
UNILINC LIMITED

ACN 001 643 367 ABN 41 766 556 766

Level 9, 210 Clarence St, Sydney Australia 2000
Tel: (61-2) 9283 1488 Fax: (61-2) 9267 9247

www.unilinc.edu.au

<http://www.web-ezy.com>

Office hours: 9am - 5pm Monday - Friday

MEMBERS OF UNILINC as at 31 December 2006

- Australian College of Applied Psychology
- Australian International Conservatorium of Music
- Australian Catholic University
- Avondale College
- Billy Blue Group
- Board of Studies NSW
- Champion College
- Catholic Institute of Sydney
- College of Law
- Charles Sturt University
- Jansen Newman Institute
- National Gallery of Australia
- NSW Police Academy
- Raffles KVB Institute Limited
- Southern Cross University
- Study Group Australia
- Shore School
- Sydney Adventist Hospital Limited
- Tabor College
- Whitehouse Institute of Design

BOARD OF DIRECTORS 2006

- Prof. I Goulter - Chairman
Charles Sturt University
- Mr J Cameron
Australian Catholic University
- Prof. P Drake
Charles Sturt University
- Ms S Oakley
Department of Parliamentary Services
- Ms R Missingham (from May)
Southern Cross University
- Mr D Stewart (from November)
Australian Catholic University
- Mr C Sheargold
UNILINC Office
- Ms R Wade

EXECUTIVE AND PLANNING COMMITTEE 2006

Prof. I Goulter - Chairman, Mr C Sheargold and Ms R Wade

TECHNICAL COMMITTEE 2006

- Ms A Schryver - Convenor UNILINC Office
- Ms I Evans Charles Sturt University
- Ms J Frawley Australian Catholic University
- Ms L Miller NSW Police Academy

CLIENT SERVICES GROUP 2006

- Ms R Wade - Convenor UNILINC Office
- Mr S Oakshott Australian Catholic University
- Mr D Stewart Southern Cross University

**UNILINC OFFICE
as at 31 December 2006**

- Executive Director & CEO Rona Wade
- Manager - Information Technology Services Moh'd Moh'd
- Accounts Clerk Yuli Chan
- Special Projects & Systems Administrator Bronwyn King
- Library Support Coordinator Helen Loosli (p/t)
- Library Support Coordinator Jenny Clarke (p/t)
- Library Support Coordinator Wendy Hazell (p/t)
- Library Support Consultant Annette Schryver (p/t)
- Network and System administrator Brian Kadomi
- Web-ezy Developer Clare Decena (p/t)
- Authorities Librarian Teesha Forgas [p/t]
- Consultant Glenda Henderson [p/t]
- Contract Cataloguers Sue Baglin, Sue Butler, Junji Chang, Adele Ganschou, Richard Goodwin, Jana Huntley, (p/t)

UNILINC**28 years serving libraries**

To provide quality products and services at a lower cost than members can achieve independently.

To stimulate and promote cooperative activities between member libraries.

CHAIRMAN'S STATEMENT

2006 was yet another successful year for UNILINC.

Some of the highlights include an improved financial position, a major system upgrade and further growth in the membership base.

FINANCES

UNILINC has returned to a level of steady financial growth. Income for the year was \$1,849,064 (\$1,710,413 in 2005) with a surplus after consolidation of \$23,209 (\$8,232 in 2005). Cash reserves as at 31 December 2006 were \$1,029,390 (\$1,059,714 in 2005).

BOARD OF DIRECTORS

The Board met four times during 2006. The Company held its Twenty Eight Annual General Meeting on 1 May. At that time Mr John Cameron, Professor Peter Drake and Professor Ian Goulter retired in accordance with Section 28 of the Articles of Association and, having made themselves available for re election, were duly elected.

Professor Ian Goulter was elected Chair and Mr Chris Sheargold Deputy Chair at the following Board meeting.

NEW MEMBERS

UNILINC welcomed one new Member - the Catholic Institute of Sydney.

THE SHARED SYSTEM

The Shared System is at the heart of UNILINC success and it remains the core activity of the company. An innovation at its inception in 1983, there are now other similar operations in the US and Europe. The most significant feature of such networks is a single bibliographic database which ensures efficiencies and facilitates resource sharing between member libraries whilst at the same time supporting full autonomy in the operations of each library in all modules required for effective library management. The software used by the UNILINC Shared System is Aleph, a product of Ex Libris the supplier of systems to leading libraries and library consortia around the world.

