



MEMORANDUM

From: Jack Swart – Manager Financial Control
To: Deans, DVC's, Directors, Heads of School
Date: Tuesday, 5 December 2006
Subject: Year End 2006– Contingent Liabilities / Legal
Action

JACK SWART
MANAGER - FINANCIAL REPORTING
FINANCIAL CONTROL

As part of the financial year end processes the Australian Accounting Standards, requires us to report any contingent liabilities and provisions, such as legal actions pending, or events that may give rise to any litigation that might materially affect our accounts or operations of the University.

For your assistance contingent liabilities and provisions are two different categories of financial liabilities subject to specific recognition and measurement rules:

Contingent liabilities are:

- a) possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control;
- b) or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured reliably.

However, **Provisions** are liabilities of uncertain timing but measurable amounts:

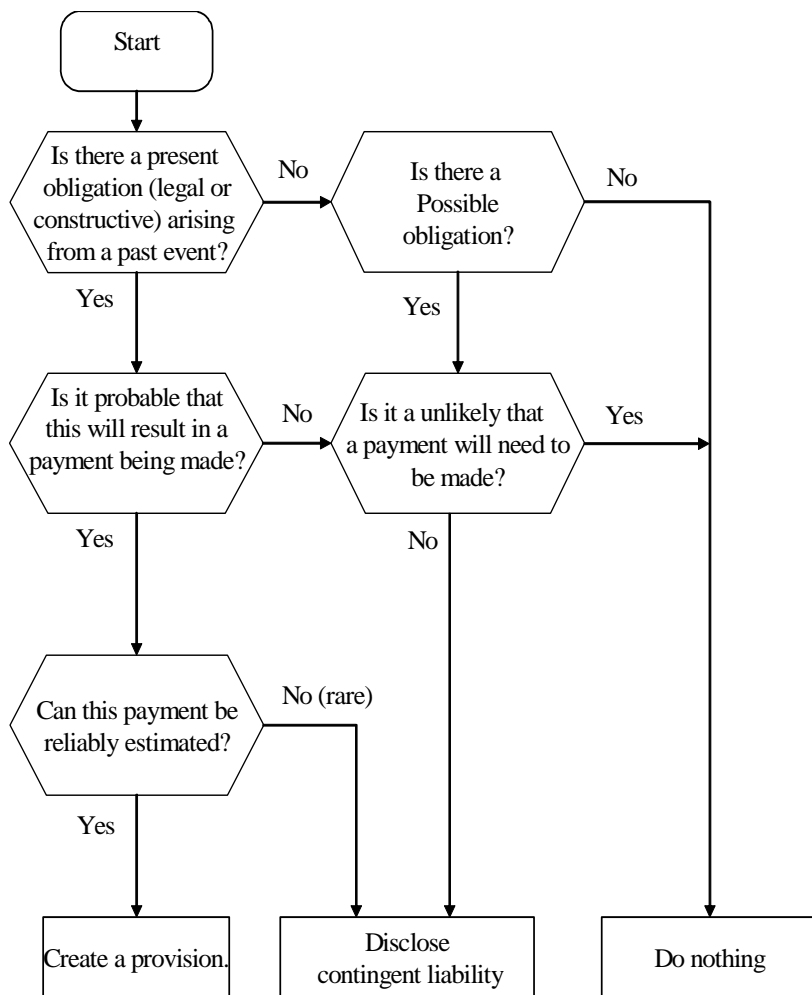
- a) such amounts are recognised as liabilities (provided that a reliable estimate can be made) because they are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations;
- b) if however, the settlement of the possible obligation or a present obligation is remote, no provision is recognised and no disclosure is required.

It would be appreciated if you could complete the attached and return to me by 15 December 2005. Should you need further advice or assistance in regard to completing this pro forma, please contact Jack Swart on extension 51729. Your cooperation and early attention to this matter would be appreciated.

A flow chart may assist you in the process of determination, please refer to the following page.

Jack Swart
Manager, Financial Control

Flowchart for determination of Contingent Liabilities and Provisions





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Please complete the relevant sections below

I am not aware of any events that may affect the University's accounts.

The following actions/events may affect the University's accounts and should be noted for audit purposes: -
Contingent Liability.....
.....
Provisions:
.....
Legal Action Pending.....
.....
Event, which may give rise to a legal action.....
.....
.....
Estimated \$ involved.....

Signed:
Print Name:
Date: