999	1	1
\$210,000 to \$219,999	-	1
\$220,000 to \$229,999	1	-

The company does not employ any executive personnel.

Note 15. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 31 December 2005.

(b) Other expenditure commitments

There were no material expenditure commitments as at 31 December 2005.

Note 16. Contingent liabilities and contingent assets

Southern Cross Human Resource Development Pty Ltd currently has no legal matters outstanding which are expected to result in material claims against it.

Note 17. Economic dependency

The company is dependent upon continued funding support from Southern Cross University.

Note 18. Segment reporting

a) Industry segments

The company operates within the industry of education, training and consulting.

b) Geographic segments

The company operates solely within Australia.

Notes to the financial statements for the year ended 31 December 2005

	2005	2004
	\$	\$

Note 19. Subsequent events

Subsequent to the end of the year the company has applied for voluntary deregistration. No adjustments are necessary to the carrying value of any assets and liabilities to reflect fair values.

Note 20. Contributed equity

200 fully paid shares at \$1 each

	2005	2004
	200	200

(a) Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 21. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Net operating result for the year	(9,744)	44,898
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	(421)	4,604
(Increase)/Decrease in other assets	-	1,325
(Increase)/Decrease in current tax assets	(90)	-
(Increase)/Decrease in deferred tax assets	-	450
Increase/(Decrease) in payables and other liabilities	(3,789)	(5,175)
Increase/(Decrease) in current tax liability	(15,030)	13,551
Net cash provided by/(used in) operating activities	(29,074)	59,653

Notes to the financial statements for the year ended 31 December 2005

Note 22. Financial instruments

(A) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the company these include cash at bank and payables.

The following is the companies accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets			
Cash	6	All instruments are recorded at cost.	Interest is paid on maturity or regular intervals.
Receivables	7	All are carried in the accounts at net fair value unless otherwise stated.	Normal business trading terms are payment in 30 days.
Financial liabilities			
Payables	9	All are carried in the accounts at net fair value unless otherwise stated.	Normal business trading terms apply to the payment of Suppliers accounts.

(B) Interest rate risk exposures

The company'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. Interest rate risk, is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. 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.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Financial assets										
Cash	1.62%	2.73%	324	74,296	-	-	-	-	324	74,296
Receivables	N/A	N/A	-	-	-	-	807	296	807	296
			324	74,296	-	-	807	296	1,131	74,592
Financial liabilities										
Payables	N/A	N/A	-	-	-	-	3,130	6,919	3,130	6,919
			-	-	-	-	3,130	6,919	3,130	6,919

(C) Credit risk by classification of counterparty

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	Governments \$	Banks \$	Other \$	Total \$
Cash	-	324	-	324
Receivables	90	-	717	807
	90	324	717	1,131

(D) 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 approximates their carrying value.

AUSTRALIAN PLANT DNA BANK LIMITED
ABN 95 108 486 791

A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Australian Plant DNA Bank Limited

To Members of the New South Wales Parliament and Members of Australian Plant DNA Bank Limited

Audit Opinion

In my opinion, the financial report of Australian Plant DNA Bank Limited (the Company) is in accordance with:

- the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2005 and their performance for the year ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements, accompanying notes to the financial statements and directors' declaration for the Company and consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises the Company and the entities it controlled during the financial year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Company or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and 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.

My Declaration of Independence dated 7 April 2006 would have been made on the same terms if it had been made at the date of this report.



M T Spriggins CA
Director, Financial Audit Services

SYDNEY
13 April 2006

AUSTRALIAN PLANT DNA BANK LIMITED
ABN 95 108 486 791

DIRECTORS' REPORT

The directors of the company present their report on the company for the year ended 31 December 2005:

DIRECTORS

The directors in office during or since the end of the financial period are:

Peter Baverstock	BSc(Hons),DSc(Adel), PhD(WAust)
Robert Henry (CEO)	BSc(Hons)(Qld),MSc(Hons)(Macq), PhD(LaTrobe),DSc(Qld)
Malcolm Marshall (resigned 11 January 2005)	BA,(CCAIE), MBA(CQU), CPA, FTIA
John Rickard (resigned 10 January 2005)	BSc(Hons),PhD(Lond) ,FANZAM
Steve Williams	BAppSc(QUT)
Paul Clark (appointed 11 January 2005)	BSc(Hons),PhD,DipTEd(Monash),FAIP,FIICA

The directors have been in office since the start of the financial year unless otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year were holding and maintaining the DNA of native Australian plants and other species of economic significance and enabling research and development into Australian plant DNA.

OPERATING RESULTS

The net operating result of the economic entity for the year ended 31 December 2005 was a loss of \$2,843. The net operating result of the company for the year ended 31 December 2005 was a profit of \$1,940 (2004 profit: \$43,159).

REVIEW OF OPERATIONS

Income for the period was derived from molecular analysis and storage of materials.

CHANGES IN STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the company or economic entity other than referred to in the financial statements or notes thereto.

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 or economic entity, the results of those operations or the state of affairs of the company in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the 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.

AUSTRALIAN PLANT DNA BANK LIMITED
ABN 95 108 486 791

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

INFORMATION ON DIRECTORS

Professor Peter R. Baverstock, BSc(Hons),DSc(Adel), PhD(WAust).

Professor Baverstock is Pro Vice-Chancellor (Research) at Southern Cross University.

Appointed 24 March 2004.

