DISTINCTIVE BY DESIGN

UNIVERSITY OF CANBERRA

ANNUAL REPORT 2017

VOLUME 2

University of Canberra
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• FSC® Mix Certified • Produced with ECF pulp
• ISO 14001 Environmental Certification

Printed April 2018. Information in this report was correct at time of printing.
Up-to-date information is available on the University's website at **canberra.edu.au**

Design and typesetting by University of Canberra Marketing Services Studio
Printed by Even Dots

Australian Government Higher Education (CRICOS) Provider #00212K. UCCOR0423.

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDIT REPORT

UNIVERSITY OF CANBERRA

To the Members of the ACT Legislative Assembly

Audit opinion

I am providing an **unqualified audit opinion** on the consolidated financial statements (the financial statements) of the University of Canberra (the University) for the year ended 31 December 2017. The financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes.

In my opinion, the financial statements are in accordance with the *Financial Management Act 1996* (as amended by the *University of Canberra Act 1989)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the financial position of the University at 31 December 2017, and its financial performance and its cash flows for the year then ended; and

(ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for the audit opinion

The audit was conducted in accordance with the Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial statements

The University Council is responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* (as amended by the *University of Canberra Act 1989), Australian Charities and Not-for-profits Commission Act 2012* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the University to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Responsibility for the audit of the financial statements

I am responsible for issuing an audit report that includes an independent audit opinion on the financial statements of the University.

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As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained skepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial statements and disclosures made in the financial statements;
- evaluated the overall presentation and content of the financial statements, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the University Council; and
- assessed the going concern* basis of accounting used in the preparation of the financial statements.

  (*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial statements or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the University;
- adequacy of controls implemented by the University; or
- integrity of audited financial statements presented electronically or information hyperlinked to or from the financial statements. Assurance can only be provided for the printed copy of the audited financial statements.

M. Cooper

Dr Maxine Cooper
Auditor-General
10 April 2018

UNIVERSITY OF CANBERRA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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UNIVERSITY OF CANBERRA

UNIVERSITY OF CANBERRA COUNCIL MEMBERS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with a resolution of the Council of the University of Canberra, being responsible for the preparation of the annual financial statements of the University and the judgements exercised in preparing them, we state that:

In our opinion, the following financial statements provide a true and fair view of the financial position at 31 December 2017 and the financial performance for the year then ended for the University of Canberra and controlled entities.

The financial statements have been prepared in accordance with the Financial Management Act 1996 as amended by the University of Canberra Act 1989, Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements.

In our opinion, at the time of this report there are reasonable grounds to believe that the University of Canberra will be able to pay its debts as and when they fall due.

The amount of the Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and the University of Canberra has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

The University of Canberra charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 (the Act) and Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

On behalf of the Council

Signed in Canberra this 6th day of April 2018

Professor Tom Calma AO

Chancellor

Professor H. Deep Saini

Vice-Chancellor and President

UNIVERSITY OF CANBERRA

REPORT BY THE MEMBERS OF THE UNIVERSITY OF CANBERRA COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2017

Council members during 2017 and to date were:

Chancellor of the University

Tom Calma AO, AssocDipSocialWork *SAIT*, HonDLitt *CDU*, HonDSc *Curtin,* HonDUniv *Flinders* – Appointed as Council member by the ACT Chief Minister on 21 October 2008. Appointment as Chancellor commenced 1 January 2014 and expires 31 December 2019.

Vice-Chancellor and President

H. Deep Saini, BSc (Hons) *India*, MSc (Hons) *India*, PhD (Plant Physiology) *Adelaide* – Appointment commenced 1 September 2016 and expires 31 August 2021.

Chair, Academic Board

Dharmendra Sharma, BSc, PGradMath, MSc USP, PhD ANU, FACS, FSPCS, SMIEEE, CompIEAust, GAICD – appointment as Council member commenced 1 January 2014 and expires 31 December 2019.

Appointed by the ACT Chief Minister

Chris Faulks, BA *ANU*, HonDUniv *Canberra,* GradDip Education *Canberra,* GradDip Management *AGSM*, MAICD – Appointment commenced 1 January 2014. Appointment as Deputy Chancellor commenced 27 October 2017 and expires 30 June 2020.

