



THE UNIVERSITY OF
SYDNEY

The Accounting Foundation

Annual Report 2017



THE UNIVERSITY OF
SYDNEY

Accounting Foundation Annual Report 2017

Table of Contents

1. The Accounting Foundation.....	2
2. Council of the Accounting Foundation during the year ending 31 December 2017.....	3
3. President's Report	5
4. Academic Director's Report.....	6
5. Abacus.....	7
6. R J Chambers Scholarships.....	10
7. Accounting Foundation Research Seminars	11
8. Other Events and Activities.....	13
9. Pacioli Society.....	14
10. Accounting Foundation Governance Statement	15
11. Financial Statements – Income Statement	17
12. Financial Statements – Balance Sheet.....	18
13. Financial Statements – Statement of Changes in Equity	19
14. Notes to the Financial Statements.....	20

1. The Accounting Foundation

On 2 August, 1982 the Senate approved the constitution of the Accounting Foundation within the University of Sydney on the recommendation of an inaugural meeting held on 26 July 1982. Amendments to the Constitution were subsequently approved in May 1997 and June 1994. Following consultation the University's General Counsel issued a revised set of Rules, which were endorsed by the Foundation's Council in November 2006 and were approved by the Senate taking effect from 1 May 2007. These rules were superceded by a new Foundations Policy and Foundations Procedures which came into effect on 1 June 2016.

The objectives of the Foundation, as expressed in its Rules, are: to increase the resources of the University, by fundraising or otherwise securing gifts, grants, the provision of services or other non-financial contributions; and, to assist the Senate and the Vice-Chancellor in promoting the objects of the University in relation to the fields of accounting and finance in both Australia and internationally, through the University of Sydney Business School, and in particular to:

- a) promote excellence in the fields of accounting and finance;
- b) work in close co-operation with industry, commerce, the public sector and the accounting profession bringing together the co-ordinated skills of the various branches of accounting and financial management disciplines;
- c) assist in bringing to the Discipline as "Visiting Fellows" stimulating persons of outstanding achievement in order that they may influence practice and research in accounting and financial management in Australia;
- d) arrange a series of lectures to be known as the 'R J Chambers Memorial Research Lectures in Accounting';
- e) provide an organisation and a mechanism to assist accountants from the University to work in practice and vice versa, to enable a widening of experience and skills by both parties to assist, where appropriate, accountants from Australia to study a particular problem abroad;
- f) provide scholarships to be known as the 'R J Chambers Research Scholarships' where appropriate to assist candidates enrolled for a degree majoring in accounting and financial management in the University;
- g) foster interdisciplinary collaboration with cognate disciplines in the University of Sydney Business School;
- h) promote and foster relationships with alumni of the University of Sydney Business School;
- i) promote and foster relationships with external organisations and regulatory authorities which have an interest in accounting and financial management;
- j) contribute to public discussion and debate on matters of public policy in the field of accounting and financial management;
- k) publish works of past members of the Discipline of Accounting;
- l) sponsor research, publications and activities in the Discipline of Accounting; and
- m) do all things as are incidental to or conducive to the attainment of the above.

2. Council of the Accounting Foundation during the year ending 31 December 2017

PAUL BRUNNER BCA (Hons) (Vic. NZ) CPA (US), CA, President

Paul is a partner of PricewaterhouseCoopers (PwC), specialising in the provision of capital markets and accounting advisory services to major financial institutions and publicly listed clients. He has gained extensive international experience working with clients undertaking cross border debt, equity, securitisation and M&A transactions. Paul is also involved with the development of international accounting standards as a member of PwC's Corporate Reporting Task Force, which develops the firm's global response and thought leadership with respect to exposure drafts of new IFRS standards and other developments in financial reporting.

PAUL BULL BEc FCA CISA

Paul is a senior audit and assurance partner at BDO East Coast Partnership (formerly PKF East Coast Practice). He has been a partner of BDO and antecedent firms since 1988. He is past member of the PKF International board, Chairman of the PKF Asia Pacific firms, PKF Australia Chairman and Managing Partner of the PKF Sydney practice. He was also a member of the Accounting Practices Group (the forerunner to the Urgent Issues Group) reviewing accounting and reporting practices in Australia.