Professor Robert J. Henry, BSc(Hons)(Qld) MSc(Hons)(Macq), PhD(LaTrobe),DSc(Qld)

Professor Henry is Head of the Centre for Plant Conservation Genetics at Southern Cross University.

Appointed 24 March 2004.

Malcolm Marshall BA(CCAE), MBA(CQU), CPA, FTIA

Malcolm Marshall is the Executive Director (Corporate Services) at Southern Cross University.

Appointed 24 March 2004. Resigned 11 January 2005

Professor John A. Rickard, BSc(Hons), PhD (Lond), FANZAM.

Professor Rickard is Vice-Chancellor and President of Central Queensland University.

Appointed 24 March 2004. Resigned 10 January 2005

Steve Williams, BAppSc(QUT)

Steve Williams is the Business Manager within the Graduate Research College at Southern Cross University.

Appointed 30 April 2004.

Professor Paul Clark, BSc(Hons),PhD,DipTEd(Monash),FAIP,FIICA

Professor Clark is Vice-Chancellor of Southern Cross University.

Appointed 11 January 2005.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Peter Baverstock	3	3
Robert Henry	3	3
Malcolm Marshall	1	1
Steve Williams	3	3
Paul Clark	2	1

AUSTRALIAN PLANT DNA BANK LIMITED
ABN 95 108 486 791

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial year, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest; has made with the company, an entity controlled by the company or related body corporate, other than:
 - (i) a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company, and
 - (ii) the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial year the controlling entity has insured all of the directors previously listed 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 director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) 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.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2005 has been received and is on the next page.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Dated this 6 day of April 2006



GPO BOX 12
Sydney NSW 2001

To the Directors
Australian Plant DNA Bank Limited

Auditor's Independence Declaration

As auditor for the audit of Australian Plant DNA Bank Limited for the year ended 31 December 2005, 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".

M T Spriggins CA
Director, Financial Audit Services

7 April 2006
SYDNEY

AUSTRALIAN PLANT DNA BANK LIMITED
ABN 95 108 486 791

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Plant DNA Bank Limited and of the economic entity and pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2005 and the performance for the year ended 31 December 2005;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, Corporations Regulations 2001 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations 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 reports 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 become due and payable.

Signed this ⁶ day of April, 2006 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Income statement for the year ended 31 December 2005

	Notes	Consolidated	Parent entity	
		9 Feb 2005 to 31 Dec 2005 \$	2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Revenue from continuing operations	3	26,390	26,390	50,000
Expenses from continuing operations	4	<u>29,233</u>	<u>24,450</u>	6,841
Operating result before income tax expense		(2,843)	1,940	43,159
Income tax benefit	5	<u>-</u>	<u>-</u>	-
Operating result from continuing operations		<u>(2,843)</u>	<u>1,940</u>	43,159
Net operating result for the year		(2,843)	1,940	43,159
Net operating result attributable to members of the parent entity	11	<u><u>(2,843)</u></u>	<u><u>1,940</u></u>	<u>43,159</u>

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

Balance sheet as at 31 December 2005

	Notes	Consolidated	Parent entity	
		9 Feb 2005 to 31 Dec 2005 \$	2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Current assets				
Cash and cash equivalents	6	43,293	43,193	50,000
Receivables	7	4,248	4,248	200
Other non-financial assets	8	1,705	1,705	-
Total current assets		49,246	49,146	50,200
Non-current assets				
Receivables	7	-	2,783	-
Other financial assets	9	-	100	-
Total non-current assets		-	2,883	-
Total assets		49,246	52,029	50,200
Current liabilities				
Payables	10	8,930	6,930	7,041
Total current liabilities		8,930	6,930	7,041
Total liabilities		8,930	6,930	7,041
Net assets		40,316	45,099	43,159
Equity				
Retained earnings	11	40,316	45,099	43,159
Total equity		40,316	45,099	43,159

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

Statement of changes in equity for the year ended 31 December 2005

	Notes	Consolidated	Parent entity	
		9 Feb 2005 to 31 Dec 2005 \$	2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Total equity at the beginning of the financial year		<u>43,159</u>	<u>43,159</u>	-
Net operating result		(2,843)	1,940	43,159
Total recognised income and expense for the year		<u>(2,843)</u>	<u>1,940</u>	43,159
Total equity at the end of the financial year	11	<u>40,316</u>	<u>45,099</u>	43,159
Total recognised income and expense for the year is attributable to:				
Members of Australian Plant DNA Bank Limited		<u>(2,843)</u>	<u>1,940</u>	43,159

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

Cash flow statement for the year ended 31 December 2005

	Notes	Consolidated 9 Feb 2005 to 31 Dec 2005 \$	Parent entity 2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Cash flows from operating activities				
Receipts from customers		26,091	26,091	50,000
Payments to suppliers and employees		(30,844)	(28,061)	-
Net GST paid		(1,954)	(1,954)	-
Net cash provided by/(used in) operating activities	19	(6,707)	(3,924)	50,000
Cash flows from investing activities				
Loans to related parties		-	(2,783)	-
Purchase of shares in wholly-owned subsidiary		-	(100)	-
Net cash inflow (outflow) from investing activities		-	(2,883)	-
Net increase/(decrease) in cash and cash equivalents		(6,707)	(6,807)	50,000
Cash and cash equivalents at the beginning of the financial year		50,000	50,000	-
Cash and cash equivalents at the end of the financial year	6	43,293	43,193	50,000

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

AUSTRALIAN PLANT DNA BANK LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

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 Australian Plant DNA Bank Limited as an individual entity and the consolidated entity consisting of Australian Plant DNA Bank Limited and its subsidiary.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of the consolidated entity until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

As the introduction of AIFRS has not had a material impact on the financial reporting of Australian Plant DNA Bank Limited, reconciliations and descriptions of the effect of the transition from the previous AGAAP to AIFRS on the consolidated entity's equity and its net income are not required.