Tom Karmel, AM, BA (Hons) *Flin* MEc, PhD *ANU* – Appointment commenced 22 May 2012 and expires 21 May 2018.

Glenn Keys, AO, BE-Mech *UNSW*, HonFIE Aust, AICD, AIPM, FIML – Appointment commenced 1 July 2017 and expires 30 June 2020.

Barry Mewett, FCPA, FIPAA – Appointment commenced 20 October 2011 and expires 20 October 2020.

Joanne Metcalfe, BLArch (Hons) *UNSW,* MBA *La Trobe* – Appointment commenced 22 May 2015 and expires 21 May 2018.

Prue Power, AM, MPH *ANU* – Appointment commenced 1 January 2010 and expires 29 January 2019.

Sarah Ryan, BSc (Agric) (Hons), PhD *WAust*, GradDip Development Studies *Deakin* – Appointment commenced 21 October 2008. Appointment as Deputy Chancellor commenced 1 January 2014 and expired 20 October 2017.

Sue Salthouse, BAgSci *Melb* DipEd *La Trobe* – Appointment commenced 22 May 2012 and expires 21 May 2018.

David Sturgiss, BCom *UNSW*, MAICD, FCA, CFTP – Appointment commenced 23 January 2018 and expires 22 January 2021.

Dennis Trewin, AO, FASSA, BSc (Hons) *Melbourne*, BEc *ANU*, MSc *London*, HonDUniv *JCU* – Appointment commenced 21 December 2010 and expired 30 June 2017.

Elected by the Academic Staff

Dale Kleeman, BSc (Hons) *ANU*, GradDip Operations Research *CCAE,* PhD *Canberra* – Appointment commenced 1 January 2016 and expired 31 December 2017.

Holly Northam, PhD *UC*, M CritCareNurs *UC*, RN, RM, Churchill Fellow – Appointment commenced 1 January 2018 and expires 31 December 2019.

Elected by the General Staff

Mara Eversons, BEd *Canberra*, MBA *Canberra* – Appointment commenced 1 January 2016, reappointed 1 January 2018 and expires 31 December 2019.

Elected by the Students

Ian Dudley – BWebSes&Prod *Canberra* – Appointment commenced 1 January 2017, reappointed 1 January 2018 and expires 31 December 2018.

Shefali Sehgal, BSc IntLogMgtEng *Bremen* – Appointment 1 January 2017 and expired 31 December 2017.

Berenice Talamantes-Becerra, BEng (Hons) *Mexico*, MIB *Mexico*, MBA *Peru* – Appointment commenced 1 January 2018 and expires 31 December 2018.

UNIVERSITY OF CANBERRA

REPORT BY THE MEMBERS OF THE UNIVERSITY OF CANBERRA COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Meetings of Members

The number of meetings of the members of the University of Canberra Council and of each board or committee meeting held during the year ended 31 December 2017 and number of meetings attended by each member were:

			Meetings of Committees															
	Council Meeting		Audit and Risk Management		Finance		Nomination and Senior Appointments		Environment and Works		Legislation		Honorary Degrees		Campus Development Board		Joint Audit and Risk Management and Finance Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Professor Tom Calma	7	7					3	2					2	2				
Professor H. Deep Saini	7	7			6	3	3	3	3	2	1	1	2	2	2	2	2	2
Professor Dharmendra Sharma	7	6					3	2					2	1				
Dr Chris Faulks	7	7	4	3			3	3					2	2			2	2
Dr Tom Karmel	7	7	4	4			3	3					2	2			2	2
Mr Barry Mewett	7	5	4	4	3	2											2	2
Mr Glenn Keys	3	0																
Ms Prue Power	7	7			6	5					1	1					2	2
Ms Joanne Metcalfe	7	5							1	1					2	2		
Ms Sue Salthouse	7	6							3	2	1	1						
Dr Sarah Ryan	5	5					3	3	2	2			2	2	2	2		
Mr Dennis Trewin	4	3			3	3											2	2
Dr Dale Kleeman	7	7	4	4													2	2
Ms Mara Eversons	7	6									1	1						
Mr Ian Dudley	7	6			6	5											2	2
Ms Shefali Sehgal	7	6							3	2								
Mr Ian Dudley	7	6			6	5											2	2
Mr David Sturgiss*					6	6									2	1	2	2
Mr Terry Weber**															2	2		

A = Number of meetings held during the time that the member held office or was a member of the committee during the year.
B = Number of meetings attended.
* David Sturgiss was appointed by Council as an independent Chair of the Finance Committee.
** Terry Weber was appointed by Council as an independent Chair of the Campus Development Board.