MARIA DYBALL BSc Bus Admin & Accountancy, Philippines; MCom (Hons), PhD, UNSW

Maria is an Associate Professor in the Discipline of Accounting University of Sydney Business School. She researches management control systems, not-for-profit accountability and accounting professionalization. Maria is an Associate Editor of Abacus and a Research Panel Member of the Certified Institute of Managements Accountants Australasia Core of Excellence.

STEWART JONES BCA (Hons) PhD FCPA

Stewart is Professor and Head of the Discipline of Accounting University of Sydney Business School. From 2008-09 he was Co-Editor of Abacus with Graeme Dean. He became Editor-In Chief in 2009.

MARTIN MCGRATH BEc (Syd) FCA F Fin

Martin has been a partner in KPMG since 1995. He is currently the Partner in Charge of KPMG's Department of Professional Practice, the technical area of the audit division responsible for technical accounting matters, complex audit matters and producing thought leadership material. He is also the Lead Audit Partner for two significant financial institutions.

RENAV ROBINSON BBus, CA

Renav is a Partner of Ernst & Young in the Assurance practice. Renav has extensive audit experience and is responsible for the provision of services to a number of large listed and multi-location institutions in the property, retail, manufacturing and distributions sectors.

SANDRA VAN DER LAAN BCom, MCom (W'gong), PhD (Syd), FCPA, GAICD

Sandra is a Professor in the Discipline of Accounting and Associate Dean (Academic Development) at The University of Sydney Business School. Sandra's diverse research interests include audit and accounting for liabilities.

GREGORY WHITWELL BEc(Hons), Monash; PhD, Melbourne

Professor Gregory Whitwell became Dean of the University of Sydney Business School in June 2014. Prior to joining the University of Sydney, he was a Professor of Marketing and Senior Deputy Dean of the Australian School of Business (ASB) at the University of New South Wales (UNSW). Serving as its de facto chief operating officer from 2011, he was responsible for the execution of ASB strategy, requiring the alignment of academic staffing, education programs and research activities with the school's strategic priorities. In this role, he was also responsible for leading ASB-wide initiatives and reviews.

The Council met four times in 2017. Council members and other attendees were:

Council members			Meetings held while a member	Meetings attended
Mr	Paul	Brunner	4	4
Mr	Paul	Bull	4	3
Professor	Stewart	Jones	4	4
Mr	Martin	McGrath	4	4
Ms	Renay	Robinson	4	1
Professor	Sandra	van der Laan	2	2
Professor	Gregory	Whitwell	4	1
Assoc Prof	Maria	Dyball	2	2
Ms	Melissa	Bonevska	4	2

The Chancellor and Vice-Chancellor are ex officio members but are non-voting.

Professor Sandra van der Laan stepped down as Academic Director of the Foundation on March 30, 2017 and Associate Professor Maria Dyball was appointed.

Under the Rules of the Accounting Foundation membership of the Council is limited to a maximum of 18 members (including ex officio members).

Members of the Council during the year ending 31 December 2017 are:

Council members		
Mr	Paul	Brunner
Mr	Paul	Bull
Professor	Stewart	Jones
Mr	Martin	McGrath
Ms	Renay	Robinson
Professor	Sandra	van der Laan (until March 2017)
Professor	Gregory	Whitwell
Ms	Melissa	Bonevska
Assoc Professor	Maria	Dyball (from April 2017)

3. President's Report

The 2017 Annual Report provides a summary of the Foundation's objectives and a successful program of activities including the Abacus Journal, academic research seminars, Scholarships and Pacioli Society functions.

As a Foundation, we are keenly aware of our responsibility to help academics and students in the accounting discipline thrive. Megatrends like automation and new technology are already sweeping through the fields of accounting and finance – it is already “Business Not as Usual.” There is no doubt these trends present significant opportunities, but how should academics and students prepare for them? How do they envisage such changes impacting their future careers? What investments in leadership skills, course subjects and technology are needed to thrive on such opportunities?

This year, to encourage and help academics and students studying auditing consider the impact of these megatrends, we have embarked on two initiatives. Beginning in 2018, we will be sponsoring a Student Prize which will seek to promote excellence in accounting by recognizing students with forward-looking and innovative ideas on assurance. In addition, the Foundation has established an Engaged Research Scheme which will be available to academic staff in the Discipline of Accounting from next year. The goal of engaged research is to create insights that can be applied to a specific challenge faced by society.