The consolidated entity has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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.

The financial report has been prepared on an accruals basis and is based on 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.

Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Australian Plant DNA Bank Limited as at 31 December 2005 and the results of all controlled entities for the year then ended. Australian Plant DNA Bank Limited and its controlled entities are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity have been eliminated in full. All controlled entities are audited by The Audit Office of New South Wales.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

c) Revenue recognition

Financial assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

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

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

e) Basis of valuation of non-current assets

Plant and Equipment

Plant and equipment are measured at cost which is a surrogate for fair value for short lived assets. Plant and equipment is capitalised and recognised in the balance sheet at cost (being purchase price plus incidental costs directly attributable to the acquisition).

f) Depreciation of non-current assets

Plant and equipment is depreciated over their estimated economic useful lives to the consolidated entity using the straight-line method.

The annual rates for depreciation are:

	%p.a.
Research equipment	33.3
Computer equipment	33.3
General equipment	10

g) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group currently has no finance leases. All leases are operating leases where the consolidated entity does not assume the risks and benefits of ownership. Lease payments for operating leases are charged as an expense in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability. Lease payments for operating leases are recognised as an expense in the income statement.

h) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

i) Investments and other financial assets

From 1 January 2004 to 31 December 2004

The group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable. Transaction costs are excluded from the carrying amounts.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

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

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 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.

(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.

AUSTRALIAN PLANT DNA BANK LIMITED

Notes to the financial statements for the financial year ended 31 December 2005

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 not carried at fair value through profit or loss. 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 and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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 and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

j) Fair value estimation

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

The 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 group 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 group 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.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

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 group for similar financial instruments.

k) Payables

Accounts payable represent goods and services provided to the consolidated entity prior to balance date. The accounts are usually settled on the creditors trading terms.

l) Employee benefits

(i) Wages and salaries and annual 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.

(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 all 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 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.

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.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

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.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net 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.

m) Research and development costs

Research and development costs are expensed in the year in which they are incurred.

n) Provisions

Provisions are recognised when the economic entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the economic entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

o) Financial instruments transaction costs

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The consolidated entity has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the consolidated entity was immaterial.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

p) Income tax

Australian Plant DNA Bank Limited is exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the parent entity's financial report.

The controlled entity is subject to income tax.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

AUSTRALIAN PLANT DNA BANK LIMITED

**Notes to the financial statements
for the financial year ended 31 December 2005**

q) 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. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

Notes to the financial statements for the year ended 31 December 2005

Note 2. Members' Guarantee

The parent entity is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 31 December 2005, the number of members was 1 (2004: 1).

	Consolidated	Parent entity	
	9 Feb 2005 to 31 Dec 2005 \$	2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Note 3. Revenue from continuing operations			
Consulting fees	26,390	26,390	-
Donations received from ultimate parent entity	-	-	50,000
	<u>26,390</u>	<u>26,390</u>	<u>50,000</u>

Note 4. Expenses from continuing operations

Accounting and audit fees	4,100	2,100	2,000
Domain name fees	189	189	4,712
Legal fees	2,346	363	-
Licences and subscriptions	2,146	1,346	-
Other expenses	164	164	129
Cost of services	20,288	20,288	-
	<u>29,233</u>	<u>24,450</u>	<u>6,841</u>

Note 5. Income tax

Major components of income tax benefit are as follows:

Income tax on profit/(loss) from continuing operations at 30%	(1,435)	-	-
Write-off deferred income tax as it is not probable that it will be recovered by future operations	1,435	-	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>

The controlled entity, Biobank Pty Limited is not exempt from income tax. The tax expense is based on the company tax rate for 2005.

Deferred tax assets

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.

- operating losses	<u>1,435</u>	<u>-</u>	<u>-</u>
--------------------	--------------	----------	----------

Franking account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.

Notes to the financial statements for the year ended 31 December 2005

	Consolidated 9 Feb 2005 to 31 Dec 2005 \$	Parent entity	
		2005 \$	24 Mar 2004 to 31 Dec 2004 \$
Note 6. Cash and cash equivalents			
Cash at bank	43,193	43,193	50,000
Cash on hand	100	-	-
	<u>43,293</u>	<u>43,193</u>	<u>50,000</u>

(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	43,293	43,193	50,000
Balance per statement of cash flows	<u>43,293</u>	<u>43,193</u>	<u>50,000</u>

(b) Cash at bank

These bank accounts are non-interest bearing.

Note 7. Receivables

Current

Trade receivables	2,094	2,094	-
Net goods and services tax receivable	2,154	2,154	200
	<u>4,248</u>	<u>4,248</u>	<u>200</u>

Non-current

Amounts receivable from wholly-owned subsidiary	-	2,783	-
	<u>-</u>	<u>2,783</u>	<u>-</u>

Note 8. Other non-financial assets

Current

Prepayments	1,705	1,705	-
	<u>1,705</u>	<u>1,705</u>	<u>-</u>

Note 9. Other financial assets

Non-current

Shares in wholly-owned subsidiary	-	100	-
	<u>-</u>	<u>100</u>	<u>-</u>

These financial assets are carried at cost.