Principal activities

During the year the principal activities of the University and the consolidated entity consisted of:

- provision of education to domestic and international students;
- research and consulting activities;
- hospitality and recreational services; and
- service to the community.

There were no significant changes to the nature of the activities of the University and the consolidated entity during the year.

Review of operations

Academic matters

Academic Board
The University of Canberra Act 1989 establishes the Academic Board which is responsible under Council for all academic matters relating to the University. During the year ended 31 December 2017, the Board advised Council on matters relating to education, learning and research, and the academic work of the University generally. The Board also reported to Council on the quality assurance outcomes of the University's academic program including teaching and learning strategies, curriculum, programs and learning support services, as well as the University's research and research training strategies and programs.

Curriculum Renewal
The three-year Curriculum Review Program commenced in 2017 with the vision to transform the student experience by enhancing student learning outcomes, experience and learner engagement; producing career-ready graduates; and empowering academic staff to focus on innovative and integrated teaching and research excellence.

Student load

The University continues to grow, with an equivalent full time student load (EFTSL) up three per cent since 2013. In the last five years onshore undergraduate load has grown by eight per cent.

Campus development

Proceeds from campus developments will be used to support the University's strategic objectives. Details of the current development arrangements are provided below.

University of Canberra Hospital
The construction of the University of Canberra Hospital (UCH) commenced in February 2016. The UCH will provide inpatient day services and sub-acute services, such as rehabilitation and mental health services. The facility will also house a hydrotherapy pool. The UCH is owned and operated by ACT Health with the University occupying 1,000m^2 of the facility. UCH will provide teaching and research opportunities for University students on campus and is due to open to patients in July 2018.

Campus Community
On 21 April 2016, the University entered into a Project Implementation Agreement (PIA) with a subsidiary of Peet Limited. The parties to the PIA intend to develop and construct approximately 3,100 residences and support community facilities on the Bruce campus over a 15 to 20-year period. Commencement of construction is subject to finalisation of documentation and satisfaction of a number of conditions precedent. It is anticipated construction of enabling works will commence in 2018.

Moran Aged Care Facility
On 18 December 2015, the University entered into a Project Delivery Agreement with the Moran Health Care Group for the development and construction of an aged-care facility and childcare centre on campus. Following an expansion of services to be offered by the aged-care facility, an extensive redesign of the building occurred in 2017. The project is progressing with the preparation of the Development Application. Construction is expected to commence in late 2018.

Canberra Specialist Medical Centre (CSMC)
On 29 August 2017, the University entered into a development agreement with the Icon Group and Cornerstone Building Developments (builder and developer) to construct a multi-disciplinary cancer care facility on the Bruce campus. Construction of the CSMC commenced in early 2018 and practical completion is likely to occur late in 2018.

Group financial performance

Extract from the Statement of Comprehensive Income

	2017 $'000	2016 $'000	Change $'000	Change %
Total income from continuing operations	293,854	283,182	10,672	3.8
Total expenses from continuing operations	292,026	276,257	15,769	5.7
Net surplus from continuing operations	**1,828**	**6,925**	**(5,097)**	**(73.6)**

The increase in income is due to an increase in Australian Government grants and financial assistance.

The increase in expenses is mainly due to increases in employee related expenses, payments to the University's academic partners following an increase in student enrolments with these partners, finance costs and consultants' fees.

Extract from the Statement of Financial Position

	2017 $'000	2016 $'000	Change $'000	Change %
Total current assets	41,903	44,443	(2,540)	(5.7)
Total non-current assets	703,646	691,208	12,438	1.8
Total assets	745,549	735,651	9,898	1.3
Total current liabilities	77,151	70,225	6,926	9.9
Total non-current liabilities	157,477	161,776	(4,299)	(2.7)
Total liabilities	234,628	232,001	2,627	1.1
Net assets	510,921	503,650	7,271	1.4

Total current assets decreased due to a reduction in cash holdings partially offset by an increase in prepayments. Excess cash was held at 31 December 2016 due to the timing of receipt of the proceeds from the rent securitisation which occurred just prior to year-end.

