Note 30 Financial risk management (continued)

(iv) sensitivity analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and financial liabilities to interest rate risk. As the Group is not subject to foreign exchange risk or other price risk, sensitivity analysis of these risks has been excluded.

31 December 2008	Carrying amount	Interest rate risk			
		-1%		1%	
		Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	8,548	(85)	(85)	85	85
Receivables	2,238	-	-	-	-
Shares - public company	20	-	-	-	-
Financial Liabilities					
Trade and other payables	2,148	-	-	-	-
Borrowings	24,871	-	-	-	-
Total increase/(decrease)		**(85)**	**(85)**	**85**	**85**

31 December 2007	Carrying amount	Interest rate risk			
		-1%		1%	
		Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	7,106	(71)	(71)	71	71
Receivables	3,250	-	-	-	-
Shares - public company	20	-	-	-	-
Financial Liabilities					
Trade and other payables	3,704	-	-	-	-
Borrowings	28,123	-	-	-	-
Total increase/(decrease)		**(71)**	**(71)**	**71**	**71**

Note 30 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet is contractual obligations, and arises principally from the Group's receivables from customers and, for the parent entity, receivables due from subsidiaries.

The carrying amount of the Group's financial assets represents the maximum credit exposure.

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 70% of the Group's revenue is attributable to Australian Government Financial Assistance, however, the arrangements are largely advancements rather than receivables.

The University's Financial Management Policy establishes a credit policy under which each new customer is analysed indvidually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Council.

More than 70% of the Group's customers have been transacting with the Group for over 3 years, and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

Investments

The Group has minimal investments and has limited its exposure to credit risk by only investing in liquid securities with QTC or other Industry initiatives.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condidtions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses past trend analysis and commitments reporting to assist in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that is has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For further details regarding current lines of credit refer to Note 21.

Note 30 Financial risk management (continued)

(c) Liquidity risk (cont)

The following tables summarise the maturity of the consolidated entity's financial assets and financial liabilities:

31 December 2008	Average interest rate	Floating interest rate	1 Year or less	1 year to 5 years	Over 5 years	Non interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents	5.01	8,534	-	-	-	14	8,548
Receivables	-	-	-	-	-	2,238	2,238
Shares - public company	-	-	-	-	-	20	20
Total financial assets		**8,534**	**-**	**-**	**-**	**2,272**	**10,806**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	2,148	2,148
Borrowings	5.93	-	2,407	8,759	13,705	-	24,871
Total financial liabilities		**-**	**2,407**	**8,759**	**13,705**	**2,148**	**27,019**

31 December 2007	Average interest rate	Floating interest rate	1 Year or less	over 1 year to 2 years	Over 5 years	Non interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents	6.05	7,096	-	-	-	10	7,106
Receivables	-	-	-	-	-	3,250	3,250
Shares - public company	-	-	-	-	-	20	20
Total financial assets		**7,096**	**-**	**-**	**-**	**3,280**	**10,376**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	3,704	3,704
Borrowings	5.70	-	2,048	7,240	18,835	-	28,123
Total financial liabilities		**-**	**2,048**	**7,240**	**18,835**	**3,704**	**31,827**

(d) Fair value of financial assets and liabilities

The fair values of all financial assets and liabilities are carried at cost with the exception of receivables and borrowings. Borrowings are carried at book value with market value adjustments reflected in the profit and loss at the completion of each loan agreement.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.