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# 2015 ACU REVIEW OF RESULTS AND AUDITED FINANCIAL STATEMENTS

TRUTH IN LOVE

ACU CELEBRATING



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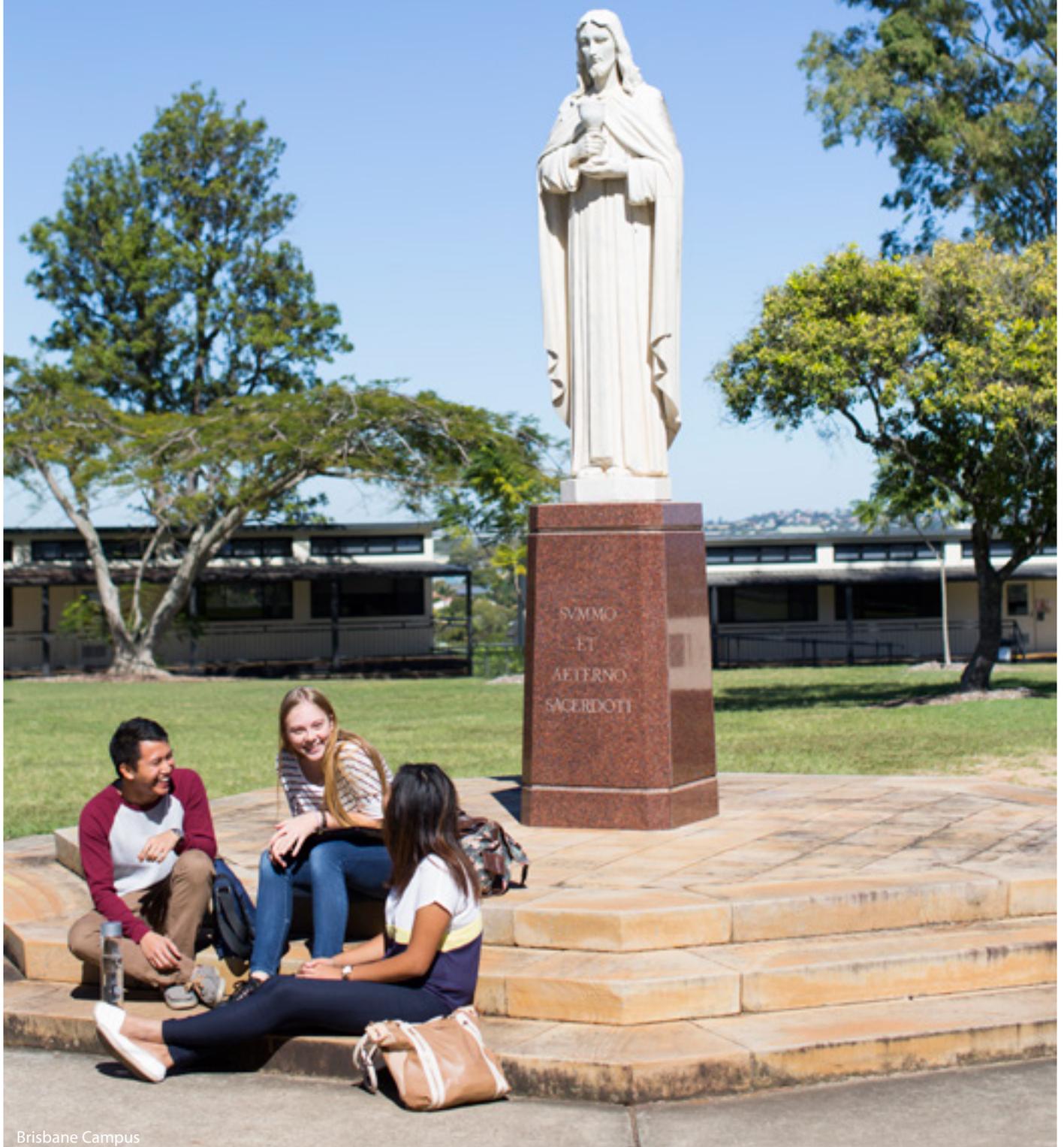
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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2015



The directors present their report together with the financial statements of Australian Catholic University Limited (the University) for the year ended 31 December 2015 and the auditors' report thereon.

## DIRECTORS

The directors of the University in office at any time during or since the end of the financial year are:

### MR JOHN JOSEPH CARROLL

BBus, MAppFin, CPA MAIPM  
Financier  
19 May 2006

### PROFESSOR TONY CIRO

BEd (Hons) (Monash), BA LLB (Hon) (Monash),  
BCL LLM (Oxford), PhD (Monash)  
University Professor  
6 September 2010

### PROFESSOR MARY COURTNEY

RN, BComm(Griffith), MHP (UNSW), PhD (UNE)  
University Professor  
30 January 2012  
(1 October 2015)

### PROFESSOR GREGORY JOSEPH CRAVEN

BA LLB(Hons), LLM (Melb)  
Vice-Chancellor  
1 February 2008

### JUSTICE JAMES DOUGLAS

BA(UQ), LLB(UQ), LLB (Cambridge)  
Supreme Court Judge  
11 June 2013

### MR STEPHEN NOEL ELDER OAM

BEd (Vic(Aust)), DipEd (LaT), FAIM  
Educational Administrator  
23 May 2008

### MR DYLAN ETTRIDGE

B.Media Communications  
Student  
1 January 2014  
(31 December 2015)

### MR EDWARD WILLIAM EXELL AM

BA (Hons) (Melb), BEd (ANU)  
Retired Administrator  
30 September 1996  
(31 December 2015)

### THE HON. JOHN FAHEY AC

Chancellor and former Premier of NSW  
4 September 2014

### PROFESSOR KAREN FLOWERS

RN RM BHealthSc (UCCQ)  
GradCertLead&CathCult (ACU) MClInEd  
(UNSW) PhD (Griffith)  
University Professor  
1 January 2016

### MR EAMON GLASS

Student  
1 January 2016

### PROFESSOR MARGOT HILLEL OAM

BA (La Trobe), MA (Melb), PhD (Monash)  
University Professor  
16 June 2010

### MS CECILIA HOLLIS-JONES

B.App Sc, Grad Dip Teach (Sec) QUT,  
Grad Dip Arts (Theol) ACU  
Educational Administrator  
30 May 2013

### PROFESSOR JAMES MCLAREN

MA (Melb), DPhil (Oxf)  
University Professor  
16 June 2010

### MS MOIRA THERESE NAJDECKI

BA (ANU), DipEd (CCAEd), MA (English) (UNSW),  
GradDipRE (ACU), MEdLeadership (ACU)  
Educational Administrator  
19 May 2006

### MR JULIEN O'CONNELL AM

Business Executive  
1 January 2016

### MR DAVID BRIAN O'CONNOR AM

BA (UNE), PACert (Syd Tech Coll)  
Retired Public Servant  
14 April 2000

### THE MOST REVEREND CHRISTOPHER PROWSE

BA (Monash), BTheo (MCD 1979), Lic. Moral  
Theo (Pont. Greg. Rome), D.Moral Theo (Pont.  
Lat. Rome)  
Archbishop of Canberra and Goulburn  
23 May 2014

### MS ANNETTE SCHMIEDE

BEd (USyd)  
Health Administrator  
1 January 2016

### MS BERNADETTE MARIE THERESE STEELE

BA (Hons), LLB (Melb)  
Lawyer  
11 August 2009

### MS MARGARET MARY VIDER

BAppSciNurs (QIT), GradDipArts (Leadership  
Studies) (ACU)  
Retired Health Professional  
21 May 2010



Adelaide Campus

The senior executive of Australian Catholic University Limited at the date of this report are:

### VICE-CHANCELLOR

#### PROFESSOR G. J. CRAVEN

BA LLB(Hons), LLM (Melb)  
1 February 2008

### PROVOST & DEPUTY VICE-CHANCELLOR (ACADEMIC)

#### PROFESSOR P. NUGENT

RN, BAppSc NEd (Lincoln Inst) MEdSt (Monash)  
14 February 2011

### CHIEF OPERATING OFFICER AND DEPUTY VICE-CHANCELLOR

#### DR STEPHEN WELLER

BA (Syd), MCom (UWS), MBA (UTS), PhD (VU)  
1 April 2013

### DEPUTY VICE-CHANCELLOR (STUDENTS, LEARNING AND TEACHING)

#### PROFESSOR A. CUMMINS

MEd Leadership (ACU), M.A. Ed (Macquarie),  
Grad Dip Ed (Religious Studies) (ACU) BEd  
(Canberra)  
1 July 2009

### DEPUTY VICE-CHANCELLOR (RESEARCH)

#### PROFESSOR W. MCKENNA

BA (Hons), PhD (Leeds)  
4 February 2013

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the University during the financial year are:

	Senate meetings		Standing & Finance Committee meetings		Honorary Awards Committee meetings		Audit & Risk Committee meetings	
	A	B	A	B	A	B	A	B
Mr John Carroll	4	5	6	6	-	-	3	3
Professor Tony Ciro	4	5	-	-	-	-	2	3
Professor Mary Courtney	2	3	-	-	-	-	-	-
Professor Gregory Craven	5	5	4	6	1	1	-	-
Justice James Douglas	4	5	-	-	1	1	2	3
Mr Stephen Elder OAM	4	5	2	6	-	-	1	3
Mr Dylan Ettridge	5	5	-	-	-	-	-	-
Mr Edward Exell AM	5	5	6	6	-	-	-	-
The Hon. John Fahey AO	5	5	-	-	-	-	-	-
Professor Margot Hillel OAM	4	5	-	-	1	1	-	-
Ms Cecelia Hollis-Jones	5	5	-	-	-	-	-	-
Professor James McLaren	4	5	6	6	-	-	-	-
Ms Moira Najdecki	4	5	1	6	-	-	1	3
Mr David O'Connor AM	4	5	4	6	1	1	-	-
The Most Reverend Christopher Prowse	1	5	-	-	-	-	-	-
Ms Bernadette Steele	5	5	-	-	1	1	-	-
Ms Margaret Vider	5	5	6	6	-	-	-	-

A - Number of meetings attended B - Reflects the number of meetings held during the time the director held office throughout the year

## PRINCIPAL ACTIVITIES

The principal activities of Australian Catholic University Ltd during the course of the financial year were those of a university operating at both an undergraduate and postgraduate level and research on seven campuses across the states of Queensland, New South Wales, Victoria, South Australia and Australian Capital Territory. During 2015, the University commenced operations of a study centre in Rome. The centre is a shared facility with the Catholic University of America.