Current liabilities increased mainly due to higher revenue in advance from students and trade payables.

Non-current assets increased due to higher available for sale investments and the revaluation of the shares in Education Australia Ltd.

Non-current liabilities decreased overall due to the reduction in the financial liabilities related to the NRAS and rent securitisation arrangements partially offset by an increase in borrowings.

Excluding the restricted cash, and only taking into account the current liabilities which are expected to be settled within 12 months, the Group's current ratio is as follows:

	2017 $'000	2016 $'000	Change $'000	Change %
Total current assets	37,903	40,643	(2,740)	(6.7)
Total current liabilities	66,374	59,397	6,977	11.7
Current ratio	0.57	0.68		

The decrease in the current ratio is attributed to the lower cash holdings at year end as well as the increase in trade payables and higher revenue in advance from students.

The University is showing a position whereby current liabilities exceed current assets. However, the University has available undrawn debt facilities at balance date of $25.5 million and is also a recipient of regular fortnightly payments from the Commonwealth for its Commonwealth Supported Place (CSP) students and other university related funding. These two factors enable the University to meet its cash commitments when required.

UNIVERSITY OF CANBERRA

REPORT BY THE MEMBERS OF THE UNIVERSITY OF CANBERRA COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Extract from the Statement of Cash Flows

	2017 $'000	2016 $'000	Change $'000	Change %
Net cash provided by operating activities	22,424	18,567	3,857	20.8
Net cash used in investing activities	(29,124)	(71,522)	42,398	(59.3)
Net cash provided by financing activities	2,570	47,302	(44,732)	(94.6)
Net decrease in cash and cash equivalents	(4,130)	(5,653)	1,523	(26.9)
Closing balance	3,864	7,994	(4,130)	(51.7)

The net cash provided by operating activities increased due to an increase in Australian Government grants and receipts from students and other customers partially offset by an increase in payments to University academic partners and interest paid during the year.

Payments for investing activities decreased due to the completion of the construction of UC Lodge in early 2017 partially offset by an increase in the investment in securities by the University as well as the PADMIN and Weeden trusts. The cash flows from financing activities reduced due to the completion of UC Lodge as detailed above.

Overall financial results

The net surplus from continuing operations in 2017 of $1.8 million together with the revaluation increments of $5.4 million, have contributed to the strengthening of the University Group's financial position evidenced by the higher net assets at balance date. The development of the Bruce campus and the proceeds from those activities will further assist with the improvement of the University Group's financial position.

Research

Research publications have increased by one per cent from 899 in 2013 to 910 in 2016.

The overall number of Higher Degree by Research (HDR) candidates as well as the total EFTSL has remained stable since 2014. In 2017, there were 547 higher degree by research candidates at the University, which is comparable to the 2016 figure (556) and represents a two per cent increase on 2013 numbers (535).

Significant changes in state of affairs

Other than as set out in this report, there are no significant changes in the state of affairs.

Matters subsequent to the end of the financial year

In February 2018 the University announced a Voluntary Separation Program to support the University in responding to the funding freeze announced by the Federal Government as part of the 2017-18 Mid-Year Economic and Fiscal Outlook and align its workforce with the strategic plan Distinctive by Design. The estimated cost of the separation payments payable, including any lump sum payment in lieu of the notice period, is between $7.0 million and $7.5 million.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or which may significantly affect the University.

Likely developments and expected results of operations

The University continues to face an uncertain policy environment. The Commonwealth Grants Scheme funding freeze for calendar years 2018 and 2019 announced on 18 December 2017 by the Federal Government as part of the 2017-18 Mid-Year Economic and Fiscal Outlook, limits University funding to the 2017 level received for Commonwealth-supported bachelor degree places during these years. Other policy changes could also affect the University's finances and the University will consider the possible effects of any policy changes which are legislated.

The University has indicated it has more land than it requires for direct academic purposes and is exploring further developments and partnerships to develop this land to add to its teaching, research and training functions. The proceeds from developments will be used to support the University's strategic objectives.