UNILINC continued its contribution of records to Libraries Australia and BONUS (a system supporting reciprocal borrowing between Charles Sturt University which is part of the UNILINC Shared System and three other university libraries with different systems).

Through the year many Member libraries initiated a number of projects aimed at improving services to users such as the ability to place requests for photocopies through the web catalogue and the provision of access to electronic books and journals via the catalogue. In addition to enabling and implementing such initiatives UNILINC staff completed the data conversion and system set up, and conducted the training, for the implementation of the Catholic Institute of Sydney in early 2006.

The focus through the latter half of the year was a major upgrade to the Aleph software which went live in libraries on schedule on 13 December 2006. With this upgrade comes the ability to manage digital objects through the catalogue and to conduct interlibrary loans within the UNILINC group and with other ISO compliant systems such as the National Library of Australia.

OTHER MEMBER PROJECTS

Members benefited from a range of discounts on books and electronic resources ordered through the Shared System.

The Reciprocal Borrowing Scheme and Interlibrary Lending Scheme continued to bring benefits to all participants.

LIBRARY PORTAL AND LINKING PROJECT (METALIB/SFX)

UNILINC supports Southern Cross University, Charles Sturt University, the Australian Catholic University and Griffith University in their shared use of the Ex Libris Metalib portal software and the associated SFX linking software. Together the three universities have enabled access to 7,000 sites using Metalib and established links to over 112,000 electronic full text books and journals.

An important development in 2006 was the remote user authentication with administration systems thus removing the need for registered users to log in.

E - RESOURCES MANAGEMENT

UNILINC commenced planning to develop and offer a new range of services which would enable education and other institutions to develop open access repositories of electronic resources and digital assets.

WEB-EZY

The Web-ezy information literacy software enables a library to offer an all encompassing program tailored to their specific needs at a fraction of the cost of inhouse development with the added advantages of it being fully interactive. During 2006 various projects were initiated by clients to enhance their use of the product.

CONTRACT CATALOGUING

Clients in 2006 included the National Library of Australia, three State Libraries, three major book suppliers and many individual public, governmental and university libraries. One important development was the supply of specialist Chinese, Japanese and Korean (CJK) characters in the cataloguing for public and university libraries.

CONCLUSION

UNILINC has operated for twenty eight years without ongoing financial support from government or from Member subsidies; a unique achievement amongst cooperative endeavours in the education sector. There are many factors that have contributed to this success - a supportive membership, responsible Directors, committed and skilled staff in member libraries and the UNILINC Office, prudent financial management and a focus on service.

UNILINC has positioned itself to take advantage of anticipated changes in the higher education sector and in so doing is playing an important role in promoting the value of libraries and library services and encouraging their development.

The company has regained a level of steady financial growth. The consolidation achieved through 2006 provides a level of optimism that this situation will continue. Along with this financial stability, the success of the major system upgrade and the availability of new software products will ensure UNILINC is well positioned to embark on exciting new developments in 2007.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

UNILINC LIMITED

ACN 001 643 367

AND ITS CONTROLLED ENTITY

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 2006 and the state of affairs of the Company and its controlled entity as at that date.

The names of the Directors in office at the date of this report are:

I. Goulter	BE (Hons), MSC, PhD. Chairman
J. Cameron	MCom, CPA, AIMM
P. J. Drake AM	BCom [Hons], PhD, FCPA
R. M. Missingham	BSC, DipLib, MPA
C. W. Sheargold	BA, AALIA
S. Oakley	BA, MMgt, AALIA
D. R. Stewart	BA, Grad.Cert.Bus.Admin, AALIA
R. D. Wade	BA, DipLib, MLib, AALIA. Company Secretary

The principal activities of the Company in the course of the financial year were library reference services. There was no change in the nature of these activities during the financial year.

The Company is a non-profit organisation which complies with the terms of sections 50-55 of the Income Tax Assessment Act 1997. Consequently, it is not necessary to provide for income tax or dividends. The Company has incorporated a subsidiary Web-Ezy Solutions Pty. Ltd. to market and develop products developed by the Company.