## REVIEW AND RESULT OF OPERATIONS

There is a positive result for the year ended 31 December 2015 of \$42.9million (m) (2014 \$37.4m). In relation to revenue, there is a significant increase in Commonwealth Government Financial Assistance largely comprising Commonwealth Grants Scheme, \$30.5m (15.9%) and Student HECS HELP, \$16m (11.7%). The grant increase reflects growth in Commonwealth supported places. Other Operating Revenue, excluding Finance Income and Deferred Government Contributions for Superannuation increased by \$15.4m (18%).

Expenditure on cash related salaries increased by \$36.6m (14.9%). Non salary cash expenses increased by \$19.0 m (19.1%).

The utilisation of cash reserves to fund capital works continues to impact the Working Capital position although it has improved significantly with the deficit decreasing to \$19.9m (\$45.5m deficit in 2014). The deficit is \$2.7m (\$29.5m deficit in 2014) after adjusting for employee benefits classified as current liabilities but expected to be settled in greater than 12 months.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Implementation of the University's Infrastructure Plan to accommodate current and planned growth in student and staff numbers continued in 2015. Expenditure includes the purchase of 33 Berry St North Sydney, the majority of 23 Berry St North Sydney, completion of the John Paul II building in Brisbane, commencement of a Student Lead Clinic in Brisbane, refurbishment of a study centre in Rome, a modular building in Canberra, additional teaching and administration buildings in Ballarat, continued refurbishment of existing spaces on all campuses and fit out of several leased spaces in North Sydney and Melbourne.

In late 2015, the University obtained replacement funding for the \$70m loan facility held with the National Australia Bank (NAB). The new funding is made up of facilities with the NAB (\$100m) and Catholic Development Fund (\$50m). At year-end \$130m has been drawn down. Further use of the facilities is expected during 2016 as the University continues to implement its Infrastructure Plan.

## ENVIRONMENTAL REGULATION

The University's operations are not subject to any significant environmental regulations under either Commonwealth or State

## FINANCIAL HIGHLIGHTS

	2015 \$'000	2014 \$'000
Commonwealth Government Grants	374,175	324,922
Other Operating Revenue	103,013	87,662
Finance Income	874	1,026
Salary Cash Expenses	(282,760)	(246,198)
Non-Salary Cash Expenses	(118,820)	(99,798)
Non-Cash Expenses (Depreciation, Amortisation and Provisions)	(33,605)	(30,201)
Net Result for the Period	42,877	37,413
Working Capital Surplus/(Deficit)	(19,926)	(45,501)
Working Capital Surplus/(Deficit) Adjusted for Employee Benefits Classified as Current but due to be settled in greater than 12 months	(2,774)	(29,539)

legislation. However, the Directors believe that the University has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no other items, transactions or events of a material or unusual nature that have arisen in the interval between the end of the financial year and the date of this report which are likely in the opinion of directors to affect significantly the operations of the University, the results of these operations or the state of the University in subsequent financial years.

## DIRECTORS' INTERESTS AND BENEFITS

Directors' interests and benefits are set out in notes 19 and 20.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the year the University renewed an agreement with their insurers to provide indemnification for all the directors and officers of the University (as listed in this report), against all liabilities to another person (other than the University) that may arise from their position as directors and officers.

## DIRECTORS AND OFFICERS LIABILITY COVER

During the year, the University paid insurance premiums of \$30,417 (2014: \$48,023) in respect of Directors and Officers Liability insurance contracts for directors and officers of the University. The insurance provides cover against claims made by reason of any wrongful act committed or alleged to have been committed by a director or officer of the University during the year. The University has not entered into an agreement indemnifying the current auditors, KPMG, against any claims by third parties.

## PROCEEDINGS ON BEHALF OF THE UNIVERSITY

There are no proceedings being pursued on behalf of the University.

## LEAD AUDITORS' INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 8 and forms part of the director's report for the financial year ended 31 December 2015.

## NON AUDIT SERVICES

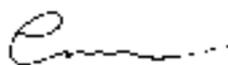
Amounts paid to the University's auditors for non audit services are outlined in note 5.

The Directors of the University are satisfied, based on advice from the Audit and Risk Committee, that the non-audit services provided are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Australian Catholic University, acting as an advocate for Australian Catholic University or jointly sharing risks and rewards.

## ROUNDING OFF

The University is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



**Professor G Craven**  
11 April 2016  
Director  
Sydney



**Mr J O'Connell AM**  
11 April 2016  
Director  
Sydney

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# LEAD AUDITOR'S INDEPENDENCE DECLARATION



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## LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

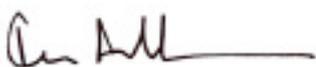
To: The directors of Australian Catholic  
University Limited

I declare that, to the best of my knowledge  
and belief, in relation to the audit for the  
financial year ended December 31, 2015  
there have been:

- (i) no contraventions of the auditor  
independence requirements as set out  
in the Corporations Act 2001 in relation  
to the audit; and
- (ii) no contraventions of any applicable code  
of professional conduct in relation to the  
audit.



**KPMG**



**Kevin Leighton**  
*Partner*  
Sydney  
11 April 2016

# AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
<b>Revenue from Continuing Operations</b>			
Commonwealth Government Financial Assistance Excluding HECS HELP	2.1	222,787	192,246
Higher Education Contribution Scheme (HECS - HELP)			
Student Contributions	24.2	12,307	11,082
Commonwealth Payments	2.1, 24.2	124,927	110,105
FEE-HELP	2.1	9,992	8,087
SA-HELP	2.1	4,162	3,402
State & Local Government Financial Assistance	2.2	2,227	2,272
Fees and Charges	2.3	64,031	56,575
Consultancy and Contract Research	2.5	7,618	6,899
Other Revenue	2.6	29,137	21,916
<b>Total Revenue from Continuing Operations</b>		<b>477,188</b>	<b>412,584</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits	3.1	290,360	254,170
Depreciation and Amortisation	3.2	26,005	22,229
Buildings and Grounds Maintenance	3.3	8,497	5,353
Consultancy		10,160	4,478
Rent		12,008	12,263
Travel		12,093	11,052
Other	3.4	75,002	65,968
<b>Total Expenses from Continuing Operations</b>		<b>434,125</b>	<b>375,513</b>
<b>Net Result from Continuing Operations</b>		<b>43,063</b>	<b>37,071</b>
<b>Finance Income and Expense</b>			
Finance Income	2.4	874	1,026
Finance Expense	4	(1,060)	(684)
<b>Total Finance Income and Expense</b>		<b>(186)</b>	<b>342</b>
<b>Net Result Before Income Tax</b>		<b>42,877</b>	<b>37,413</b>
Income Tax	1(c)	-	-
<b>Net Result for the Period</b>	17	<b>42,877</b>	<b>37,413</b>

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 37.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
<b>Net Result for the Period</b>		<b>42,877</b>	<b>37,413</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to profit and loss</i>			
Superannuation - Deferred Government Contributions		(11)	(386)
Deferred Superannuation Expense		11	386
<i>Items that may be reclassified subsequently to profit and loss</i>			
Gain on value of available for sale financial assets	16	4,286	4,765
<b>Other Comprehensive Income for the Period</b>		<b>4,286</b>	<b>4,765</b>
<b>Total Comprehensive Income</b>		<b>47,163</b>	<b>42,178</b>
<b>Attributable to:</b>			
Members		47,163	42,178
<b>Total Comprehensive Income Attributable to Members</b>		<b>47,163</b>	<b>42,178</b>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 37.

## BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6	46,544	18,456
Trade and Other Receivables	7	9,307	5,176
Other Assets	9	6,830	5,696
<b>Total Current Assets</b>		<b>62,681</b>	<b>29,328</b>
<b>Non-Current Assets</b>			
Other Investments	8	10,501	6,149
Property, Plant and Equipment	10	534,904	416,339
Intangible Assets	11	42,885	43,661
Other Assets	9	23,100	23,196
<b>Total Non-Current Assets</b>		<b>611,390</b>	<b>489,345</b>
<b>Total Assets</b>		<b>674,071</b>	<b>518,673</b>
<b>Current Liabilities</b>			
Trade and Other Payables	12	23,563	20,388
Employee Benefits	13	33,388	30,793
Other Liabilities	15	25,656	23,648
<b>Total Current Liabilities</b>		<b>82,607</b>	<b>74,829</b>
<b>Non-Current Liabilities</b>			
Employee Benefits	13	28,122	26,919
Borrowings	14	130,000	30,000
Other Liabilities	15	11,829	12,575
<b>Total Non-Current Liabilities</b>		<b>169,951</b>	<b>69,494</b>
<b>Total Liabilities</b>		<b>252,558</b>	<b>144,323</b>
<b>Net Assets</b>		<b>421,513</b>	<b>374,350</b>
<b>Equity</b>			
Reserves	16	421,513	374,350
Retained Earnings	17	-	-
<b>Total Equity</b>		<b>421,513</b>	<b>374,350</b>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 37.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	General Reserve \$'000	Asset Revaluation Reserve \$'000	Available for Sale Financial Assets Revaluation Reserve \$'000	Contribution from Members \$'000	Total Equity \$'000
<b>2015</b>						
<b>Balance at 1 January 2015</b>		<b>291,523</b>	<b>20,637</b>	<b>5,232</b>	<b>56,958</b>	<b>374,350</b>
<b>Comprehensive Income for the Period</b>						
Net Result for the Period	17	42,877	-	-	-	42,877
Total Other Comprehensive Income for the Period		-	-	4,286	-	4,286
<b>Total Comprehensive Income for the Period</b>		<b>42,877</b>		<b>4,286</b>	<b>-</b>	<b>47,163</b>
Contribution from Members	16	-	-	-	-	-
<b>Balance at 31 December 2015</b>		<b>334,400</b>	<b>20,637</b>	<b>9,518</b>	<b>56,958</b>	<b>421,513</b>
<b>2014</b>						
<b>Balance at 1 January 2014</b>		<b>254,110</b>	<b>20,637</b>	<b>467</b>	<b>56,958</b>	<b>332,172</b>
<b>Comprehensive Income for the Period</b>						
Net Result for the Period	17	37,413	-	-	-	37,413
Total Other Comprehensive Income for the Period		-	-	4,765	-	4,765
<b>Total Comprehensive Income for the Period</b>		<b>37,413</b>		<b>4,765</b>	<b>-</b>	<b>42,178</b>
Contribution from Members	16	-	-	-	-	-
<b>Balance at 31 December 2014</b>		<b>291,523</b>	<b>20,637</b>	<b>5,232</b>	<b>56,958</b>	<b>374,350</b>