Environmental regulation

The University operations are subject to various environmental regulations under both Commonwealth and Territory legislation. There are no environmental matters significantly affecting the University under this legislation.

UNIVERSITY OF CANBERRA

REPORT BY THE MEMBERS OF THE UNIVERSITY OF CANBERRA COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Insurance of employees

Members of Council and employees of the University are insured to the limit of $20 million per claim against wrongful acts. For these purposes, such acts include: any actual or alleged breach of duty or trust, neglect, error, misstatement, misleading statement, omission, breach of warranty or authority, or other act done or attempted by, or other matter claimed against, any Council members or officers of the University, wherever and whenever while acting in their individual or collective capacities on behalf of the University.

Proceedings on behalf of University of Canberra

There are two legal matters pending at 31 December 2017. Both matters are covered by insurance.

This report is made in accordance with a resolution of the members of the Council.

On behalf of the Council

Signed in Canberra this 6th day of April 2018

Professor H. Deep Saini
Vice-Chancellor and President

UNIVERSITY OF CANBERRA

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3(a)(c-f)	118,819	110,634	118,819	110,634
HELP - Australian Government payments	3(b)	66,593	63,740	66,593	63,740
HECS-HELP - student payments		6,122	6,112	6,122	6,112
State and local government financial assistance	4	3,260	4,601	3,278	4,601
Fees and charges	5	66,759	65,566	66,759	65,566
Investment revenue	6	166	161	72	80
Consultancies and research contracts	7	4,060	4,981	4,060	4,971
Other revenue	8	2,051	1,056	2,051	1,056
Total revenue from continuing operations		267,830	256,851	267,754	256,760
Other income	8	26,024	26,331	23,453	23,776
Total income from continuing operations		**293,854**	**283,182**	**291,207**	**280,536**
Expenses from continuing operations					
Employee related expenses	9	161,752	157,878	158,404	154,253
Depreciation and amortisation	10	19,848	18,292	19,671	18,099
Repairs and maintenance		5,533	4,956	5,469	4,906
Borrowing costs	11	4,898	3,546	4,898	3,546
Impairment losses		(197)	638	(199)	351
Other expenses	12	99,342	89,900	100,548	91,082
Share of loss on investments accounted for using the equity method	18	621	405	619	358
Loss on disposal of assets		229	642	229	635
Total expenses from continuing operations		**292,026**	**276,257**	**289,639**	**273,230**
Net result from continuing operations		**1,828**	**6,925**	**1,568**	**7,306**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Revaluation increment of available for sale investments	25	5,443	1,829	5,271	1,829
Items that will not be reclassified to profit or loss:					
Revaluation increment of property, plant and equipment	25	–	68,704	–	68,704
Total comprehensive income		**7,271**	**77,458**	**6,839**	**77,839**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

UNIVERSITY OF CANBERRA

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	13	3,864	7,994	3,585	4,269
Trade and other receivables	14	21,416	20,991	21,182	22,308
Other financial assets	15	497	597	497	497
Other non-financial assets	16	7,059	6,219	6,787	5,878
Assets held for sale	17	9,067	8,642	9,067	8,642
Total current assets		**41,903**	**44,443**	**41,118**	**41,594**
Non-current assets					
Other financial assets	15	32,662	21,764	28,854	21,765
Investments accounted for using the equity method	18	3,724	4,176	3,724	4,176
Property, plant and equipment	19	660,455	657,244	659,920	656,614
Intangible assets	20	6,805	8,024	6,796	8,008
Total non-current assets		**703,646**	**691,208**	**699,294**	**690,563**
Total assets		**745,549**	**735,651**	**740,412**	**732,157**
LIABILITIES					
Current liabilities					
Trade and other payables	21	24,600	23,249	23,132	22,960
Borrowings	22	653	–	653	–
Provisions	23	22,598	22,396	22,402	22,202
Other liabilities	24	29,300	24,580	29,223	24,534
Total current liabilities		**77,151**	**70,225**	**75,410**	**69,696**
Non-current liabilities					
Borrowings	22	85,500	81,500	85,500	81,500
Provisions	23	2,105	2,100	2,099	2,093
Other liabilities	24	69,872	78,176	69,872	78,176
Total non-current liabilities		**157,477**	**161,776**	**157,471**	**161,769**
Total liabilities		**234,628**	**232,001**	**232,881**	**231,465**
NET ASSETS		**510,921**	**503,650**	**507,531**	**500,692**
EQUITY					
Reserves	25	378,108	372,665	377,936	372,665
Retained earnings		132,813	130,985	129,595	128,027
Total equity		**510,921**	**503,650**	**507,531**	**500,692**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

UNIVERSITY OF CANBERRA

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Reserves $'000	Retained Earnings $'000	Total $'000
Consolidated				
Total equity at 1 January 2016		302,132	124,060	426,192
Revaluation increment of property, plant and equipment	25	68,704	–	68,704
Revaluation increment of available for sale investments	25	1,829	–	1,829
Operating surplus		–	6,925	6,925
Balance at 31 December 2016		**372,665**	**130,985**	**503,650**
Total equity at 1 January 2017		372,665	130,985	503,650
Revaluation increment of available for sale investments	25	5,443	–	5,443
Operating surplus		–	1,828	1,828
Balance at 31 December 2017		**378,108**	**132,813**	**510,921**
University				
Total equity at 1 January 2016		302,132	120,721	422,853
Revaluation increment of property, plant and equipment	25	68,704	–	68,704
Revaluation increment of available for sale investments	25	1,829	–	1,829
Operating surplus		–	7,306	7,306
Balance at 31 December 2016		**372,665**	**128,027**	**500,692**
Total equity at 1 January 2017		372,665	128,027	500,692
Revaluation increment of available for sale investments	25	5,271	–	5,271
Operating surplus		–	1,568	1,568
Balance at 31 December 2017		**377,936**	**129,595**	**507,531**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

UNIVERSITY OF CANBERRA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Cashflows from operating activities					
Australian Government grants		172,183	162,668	172,183	162,668
Superannuation Supplementation		19	–	19	–
OS-HELP (net)		(49)	944	(49)	944
Other Commonwealth grants		10,098	5,463	10,098	5,463
State Government grants		3,278	4,601	3,278	4,601
HECS-HELP student payments		6,122	6,112	6,122	6,112
Receipts from student fees and other customers		101,780	94,130	99,298	91,354
Interest received		192	137	32	55
Payments to suppliers and employees (including GST)		(266,301)	(254,064)	(263,897)	(252,406)
Interest and other costs of finance paid		(4,898)	(1,424)	(4,898)	(1,424)
Net cash provided by operating activities	33(b)	**22,424**	**18,567**	**22,186**	**17,367**
Cashflows from investing activities					
Proceeds from sale of property, plant and equipment		55	101	55	101
Payments for property, plant and equipment		(23,124)	(71,631)	(23,049)	(71,551)
Proceeds from the sale of investments		31	–	–	–
Payments for investments		(6,182)	–	(2,481)	–
Dividends received		96	8	35	8
Net cash used in investing activities		**(29,124)**	**(71,522)**	**(25,440)**	**(71,442)**
Cashflows from financing activities					
Proceeds from borrowings and securitisation		6,000	50,500	6,000	50,500
Repayments of borrowings and securitisation		(3,430)	(3,198)	(3,430)	(3,198)
Net cash provided by financing activities		**2,570**	**47,302**	**2,570**	**47,302**
Decrease in cash and cash equivalents		**(4,130)**	**(5,653)**	**(684)**	**(6,773)**
Cash and cash equivalents at the beginning of the year		7,994	13,647	4,269	11,042
Cash and cash equivalents at the end of the year	33(a)	**3,864**	**7,994**	**3,585**	**4,269**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and where applicable, throughout the notes to the accounts (these can be identified as *italicised text*). These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The annual financial statements are general purpose financial statements of the University of Canberra (the University). They have been prepared on an accrual basis and comply with Australian Accounting Standards.

The financial statements have also been prepared in accordance with the following additional statutory requirements:

- Higher Education Support Act 2003 (Financial Statement Guidelines).
- Financial Management Act 1996 (ACT) to the extent applicable under the University of Canberra Act 1989.
- Australian Charities and Not-for-profits Commission Act 2012.