Note 10. Payables

Current

Payables and accrued expenses	5,146	3,146	2,200
Amounts payable to ultimate parent entity	1,989	1,989	4,841
Revenue received in advance	1,795	1,795	-
	<u>8,930</u>	<u>6,930</u>	<u>7,041</u>

Notes to the financial statements for the year ended 31 December 2005

	Consolidated 9 Feb 2005 to 31 Dec 2005 \$	Parent entity 24 Mar 2004 to 31 Dec 2004	
	\$	2005 \$	2004 \$
Note 11. Retained earnings			
Balance at beginning of financial year	43,159	43,159	-
Net operating result for the year	(2,843)	1,940	43,159
Balance at end of financial year	<u>40,316</u>	<u>45,099</u>	<u>43,159</u>

Note 12. Responsible persons and executive officers

Directors

The names of directors who held office during the financial period are:

Professor Paul Clark	(appointed 11 January 2005)
Professor John Rickard	(resigned 10 January 2005)
Malcolm Marshall	
Stephen Williams	(appointed 11 May 2005)
Robert Henry	
Professor Peter Baverstock	

The above persons have been in office since the start of the year unless otherwise stated.

	Consolidated 9 Feb 2005 to 31 Dec 2005 \$	Parent entity 24 Mar 2004 to 31 Dec 2004	
	\$	2005 \$	2004 \$
Directors remuneration			
Income paid or payable, or otherwise made available, to board members by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities:	<u>1,106,068</u>	<u>1,106,068</u>	962,413

	Number	Number	
Remuneration of directors whose income was within the following bands:			
\$10,000 to \$19,999	1	1	-
\$100,000 to \$109,999	-	-	1
\$110,000 to \$119,999	1	1	-
\$160,000 to \$169,999	-	-	1
\$170,000 to \$179,999	1	1	-
\$190,000 to \$199,999	-	-	1
\$210,000 to \$219,999	1	1	1
\$220,000 to \$229,999	1	1	-
\$270,000 to \$279,999	-	-	1
\$370,000 to \$379,999	1	1	-

Notes to the financial statements for the year ended 31 December 2005

Note 13. Related party information

Related parties

Ultimate parent entity

Southern Cross University is the ultimate parent entity.

Wholly-owned subsidiary

Biobank Pty Limited is the company's wholly-owned subsidiary. Biobank Pty Limited was incorporated in Australia, on 9 February 2005.

Related party transactions

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

Transactions with related parties:

i) Ultimate parent entity

Transactions with Southern Cross University for services provided are fully reimbursed by the company as charged however, financial services and administration assistance are provided by the University at no cost. The value of these costs are not readily quantified.

	Consolidated 9 Feb 2005 to 31 Dec 2005 \$	Parent entity 2005 24 Mar 2004 to 31 Dec 2004 \$	
<i>Revenue</i>			
Receipt of donation	-	-	50,000
<i>Expenditure</i>			
Purchase of storage space	104	104	-
Purchase of analysis consulting services	20,387	20,387	-
Other miscellaneous purchases	-	-	4,841
<i>ii) Wholly-owned subsidiary</i>			
During the year the parent entity loaned funds to its wholly-owned subsidiary to enable it to pay its establishment costs.	-	2,783	-
On 9 February 2005 the parent entity purchased 100 ordinary shares at \$1 each in the wholly-owned subsidiary. Details of the wholly-owned subsidiary are disclosed at note 17.	-	100	-

Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Non-current receivables

Subsidiaries	-	2,783	-
--------------	---	-------	---

Current payables

Ultimate parent entity	1,989	1,989	4,841
------------------------	-------	-------	-------

No provision for doubtful debts have 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.

Notes to the financial statements for the year ended 31 December 2005

	Consolidated	Parent entity	
	9 Feb 2005 to 31 Dec 2005	2005	24 Mar 2004 to 31 Dec 2004
	\$	\$	\$
Note 14. Remuneration of auditors			
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:			
Fees paid to <i>The Audit Office of New South Wales</i>			
Audit of financial report	<u>4,100</u>	<u>2,100</u>	<u>2,000</u>

Note 15. Contingent liabilities and contingent assets

Contingent liabilities

The company is not aware of any contingent liabilities as at balance date.

Note 16. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 31 December 2005.

(b) Other expenditure commitments

There were no other expenditure commitments as at 31 December 2005.

Notes to the financial statements for the year ended 31 December 2005

Note 17. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding 2005
Biobank Pty Ltd	Australia	Ordinary	% 100%

The subsidiary was incorporated on 9 February 2005.
 The parent entity acquired its interest in the subsidiary on the date of incorporation.

Parent Entity Details:

The Registered office and principle place of business of the company is:
 Australian Plant DNA Bank Limited
 Centre for Plant Conservation Genetics
 Southern Cross University Campus
 Military Road
 EAST LISMORE NSW 2480

Note 18. Subsequent events

There were no events subsequent to balance date that would have a material financial effect on the financial report as presented.