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 37.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Grant Revenue			
Commonwealth Government		232,317	211,151
State Government		2,203	2,248
Higher Education Contribution Scheme			
Student Payments		12,307	11,082
Commonwealth Payments		125,214	102,160
Other Inflows		102,187	90,977
Cash Receipts in the Course of Operations		474,228	417,618
Cash Payments in the Course of Operations		(406,566)	(342,553)
Interest Received		855	1,016
Interest and Other Costs of Finance		(1,040)	(438)
<b>Net Cash from Operating Activities</b>	23(ii)	<b>67,477</b>	<b>75,643</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Property, Plant and Equipment		(139,353)	(93,312)
Proceeds from Sale of Non-Current Assets		30	-
Proceeds from /Payments for Investments		(66)	(3)
<b>Net Cash Used in Investing Activities</b>		<b>(139,389)</b>	<b>(93,315)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		177,000	35,000
Repayment of Borrowings		(77,000)	(15,000)
<b>Net Cash (Used in)/Provided by Financing Activities</b>		<b>100,000</b>	<b>20,000</b>
<b>Net (Decrease)/Increase in Cash Held</b>		<b>28,088</b>	<b>2,328</b>
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		<b>18,456</b>	<b>16,128</b>
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	23(i)	<b>46,544</b>	<b>18,456</b>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 37.

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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Directors of the University comprise the Senate of the University and the terms Senator and Director are interchangeable. Australian Catholic University Ltd (the University) is domiciled in Australia and is not-for-profit. The financial statements were authorised for issue by the directors on 11 April 2016.

The significant policies which have been adopted in the preparation of these financial statements are:

### (A) BASIS OF PREPARATION

#### STATEMENT OF COMPLIANCE

The financial statements of the University are a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board, the Corporations Act 2001, and the disclosure requirements within the Guidelines for the Preparation of Annual Financial Statements for the 2015 Reporting Period by Australian Higher Education Institutions issued pursuant to the Higher Education Support Act 2003.

The financial statements were authorised for issue by the Senate on 11 April 2016.

#### USE OF ESTIMATES AND JUDGEMENT

The preparation of the financial statements, in conformity with Australian Accounting Standards, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amount recognised in the financial statements are described in: Note 13 measurement of defined superannuation obligations; Note 1(g) measurement of make good/rectification costs; and Note 10 property, plant and equipment.

#### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Australian dollars, which is the University's functional currency.

The University is a Company referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, all financial information has been rounded to the nearest thousand unless otherwise stated.

#### HISTORICAL COST CONVENTION

The financial statements have been prepared on the basis of historical costs except for freehold land and buildings, financial instruments classified as available for sale and defined benefit superannuation liabilities. These have been stated at fair value.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The accounting policies below have been applied consistently to all periods presented in these financial statements except where stated.

### (B) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

#### GOVERNMENT GRANTS

Commonwealth Grant Scheme and HELP income is recognised on an accrual basis whereby it is credited to the University's income statement in the financial year in which the goods and services are provided in exchange for the grant received.

#### OTHER TUITION FEE INCOME

Other tuition fee income is generated from fee-paying courses for local and overseas students. Revenue is recognised in the same period as the courses for which the fee income is derived. Pre-payments for courses being held in the next teaching year are treated as deferred income and recorded as revenue in the following financial year when the course is provided.

#### DONATIONS AND BEQUESTS

Donations and bequests received, which are not subject to conditions under a specific trust deed, are recognised as revenue when they are received.

#### INTEREST INCOME

Interest income is recognised as it accrues using the effective interest method.

#### ASSET SALES

The net gain on asset sales is included as other income and the net loss as an expense. The profit or loss on disposal of assets is brought to account at the date the unconditional contract is signed.

#### EMERGING COST SUPERANNUATION SUPPLEMENTATION FROM GOVERNMENT

Funding from government for Emerging Cost Superannuation supplementation is reported in the Balance Sheet, as this is in effect an agency arrangement. In accordance with AASB119, Employee Benefits, this amount is disclosed in the notes to the Financial Statements (Refer Note 13).

### (C) TAXATION

The Commissioner of Taxation has granted the University an exemption under section 50-5 of the Income Tax Assessment Act 1997 from the 1st of July 2000.

The University is not subject to income tax or capital gains tax but may be liable for other taxes in accordance with Federal and State legislation.

### (D) CASH AND CASH EQUIVALENTS

Cash at bank is carried at face value of the amounts deposited or drawn and net of un-presented cheques. The carrying amount of cash at bank approximates net fair value.

Short term deposits of less than a term of 90 days are classified as cash.

### (E) TRADE AND OTHER RECEIVABLES

#### STUDENT ASSISTANCE PROGRAMME

Student loans are generally settled within a 12 month period and are carried at amounts due. The collectability of debts is assessed at balance date and bad debts are written off directly to the income statement. Specific provision is made for any doubtful accounts. The carrying amount of student loans approximates net fair value.

#### SUNDRY RECEIVABLES

Sundry receivables are recognised when expenditure is incurred by the University and requires reimbursement by a third party. The carrying amount of sundry receivables approximates net fair value.

## (F) INVESTMENTS

### INTEREST BEARING DEPOSITS, DEBENTURES AND BANK BONDS

Interest bearing deposits, debentures, bank bonds and bank bills are measured at amortised cost using the effective interest method.

### OTHER COMPANIES

Investments in listed and unlisted shares are classified as "available for sale" securities and are carried at fair value (See Note 1(p)). Changes in fair value are recorded in the Share Revaluation Reserve except for impairment losses which are recorded directly through the income statement.

When shares governed by a trust deed are sold, the profit or loss on disposal is recognised against a trust fund liability. All other share profits and losses on disposal are recognised in the income statement.

## (G) PROPERTY, PLANT AND EQUIPMENT

Acquisition and additions of non-current assets are capitalised if the value is more than \$3,000. These additions are recorded at cost in the year of acquisition.

Freehold land and buildings are treated as one class of asset and shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings are revalued triennially with the previous valuation undertaken on the 31 December 2013 and the next due as at the 31 December 2016. Increases in the carrying amounts arising on revaluation of freehold land and buildings are credited to the Asset Revaluation Reserve in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset class; all other decreases are charged to the income statement.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Cost also includes those costs directly attributable to bringing the asset to its working condition and an estimate of the cost of dismantling and removing the asset. The estimate of dismantling costs is based on prior experience in exiting similar sites or locations.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost

of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### DEPRECIATION

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates used for each class of asset in the current and comparative year are as follows:

Freehold Buildings	2-3%
Improvement to Intangible Rights to Occupy Buildings	2-3%
Furniture and Fittings	20%
Computer Equipment	33%
Plant and Equipment	20%
Motor Vehicles	10%

The assets' residual value and useful life is reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See note 1(h). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, it is University policy to transfer the amounts included in the Asset Revaluation Reserve in respect of those assets to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate the cost or revalued amount, net of residual value, over the estimated useful life.

### WORKS OF ART

Acquisitions are carried at cost and no depreciation is charged in respect of these assets.

### LEASED PLANT AND EQUIPMENT

Leases of plant and equipment under which the University assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease expenses are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

## (H) IMPAIRMENT OF ASSETS

Impairment arises when an asset's carrying amount exceeds its recoverable amount. *Recoverable amount* is defined as the higher of an asset's (or cash-generating unit's) fair value less costs to sell and value in use. Value in use is (i) the present value of the future cash flows expected to be derived from an asset or cash generating unit or (ii) the depreciated replacement cost of the asset when the future economic benefits of an asset of a not-for-profit entity are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement unless an asset has previously been revalued in which case the impairment loss is recognised as a reversal of the revaluation with any excess recognised through the income statement. For assets with an indefinite useful life the recoverable amount is estimated at each balance date.

## (I) INTANGIBLE ASSETS

Intangible assets consist of the rights to occupy land and buildings that have been granted at nominal rates for a determined period or in perpetuity. The intangible rights are initially recorded at their fair value. Rights to occupy buildings are amortised at the lesser of 3% or the period of the term of the agreement. Where a right of occupancy agreement exists and stipulates the time period, the asset including rights to occupy land is amortised over the period of the right. Indefinite life intangibles are tested annually for impairment.

## (J) TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the University. Trade accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

## (K) BORROWINGS

Borrowings are carried on the balance sheet at amortised cost. Interest expense is recognised on an effective interest basis.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability and does not expect to settle the liability for at least 12 months after the date of the income statement.

## (L) EMPLOYEE BENEFITS

### WAGES, SALARIES, AND SICK LEAVE

The provisions for employee entitlements to wages and salaries represent the amount which the University has a present obligation to pay resulting from employees' services provided up to the balance date.