The consolidated operating result of the Company and its controlled entity for the financial year was a surplus of \$23,209 after providing \$177,469 for depreciation (2005-Surplus of \$8,232).

No matter or circumstance has arisen subsequent to the end of the financial year and to the date of this report that has significantly affected or may significantly affect the operations of the Company and its controlled entity, the result of those operations or the state of affairs of the Company and its controlled entity in subsequent financial years. The activities of the Company and its controlled entity in 2006 are discussed in the Chairman's Statement in the Annual Report. There are no significant developments which have been proposed for the immediate future.

During and since the end of the financial year, no Director of the Company or its controlled entity has received, or has become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and the fixed salary of a full-time employee of the Company, because of a contract made by the Company, or a related company with a firm of which the Director is a member, or an entity of which the Director has a substantial financial interest.

Every member of the Company undertakes to contribute to the assets of the Company in the event of the Company being wound up during the time that it is a member or within one year of ceasing to be a member, for payments of debts and liabilities contracted before the time at which it ceased to be a member to the extent of \$20. The total guarantee in favour of the Company stands at four hundred dollars (\$400).

For the year ended 31 December 2006, the number of meetings at which Directors were in attendance is as follows:

Name of Director	No. of Meetings Held while in Office	Meetings Attended
J. Cameron	4	4
P Drake	4	4
I. Goulter	4	4
R Missingham	4	3
S Oakley	4	4
C Sheargold	4	4
D. Stewart	1	1
R. Wade	4	4

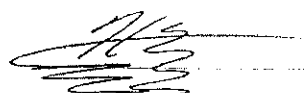
During the financial year the Company insured all of the Directors against liabilities for costs and expenses in any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

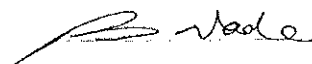
During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Declaration of Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporation Act 2001 is attached.

Signed at Sydney on 19 March 2007 for and on behalf of the Board in accordance with its Resolution.

 Director
I. Goulter

 Director
R. Wade

UNILINC LIMITED

ACN 001 643 367

AND ITS CONTROLLED ENTITY

**STATEMENT BY MEMBERS OF THE BOARD
for the year ended 31 December 2006**

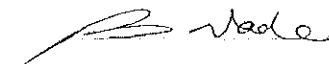
Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983 and in accordance with a resolution of the Board of UNILINC Limited, we declare on behalf of the Board of the Directors that in our opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the financial position of the Company and its controlled entity as at 31 December 2006 and transactions for the year then ended.
- (b) The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 as amended, and its accompanying regulations.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or materially inaccurate.

Signed at Sydney on 19 March 2007 for and on behalf of the Board in accordance with its Resolution.

 Director
I. Goulter

 Director
R. Wade

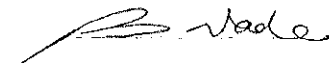
**DIRECTORS' DECLARATION
for the year ended 31 December 2006**

In the opinion of the Directors of UNILINC Limited:

- 1) The financial statements and notes thereto comply with Australian Accounting Standards.
- 2) The financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity.
- 3) At the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable and that the controlled entity will have the continued support of the Company.
- 4) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporation Act 2001.

Signed at Sydney on 19 March 2007 for and on behalf of the Board in accordance with its Resolution.

 Director
I. Goulter

 Director
R. Wade

UNILINC LIMITED

ACN 001 643 367

AND ITS CONTROLLED ENTITY

BALANCE SHEET as at 31 December 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	1,029,390	1,059,714	1,029,390	1,059,714
Trade and other receivables	6	78,327	93,118	208,738	213,624
Other Current assets	7	284,353	269,313	284,353	269,313
TOTAL CURRENT ASSETS		1,392,070	1,422,145	1,522,481	1,542,651
NON-CURRENT ASSETS					
Property, plant and equipment	8	580,299	675,413	580,299	675,413
Investment in subsidiary	9	-	-	1	1
TOTAL NON-CURRENT ASSETS		580,299	675,413	580,300	675,414
TOTAL ASSETS		1,972,369	2,097,558	2,102,781	2,218,065
CURRENT LIABILITIES					
Trade and other payables		192,098	323,338	192,098	323,338
Other current liabilities	10	878,274	888,891	870,155	881,029
Provisions	11	20,184	25,034	20,184	25,034
TOTAL CURRENT LIABILITIES		1,090,556	1,237,263	1,082,437	1,229,401
NON-CURRENT LIABILITIES					
Provisions		91,662	93,353	91,662	93,353
TOTAL NON-CURRENT LIABILITIES		91,662	93,353	91,662	93,353
TOTAL LIABILITIES		1,182,218	1,330,616	1,174,099	1,322,754
NET ASSETS		790,151	766,942	928,682	895,311
EQUITY					
Retained earnings	12	790,151	766,942	928,682	895,311
TOTAL EQUITY		790,151	766,942	928,682	895,311

UNILINC LIMITED

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INCOME STATEMENT for the year ended 31 December 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenues from ordinary activities	4	1,849,064	1,710,413	1,859,227	1,710,724
Strategic purchasing costs		(326,393)	(325,809)	(326,393)	(325,809)
Employee benefit expenses		(900,260)	(830,361)	(900,260)	(830,362)
Depreciation and amortisation expense		(177,469)	(127,779)	(177,469)	(127,779)
Other expenses from ordinary activities		(421,733)	(418,232)	(421,734)	(418,232)
Operating profit/(loss) from ordinary activities		23,209	8,232	33,371	8,542

STATEMENT OF CASHFLOWS for the year ended 31 December 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,980,304	2,078,567	1,939,012	2,021,643
Interest received		50,199	27,386	50,199	27,386
Payments to suppliers and employees		(1,978,472)	(1,675,882)	(1,978,473)	(1,675,981)
Net Cash Used Operating Activities	20 b	52,031	430,017	10,738	373,048
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of plant		-	-	-	-
Payment for purchase of plant and Equipment		(82,355)	(6,884)	(82,355)	(6,884)
Net cash used in Investing Activities		(82,355)	(6,884)	(82,355)	(6,884)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance to subsidiary		-	-	41,293	57,023
Net Cash used in Financing Activities		-	-	41,293	57,023
Net increase/(decrease) in cash held		(30,324)	423,187	(30,324)	423,187
Cash at the beginning of the financial year		1,059,714	636,527	1,059,714	636,527
Cash at the End of the Financial Year	20a	1,029,390	1,059,714	1,029,390	1,059,714

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Balance at 1 January		766,942	758,710	895,311	886,769
Profit attributable to members		23,209	8,232	33,371	8,542
Sub-total		790,151	766,942	928,682	895,311
Dividends paid or provided for		-	-	-	-
Balance at 31 December	12	790,151	766,942	928,682	895,311

UNILINC LIMITED

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NOTES TO THE FINANCIAL REPORT for the year ended 31 December 2006

1. Statement of Significant Accounting Policies

- (a) The financial report has been prepared on an accrual basis and in accordance with historical cost principles. The financial report has been prepared in accordance with the Corporations Act 2001 and Section 41 (B) of the Public Finance and Audit Act 1983 and Regulations for a reporting entity and is a general purpose financial report. Australian Accounting Standards, other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standard Board have been adhered to in preparing the financial report.

The financial report for the year ended 31st December 2006 has been authorised for issue by the directors of UNILINC Limited on 19 March 2007.

UNILINC Limited and controlled entities, and UNILINC Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 January 2006.

- (b) The consolidated financial report has been prepared by combining the accounts of all the entities that comprise the economic entity, being UNILINC Limited and its controlled entity, Web-Ezy Solutions Pty Ltd as defined in Accounting Standard AASB 1024 Consolidated Accounts. All inter-entity balances and transactions are eliminated in full.

- (c) The prime cost method of depreciation has been used based on the anticipated useful life of assets owned. Property, plant and equipment are shown in the accounts at cost less provision for depreciation. This resulted in a depreciation expense of \$177,469. The expected useful lives are as follow:

Class of Fixed Asset	Estimated Useful Life
Furniture and fittings	5 Years
Office equipment and software	3 to 10 Years
Leasehold improvements	10 Years
Major system hardware and software	8 to 10 Years
Buildings	100 Years

- (d) UNILINC Limited is exempt from paying income tax under the provisions of sections 50-55 of the Income Tax Assessment Act 1997.

- (e) UNILINC Limited is exempt from paying payroll tax under the provisions of section 10 (1)(k) of the Payroll Tax Act 1971.

- (f) No provision of doubtful debts was made as all debts are considered collectable.