Note 19. Reconciliation of net operating result for the year after income tax to net cash flows from operations

	Consolidated	Parent entity	
	9 Feb 2005 to 31 Dec 2005	2005	24 Mar 2004 to 31 Dec 2004
	\$	\$	\$
Net operating result for the year	(2,843)	1,940	43,159
<i>Change in operating assets and liabilities</i>			
(Increase) / decrease in receivables	(2,094)	(2,094)	-
(Increase) / decrease in non-financial assets	(1,705)	(1,705)	-
Increase / (decrease) in GST receivable	(1,954)	(1,954)	(200)
Increase/(Decrease) in payables and other liabilities	1,889	(111)	7,041
Net cash provided by/(used in) operating activities	(6,707)	(3,924)	50,000

Notes to the financial statements for the year ended 31 December 2005

Note 20. Financial instruments

(A) Financial risk management

The Group's activities exposes it to a variety of financial risks, as follows:

Credit risk

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

(B) 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.

2005	Fixed interest maturing in:								Total
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3	Over 3 to 4 years	Over 4 to 5	Over 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash assets	43,193	-	-	-	-	-	-	100	43,293
Receivables	-	-	-	-	-	-	-	4,248	4,248
Other financial assets	-	-	-	-	-	-	-	100	100
increase/(decrease)	43,193	-	-	-	-	-	-	4,448	47,641
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Financial liabilities									
Payables	-	-	-	-	-	-	-	8,930	8,930
	-	-	-	-	-	-	-	8,930	8,930
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Net financial assets/(liabilities)	43,193	-	-	-	-	-	-	(4,482)	38,711

Notes to the financial statements for the year ended 31 December 2005

Note 20. Financial instruments (continued)

2004	Fixed interest maturing in:								Total
	Floating	1 year or less	Over 1 to 2 years	Over 2 to 3	Over 3 to 4 years	Over 4 to 5	Over 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash assets	50,000	-	-	-	-	-	-	-	50,000
Receivables	-	-	-	-	-	-	-	200	200
	50,000	-	-	-	-	-	-	200	50,200
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Financial liabilities									
Payables	-	-	-	-	-	-	-	7,041	7,041
	-	-	-	-	-	-	-	7,041	7,041
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Net financial assets/(liabilities)	50,000	-	-	-	-	-	-	(6,841)	43,159

(C) Credit risk by classification of counterparty

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	Governments	Banks	Other	Total
	\$	\$	\$	\$
Cash	-	43,293	-	43,293
Receivables	-	-	4,248	4,248
	-	43,293	4,248	47,541

(D) Fair value of financial assets and liabilities

The carrying amounts of each asset and liability as stated in the balance sheet approximates their fair values.

(E) Other unrecognised financial assets and liabilities

The company has a contingent asset of \$100 arising from each member's guarantee in the event of winding-up the company's operations. Refer to note 2.

"End of Audited Accounts"

**BIOBANK PTY LTD
ABN 27 112 877 442**

A CONTROLLED ENTITY OF AUSTRALIAN PLANT DNA BANK LIMITED

**FINANCIAL REPORT
FOR THE PERIOD 9 FEBRUARY 2005 TO 31 DECEMBER 2005**



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Biobank Pty Ltd

To Members of the New South Wales Parliament and Members of Biobank Pty Ltd

Audit Opinion

In my opinion, the financial report of Biobank Pty Ltd (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 2005 and financial performance for the period ended on that date, and
 - complying with Accounting Standards in Australia, and the *Corporations Regulations 2001*,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the *Public Finance and Audit Act 1983* (PF & A Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, directors' declaration and accompanying notes to the financial statements for the company, for the period ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF & A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

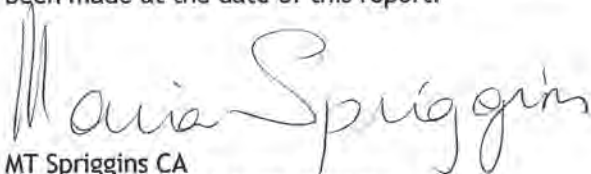
- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and 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.

My Declaration of Independence dated 7 April 2006 would have been made on the same terms if it had been made at the date of this report.



MT Spriggins CA
Director, Financial Audit Services

SYDNEY
13 April 2006

DIRECTORS' REPORT

The directors of the company present their report on the company for the period 9 February 2005 to 31 December 2005:

DIRECTORS

The directors in office during or since the end of the financial period are:

Peter Baverstock	BSc(Hons),DSc(Adel), PhD(WAust)
Robert Henry (CEO)	BSc(Hons)(Qld),MSc(Hons)(Macq), PhD(LaTrobe),DSc(Qld)
Steve Williams	BAppSc(QUT)

The directors have been in office since 9 February 2005 unless otherwise indicated.

PRINCIPAL ACTIVITIES

The company has not traded since it incorporated on 9 February 2005.

OPERATING RESULTS

The operating result for the period 9 February 2005 to 31 December 2005 was a loss of \$4,783.

CHANGES IN STATE OF AFFAIRS

During the period there was no significant change in the state of affairs of the company.

SUBSEQUENT EVENTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the 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.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Professor Peter R. Baverstock, BSc(Hons),DSc(Adel), PhD(WAust).

Professor Baverstock is Pro Vice-Chancellor (Research) at Southern Cross University.

Appointed 9 February 2005.

Professor Robert J. Henry, BSc(Hons)(Qld) MSc(Hons)(Macq), PhD(LaTrobe),DSc(Qld)

Professor Henry is Head of the Centre for Plant Conservation Genetics at Southern Cross University.