The provisions have been calculated based on wage and salary rates at which they are expected to be paid and includes related on-costs. The carrying amount of the provisions approximates net fair value.

## ANNUAL LEAVE

The liability for employee entitlements to Annual Leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees services provided up to the balance date. The liability is calculated from a staff member's commencement date allowing for the probability that the member will take accrued leave. Liabilities are discounted using rates attaching to national corporate securities at balance date, which most closely match the terms of maturity of the related liabilities. The carrying amount of the provision approximates net fair value.

In determining the liability for employee entitlements, consideration has been given to the University's experience with staff taking annual leave. Related on-costs have also been included in the liability.

## LONG SERVICE LEAVE

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. The liability is calculated from a staff member's commencement date allowing for the probability that the member will complete 7 years of service. Staff members with 7 years of service or more are included as current liabilities; those with less than 7 years of service are included as non-current liabilities.

Liabilities for employee entitlements for members with less than 7 years of service are discounted using the rates attaching to national corporate securities at balance date, which most closely match the terms of maturity of the related liabilities. The carrying amount of the provision approximates net fair value.

In determining the liability for employee entitlements, consideration has been given to the University's experience with staff departures. Related on-costs have also been included in the liability.

## SUPERANNUATION FUNDS

The University contributes to a range of employee superannuation funds. University contributions are recognised within employee expenses in the income statement. Refer also Note 13.

An Arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the beneficiaries of the Emergency Services and State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, DEST (now Department of Education and Training) confirmed the

Australian Government considers the current arrangements have established a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability.

Accordingly the unfunded liabilities have been recognised in the Balance Sheet under Provisions with a corresponding asset recognised under Non Current Assets. The recognition of both the asset and the liability consequently does not affect the year end net asset position.

## (M) FUNDS HELD IN TRUST

Donations and bequests received which are subject to conditions under a specific trust deed, are held in trust on behalf of that specific donor and are not recognised as revenue by the University. Unless specified in the trust deed, any net earnings on these funds are recognised as revenue by the University.

## (N) GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

There is a deficit in working capital at balance date of \$19.9m (2014; \$45.5m deficit) and includes \$17.1m of current provisions expected to be settled after 12 months. The deficit is largely due to cash outlays on planned capital expenditure programmes. A loan facility is in place with the University's bankers to assist with the financing of cash outlays. Refer to note 14 for further details in relation to the facility.

Forecast surplus cash flows will be managed to ensure funds are available to meet commitments as they fall due. Where necessary, cash surpluses will be supplemented by funds drawn against the existing loan facility.

In addition to this, current employee entitlements include amounts of long service leave for which there is not an unconditional right to defer settlement although the majority is not expected to be settled within one year of reporting date.

## (O) GOODS AND SERVICES TAX

Revenues and expenses 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 Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

## (P) FAIR VALUE

Fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. 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, adjusted for any movements in price of credit for that instrument, on the balance sheet date (Level 1). The quoted market price used for financial assets held 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, unlisted shares) is determined using valuation techniques with assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities.

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The University engages an independent third party to value freehold land and buildings on a periodic basis.

Within the fair value hierarchy, land and buildings fall within level two and listed shares within level one. Unlisted shares fall within Level 3, refer to note 21.

## (Q) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations became mandatory for the 31 December 2015 reporting period. These new requirements have not had a material impact on either the results or disclosure of the University.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The University has elected not to early adopt any of these standards.

## AASB 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS:

The AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The University has completed an initial assessment of the potential impact on its financial statements resulting from the application of AASB 15 and determined that there is no material impact.

## AASB 9 FINANCIAL INSTRUMENTS

AASB 9, published in July 2014 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The University has not yet completed its assessment of the potential impact on its financial statements resulting from the application of AASB 9.

## IFRS 16 LEASES

The IASB issued IFRS 16 Leases with an effective date of 1 January 2019. Early adoption will be permitted for entities that also adopt IFRS 15 Revenue from Contracts with Customers. The AASB approved the Australian equivalent standard, AASB 16 Leases, at the February 2016 meeting.

The University has not yet completed its assessment of the potential impact on its financial statements resulting from the application of AASB 9.

## (R) RELATED PARTY DISCLOSURES

The revised AASB 124, Related Party Disclosures, became mandatory in the year ending 31 December 2011. The changes relate mainly to disclosure requirements for government-related entities and the definition of a related party. There were no significant additional disclosures required as a result of adoption of this standard. Refer note 20 for related party disclosures.

## 2. REVENUE

	Note	2015 \$'000	2014 \$'000
<b>2.1 COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE</b>			
<b>Commonwealth Grants Scheme and Other Grants</b>			
Commonwealth Grants Scheme	24.1	208,705	178,648
Indigenous Support Fund	24.1	1,181	1,186
Disability Support Programmes	24.1	73	78
Promotion of Excellence in Learning and Teaching	24.1	20	104
Partnership and Participation Funding	24.1	3,344	3,709
<b>Total Commonwealth Grants Scheme &amp; Other Grants</b>		<b>213,323</b>	<b>183,725</b>
<b>DET-Scholarships</b>			
Australian Postgraduate Awards	24.3	802	1,015
International Postgraduate Research Scholarships	24.3	70	65
Commonwealth Education Costs Scholarships	24.3	58	18
Indigenous Access Scholarships	24.3	5	9
National Priority Scholarships	24.3	-	(7)
<b>Total DET-Scholarships</b>		<b>935</b>	<b>1,100</b>
<b>DET-Research</b>			
Joint Research Engagement Program	24.4	1,554	1,370
Research Training Scheme	24.4	2,181	2,167
Infrastructure	24.4	263	204
Sustainable Research Excellence in Universities	24.4	535	370
<b>Total DET-Research</b>		<b>4,533</b>	<b>4,111</b>
<b>Total DET Excluding HELP (a)</b>		<b>218,791</b>	<b>188,936</b>
<b>Higher Education Loan Programmes (HELP)</b>			
HECS-HELP Commonwealth Payments	24.2	124,927	110,105
FEE-HELP	24.2	8,836	8,087
FEE-HELP VET	24.2	1,156	-
SA-HELP	24.2	4,162	3,402
<b>Total Higher Education Loan Programmes</b>		<b>139,081</b>	<b>121,594</b>
<b>Total DET Including HELP</b>		<b>357,872</b>	<b>310,530</b>
<b>Australian Research Council</b>			
Discovery - Projects	24.5	1,395	1,217
Discovery Early Career Research Award	24.5	230	134
Discovery Indigenous	24.5	130	-
Future Fellowships	24.5	425	292
Linkage – Projects	24.5	536	294
<b>Total Australian Research Council (b)</b>		<b>2,716</b>	<b>1,937</b>
<b>Other Commonwealth Government Financial Assistance – Non Capital</b>			
DET		1,280	1,373
<b>Total Other Commonwealth Government Financial Assistance (c)</b>		<b>1,280</b>	<b>1,373</b>
<b>Total Commonwealth Government Financial Assistance</b>		<b>361,867</b>	<b>313,840</b>
<b>Total Commonwealth Government Financial Assistance Excluding HELP (a + b + c)</b>		<b>222,787</b>	<b>192,246</b>
<b>Australian Government Grants Received – Cash Basis</b>			
OS-HELP (Net)	24.6	(299)	659
Superannuation Supplementation	24.7	1,400	1,340
<b>Total Australian Government Funding Received – Cash Basis</b>		<b>1,101</b>	<b>1,999</b>

## 2. REVENUE CONTINUED

	2015 \$'000	2014 \$'000
<b>2.2 STATE &amp; LOCAL GOVERNMENT FINANCIAL ASSISTANCE</b>		
Deferred Victorian Government Grant (Properties)	24	24
Victorian Government Dept. of Ed RTO Funding	2,203	2,248
<b>Total State &amp; Local Government Financial Assistance</b>	<b>2,227</b>	<b>2,272</b>
<b>2.3 FEES AND CHARGES</b>		
Fee Paying Overseas Students	45,421	39,981
Fee Paying Non Overseas Postgraduate Students	9,495	8,900
Fee Paying Non Overseas Undergraduate Students	7	9
<b>Other</b>		
Non-Overseas Students Undertaking Non-Award		
Courses	394	381
Rental Charges	2,524	1,728
Charges for Student Accommodation	2,361	1,812
Registration Fees	3,369	3,303
Library Fees	101	104
Late Fees	359	357
<b>Total Fees and Charges</b>	<b>64,031</b>	<b>56,575</b>
<b>2.4 FINANCE INCOME</b>		
Interest	611	1,026
Dividends	263	-
<b>Total Finance Income</b>	<b>874</b>	<b>1,026</b>
<b>2.5 CONSULTANCY AND CONTRACT RESEARCH</b>		
Consultancy Fees	232	99
Industry Research Grants	7,386	6,800
<b>Total Consultancy and Contract Research</b>	<b>7,618</b>	<b>6,899</b>
<b>2.6 OTHER REVENUE</b>		
Offshore Programmes	39	-
Other Programme Income	7,463	7,124
Other Grants – Health Workforce Australia	5,479	1,627
Other Grants - Other	3,804	2,404
Donations and Bequests	167	186
Profit on Disposal of Assets*	750	-
Other Income	11,435	10,575
<b>Total Other Revenue</b>	<b>29,137</b>	<b>21,916</b>

\* Due to Reversal of Make Good on Acquisition of Part of 23 and 33 Berry St North Sydney.