- (g) The economic entity recognises income from computer services when invoices are raised. Income from outside operating activities includes interest, strategic purchasing, subscriptions and equipment sales to members. Interest income is recognised as it accrues.

- (h) Where necessary, comparative figures have been adjusted to conform with changes in presentation to the current year. The reclassifications have no effect on the operating result (or the financial position) of the parent entity.

- (i) Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amount expected to be paid when the liability is settled, plus on-costs. A provision is made in the balance sheet for accruing long service leave under the heading "non-current liabilities" notwithstanding that a proportion may be payable in the coming year.

Contributions made to employee defined contribution superannuation fund are expensed when incurred.

- (j) Financial instruments give rise to positions that are a financial asset of either the economic entity or its counterparty and a financial liability (or equity instrument) of the other party. For the economic entity these include cash at bank, receivable and creditors. In accordance with AASB1033 "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 23 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise: cash, receivables, finance lease and creditors.

Classes of instruments recorded at market value comprise: Nil

Classes of instruments recorded at other than cost or market valuation comprise: Nil

All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accrual basis. Trade accounts receivables are carried at amount due. Bad debts are

written off in the period in which they are identified. Trade accounts payable are recognised when the economic entity becomes obliged to make future payments as a result of purchases. Trade accounts are usually settled within 30 days.

- (k) All foreign currency transactions during the year are bought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are recognised in the Statement of Financial Performance in the period in which they arise.

- (l) Goods and Services Tax. Amounts relating to the Goods and services tax have been recognised in accordance with the requirements of AASB Interpretation 1031.

- (m) New Australian Accounting Standards Issued but not Effective. The company did not early adopt any new accounting standards that are not yet effective. The company has assessed the impact of these new standards and interpretations and considers the impact to be insignificant.

2. **Member's Guarantee.** UNILINC Limited is limited by guarantee. Each member undertakes to contribute to the assets of the Company in the event of the same being wound up during the time it is a member or within one year afterwards, for payment of the debts and liabilities of the Company contracted before the time at which it ceases to be a member and of the costs, charges and expenses of winding up the same and for adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding twenty dollars (\$20). The total guarantee in favour of the Company stands at four hundred dollars (\$400) as at 31 December 2006 (2005 - \$360).

3. Revenue Recognition

Subscriptions. These comprise annual UNILINC member subscriptions. Twenty (20) subscriptions were received in the period.

Charges in Advance. UNILINC provides a library system to members on a fee for service basis. Some fees are invoiced 12 months in advance and income is brought to account on a progressive basis.

Strategic Purchasing. UNILINC acts as an intermediary in the purchase of database products to achieve economies of scale and recovers costs from respective members.

4. Revenue

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Computer services	1,344,845	1,257,179	1,303,681	1,199,393
Subscriptions	20,000	19,000	20,000	19,000
Strategic purchasing	442,250	407,203	442,250	407,203
Interest received	41,969	27,031	41,969	27,031
Management fee - related party		-	51,327	58,097
	1,849,064	1,710,413	1,859,227	1,710,724

5. Cash and Cash Equivalents

Cash on hand	500	500	500	500
Cash at bank	237,079	358,997	237,079	358,997
Cash on deposit	791,811	700,217	791,811	700,217
	1,029,390	1,059,714	1,029,390	1,059,714

6. Trade and Other Receivable

Debtors	73,331	80,021	73,331	80,021
Other debtors	394	265		
Loan to subsidiary			130,805	120,771
Accrued income	4,602	12,832	4,602	12,832
	78,327	93,118	208,738	213,624

7. Other Current Assets

Prepayments	74,499	67,172	74,499	67,172
Strategic purchasing	209,854	202,141	209,854	202,141
	284,353	269,313	284,353	269,313

8. **Property Plant and Equipment**

Buildings - at cost	69,494	69,494	69,494	69,494
Accumulated depreciation	(4,865)	(4,170)	(4,865)	(4,170)
	<u>64,629</u>	<u>65,324</u>	<u>64,629</u>	<u>65,324</u>
Office furniture & equipment - at cost	343,278	427,253	343,278	427,253
Accumulated depreciation	(324,752)	(399,264)	(324,752)	(399,264)
	<u>18,526</u>	<u>27,989</u>	<u>18,526</u>	<u>27,989</u>
Computer equipment - at cost	1,254,246	1,175,037	1,254,246	1,175,037
Accumulated depreciation	(757,102)	(593,020)	(757,102)	(593,020)
	<u>497,144</u>	<u>582,017</u>	<u>497,144</u>	<u>582,017</u>
Software - at cost	8,155	8,155	8,155	8,155
Accumulated depreciation	(8,155)	(8,072)	(8,155)	(8,072)
	-	<u>83</u>	-	<u>83</u>
Leasehold improvements - at cost	50,684	50,684	50,684	50,684
Accumulated depreciation	(50,684)	(50,684)	(50,684)	(50,684)
	-	-	-	-
Total Property Plant and Equipment	580,299	675,413	580,299	675,413

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of 2006 for the economic entity and parent entity.

	Building	Office Furniture Equipment	Computer Equipment	Software	Leasehold Improve-Ments	TOTAL
	\$	\$	\$	\$	\$	\$
Carrying amount - at 1 January	65,324	27,989	582,017	83	-	675,413
Additions	-	3,146	79,209	-	-	82,355
Disposals	-	-	-	-	-	-
Depreciation expense	(695)	(12,609)	(164,082)	(83)	-	(177,469)
Carrying Amount - End Of Financial Year	64,629	18,526	497,144	-	-	580,299

9. **Investment in Subsidiary**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Shares in subsidiary - at cost (Web-ezy Solutions Pty Ltd-100% Australian)	-	-	1	1

10. **Other Current Liabilities.** Includes fees received in advance (\$864,735), subscription accrued in advanced (\$8,119), and other (\$5,420).

11. **Provisions**

Current Liabilities	2006	2005	2006	2005
	\$	\$	\$	\$
Annual leave	20,184	25,034	20,184	25,034

Non-Current Liabilities

Long service leave	91,662	93,353	91,662	93,353
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12. **Changes in Equity**

Balance at beginning of financial year	766,942	758,710	895,311	886,769
Net profit/(loss) after income tax	23,209	8,232	33,371	8,542
Balance at end of the financial year	790,151	766,942	928,682	895,311

13. **Audit Fee.** The fee for audit of the consolidated financial report is \$12,450 GST exclusive (2005 - \$12,300).

14. **Remuneration of Directors.** The number of parent entity Directors whose income including superannuation received or receivable from the parent entity and any related parties was within the specified bands 0 to \$9,999 - 1 (2005 - 1), \$100,000 to \$139,000 - 1 (2005 -1). The total income including superannuation received or receivable by all Directors from the parent entity and its related parties was \$140,600 (2005 - \$120,988).

15. **Superannuation.** The economic entity paid \$111,626 in 2006 (2005 - \$104,719) to private insurance companies for its contribution for superannuation. There was no unfunded liability for employer contributions at 31 December 2006.

16. **Payments to Consultants.** There were no payments to consultants during 2006 (2005 - \$Nil).

17. **Related Party Transactions.** UNILINC Limited incurred certain expenses in relation to the operations of Web-Ezy Solutions Pty. Ltd. UNILINC Limited recovered these costs by way of a management fee for the year of \$51,327 (2005 - \$58,097).

UNILINC Limited has a 100% share holding in Web-Ezy Solutions Pty Ltd which is incorporated in Australia. As at 31 December 2006, the loan provided by UNILINC Limited to Web-Ezy Solutions Pty Ltd was \$130,805 (2005 - \$120,771).

18. **Commitments**

Rental Lease. Commitments (GST inclusive) for leased office accommodation not otherwise provided for in the accounts are:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Not later than 1 year	148,660	143,438	148,660	143,438
Later than 1 and not later than 5 years	86,719	370,547	86,719	370,547
	<u>235,379</u>	<u>513,985</u>	<u>235,379</u>	<u>513,985</u>

The above commitment includes GST of \$21,398 recoverable from Australian Taxation Office (2005 - \$46,726).

19. **Contingent Liabilities.** There were no contingent liabilities as at 31 December 2006 (2005 - \$nil).