Appointed 9 February 2005.

Steve Williams, BAppSc(QUT)

Steve Williams is the Business Manager within the Graduate Research College at Southern Cross University.

Appointed 9 February 2005.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the period and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Peter Baverstock	1	1
Robert Henry	1	1
Steve Williams	1	1

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial period, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest; has made with the company, an entity controlled by the company or related body corporate, other than:
 - (i) a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company, and
 - (ii) the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial period the controlling entity has insured all of the directors previously listed 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 director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) 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.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2005 has been received and is on the next page.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Dated this 6 day of April 2006



GPO BOX 12
Sydney NSW 2001

To the Directors
Biobank Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of Biobank Pty Ltd for the *period* ended 31 December 2005, 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 "M T Spriggins".

M T Spriggins CA
Director, Financial Audit Services

7 April 2006
SYDNEY

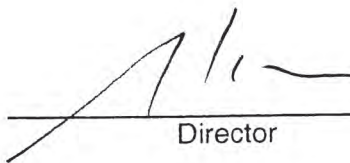
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Biobank Pty Ltd and pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2005 and the performance for the period 9 February 2005 to 31 December 2005;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance & Audit Regulation 2005, Corporations Regulations 2001 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations 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 reports 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 become due and payable.

Signed this 6 day of April, 2006 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Income statement for the period 9 February 2005 to 31 December 2005

	Notes	2005 \$
Revenue from continuing operations		-
Total revenue from continuing operations		<u>-</u>
Legal fees		1,983
Audit and accounting fees	4	2,000
Fees and licenses		800
Total expenses from continuing operations		<u>4,783</u>
Operating result before income tax expense		(4,783)
Income tax expense	3	-
Operating result from continuing operations		<u>(4,783)</u>
Net operating result for the period		<u>(4,783)</u>
Loss attributable to members of Biobank Pty Ltd		<u><u>(4,783)</u></u>

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

Balance sheet as at 31 December 2005

	Notes	2005 \$
Current assets		
Cash and cash equivalents	5	<u>100</u>
Total current assets		<u>100</u>
Total assets		<u>100</u>
Current liabilities		
Payables	6	<u>4,783</u>
Total current liabilities		<u>4,783</u>
Total liabilities		<u>4,783</u>
Net liabilities		<u><u>(4,683)</u></u>
Equity		
Contributed equity	15	<u>100</u>
Accumulated losses	7	<u>(4,783)</u>
Total equity		<u><u>(4,683)</u></u>

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

Statement of changes in equity for the period 9 February to 31 December 2005

	Notes	2005 \$
Total equity at the beginning of the period		<u>-</u>
Net operating result		(4,783)
Total recognised income and expense for the period		<u>(4,783)</u>
Issue of share capital	15	100
Total equity at the end of the financial period		<u>(4,683)</u>
Total recognised income and expense for the period is attributable to:		
Members of Biobank Pty Ltd		<u>(4,683)</u>
		<u>(4,683)</u>

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

Cash flow statement for the period 9 February 2005 to 31 December 2005

	Notes	2005 \$
Cash flows from operating activities		
Income		-
Payments to suppliers		-
Net cash provided by/(used in) operating activities	14	-
Cash flows from financing activities		
Proceeds from issue of capital		100
Net cash provided by financing activities		100
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	5	100

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

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

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, Urgent Issues Group Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The company was incorporated on 9 February 2006. As a result there is no comparative information.

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.

The financial report has been prepared on an accruals basis and is based on 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.

Significant accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

a) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

b) Revenue recognition

Financial assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

**Notes to the financial statements
for the period 9 February 2005 to 31 December 2005**

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

c) 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.

d) Basis of valuation of non-current assets

Plant and equipment

Plant and equipment are measured at cost which is a surrogate for fair value for short lived assets. Plant and equipment is capitalised and recognised in the balance sheet at cost (being purchase price plus incidental costs directly attributable to the acquisition).

e) Depreciation of non-current assets

Plant and equipment is recorded at cost and is depreciated over their estimated economic useful lives to the company using the straight-line method.

The annual rates for depreciation are:

	%p.a.
Computer equipment	33
General equipment	10

f) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company currently has no finance leases. All leases are operating leases where the company does not assume the risks and benefits of ownership. Lease payments for operating leases are charged as an expense in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability. Lease payments for operating leases are recognised as an expense in the income statement.

**Notes to the financial statements
for the period 9 February 2005 to 31 December 2005**

g) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the balance sheet.

h) Payables

Accounts payable represent goods and services provided to the company prior to balance date. The accounts are usually settled on the creditors trading terms.

i) Income tax

Biobank Pty Ltd is subject to income tax.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**Notes to the financial statements
for the period 9 February 2005 to 31 December 2005**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

j) 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. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office 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 are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

2005
\$

Note 2. Company details

Biobank Pty Ltd is a proprietary company, incorporated and operated in Australia.

The registered office and principal place of business of the company is:

Centre for Plant Conservation Genetics

"Y" Block

Southern Cross University

Military Road

LISMORE NSW 2480

Tel: (02) 66203458

Note 3. Income tax

The prima facie tax on loss from continuing operations before income tax is reconciled to the income tax expense as follows:

Income tax on loss from continuing operations at 30% (1,435)

Write-off deferred income tax as it is not probable that it will be recovered by future operations 1,435

Income tax expense

-

Deferred tax assets

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.