### 3. EXPENSES

	Note	2015 \$'000	2014 \$'000
<b>3.1 EMPLOYEE BENEFITS</b>			
<b>Academic</b>			
Salaries			
Academic		129,251	115,778
Contributions to Superannuation and Pension Schemes			
Funded		17,229	15,463
Payroll Tax		6,620	6,231
Workers Compensation		504	683
Long Service Leave Expense		2,669	2,980
Annual Leave Expense		486	1,269
<b>Total Academic employee benefits</b>		<b>156,759</b>	<b>142,404</b>
<b>Professional</b>			
Salaries			
Non Academic		106,874	89,379
Contributions to Superannuation and Pension Schemes			
Funded		15,764	12,897
Payroll Tax		6,057	5,197
Workers Compensation		461	570
Long Service Leave Expense		3,222	2,629
Annual Leave Expense		1,223	1,094
<b>Total Professional employee benefits</b>		<b>133,601</b>	<b>111,766</b>
<b>Total employee related expenses</b>		<b>290,360</b>	<b>254,170</b>
Deferred Employee Benefits for Super	13	(11)	(386)
Deferred Superannuation Expense	13	1,400	1,340
<b>Total employee related expenses including deferred employee benefits for superannuation</b>		<b>291,749</b>	<b>255,124</b>

### 3.2 DEPRECIATION AND AMORTISATION

Depreciation of Buildings – Freehold		5,432	4,371
Amortisation of Intangible Rights to Occupy Buildings		775	802
Depreciation of Improvements to Intangible Right to Occupy Buildings		7,443	5,214
Depreciation of Leasehold Property Improvements		5,448	4,661
Depreciation of Furniture and Fittings		2,065	1,986
Depreciation of Plant and Equipment		4,787	5,145
Depreciation of Motor Vehicles		55	50
<b>Total Depreciation and Amortisation</b>		<b>26,005</b>	<b>22,229</b>

### 3.3 BUILDINGS AND GROUNDS MAINTENANCE

Buildings		3,953	2,538
Computers		1,243	282
Equipment and Machinery		2,160	1,543
Furniture and Fittings		128	191
Grounds		1,013	799
<b>Total Buildings and Ground Maintenance</b>		<b>8,497</b>	<b>5,353</b>

### 3. EXPENSES CONTINUED

	Note	2015 \$'000	2014 \$'000
<b>3.4 OTHER EXPENSES</b>			
Advertising, Promotions, Publicity, Printing & Stationery		8,879	5,818
Cleaning and Waste Collection		3,945	3,056
Computer Software and Services		6,025	6,582
Conference Expenses		1,155	1,106
Copyright Fees		830	774
Hire of Equipment and Facilities		1,733	1,093
Insurance		867	1,156
Legal Fees		813	1,135
Library Acquisitions		6,193	6,426
Minor Equipment		4,913	5,280
Meeting Expenses		1,027	685
Net Loss on Disposal of Property, Plant and Equipment		19	1
Offshore Administration		4,184	3,829
Operating Lease Rental Expenses		2,569	2,274
Publications, Subscriptions and Memberships		1,465	1,054
Scholarships and Prizes		5,202	4,776
Security Services		2,856	1,510
Staff Development & Appointment Costs		2,210	2,645
Student Grants		1,067	540
Telecommunications		2,138	3,035
Unrealised Foreign Exchange Loss		28	-
Utilities		4,111	3,186
Other Expenses		12,773	10,007
<b>Total Other Expenses</b>		<b>75,002</b>	<b>65,968</b>

### 4. FINANCE EXPENSE

	Note	2015 \$'000	2014 \$'000
Make Good on Leased Premises - Unwind of Discount on Provision	15(a)	(234)	252
Bank Loan Interest and Fees		1,294	432
<b>Total Finance Expense</b>		<b>1,060</b>	<b>684</b>

### 5. AUDITORS' REMUNERATION - KPMG

	2015 \$	2014 \$
Audit of the University	128,000	125,000
Other Audit and Related Services		
Grant/Research Acquittal (Higher Education Research Data Collection, Indigenous Education Programme, Programme Access Community Engagement, Health Workforce Australia and Role M	30,800	45,700
<b>Total Other Audit and Related Services</b>	<b>30,800</b>	<b>45,700</b>
Other Services		
International Students Market Analysis	-	58,300
Accommodation Strategy	-	44,000
Debt Advice	660	20,000
Strategic Planning	-	43,996
<b>Total Auditors' Remuneration</b>	<b>159,460</b>	<b>336,996</b>

## 6. CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash on Hand	26	31
Cash at Bank	46,518	18,425
<b>Total Cash and Cash Equivalents</b>	<b>46,544</b>	<b>18,456</b>

## 7. TRADE AND OTHER RECEIVABLES

	2015 \$'000	2014 \$'000
<b>Current</b>		
Sundry Receivables	1,775	1,976
Accrued Income	7,233	1,864
Net GST Receivable from ATO	-	1,336
OS-HELP Receivable	299	-
<b>Total Trade and Other Receivables</b>	<b>9,307</b>	<b>5,176</b>

## 8. OTHER INVESTMENTS

	Note	2015 \$'000	2014 \$'000
<b>Non-Current</b>			
<i>Available for Sale - Investments in Other Entities</i>			
Shares in Listed Companies		718	802
Shares in Other Companies		9,783	5,347
<b>Total Other Investments</b>		<b>10,501</b>	<b>6,149</b>

## 9. OTHER ASSETS

	Note	2015 \$'000	2014 \$'000
<b>Current</b>			
Prepayments		6,774	5,640
Lease Paid in Advance		56	56
<b>Total Current Other Assets</b>		<b>6,830</b>	<b>5,696</b>
<b>Non Current</b>			
Right to Reimbursement from Commonwealth Government for Unfunded Superannuation Liability	13	18,813	18,824
Lease Paid in Advance		3,989	4,043
Other Receivables		298	329
<b>Total Non Current Other Assets</b>		<b>23,100</b>	<b>23,196</b>

Refer to Note 13 for an explanation of the right to reimbursement from the Commonwealth Government for the unfunded superannuation liability.

## 10. PROPERTY, PLANT & EQUIPMENT

	Note	2015 \$'000	2014 \$'000
<b>Land – Freehold</b>			
At Directors' Valuation	10(a)	54,955	49,955
<b>Total Land - Freehold</b>		<b>54,955</b>	<b>49,955</b>
<b>Buildings – Freehold</b>			
At Directors' Valuation		257,801	159,065
Accumulated Depreciation		(9,803)	(4,371)
<b>Total Buildings - Freehold</b>	10(a)	<b>247,998</b>	<b>154,694</b>
<b>Improvements to Intangible Right to Occupy Buildings</b>			
At Cost		233,472	207,797
Accumulated Amortisation		(54,519)	(47,076)
<b>Total Improvements to Intangible Right to Occupy Buildings</b>	10(a)	<b>178,953</b>	<b>160,721</b>
<b>Leasehold Improvements</b>			
At Cost		50,923	44,370
Accumulated Depreciation		(18,068)	(13,879)
<b>Total Leasehold Improvements</b>	10(a)	<b>32,855</b>	<b>30,491</b>
<b>Furniture and Fittings</b>			
At Cost		13,910	13,151
Accumulated Depreciation		(8,865)	(6,800)
<b>Total Furniture and Fittings</b>	10(a)	<b>5,045</b>	<b>6,351</b>
<b>Plant and Equipment</b>			
At Cost		42,445	37,526
Accumulated Depreciation		(29,967)	(25,335)
<b>Total Plant and Equipment</b>	10(a)	<b>12,478</b>	<b>12,191</b>
<b>Motor Vehicles</b>			
At Cost		688	661
Accumulated Depreciation		(429)	(397)
<b>Total Motor Vehicles</b>	10(a)	<b>259</b>	<b>264</b>
<b>Works of Art</b>			
At Cost		2,183	1,672
<b>Total Works of Art</b>	10(a)	<b>2,183</b>	<b>1,672</b>
<b>Work in Progress</b>			
At Cost		178	-
<b>Total Work in Progress</b>	10(a)	<b>178</b>	<b>-</b>
<b>Total Property, Plant and Equipment</b>		<b>534,904</b>	<b>416,339</b>

## 10. PROPERTY, PLANT & EQUIPMENT CONTINUED

### BASIS OF VALUATION

A full valuation of Freehold Land and Buildings was undertaken by CB Richard Ellis Pty Ltd as at the end of 2013. The Directors have considered the fair value of the properties in the light of that valuation, any changes in use of the University's properties, current market fluctuations and any acquisitions made during the year (Note 1a). Any subsequent additions

and alterations have been included at cost. From 2014, Plant and Equipment including Works of Arts items have been included as an asset where cost is greater than or equal to \$3,000, previously, the amount was greater than or equal to \$1,000.

### (A) RECONCILIATIONS

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Land – Freehold	Buildings – Freehold	Sub-Total Land and Buildings Freehold	Improvements of Intangible Right to Occupy Buildings	Leasehold Improvements	Furniture and Fittings	Plant and Equipment	Motor Vehicles	Works of Art	Work in Progress	Total
<b>2015</b>											
Opening Balance	49,955	154,694	204,649	160,721	30,491	6,351	12,191	264	1,672	-	416,339
Additions	5,000	98,736	103,736	25,675	10,603	759	5,075	99	511	178	146,636
Transfer from WIP	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(5,432)	(5,432)	(7,443)	(5,448)	(2,065)	(4,787)	(55)	-	-	(25,230)
Disposals	-	-	-	-	(2,791)	-	(1)	(49)	-	-	(2,841)
<b>Closing Balance</b>	<b>54,955</b>	<b>247,998</b>	<b>302,953</b>	<b>178,953</b>	<b>32,855</b>	<b>5,045</b>	<b>12,478</b>	<b>259</b>	<b>2,183</b>	<b>178</b>	<b>534,904</b>
<b>2014</b>											
Opening Balance	49,430	131,793	181,223	114,520	17,389	5,040	10,302	314	1,307	12,361	342,456
Additions	525	16,305	16,830	50,021	17,763	3,446	6,884	-	365	-	95,309
Transfer from WIP	-	10,967	10,967	1,394	-	-	-	-	-	(12,361)	-
Depreciation	-	(4,371)	(4,371)	(5,214)	(4,661)	(2,135)	(4,995)	(50)	-	-	(21,426)
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>49,955</b>	<b>154,694</b>	<b>204,649</b>	<b>160,721</b>	<b>30,491</b>	<b>6,351</b>	<b>12,191</b>	<b>264</b>	<b>1,672</b>	<b>-</b>	<b>416,339</b>

## 11. INTANGIBLE ASSETS

	Intangible Right to Occupy Land \$'000	Intangible Right to Occupy Buildings \$'000	Total \$'000
<b>2015</b>			
Cost	40,411	28,383	68,794
Accumulated amortisation			
Opening Balance	(4,469)	(20,664)	(25,133)
Amortisation	-	(776)	(776)
Closing Balance	(4,469)	(21,440)	(25,909)
<b>Carrying Amount at 31 December 2015</b>	<b>35,942</b>	<b>6,943</b>	<b>42,885</b>

<b>2014</b>			
Cost	40,411	28,383	68,794
Accumulated Amortisation			
Opening Balance	(4,469)	(19,863)	(24,332)
Amortisation	-	(801)	(801)
Closing Balance	(4,469)	(20,664)	(25,133)
<b>Carrying Amount at 31 December 2014</b>	<b>35,942</b>	<b>7,719</b>	<b>43,661</b>

Under the terms of the trust deeds between the University and the owners of the properties held in trust, the Trustees of the Roman Catholic Church for the Archdioceses of Brisbane, Canberra and Goulburn, Melbourne and Sydney, the University has a right to occupy the properties in perpetuity if used for educational purposes.