The financial position of the Accounting Foundation continues to be sound with net assets of \$3.7m, which are invested in the University's short and long-term investment portfolio. Income and unrealised gains from the portfolio, together with royalty income from the Abacus journal, and Pacioli Society subscription fees, was more than adequate to fund the Foundation's activities, while generating a net surplus of \$167,237 for the 2017 financial year.

The role of Academic Director continues to be critical to support the work of the Foundation. During 2017 we farewelled Professor Sandra Van der Laan and welcomed Associate Professor Maria Dyball. On behalf of members of the Pacioli Society and my fellow Council members, I would like to express my sincere appreciation to both Academic Directors for their excellent leadership in driving forward the Foundation's program of initiatives and activities.

Paul Brunner
President 2017

4. Academic Director's Report

This report is my first report as Academic Director of the Accounting Foundation.

The Accounting Foundation has, over the years, undertaken activities to realize its objectives, which are described in sections of the Annual Report. They include lecture meetings of the Pacioli Society, the R J Chambers Memorial Research Lectures, publication of the international research journal *Abacus*, awarding of the R J Chambers and Robert R Sterling Scholarships, and, funding of the Discipline of Accounting Research Seminars. These activities address objectives relating to excellence in the fields of accounting and finance; relationships with external organisations and regulatory authorities; public discussion and debate on matters of public policy in the fields of accounting and financial management, and, research, publications and activities in the Discipline of Accounting.

The Accounting Foundation is committed to fulfilling its objectives and to this end will implement two initiatives in 2018. They are the Engaged Research Scheme and Student Prize in ACCT6007 Contemporary Issues in Auditing.

The Accounting Foundation Engaged Research Fund helps realize an important aspiration in the Business School's *Business Not as Usual* positioning of a School that contributes to business, government and community through its engaged research. Engaged research is a collaborative process of generating new knowledge with an external partner (business, community, or government). The goal of engaged research is to create insights that can be applied to a specific challenge/issue/problem faced by society. It informs and contributes to basic research. It also seeks to realize objectives of the Accounting Foundation relating to co-operation with industry, commerce, the public sector and the accounting profession, and, interdisciplinary collaboration with cognate disciplines in the University of Sydney Business School. The Fund will be available to academic staff in the Discipline of Accounting.

The Student Prize in ACCT6007 Contemporary Issues in Auditing seeks to promote excellence in accounting by recognizing students with forward-looking and innovative ideas on assurance.

Like my predecessor, I would like to acknowledge the support of the Foundation councillors, the Discipline of Accounting more generally and in particular the President, Mr Paul Brunner, and the Dean, Professor Greg Whitwell. This group has remained committed to the objects of the Foundation and Pacioli Society and allowed it to thrive. The Council as a group are keen to work with the Discipline and Business School on the strategy 'Business Not as Usual' and both align and refresh the activities of the Foundation.

I would also like to acknowledge the professional support provided by Nichole Orth who has provided efficient assistance with the activities of the Foundation.

Associate Professor Maria Dyball
Academic Director for 2017

5. Abacus



The journal *Abacus* is the flagship asset of the Accounting Foundation. It was launched in 1965 by the Sydney University Press with Professor R J Chambers as founding editor. For 50 years, *Abacus* has been recognised as a significant international journal devoted to the publication of scholarly papers in accounting finance and business studies. The Journal has a reputation for breadth, innovation and rigour of its research publications. It is noted also for eclectic research publications, in terms of subject matter and methods employed. However, above all else *Abacus* aims to provide a vehicle for the expression of independent and critical thought on contemporary international issues in accounting, finance and business. *Abacus* reports current research; critically evaluates current developments in theory and practice; analyses the effects of the regulatory framework of accounting, finance and business; and explores alternatives to, and explanations of, past and current practices.

In 1989, under the editorship of Professor M C Wells, the Accounting Foundation became the publisher of the journal in conjunction with Basil Blackwell, Oxford. In 2007 the Scientific, Medical and Technical publishing business of John Wiley & Sons and Blackwell merged as Wiley-Blackwell and they now publish *Abacus*.

The journal is the fourth oldest international accounting academic journal. It continued in 2016, under the editorship of Professor Stewart Jones to be ranked among the top international accounting journals, with one of the most recent refereed surveys being the A. Ballas and V. Theoharakis, 'Faculty perceptions and readership patterns of accounting journals: a global view', published in *Contemporary Accounting Research*, June, 2003.⁴ *Abacus* was ranked in the 'Top Ten' international accounting journals (of which there are now approaching 100 journals).

In 2010 Stewart Jones became only the fifth editor of *Abacus* since the journal was founded — the others being Ray Chambers, Murray Wells, Frank Clarke and Graeme Dean. Topic editors were appointed early in 2010 and Graeme Dean joined Murray Wells and Frank Clarke as a Consulting Editor.

The latest information available shows that in 2016 the *Abacus* Impact Factor was 1.119 rising from 0.84 in 2014, ranking the journal 48 of 96, rising from 50 of 88 in 2014 in the Business, Finance subject category. The total number of *Abacus* article downloads shows an upward trend, 107,405 in 2015; 115,949 in 2016, and, 126,748 in 2017. Current *Abacus* content was available in 4,950 institutions, and is now available in 7,669 institutions in the developing world via philanthropic initiatives.

Abacus is currently receiving more than 200 online submissions per annum since it moved to electronic delivery around seven years ago. Over the past 24 months, the submissions have been overwhelmingly international and this is borne out in the readership statistics which show that 82% of recent article downloads originated from outside of Australia.

The content of the four issues published in 2017 is set out below:

Issue and Author	Title
March 2017 Volume 53, Issue 1	
Ariela Caglio and Mara Cameran	It is Shameful to be an Accountant? GenMe Perception(s) of Accountants' Ethics (pages 1-27)
Peter Kajuter and Martin Nienhaus	The Impact of IFRS 8 Adoption on the Usefulness of Segment Reports (pages 28-58)
Gerald J. Lobo, Luc Paugam, Herve Stolowy and Pierre Astolfi	The Effects of Business and Financial Market Cycles on Credit Ratings: Evidence from the Last Two Decades (pages 59-93)
Shan Zhou, Roger Simnett and Wendy Green	Does Integrated Reporting Matter to the Capital Market? (pages 94-132)
Dale L. Flesher, Gary John Previts and William D. Samson	Working on the Railroad: Public Accounting Talent in the United States – The Case of Haskins & Sells (Now Deloitte) (pages 133-157)
June 2017 Volume 54 Issue 2	
Martina K. Linnenluecke, Jacqueline Birt, Xiaoyan Chen, Xin Ling and Tom Smith	Accounting Research in <i>Abacus</i> , <i>A&F</i> , <i>AAR</i> and <i>AJM</i> from 2008-2015: A Review and Research Agenda (pages 159-179)
Willoe Freeman, Peter Wells and Anne Wyatt	
Andreas Charitou and Christodoulos Louca	Why Do Canadian Firms Cross-list? The Flip Side of the Issue (pages 211–239)
Julia Krause, Thorsten Sellhorn and Kamran Ahmed	Extreme Uncertainty and Forward-looking Disclosure Properties (pages 240–272)
Jamie Alcock and Eva Steiner	Unexpected Inflation, Capital Structure, and Real Risk-adjusted Firm Performance(pages 273–298)

September 2017 Volume 53 Issue 3 Special Issue: Current Issues and Controversies in Real Estate Finance	
Stewart Jones	Current Issues and Controversies in Real Estate Finance (pages 299–303)
Ross Guest and Nicholas Rohde	The Contribution of Foreign Real Estate Investment to Housing Price Growth in Australian Capital Cities (pages 304–318)
Kelvin Jui Keng Tan	Why Do Overconfident REIT CEOs Issue More Debt? Mechanisms and Value Implications (pages 319–348)
Maarten van der Spek	Investing in Real Estate Debt: Is it Real Estate or Fixed Income? (pages 349–370)
Jamie Alcock and Eva Steiner	The Interrelationships between REIT Capital Structure and Investment (pages 371–394)
Andrew Baum and Nick Colley	Can Real Estate Investors Avoid Specific Risk? (pages 395–430)
December 2017 Volume 53, Issue 4	
Shuwen (Wendy) Cai, Jayne M. Godfrey and Robyn Moroney	Impact of Segment-level Natural Resource Operational Risk Reporting on Earnings Predictions (pages 431–449)
Yi Dong, Nan Hu, Xu Li and Ling Liu	Analyst Firm Coverage and Forecast Accuracy: The Effect of Regulation Fair Disclosure (pages 450–484)
Ronita Ram and Susan Newberry	Agenda Entrance Complexity in International Accounting Standard Setting: The Case of IFRS for SMEs (pages 485–512)
Graham Bornholt	What is an Investment Project's Implied Rate of Return? (pages 513–526)
Ross H. Taplin	Measuring the Comparability of Company Accounts Conditionally: A Research Note (pages 527–542)

6. R J Chambers Scholarships

Doctoral Scholarships

In prior years the Foundation has provided scholarships for a single year. The intent was to enable candidates to accelerate completion of their dissertation work, via research assistance and/or teaching relief. In 2006 the Foundation's Council resolved to suspend offering of Doctoral scholarships in light of the availability of alternative forms of support from other sources within the Faculty.

In 2014 it was however resolved to support a 'top-up' scholarship for PhD students who already hold other scholarships to assist them complete their PhD. It was resolved to offer a maximum of two top-up scholarships at any one time.

In 2015 the first of these top up scholarships was awarded to Mr Shawn Ho. No further scholarships were awarded in this category in 2016.

Honours Scholarships

During 2017 the Foundation funded three scholarship for an undergraduate completing their Honours (4th year) in accounting. The value of this scholarship was as follows:

Meishan MAI	\$10,000
Yige WU	\$5,000
Ruizhe WANG	\$10,000

In addition the Foundation offers a scholarship, the Robert R Sterling Distinguished Scholarship in Accounting in the field of financial accounting, directed to a study pertaining to the empirical foundations of measurement in accounting and the usefulness of accounting measurements for financial decision making. The scholarship of \$10,000 per year was made possible by a generous donation from Robert Sterling matched by a donation from The University of Sydney Business School. The following student received the benefit of this donation in 2017.

Yiqing FEI	\$10,000
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7. Accounting Foundation Research Seminars

In 2017 the Foundation supported the following research seminars in the Discipline of Accounting.

25th October 2017 - 11:00 am	
Speaker:	Ava Wu
Affiliation:	The University of Sydney
Title:	Analysts' social connections to firms and analyst earnings forecasts
11th October 2017 - 11:00 am	
Speaker:	Conor Clune
Affiliation:	University of New South Wales
Title:	The institutional work of suppression: a case study of the CORE coalition.
13th September 2017 - 11:00 am	
Speaker:	Maria Dyball
Affiliation:	The University of Sydney
Title:	Breaking News: Management Control Systems, Unexpected Events and Organizational Improvisations in the News Room.
30th August 2017 - 11:00 am	
Speaker:	Chris Chapman
Affiliation:	The University of Bristol
Title:	Taking organizational values into account in management control.
16th August 2017 - 11:00 am	
Speaker:	David Johnson
Affiliation:	The University of Sydney
Title:	Decision usefulness and conservation in Accounting.
28th July 2017 - 11:00 am	
Speaker:	Somnath Das
Affiliation:	University of Illinois – Chicago
Title:	Analysts' Forecast Errors and Dividend Displacement Property.
7th June 2017 - 11:00 am	
Speaker:	Rencheng Wang
Affiliation:	The University of Queensland
Title:	Managerial disclosures and debt contracts.
24th May 2017 - 11:00 am	
Speaker:	Matias Laine
Affiliation:	Tampere University, Finland
Title:	Hybridization of Performance Measurement and Impact Assessment: A Case Study of a Social Business.
10th May 2017 - 11:00 am	
Speaker:	Stephen Hillegeist
Affiliation:	Arizona State University, US
Title:	What a difference a day makes: The impact of trading days on forecast accuracy and management performance attributions.
26th April 2017 - 11:00 am	
Speaker:	Penggau Wang

Affiliation:	University of Exeter, UK
Title:	Inferring Rates of Expected Stock Return from Accounting Observables.
29th March 2017 - 11:00 am	
Speaker:	David Smith
Affiliation:	University of Queensland
Title:	Questioning the numbers: Epistemic authority, narrative, and performance evaluation.
15th March 2017 - 11:00 am	
Speaker:	Chris Nobes
Affiliation:	The University of Sydney
Title:	Lessons from mis-classification in international accounting.
1st March 2017 - 11:00 am	
Speaker:	Bino Catasus
Affiliation:	Stockholm University, Sweden
Title:	Managing distances: Boards and consumption of Accounting.

8. Other Events and Activities

R J Chambers Collection



"We think we think. But what we think is often vague, ambiguous and disconnected. Only the discipline of writing forges thoughts into serviceable shapes and systematic patterns. Writing maketh an exact man, said Bacon; but seldom, I suspect, at the first attempt. I know that "Chambers later" has frequently thought differently from "Chambers earlier"; and that "Chambers now" has often wanted to know what "Chambers then" thought, for the purpose of advancing some uncompleted business. But I kept no index. I have preferred usually to think afresh about a matter in hand, rather than run the risk of repeating my own mistakes; and that very process has revealed mistakes.

But, at last I found I needed an index of some kind....."

"An Auto-bibliography", May 1977, R J Chambers

As reported in previous Annual Reports the Accounting Foundation, the University of Sydney Business School and CPA Australia combined to create the second in the University of Sydney's Foundation Professors' series, the Sydney University Archives, and provided initial funding and other support to archive all of Chambers' collected papers and related materials, with particular attention being given initially to his private correspondence.

The Collection (USA P202) within the Sydney University Archives Unit entails both hard copy and internet accessible materials, with the latter using cutting-edge search technology. The Collection has been digitised to enable multiple accesses via the Internet at: <http://chamberslibrary.econ.usyd.edu.au/>

The Burren Street R J Chambers Library holds hard copy materials of personal papers, personal library, personal reading material and published works. It was officially opened in mid 2009. Primarily Faculty and Accounting Foundation funding allowed a librarian to be available from Monday to Friday each week until the end of 2011. In 2011 the Foundation provided dollar for dollar funding to augment specific monies provided by the Faculty to assist in administering the R J Chambers Collection. While that funding ceased at the end of 2011, but the Collection was accessible through pro bono support from Graeme Dean. However, 2016 the Foundation supported the housing of the Library within the Chambers Business History Collection http://sydney.edu.au/business/research/chambers_business_history_collection. which allows greater visibility and accessibility.

The Accounting Foundation funded the 'digitisation' of Chambers' masterwork *Accounting Thesaurus*, which is now available online at <http://setis.library.usyd.edu.au/chambers/>

The Thesaurus covers '500 years of accounting' and is arranged in sections, subsections and captions, numbered for reference on a decimal system. Readers can start with a subject (or source) index, and simply click on the page number to go straight to that section of the file. It should serve as a convenient tool for anyone wanting to investigate the history of ideas in our discipline.



9. Pacioli Society

The Pacioli Society was established in 1968 on the initiative of Professor R J Chambers. It is the only society of its type in Australasia. The aim was to provide a forum on matters related to accounting, business and finance, and to foster the expression of both academic and professional views on topical issues based on informed opinion and debate.

For more than 45 years the Society and *Abacus* have been important facets of the Accounting Discipline's interaction with both academe and the profession. Accounting discipline staff have administered the society and the journal's operations and maintained a healthy membership of practitioners and academics.

The Pacioli Society operates under the auspices of the Accounting Foundation and provides a valuable forum between academics from Sydney and other universities and the business community.

A number of meetings are held each year. Attendees are given opportunities to ask questions and to voice their own opinions about the topic.

Membership is limited and is by invitation. A subscription to *Abacus* is included in the cost of the annual Pacioli Society membership fee. Details of the Society's activities can be accessed at: http://sydney.edu.au/business/AF/pacioli_society

The Pacioli Society held three successful meetings during 2017, on a range of interesting topics.

Pacioli Dinner Series

Date	Speaker	Topic
7 th February 2017	Professor Christine Cooper University of Strathclyde	<i>Changing political rationalities and the spread of market mentality</i>
5 th September 2017	Professor Chris Chapman University of Bristol	<i>Rethinking the Value of Activity-Based Costing</i>
13 th November 2017	Ms Kristin Stubbins PwC Australia	<i>Assurance Innovation and Disruption</i>



Farewell to Academic Director Sandra Van der Laan at the conclusion of a Pacioli Society Dinner Meeting

10. Accounting Foundation Governance Statement

The Accounting Foundation recognises the importance and benefit of reviewing its adoption and alignment with governance principles and provides the following report.

Principle 1 – Lay solid foundations for management and oversight

Nature of the entity

The Accounting Foundation is a part of the University of Sydney ABN 15211513464 and not separately incorporated under a State or Commonwealth Act. The Foundation is required to gain prior approval for its fundraising activities from the DVC External Relations. The Foundation's activities are not-for-profit and covered by the DGR status of the University of Sydney. The University is exempted from the requirement to hold an Authority to Fundraise and obligations upon holders of such an authority but is still required to comply with the balance of provisions of the Charitable Fundraising Act

Roles of Council and management

The Foundation operates under the authority of the Senate of the University of Sydney and has no powers of delegation. The Foundation conducts its affairs pursuant to the Foundation's Rules and the relevant policies of the University.

Principle 2 – Structure of the council to add value

The Council of the Foundation in 2017 consisted of the members set out in section 2.

Council members were elected at the Foundation's AGM on 30th March 2017. Professor Sandra van der Laan stepped down as Academic Director and Associate Professor Maria Dyball was elected as Academic Director. Professor van der Laan remained as a Councilor for a further 12 months to help reach objectives and activities of the Foundation. There is no separate nomination committee of Council. The full Council resolves on nominations for co-opting of members to fill vacancies outside of the process of election at the AGM. There was no formal performance evaluation of the Council undertaken in the reporting period.

Principle 3 – Promote ethical and responsible decision-making

Council members have been provided with the University of Sydney Foundation Governance Guide, Foundation Rules, Code of Conduct and External Interests Policy. The Code of Conduct and External Interests Policy are also available on the University's public website as are other relevant University policies regarding harassment, grievance procedures and related policies.

Principle 4 – Safeguard integrity in financial reporting

The annual accounts of the Foundation were prepared by the financial staff of the University, signed by the Finance Director and are included in this Annual Report. The Foundation is part of the University and therefore does not have its own audit sub-committee. The University is audited by the Audit Office of NSW.

Principle 5 – Make timely and balanced disclosure

The Foundation complied with the reporting and disclosure requirements of the Senate. These include an annual budget and this Annual Report

Members and Council have been made aware of the processes for disclosure pursuant to the Code of Conduct, External Interests policy, which include protected disclosure to the ICAC, to the Ombudsman or the Auditor General.

Principle 6 - Respect the rights of shareholders, members, staff, volunteers, clients, & other stakeholders

The Foundation's Council consists of members of the community and staff of the University whose input is invited via the Annual General Meeting and Council meetings of the Foundation.

Principle 7 - Recognise and manage risk

The Foundation recognises its activities within University premises or other premises require risks such as health and safety, environmental protection, privacy, trade practices, and compliance with the Charitable Fundraising Act to be considered and managed. The Foundation has managed these risks during the year by holding functions within the University subject to the University's conditions and externally at business premises of members of the Council subject to the conditions of the Firms whose representatives are members.

Principle 8 – Remunerate fairly and responsibly

No member of a Council is entitled to receive any remuneration for acting in that capacity.

Members of the Foundation Council may be reimbursed for reasonable expenses after written approval of the University Officer (Foundations).

11. Financial Statements – Income Statement

The NSW Auditor General performs the Audit of Financial Statements of the University as a whole. The Auditor-General has not specifically performed procedures that ensured that the financial statements presented in our Annual Report was true and fair or in accordance with the University's accounting policies. Further, at the date the certification was signed by the Finance Director, the Audit-General had not completed the audit of the University's financial statements.

The University of Sydney The Accounting Foundation

Income Statement

for the year ended 31st December 2017

	Notes	2017 \$	2016 \$
INCOME			
Scholarships, Donations and Bequests		-	50
Business and Investment Income		20,710	35,638
Realised Gain / (Loss) on Investments		15,071	18,916
Unrealised Gain / (Loss) on Investments		204,047	147,027
Investment Administration Fee		(4,740)	(4,663)
Internal and Other Income		82,407	73,760
Total Income		317,495	270,729
EXPENDITURE			
Salaries		30,459	34,269
Consumables		34	110
Services and Utilities		10,986	12,631
Travel, Conferences, Entertainment	2	26,073	61,895
Contributions to University areas		211	179
Consultants and Contractors		-	5,250
Student Costs and Scholarships	3	21,449	55,506
Other expenses	4	61,047	29,371
Total Expenditure		150,259	199,211
Surplus / (Deficit)		167,237	71,517
Accumulated Funds		3,539,033	3,467,516
Accumulated Funds Adjustments		-	-
Total Accumulated Funds		3,706,270	3,539,033