- operating losses 1,435

Franking account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years. -

Note 4. Remuneration of auditors

Audit of the financial report 2,000

Note 5. Cash and cash equivalents

Cash at bank and on hand 100

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:

Balances as above 100

Balance per cash flow statement **100**

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

	2005 \$
Note 6. Payables	
Current	
Accounts payable to parent entity	2,783
Payables and accrued expenses	2,000
	<u>4,783</u>
Note 7. Accumulated losses	
Balance at the beginning of period	-
Net operating result for the period	(4,783)
Balance at the end of period	<u>(4,783)</u>
Note 8. Related party information	
Related parties	
Ultimate parent entity	
Southern Cross University is the ultimate parent entity.	
Parent entity	
Australian Plant DNA Bank Limited is the parent entity	
Related party transactions	
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.	
<i>Parent entity</i>	
During the period the company borrowed funds from its parent entity to enable it to pay for establishment costs. Loan funds are provided on interest-free terms.	
	<u>2,783</u>
On 9 February 2005 the parent entity purchased 100 ordinary shares at \$1 each in the company.	
	<u>100</u>
Outstanding balances	
The following balances are outstanding at the reporting date in relation to transactions with related parties:	
<i>Current payables</i>	
Parent entity	<u>2,783</u>

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

2005

\$

Note 9. Responsible persons and executive officers

Directors

The names of directors who have held office during the financial period are:

Peter Baverstock

Robert Henry

Steve Williams

Directors remuneration

Income received or due and receivable by all directors from the company and any related bodies corporate

502,535

Number of directors whose income was within the following bands:

\$110,000 to \$119,999

\$170,000 to \$179,999

\$210,000 to \$219,000

Number

1

1

1

During the period Southern Cross University paid directors' and officers' liability insurance in respect of the university and its wholly owned controlled entities. The amount paid in respect of directors of Biobank Pty Ltd cannot be reliably determined.

Note 10. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 31 December 2005.

(b) Other expenditure commitments

There were no expenditure commitments contracted as at 31 December 2005.

Note 11. Contingent liabilities and contingent assets

Biobank Pty Ltd currently has no legal matters outstanding or other contingent liabilities which are expected to result in material claims against it.

Note 12. Segment reporting

a) Industry segments

The company operates within the one industry for holding and maintaining the DNA of native Australian Plants and other species of economic significance.

b) Geographic segments

The company operates solely within Australia.

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

2005
\$

Note 13. Subsequent events

There were no events subsequent to reporting date that would have a material financial effect on the financial report.

Note 14. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Net operating result for the period	(4,783)
<i>Change in operating assets and liabilities</i>	
Increase in payables	4,783
Net cash provided by/(used in) operating activities	<u><u>-</u></u>

Note 15. Contributed equity

Opening balance	-
Shares issued during the financial period	
100 ordinary shares fully paid @ \$1 each issued on 9 February 2005	100
Closing balance	<u><u>100</u></u>

Fully paid shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The company has the power to forfeit any shares upon which the call remains unpaid for a period specified by the directors.

The company has a first and paramount lien on every share not fully paid for all money, whether presently payable or not, called or payable at a fixed time in respect of that share.

Note 16. Economic dependency

A letter of unconditional financial support has been provided by Southern Cross University. The ultimate parent will support the company financially to help ensure the company can pay its debts as and when they fall due.

Notes to the financial statements for the period 9 February 2005 to 31 December 2005

Note 17. Financial instruments

(A) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the company these include cash at bank and payables.

The following is the companies accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets			
Cash	5	All instruments are recorded at cost.	Interest is paid on maturity.
Financial liabilities			
Payables	6	All are carried in the financial statements at net fair value unless otherwise stated.	Normal business trading terms apply to the payment of suppliers accounts

(B) Interest rate risk exposures

The company'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 instruments.

Exposures arise predominately from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

2005	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	Total
	2005 %	2005 \$	2005 \$	2005 \$	2005 \$
Financial assets					
Cash	4.28%	-	-	100	100
Receivables	N/A	-	-	-	-
		-	-	100	100
Financial liabilities					
Payables	N/A	-	-	4,783	4,783
Tax liabilities	N/A	-	-	-	-
		-	-	4,783	4,783

(C) Credit risk by classification of counterparty

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	Governments \$	Banks \$	Other \$	Total \$
Cash	-	-	100	100
	-	-	100	100

(D) Fair value of financial assets and liabilities

The fair value of the company's financial assets and liabilities as presented in the balance sheet approximate their fair value.

"End of Audited Accounts"