## 12. TRADE AND OTHER PAYABLES

	2015 \$'000	2014 \$'000
Accrued Expenses	19,914	17,402
Sundry Creditors	3,649	2,986
<b>Total Trade and Other Payables</b>	<b>23,563</b>	<b>20,388</b>

## 13. EMPLOYEE BENEFITS

	2015 \$'000	2014 \$'000
<b>Current</b>		
<i>Expected to be settled within 12 months</i>		
Provision for Annual Leave	12,616	11,420
Provision for Long Service Leave	3,620	3,411
	<b>16,236</b>	<b>14,831</b>
<i>Expected to be settled after 12 months</i>		
Provision for Annual Leave	5,406	4,894
Provision for Long Service Leave	11,746	11,068
	<b>17,152</b>	<b>15,962</b>
<b>Total Current Provisions</b>	<b>33,388</b>	<b>30,793</b>
<b>Non-Current</b>		
Provision for Long Service Leave	9,309	8,095
Provision for Superannuation	18,813	18,824
<b>Total Non-Current Provisions</b>	<b>28,122</b>	<b>26,919</b>

### LONG SERVICE LEAVE

The classification of current employee provisions include amounts for which there is not an unconditional right to defer settlement by one year. Despite the classification of a component of long service leave as a current liability, the University does not expect the full amount to be settled within one year of reporting date.

### SUPERANNUATION

The University contributes to the following employee superannuation funds:

#### FULLY FUNDED SCHEMES

- UniSuper
- Catholic Superannuation Fund (formerly two funds) National Catholic Superannuation Fund and ii) Catholic Superannuation Fund
- Australian Catholic Superannuation & Retirement Fund (formerly Catholic Superannuation & Retirement Fund)
- Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria) – Accumulation account
- Australian Super Pty Ltd
- McKenna Retirement Fund
- HESTA
- First State Super

### PARTLY FUNDED OR EMERGING COST SCHEMES

- State Authorities Superannuation Scheme (Part 2) (NSW)
- Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria).

#### EMERGENCY SERVICES AND STATE SUPERANNUATION SCHEME (FORMERLY STATE SUPERANNUATION FUND OF VICTORIA)

The latest actuarial investigation of the Emergency Services and State Superannuation Scheme was conducted at 30 June 2012 by PriceWaterhouseCoopers. As at that date the scheme carried total liabilities, including liabilities for members' benefits in excess of the value of the scheme's assets.

Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the scheme.

The notional share of the scheme's unfunded liabilities attributed to the University is assessed by the Government Superannuation Office to be \$18,813,000 as at 30 June 2015 (\$18,824,000 as at 30 June 2014). Information on the scheme's position is only provided at 30 June.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the 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 Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, the Department of Education, Science and Training (DEST) (now Department of Education and Training) confirmed that the Australian Government considers the current arrangement establishes a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability. Therefore a non-current receivable equal to the scheme's unfunded liabilities attributed to the University has been recognised. DET provides annual supplementation 2015 \$1,400,000 (2014: \$1,340,000) to cover emerging costs of the Emergency Services and State Superannuation Scheme.

The following information has been provided by the Emergency Services and State Superannuation Scheme in accordance with the requirements under AASB 119.

	2015 \$'000	2014 \$'000
<b>Net Liability</b>		
Fair Value of Plan Assets	93	93
Accrued Benefit Liability	(18,906)	(18,917)
Net Liability Before Contributions Tax	(18,813)	(18,824)
Tax Liability on Future Contributions	-	-
<b>Net Liability</b>	<b>(18,813)</b>	<b>(18,824)</b>

#### Actuarial Assumptions

Discount Rate	3.5%	4.1%
Rates of Future Salary Increases	4.0%	4.0%
Rates of Pension Increases	2.5%	2.5%

The demographic assumptions include the future rate of death, disablement, resignation and retirement. The same assumptions as last year have been used and are detailed in the 'Emergency Services and State Superannuation Scheme Experience Review 2011-2014' dated March 2015.

## 14. BORROWINGS

The University has entered into a debt facility with the National Australia Bank commencing 15 October 2015. The loan facility has an initial period of three years for up to \$100m. A similar facility for up to \$50m has also been obtained from the Catholic Development Fund that commenced 15 December 2015. The previous facility with the NAB totalling \$70m has been replaced with these facilities.

Interest rate swaps have been entered into with a total value of \$20m and maturing in October 2020 to hedge against interest rate variability.

	2015 \$'000	2014 \$'000
<b>Non-Current</b>		
<i>Unsecured</i>		
National Australia Bank Loan	80,000	30,000
Catholic Development Fund Loan	50,000	-
<b>Total Non-Current Unsecured Borrowings</b>	<b>130,000</b>	<b>30,000</b>

#### (a) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

##### *Bank Loan Facilities*

##### *Total Facilities*

National Australia Bank Loan	100,000	70,000
Catholic Development Fund Loan	50,000	-

##### *Used at Balance Date*

National Australia Bank Loan	80,000	30,000
Catholic Development Fund Loan	50,000	-

<b>Unused at Balance Date</b>	<b>20,000</b>	<b>40,000</b>
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## 15. OTHER LIABILITIES

	Note	2015 \$'000	2014 \$'000
<b>Current</b>			
Grants Received in Advance		9,880	8,549
Fees Received in Advance		11,327	11,650
Other Income Received in Advance		2,151	808
Deferred Grant Income (Properties)		24	24
<b>Sub-Total Deferred Revenue</b>		<b>23,382</b>	<b>21,031</b>
Net GST Payable to ATO		85	-
Funds Held in Trust		1,949	1,842
OS-HELP Payable		-	659
Bonds – Student Residences		96	116
Interest Rate Swap		116	-
Foreign Currency Forward Exchange Contract		28	-
<b>Total Current Other Liabilities</b>		<b>25,656</b>	<b>23,648</b>
<b>Non-Current</b>			
Deferred Grant Income (Properties)		576	600
Lease Liabilities		4,559	5,964
Leasehold Make Good Provision	15 (a)	6,556	6,011
Interest Rate Swap		138	-
<b>Total Non-Current Other Liabilities</b>		<b>11,829</b>	<b>12,575</b>
<b>(a) Reconciliation</b>			
Leasehold Make Good Provision			
Balance at Beginning of Financial Year		6,011	2,913
Provisions Made During the Year		1,788	2,851
Provisions Reversed During the Year		(1,009)	-
Unwind/adjust Discount	4	(234)	247
<b>Balance at End of Financial Year</b>		<b>6,556</b>	<b>6,011</b>

Make good is required for leased premises. The provision is estimated based on the rate of the building, the remaining lease period and estimated costs incurred in similar situations. The make good provision reversal in the year ended 31 December 2015 is due to the purchase of property that was previously leased.

## 16. RESERVES

	Note	2015 \$'000	2014 \$'000
<b>General Reserve</b>			
Balance at Beginning of Financial Year		291,523	254,110
Add: Transfers from Retained Earnings	17	42,877	37,413
Balance at End of Financial Year		<b>334,400</b>	<b>291,523</b>
<b>Asset Revaluation Reserve</b>			
Balance at Beginning of Financial Year		20,637	20,637
Add/(Subtract): Increment/(Decrement)		-	-
<b>Balance at End of Financial Year</b>		<b>20,637</b>	<b>20,637</b>
<b>Available for Sale Financial Assets Revaluation Reserve</b>			
Reserve			
Balance at Beginning of Financial Year		5,232	467
Write Back Revaluation on Disposal of Listed Shares		(66)	(61)
Add/(Subtract): Revaluation Increment			
Shares Revaluation Reserve		4,352	4,826
<b>Balance at End of Financial Year</b>		<b>9,518</b>	<b>5,232</b>
<b>Contribution from Members</b>			
Balance at Beginning of Financial Year		56,958	56,958
Balance at End of Financial Year		<b>56,958</b>	<b>56,958</b>
<b>Total Reserves</b>		<b>421,513</b>	<b>374,350</b>

### NATURE AND PURPOSE OF RESERVES

#### GENERAL

The amount standing to the credit of the general reserve includes the accumulation of prior period and current year profits for non-specific purposes and revenue for capital grants even though assets acquired may not be fully written down.

#### ASSET REVALUATION

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of freehold land and buildings.

### AVAILABLE FOR SALE FINANCIAL ASSETS REVALUATION RESERVE

Share revaluation reserve includes increments and decrements arising from changes in fair value of shares classified as available for sale.