The University is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

(i) Historic cost convention

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

(ii) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies. Where appropriate, all significant estimates or assumptions made in the preparation of the financial statements are described in the relevant accounting policy notes. The estimates and underlying assumptions are reviewed on an ongoing basis.

Meeting current liabilities
The Statement of Financial Position shows the Group's current liabilities exceed current assets. The University considers that it is able to meet its current liabilities expected to mature in the next 12 months as it has debt facilities in place with banks to allow it to manage its working capital requirements. The University has available undrawn debt facilities at balance date of $25.5 million (2016: $9.5 million) - refer Note 22 Borrowings and is also a recipient of regular fortnightly payments from the Commonwealth for its Commonwealth Supported Place (CSP) students and other university related funding. These two factors enable the University to meet its cash commitments when required.

(iii) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year. Where a material reclassification has occurred, the nature and the reason for the reclassification are provided.

(iv) Rounding

The amounts in the financial statements have been rounded off to the nearest thousand dollars or, in certain cases, the nearest dollar.

(b) Basis of consolidation

The consolidated financial statements represent the financial statements of the parent entity, being the University, and all entities it controlled in accordance with AASB 10 Consolidated Financial Statements at the end or during the financial year, and are together referred to as the Group in the financial statements. Control is achieved where the University has the power to govern the activities of an entity, has exposure or rights to variable returns and the ability to use its powers to affect its returns.

Transactions, balances and unrealised gains on transactions between group entities are eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A list of controlled entities is contained in Note 31 Subsidiaries.

(c) Accounting Standards not applied and Accounting Standards yet to be applied

Accounting Standard not applied
AASB 1053 Application of tiers of Australian Accounting Standards (application date 1 July 2014) could be applied to the University as the University falls within the definition of a Tier 2 entity.

Note 1 Significant accounting policies (continued)

However, the Department of Education and Training Financial Statement Guidelines for Australian Higher Education Providers (HEPs) for the 2017 Reporting Period (Guidelines) prescribes the form of the financial statements approved by the Australian Government Minister for Education, or their delegates. The Guidelines specify HEPs are not to apply AASB 1053 Application of Tiers of Australian Accounting Standards. Therefore, the University is not able to apply Tier 2 reduced disclosure requirements in AASB 1053.

Should the Guidelines change in the future so AASB 1053 can be applied, the Group will consider its application. It is noted the application of this Accounting Standard would have no effect on the financial results and would only reduce the disclosures within the financial statements.

Accounting Standards yet to be applied

The following new standards and amendments considered to be applicable to the University, have been issued by the Australian Accounting Standards Board but are only mandatory for future reporting periods. The University has not yet assessed the full impact of these pronouncements on future reporting periods. The application of AASB 15 and AASB 1058 will have an impact on how the University reports grant income.

- AASB 15 Revenue from Contracts with Customers (application date 1 January 2019)
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (application date 1 January 2019)
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 (application date 1 January 2019)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (application date 1 January 2019)
- AASB 16 Leases (application date 1 January 2019)
- AASB 1058 Income of Not-for-Profit Entities (application date 1 January 2019)
- AASB 1059 Service Concession Arrangement: Grantors (application date 1 January 2019)

(d) Public Private Partnerships (PPP)

CLV student accommodation

In 2007, the University entered into a 30-year lease agreement at a peppercorn rental with an unrelated company, Campus Living Villages Management Ltd (CLV). This agreement required CLV to fund and manage the existing student accommodation and to fund the construction and management of new student accommodation buildings on the site. The buildings will revert to the University at the end of the lease. CLV manages the complex and collects rentals during the term of the lease.

CLV retains the rental revenues earned from the operation of the student accommodation and as the University does not provide a minimum revenue guarantee on the residence fees, the risk is fully borne by CLV.

CLV pays the University an annuity payment equal to a percentage of total residence fees throughout the lease term. The University has recorded a finance lease receivable to recognise the discounted value of minimum lease payments (annuity payments) receivable over the lease term.

The University retains all the risks and rewards of ownership to the underlying student accommodation land. Therefore, the lease over the land is treated as an operating lease. The fair value of the land is included in the University's property, plant and equipment.