12. Financial Statements – Balance Sheet

The University of Sydney
The Accounting Foundation

Balance Sheet

as at 31st December 2017

	Notes	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Short Term Funds		1,181,396	1,175,208
Total Current Assets		<u>1,181,396</u>	<u>1,175,208</u>
NON CURRENT ASSETS			
Medium/Long Term Investments	5	2,524,874	2,363,825
Total Non Current Assets		<u>2,524,874</u>	<u>2,363,825</u>
TOTAL ASSETS		<u><u>3,706,270</u></u>	<u><u>3,539,033</u></u>
NET ASSETS		3,706,270	3,539,033
EQUITY			
Accumulated Funds	6	3,706,270	3,539,033
TOTAL EQUITY		3,706,270	3,539,033

I certify that the Income Statement and Balance Sheet of the Foundation have been prepared in accordance with the University's accounting practices and procedures. These Foundation accounts form part of The University of Sydney's financial reports.



Anne-Laure Rjssemus
Finance Director
Divisions of Natural Sciences, Engineering & Information Technologies and Business
20th March 2018

13. Financial Statements – Statement of Changes in Equity

The University of Sydney
The Accounting Foundation

Statement of Changes in Equity

For the year ended 31st December 2017

	Reserves \$	Restricted Funds \$	Retained Surplus \$	Total \$
Balance as at 1 st January 2016	427,659	306,061	2,733,796	3,467,516
Surplus / (Deficit) for the year	126,572	14,150	(69,204)	71,517
Balance as at 31 st December 2016	554,231	320,210	2,664,592	3,539,033
Balance as at 1 st January 2017	554,230	320,210	2,664,592	3,539,033
Surplus / (Deficit) for the year	181,488	17,150	(31,402)	167,237
Balance as at 31 st December 2017	735,719	337,360	2,633,191	3,706,270

14. Notes to the Financial Statements

The University of Sydney The Accounting Foundation

Notes to the Accounts

Note 1

Significant Account Policies

a) Basis of Preparation

In the opinion of Council members, The Accounting Foundation is not a reporting entity.

The financial statements of the Accounting Foundation have been drawn up as a special purpose financial report for distribution to members of the Foundation.

The financial statements have been prepared on a modified accrual accounting basis with investments classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the fair value reserve.

b) Fixed Assets

All fixed assets are expensed in the year of purchase.

c) Employee Entitlements

Employee entitlements for Long Service Leave are held centrally in the University's accounts.

d) Income Tax

The University (including the Foundations) is exempt from income tax.

Note 2

The decrease in Travel, Conferences and Entertainment costs is mainly due to the Accounting Foundation not hosting the RJ Chambers Memorial Research Lecture in 2017, unlike 2016.

Note 3

The decrease in Student Costs and Scholarships has mainly resulted from one less scholarship being awarded in 2017 (3 compared to 4 in 2016) and from the Accounting Discipline's 2017 reimbursement of 2016 scholarship cost.

Note 4

The increase in Other Expenses is caused by higher journal and publication expenses associated with Abacus this year (\$47,891 paid during 2017, compared to \$14,750 paid in 2016). The \$47,891 total payment in 2017 includes three delayed payments of 2016 expenses totalling \$5,350. If payment of the 2016 expenses was not delayed, the Abacus expenses would have been \$42,541 for 2017, compared to \$20,100 for 2016.

Note 5

Investments are managed within the University's investment portfolio compliant with the University's Investment Policy.

(See <http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2012/258&RendNum=0>.)

The Investment and Commercialisation Committee of the Senate of The University of Sydney provides oversight.

An additional \$1 million has been invested in the Long Term Fund in 2016 upon approval by the Council in June 2015.

Note 6

	2017	2016
EQUITY	\$	\$
Revaluation Reserves	735,719	554,230
Restrictive Funds	337,360	320,210
Accumulated Funds in Operations	2,633,191	2,664,592
Prior Year Adjustment		
TOTAL EQUITY	3,706,270	3,539,033

	2017	2016
Revaluation reserves	\$	\$
Opening Balance	554,230	427,659
Changes in Investment value	181,488	128,572
Closing balance	735,719	554,230

	2017	2016
Restrictive Fund - RJ Sterling Honours Scholarship	\$	\$
Opening Balance	320,210	308,081
Divided/Interest Income	5,720	4,797
Fees and charges	(1,129)	(1,103)
Scholarship	(10,000)	(10,000)
Changes in fair value	22,559	20,455
Closing balance	337,360	320,210

Discipline of Accounting
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