#### CONTRIBUTION FROM MEMBERS

The amount reflects the contribution by members of rights to occupy and use land and buildings not owned by the University.

## 17. RETAINED EARNINGS

	Note	2015 \$'000	2014 \$'000
Retained Earnings at beginning of year		-	-
Net Result		42,877	37,413
Transfer to General Reserve	16	(42,877)	(37,413)
<b>Retained earnings at the end of the year</b>		-	-

## 18. COMMITMENTS

	Note	2015 \$'000	2014 \$'000
<b>(a) Capital Expenditure Commitments</b>			
Capital Expenditure Commitments not provided for in the financial statements and payable:			
Within one year		36,063	50,890
<b>Total Capital Expenditure Commitments</b>		<b>36,063</b>	<b>50,890</b>

### (b) Non-cancellable Operating Lease Expense Commitments

Future operating lease commitments of premises, plant and equipment, not provided for in the financial statements and payable:

Within one year		12,152	12,655
One year or later and no later than five years		39,814	45,777
Greater than five years		48,322	61,018
<b>Total Non-cancellable Operating Lease Expense Commitments</b>		<b>100,289</b>	<b>119,450</b>

The University leased equipment and machinery under operating leases expiring in a range from one to five years. The University also leased commercial premises with an expiry range of one to twelve years.

## 19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

### REMUNERATION OF BOARD MEMBERS

No directors' fees are payable. The number of directors of the University whose compensation from the University or any related party falls within the following bands:

	2015	2014
Nil	10	12
\$10,000 – \$19,999	1	1
\$20,000 – \$29,999	-	-
\$40,000 – \$49,999	-	-
\$90,000 – \$99,999	1	1
\$150,000 – \$159,999	-	-
\$160,000 – \$169,999	-	1
\$180,000 – \$189,999	1	-
\$190,000 – \$199,999	-	1
\$210,000 – \$219,999	1	-
\$220,000 – \$229,999	-	1
\$230,000 – \$239,999	-	1
\$240,000 – \$249,999	1	1
\$1,110,000 – \$1,119,999	-	1
\$1,330,000 – \$1,339,999*	1	-
<b>Total compensation paid, or payable or otherwise made available to all directors of the University from the University or any related party.</b>	<b>2,316,707</b>	<b>\$2,273,879</b>

\* Remuneration in 2015 includes the 2014 short term incentive (STI) payment of \$0.1m. Commencing 2015, STI was incorporated into the base remuneration.

## 19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### REMUNERATION OF KEY MANAGEMENT PERSONNEL

In addition to the board members, other key management personnel of the University receiving compensation from the University or any related party falls within the following bands:

\$440,000 – \$449,999	-	1
\$480,000 – \$489,999	1	1
\$490,000 – \$499,999	-	1
\$500,000 – \$509,999	1	-
\$540,000 – \$549,999	1	-
\$580,000 – \$589,999	-	1
\$620,000 – \$629,999	1	-
\$1,110,000 – \$1,119,999	-	1
\$1,330,000 – \$1,339,999*	1	-
<b>Total compensation paid, or payable or otherwise made available to all executive officers of the University from the University or any related party.</b>	<b>3,485,187</b>	<b>3,119,234</b>
Short-term employee benefits	3,123,403	2,813,575
Post employment benefits	361,784	305,659
<b>Total compensation paid, or payable or otherwise made available to all executive officers of the University from the University or any related party.</b>	<b>3,485,187</b>	<b>3,119,234</b>

There is no compensation paid to directors or key personnel of the University that is not disclosed in the financial statements.

\* Remuneration in 2015 includes the 2014 short term incentive (STI) payment of \$0.1m. Commencing 2015, STI was incorporated into the base remuneration.

## 20. RELATED PARTIES

### DIRECTORS

The names of each person holding the position of Director of the Australian Catholic University Limited during the financial year are:

Mr J.J. Carroll, Professor T. Ciro, Professor M. Courtney, Professor G.J. Craven, Justice J. Douglas, Mr S.N. Elder, Mr D. Ettridge, Mr E.W. Exell, Honourable J. Fahey, Professor M. Hillel, Ms C. Hollis-Jones, Professor J. McLaren, Ms M.T. Najdecki, Mr D.B. O'Connor, Reverend C. Prowse, Ms B.M. T. Steele, Ms M. M. Vider,

Details of Directors' compensation are set out in Note 19.

Total amounts transacted with related parties are as follows

	2015 \$'000	2014 \$'000
<i>Income Statement</i>		
Catholic Archdiocese of Brisbane	4	(97)
Catholic Archdiocese of Canberra and Goulburn	130	140
Catholic Archdiocese of Melbourne	861	1,505
Catholic Archdiocese of Sydney	8	2
	<b>1,003</b>	<b>1,550</b>
<i>Balance Sheet</i>		
Catholic Development Funds - Loan	50,000	-
	<b>51,003</b>	<b>1,550</b>

All related party transactions are at arm's length.

## 21. FINANCIAL INSTRUMENTS DISCLOSURE

### INTEREST RATE AND LIQUIDITY RISK

#### INTEREST RATE RISK

The following tables disclose the income-earning financial assets and interest-bearing financial liabilities and the periods in which they mature. The University manages fluctuations in interest rates by placing funds in both long (greater than 1 year) and short term (less than 1 year) deposits across a number of institutions.

The University has entered into a debt facility with the National Australia Bank commencing 15 October 2015. The loan facility has an initial period of three years for up to \$100m. A similar facility for up to \$50m has also been obtained from the Catholic Development Fund that commenced 15 December 2015. The previous facility with the NAB totalling \$70m has been replaced with these facilities.

Interest rate swaps have been entered into with a total value of \$20m and maturing in October 2020 to hedge against interest rate variability.

#### LIQUIDITY RISK

The following tables also contain the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount \$'000	6 Months or less \$'000	6 to 12 Months \$'000	1 to 2 Years \$'000	2 to 5 Years \$'000	More Than 5 Years \$'000	Total Contractual Amount \$'000
<b>2015</b>							
<b>Financial Assets</b>							
Cash	46,544	46,544	-	-	-	-	46,544
Trade and Other Receivables	9,307	9,307	-	-	-	-	9,307
Other Investments	10,501	-	-	-	-	10,501	10,501
<b>Total Financial Assets</b>	<b>66,352</b>	<b>55,851</b>	-	-	-	<b>10,501</b>	<b>66,352</b>
<b>Financial Liabilities</b>							
Trade and Other Payables	23,563	23,563	-	-	-	-	23,563
Loans	130,000	-	-	-	130,000	-	130,000
Grants in Advance	9,880	9,880	-	-	-	-	9,880
Fees in Advance	11,327	2,151	7,256	1,740	180	-	11,327
<b>Total Financial Liabilities</b>	<b>174,770</b>	<b>35,594</b>	<b>7,256</b>	<b>1,740</b>	<b>130,180</b>	-	<b>174,770</b>
<b>2014</b>							
<b>Financial Assets</b>							
Cash	18,456	18,456	-	-	-	-	18,456
Trade and Other Receivables	5,176	5,176	-	-	-	-	5,176
Other Investments	6,149	-	-	-	-	6,149	6,149
<b>Total Financial Assets</b>	<b>29,781</b>	<b>23,632</b>	-	-	-	<b>6,149</b>	<b>29,781</b>
<b>Financial Liabilities</b>							
Trade and Other Payables	20,388	20,388	-	-	-	-	20,388
Loans	30,000	30,030	-	-	-	-	30,030
Grants in Advance	8,549	8,549	-	-	-	-	8,549
Fees in Advance	11,650	1,684	8,324	1,492	150	-	11,650
<b>Total Financial Liabilities</b>	<b>70,587</b>	<b>60,651</b>	<b>8,324</b>	<b>1,492</b>	<b>150</b>	-	<b>70,617</b>

The average interest rate of borrowing is 3.47% for the year ended 31 December 2015 (3.81% 2014).

The exposure of the University's borrowings to interest rate changes and the contractual repricing dates at the balance dates are as follows

	2015 \$'000	2014 \$'000
<i>1 – 5 years</i>		
National Australia Bank	80,000	30,000
Catholic Development Fund	50,000	-
<b>Non Current Borrowings</b>	<b>130,000</b>	<b>30,000</b>

The University does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. A change in interest rates of 100 basis points throughout the period would have increased or decreased the University's equity by the order of \$125,629 (2014 \$131,470).

## FOREIGN EXCHANGE RISK

The University has hedged against short term foreign currency risk by entering into a Foreign Currency Forward Exchange Rate Contract. The contracts were entered into in October 2015 and end in January 2016. Assessment of further contracts will continue to be made.

## CREDIT RISK EXPOSURE

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The entity does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities. Transactions involving derivative financial instruments are with counterparties with whom the University has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. These are detailed in the table below.

## NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of on-statement financial assets and liabilities approximate fair value.

	Carrying amount	
	2015 \$'000	2014 \$'000
Cash	46,544	18,456
Trade and Other Receivables	9,307	5,176
Other Investments	10,501	6,149
<b>Total</b>	<b>66,352</b>	<b>29,781</b>

## DEBTORS AGING

	Carrying amount	
	2015 \$'000	2014 \$'000
Current	8,547	4,188
30 days	106	-32
60 days	131	145
90 days	157	9
Greater Than 90 Days	366	866
<b>Total</b>	<b>9,307</b>	<b>5,176</b>

No doubtful debt provisions have been recorded. All debtors are deemed recoverable.