20. **Note to Cash Flow Statement.**

(a) **Reconciliation of Cash**

Cash on hand	500	500	500	500
Cash at bank	237,079	358,997	237,079	358,997
Cash on deposit	791,811	700,217	791,811	700,217
	<u>1,029,390</u>	<u>1,059,714</u>	<u>1,029,390</u>	<u>1,059,714</u>

(b) **Reconciliation of Net Cash Provided / (used in) Operating Activities**

Operating result	23,209	8,232	33,371	8,542
Depreciation	177,469	127,779	177,469	130,035
Loss on disposal of non-current assets	-	2,256	-	-
Bad debts written off	4,253	7,497	4,253	7,497
Management fee recovery	-	-	(51,327)	(58,097)
Increase/(decrease) in payables	(131,240)	123,407	(131,240)	123,407
Increase/(decrease) in fees in advance	(10,617)	216,671	(10,874)	217,533
Increase/(decrease) in provisions	(6,541)	(1,044)	(6,541)	(1,044)
Decrease/(increase) in receivable	2,825	1,702	2,954	1,604
Decrease/(increase) in prepayments	(7,327)	(56,429)	(7,327)	(56,429)
Net Cash Provided by / (used in) Operating Activities	52,031	430,071	10,738	373,048

21. **Segment Reporting.** The economic entity operates predominantly in one geographic segment being Australia.

22. **Environmental issues.** The economic entity's operations are not regulated by any significant environment regularities.

23. Financial Instruments

(a) **Interest Rate Risk.** Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The exposure of the Company and its controlled entity to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised at the balance date are as follows:

Financial instruments	2006			2005			Weighted average effective interest rate*	Total carrying amount as per financial statements	Non-interest bearing	Fixed interest rate maturing in 2006	Fixed interest rate maturing in 2005	Non-interest bearing	Total carrying amount as per financial statements	Weighted average effective interest rate*
	Floating interest rate	Fixed interest rate in 2006	Over 1 to 5 years	Floating interest rate	Fixed interest rate maturing in 2005	Over 1 to 5 years								
Financial Assets														
Cash	237,579	-	-	237,579	3.79*(1)	359,497	359,497	-	700,217	-	700,217	-	359,497	2.98*(1)
Investments	-	791,811	-	791,811	5.77*(2)	-	-	-	700,217	-	700,217	-	700,217	5.43*(2)
Receivables	-	-	78,327	78,327	N/A	-	-	93,117	-	-	93,117	-	93,117	N/A
Total Financial Assets	237,579	791,811	78,327	1,107,717		359,497	359,497	93,117	700,217	-	700,217	93,117	1,152,831	
Financial Liabilities														
Creditors	N/A	-	192,098	192,098	N/A	N/A	-	-	-	-	-	323,338	323,338	N/A
Total Financial Liabilities	-	-	192,098	192,098		-	-	-	-	-	-	323,338	323,338	

Weighted average effective interest rate was computed on a *(1) monthly basis *(2) annual basis.

(a) **Credit Risk.** Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation thereunder. The maximum exposure of the Company and its controlled entity to credit risk is represented by the carrying of amounts of the financial assets in the financial statements. Credit Risk by classification of counterparty is as follows:

	2006			2005		
	Govt. \$	Banks \$	Other \$	Govt. \$	Banks \$	Other \$
Financial Assets						
Cash	-	237,579	-	-	359,497	-
Investments	-	791,811	-	-	700,217	-
Receivables	-	-	78,327	-	-	93,117
Total Financial Assets	-	1,029,390	78,327	-	1,059,714	93,117
Financial Liabilities						
Creditors	-	-	192,098	-	-	323,338
Total Financial Liabilities	-	-	192,098	-	-	323,338

END OF AUDITED FINANCIAL STATEMENTS



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

UNILINC Limited

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

Audit Opinion

In my opinion, the financial report of UNILINC Limited 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 2006 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* (the 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 2006. The consolidated entity comprises the Company and the entity 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 entity,
- 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 *Public Finance and Audit Act 1983* 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 19 March 2007 would have been made on the same terms if it had been made at the date of this report.



P J Boulous, CA
Director, Financial Audit Services

SYDNEY
26 March 2007



GPO BOX 12
Sydney NSW 2001

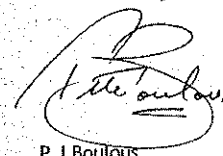
To the Directors
UNILINC Limited

Auditor's Independence Declaration

As auditor for the audit of UNILINC Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



P J Boulous
Director, Financial Audit Services

SYDNEY
19 March 2007