Index

AARNet	p 6	Environmental regulation and performance	p 5
Academic achievements	p 9	Equal employment opportunity	p 35
Academic and General Staff 2001-2005	p 35	Equity and diversity.....	p 35
Academic board	p 20	Equity scholarships	p 24
Academic board appeals committee	p 21	Ethnic affairs priorities statements	p 35
Academic divisions	pp 9-14, 19	Events	p 24
Academic plan	p 6	Executive Dean (Division of Arts)	p 19
Academic promotion	p 36	Executive Dean (Division of Business)	p 19
Academic promotion appeals committee	p 21	Executive Dean (Division of Health and Applied Science)	p 19
Access:	pp 15, 16	Executive Director (Corporate Services)	p 19
Aims and objectives	p 4	Executive Director's report	p 23
Arts	p 9	External study	p 16
Audit committee	p 21	Facilities	p 37
Australian Research Council	p 7	Finance committee	p 22
Budget, (see 2005-2006 budget)		Financial and resource management	p 26
Benchmarking	pp 31, 34, 35	Financial report Southern Cross University.....	p 43
Changes in state of affairs	p 5	Financial report Norsesearch Limited.....	p 106
Charter	p4	Financial report Southern Cross Human Resource Development Pty Ltd.....	p 143
Appendices	p 2	Financial report Australian Plant DNA Bank Limited ...	p 166
Campuses and sites	p 15	Financial report Biobank Pty Ltd	p 195
Capital works	pp 23, 37	Flexible learning options	p 16
Chancellor's committee	p 20	Freedom of information	p 34
Coffs Harbour (campus)	pp 15, 37	Full-time and fractional full-time staff 2001-2005..	pp 36-37
Commercial arrangements committee	p 21	Future developments	p 5
Committees (other)	p 22	Governance and Higher Education Workplace Reforms	p 23
NSW Government Energy Management policy (performance and outcomes)	p 37	Guarantee of service, (see Council report, Quality assurance, Executive Director's report)	
Complaints management	p 18	Honorary awards committee	p 22
Consultants	p 31	Human resource services	p 31
Consultancies	p 27	Improved delivery	p 18
Consumer response	p 18	Improving access	p 15
Contents	p iv	Indigenous employment	p 32
Continuing development	p 7	Industry and professional links	pp 10, 12, 14
Corporate services	p 23	Industry scholarships	p 25
Council, boards and major committees	p 20	Information technology and telecommunication services	p 33
Council report	p 3	Innovative initiatives	pp 9, 11, 13
DEST funding	p 7	Insurance	p 34
Development and Alumni	p 19	Insurance of officers	p 5
Diagrams, graphics and tables	p 1	International activity	p 8
Disabilities	p 35	International office	p 19
Disciplinary appeals committee	p 21	Investment performance	p 31
Distance education	p 16	Leadership and management training for women	p 36
Divisional boards	p 22	Learning assistance	p 19
Disclosure	p 5	Learning and teaching advisory committee	p 22
Electronic service delivery	pp 6, 15-16, 23, 33		
Energy management	p 37		
Environmental Management Plan	p 37		

Legal change (see Report by the Executive Director)	Report by the Executive Director and Vice-President (Corporate Services)..... p 23
Legal proceedings on behalf of Southern Cross University p 5	Research p 7
Library pp 16, 18	Review of operations p 4
Lismore (campus) pp 15, 37	Risk management..... p 35
Major works p 37	Risk management committee p 22
Management and activities ... pp 3, 6, 7, 23, 15, 17, 19, 23	Scholarships..... pp 24, 25
Management functions and structure p 19	Staff (see Number and full-time equivalence of staff 2001- 2005; Full-time and fractional full-time staff)
Merit-based selection and flexible work practices p 36	Staff development p 32
Media p 24	Staff equity services..... p 36
Members of the University Council p 4	Standing committee of academic board p 22
Memorandums of understanding pp 6, 11	Strategic directions..... p 4
Mission p 4	Strategic plan p 4
Network Sustainability Project p 33	Student affairs committee p 22
New courses p 17	Student enrolment and services..... p 23
Non-campus study sites p 16	Study sites p 16
NSW Government Action Plan for Women..... (see Women)	Student feedback p 18
Number and full-time equivalence of staff 2001-2005..... pp 36-37	Student support (see OASIS, Flexible learning options, Further achievements by Academic Division, Equity Scholarships, Scholarships)
OASIS p 23	Student surveys..... p 18
Objectives p 4	Senior appointments p 32
Occupational health and safety (OHS)..... p 32	Southern Cross University Budget 2006 Statement of Financial Performance p 31
Occupational Health and Safety Committee..... p 22	Subsequent events..... p 5
Office of regional engagement p 8	Summary review of operations..... p 4
Online delivery pp 6, 16	Sustainable regions funding p 7
Operating expenses p 26	Tender board p 22
Organisational change pp 19, 32	Tweed Gold Coast pp 15, 19, 37
Payment of accounts..... p 31	Management activities p 23
Performance reporting..... p 18	Number of Workers Compensation Claims by Injury Type..... p33
Phillips, David p 23	University Council p 20
Privacy management plan p 34	Vice-Chancellor's executive committee p 22
Program development and administration..... p 17	Vice-Chancellor's report/message/introduction p 6
Promotion..... p 24	Vice-Chancellor's scholarships..... p 25
Pro Vice-Chancellor (Academic)..... p 19	Vision p 4
Pro Vice-Chancellor (Research) p 19	Voluntary student unionism p 23
Publications p 25	Waste management – environmental initiatives p 37
Quality assurance p 17	Women..... pp 35-37
Recruitment..... p 32	Workers Compensation Claims..... p 33
Reform p 4	2004-2005 Operating Expenses p 26
Regional engagement..... p 8	2005-2006 budget p 28
Remuneration committee p 22	2005 Revenue by Type p 26
Research and development of University pp 3, 6, 7, 15, 17, 19, 23	
Research and research training advisory committee	
- Research training p 7	
- Regional engagement p 8	
Report by members of the University Council p 3	

Southern Cross University Annual Report 2005

http://www.scu.edu.au/docs/annual_report/

ISSN: 1324-1001

Production by SCU Marketing & Media

Printing: SCU Printery

Copies printed: 450

Cost per copy: \$9.00