## (A) FAIR VALUE

	Carrying amount			
	2015		2014	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
<b>Financial Assets</b>				
Cash	46,544	46,544	18,456	18,456
Trade and Other Receivables	9,307	9,307	5,176	5,176
Other Investments	10,501	10,501	6,149	6,149
<b>Total Financial Assets</b>	<b>66,352</b>	<b>66,352</b>	<b>29,781</b>	<b>29,781</b>
<b>Financial Liabilities</b>				
Trade and Other Payables	23,563	23,563	20,388	20,388
Loans	130,000	130,000	30,000	30,000
Grants in Advance	9,880	9,880	8,549	8,549
Fees in Advance	11,327	11,327	11,650	11,650
<b>Total Financial Liabilities</b>	<b>174,770</b>	<b>174,770</b>	<b>70,587</b>	<b>70,587</b>

## (B) LEVEL 3 FAIR VALUES

	Equity Securities Available for Fair Sale \$'000
Balance at 1 January 2014	11
Net change in fair value in OCI	4,842
<b>Balance at 31 December 2014</b>	<b>4,853</b>
Balance at 1 January 2015	4,853
Net change in fair value in OCI	4,345
<b>Balance at 31 December 2015</b>	<b>9,198</b>

## 22. EQUITY

No share capital has been issued by the University as it is a University limited by guarantee. The number of members of the University as at 31 December 2015 was 23 (2014: 23). The liability of each member is limited to \$50.

## 23. NOTES TO THE STATEMENT OF CASH FLOWS

### (I) RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2015 \$'000	2014 \$'000
Cash on Hand	26	31
Cash at Bank Net of Unpresented Cheques	46,518	18,425
<b>Total Cash and Cash Equivalents</b>	<b>46,544</b>	<b>18,456</b>

### (II) RECONCILIATION OF NET RESULT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2015 \$'000	2014 \$'000
Net Result After Income Tax	42,877	37,413
Add/(Less) Items Classified as Investing/Financing Activities:		
(Profit) on Sale of Non-Current Assets	(750)	-
Loss on Sale of Non-Current Assets	19	1
Add/(Less) Non-Cash Items:		
Depreciation & Amortisation	26,005	22,229
Lease In Advance	56	56
Unwind/Adj Discount on Make Good Provision	(234)	247
Increase/(Decrease) in Interest Rate Swap	254	-
Increase/(Decrease) in Foreign Currency	28	-
Amounts Set aside to (utilised from) Provisions:		
Employee Entitlements	3,809	4,557
Make Good of Lease Premises	780	2,852
<b>Net Cash Provided by Operating Activities Before Change in Assets and Liabilities</b>	<b>72,844</b>	<b>67,355</b>
Change in Assets and Liabilities:		
(Increase)/Decrease in Accrued Income	(5,368)	(1,154)
(Increase)/Decrease in Sundry Debtors	201	203
(Increase)/Decrease in Prepayments	(1,134)	1,015
(Increase)/Decrease in Other Assets	29	(282)
Increase/(Decrease) in Grants in Advance	372	2,589
Increase/(Decrease) in Fees in Advance	(323)	543
Increase/(Decrease) in Accrued Expenses	(1,229)	2,940
Increase/(Decrease) in Sundry Creditors	663	1,677
Increase/(Decrease) in Funds in Held in Trust	107	43
Increase/(Decrease) in Bonds – University Residences	(20)	116
Increase/(Decrease) in Other Income in Advance	1,343	(131)
Increase/(Decrease) in Deferred Income (Properties)	(24)	(24)
Increase/(Decrease) in Net GST	1,420	(636)
Increase/(Decrease) in Lease Liabilities	(1,404)	1,390
<b>Net Cash Provided by Operating Activities</b>	<b>67,477</b>	<b>75,644</b>

## 24. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

### 24.1 COMMONWEALTH GRANTS SCHEME AND OTHER GRANTS

	Note	Commonwealth Grants Scheme		Indigenous Support Fund		Disability Support Programmes	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)		203,531	177,700	1,181	1,186	73	78
Net accrual adjustments		5,174	948	-	-	-	-
Revenue for the period	2.1	208,705	178,648	1,181	1,186	73	78
Surplus/(deficit) from the previous year		-	-	-	-	-	-
Funds available for reporting period		208,705	178,648	1,181	1,186	73	78
Less expenses including accrued expenses		(208,705)	(178,648)	(1,181)	(1,186)	(73)	(78)
Surplus/(deficit) for reporting period		-	-	-	-	-	-

	Note	Promotion of Excellence in Learning and Teaching		Partnership and Participation Funding		
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)			20	104	3,344	3,709
Net accrual adjustments			-	-	-	-
Revenue for the period	2.1		20	104	3,344	3,709
Surplus/(deficit) from the previous year			-	-	-	-
Funds available for reporting period			20	104	3,344	3,709
Less expenses including accrued expenses			(20)	(104)	(3,344)	(3,709)
Surplus/(deficit) for reporting period			-	-	-	-

### 24.2 HIGHER EDUCATION LOAN PROGRAMMES (HELP)

	HECS HELP		FEE HELP		FEE HELP VET		SA HELP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)	125,071	110,017	8,801	8,154	1,156	-	4,150	3,444
Plus contributions actually received from students	12,307	11,082	-	-	-	-	-	-
Total received	137,378	121,099	8,801	8,154	1,156	-	4,150	3,444
Net accrual adjustments	(144)	88	35	(67)	-	-	12	(42)
Revenue for the period	137,234	121,187	8,836	8,087	1,156	-	4,162	3,402
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
Funds available for reporting period	137,234	121,187	8,836	8,087	1,156	-	4,162	3,402
Less expenses including accrued expenses	(137,234)	(121,187)	(8,836)	(8,087)	(1,156)	-	(4,162)	(3,402)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-

## 24.3 SCHOLARSHIPS

	Note	Australian Post Graduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		National Priority Scholarships	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)		1,074	1,094	68	67	58	18	-	-	5	9	-	(7)
Net accrual adjustments		(272)	(79)	2	(2)	-	-	-	-	-	-	-	-
Revenue attributed to the period	2.1	802	1,015	70	65	58	18	-	-	5	9	-	(7)
Surplus/(deficit) from the previous year		-	-	-	-	18	-	118	-	7	-	5	77
Adj Surplus/(deficit) from the previous year		-	-	-	-	153	-	-	118	-	-	-	-
Funds available for reporting period		802	1,015	70	65	229	18	118	118	12	9	5	70
Less expenses including accrued expenses		(802)	(1,015)	(70)	(65)	-	-	5	-	-	(2)	-	(65)
Surplus/(deficit) for reporting period		-	-	-	-	<b>229</b>	<b>18</b>	<b>123</b>	<b>118</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>5</b>

## 24.4 COMMONWEALTH RESEARCH FINANCIAL ASSISTANCE

	Note	Joint Research Engagement Program		Research Training Scheme		Infrastructure		Sustainable Research Excellence in Universities	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)		1,554	1,370	2,181	2,167	263	204	535	370
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	2.1	1,554	1,370	2,181	2,167	263	204	535	370
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-
Funds available for reporting period		1,554	1,370	2,181	2,167	263	204	535	370
Less expenses including accrued expenses		(1,554)	(1,370)	(2,181)	(2,167)	(263)	(204)	(535)	(370)
Surplus/(deficit) for reporting period		-	-	-	-	-	-	-	-

Note: Reported surpluses for JRE, RTS, Infrastructure, ASHER, IAP, CTS and SRE are expected to be rolled over.

## 24.5 AUSTRALIAN RESEARCH COUNCIL

	Note	Discovery Projects		Discovery Early Career Research Award		Discovery Indigenous		Future Fellowships		Linkage – Projects (including Strategic Partnerships with Industry and APAI)	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)		1,334	1,555	254	134	288	-	479	407	993	319
Net accrual adjustments		61	(338)	(24)	-	(158)	-	(54)	(115)	(457)	(25)
Revenue for the period	2.1	1,395	1,217	230	134	130	-	425	292	536	294
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-
Adj Surplus/(deficit) from the previous year		-	13	-	-	-	-	-	-	-	-
Funds available for reporting period		1,395	1,230	230	134	130	-	425	292	536	294
Less expenses including accrued expenses		(1,395)	(1,230)	(230)	(134)	(130)	-	(425)	(292)	(536)	(294)
Surplus/(deficit) for reporting period		-	-	-	-	-	-	-	-	-	-

## 24.6 OS-HELP

	Notes	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)		1,194	1,377
Cash spent during the reporting period		(2,152)	(841)
Net cash received	2.1	(958)	536
Cash surplus / (deficit) from the previous period		659	123
Cash surplus / (deficit) for reporting period	7 & 15	(299)	659

## 24.7 SUPERANNUATION SUPPLEMENTATION

	Notes	2015 \$'000	2014 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programmes)	2.1	1,400	1,340
Cash spent during the reporting period		(1,400)	(1,340)
Net cash received		-	-
Cash surplus / (deficit) from the previous period		-	-
Cash surplus / (deficit) for reporting period		-	-

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# DIRECTORS' DECLARATION



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## DIRECTORS' DECLARATION

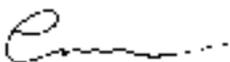
1. In the opinion of the directors of Australian Catholic University Limited:

- (a) the financial statements and notes, as set out on pages 9 to 57, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the University as at 31 December 2015 and of its performance, as represented by the results of its operations and its cashflows, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporation Regulations 2001; and
- (b) there are reasonable grounds to believe that the University will be able to pay its debts as and when they become due and payable; and
- (c) the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted.

In addition, we are not aware at the date of signing these statements of any circumstances, which would render any particulars included in the statements to be misleading or inaccurate.

Dated at Sydney this 11th day of April 2016.

Signed in accordance with a resolution of the directors:



**Professor G Craven**  
Director



**Mr J O'Connell AM**  
Director

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# INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF AUSTRALIAN  
CATHOLIC UNIVERSITY LIMITED



Strathfield Campus

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN CATHOLIC UNIVERSITY LIMITED

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial report of Australian Catholic University Limited (the University), which comprises the balance sheet as at 31 December 2015, and the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1-24 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the University are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Notes 1 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to

audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to the financial statements so as to present a true and fair view which is consistent with our understanding of the University's financial position, and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## AUDITOR'S OPINION

In our opinion the financial report of Australian Catholic University is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the University's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



KPMG



**Kevin Leighton**

Partner

Sydney

11 April 2016