New accommodation

The University does not have the significant risks and rewards in relation to the CLV constructed student accommodation during the 30-year lease period. The University does, however, have a right to receive at no cost the building (significant risks and rewards) at the end of the arrangement. The fair value of the right to receive the building has been included in the University's property, plant and equipment. However, the University will only start to depreciate it at the end of the lease term when the buildings transfer to the University and are in a state ready for use by the University.

The University estimates the fair value of the new student accommodation at the end of the 30-year lease period will be $8.5 million. The fair value was determined by an independent valuation based on rental receipts in perpetuity discounted at the rate of nine per cent per annum.

Existing accommodation

The University has transferred the majority of risks and rewards associated with the operation of the existing student accommodation to CLV and as such, the lease of the existing buildings is classified as a finance lease. Therefore, the carrying value of the existing buildings is not recognised as the University's property, plant and equipment.

The University has a right to receive the buildings at the end of the lease term at no cost. The fair value of the right to receive the buildings has been included in the University's property, plant and equipment. However, the University will only start to depreciate it at the end of the lease term when the buildings revert back to the University and are in a state ready for use by the University.

The University estimates the fair value of the existing student accommodation at the end of the 30-year lease period will be $7.6 million. The fair value was determined by independent valuation based on rental receipts in perpetuity discounted at the rate of nine per cent per annum.

Note 1 Significant accounting policies (continued)

CLV - Deferred income

The University has recorded deferred income, being the difference between the carrying value of existing student accommodation disposed of in exchange for the lease receivable and the fair value of the new and existing student accommodation that will transfer to the University at the end of the lease term. The deferred income is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

(e) Joint operations

Health Hub

In 2014, the University entered into a joint operation with Ochre Health (ACT SC) Pty Ltd (Ochre) for the construction of the Health Hub building on the University campus. During construction, Ochre made contributions to the University for its share of the construction costs. On completion of construction, the University granted a lease over Levels 1 and 2 (excluding common areas) for a period of 20 years, with a further 20-year option, to Ochre. At the termination of the lease, the University is required to pay Ochre an expiry date payment equal to the market value of Levels 1 and 2 (excluding common areas) at that time.

Whilst the University retains legal title to the building (and the underlying land), as the lease to Ochre is for a period likely to be for the major part of the economic life of the asset and Ochre is entitled to receive the expiry date payment, it is treated as a finance lease for accounting purposes. Therefore, the University has only capitalised its share of the building on completion of construction.

On termination of the lease with Ochre, the University will recognise the remainder of the building. Therefore, the University has recognised the liability for the expiry date payment and a corresponding asset, being the right to receive the remainder of the building. This liability was initially calculated based on the depreciated replacement cost at the end of the 40 year lease discounted to the present value. This liability and asset are adjusted in line with the independent revaluations of the building undertaken every three years in accordance with the University's asset policy.

The University also entered into a collaboration agreement with Ochre which is intended to foster collaboration in relation to both parties' respective functions and activities. These functions and activities include teaching and research related to the delivery of integrated primary health care and to support workforce growth in primary health care.

Some of the activities undertaken in accordance with the collaboration agreement are considered to be joint operations in accordance with AASB 11 Joint Arrangements. At balance date, the collaboration activities are not considered material.

Other collaboration arrangements related to campus development

In recent years, the University has entered into a number of collaboration agreements with entities associated with the campus development activities.

These collaboration agreements are intended to foster collaboration in relation to the University's and the third party's respective functions and activities. These functions and activities include, but are not limited to teaching, learning, clinical training and placements, joint research, and, in some cases, activities related to planning, design, construction and post-construction.

Some of the activities undertaken in accordance with the collaboration agreements will be considered to be joint operations in accordance with AASB 11 Joint Arrangements. At balance date, the collaboration activities are not considered material.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Note 2 Disaggregated information

The University is located in the Australian Capital Territory and operates primarily in Australia to provide tertiary education at undergraduate and postgraduate levels.

The financial statements disclose the outcomes of the Group that operates primarily in a single industry and two geographic segments, being the provision of higher education services in Australia and Asia.

	Revenue		Results		Assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Geographical						
Australia	290,910	279,892	1,810	6,845	745,549	735,651
Asia	2,944	3,290	18	80	–	–
Total	**293,854**	**283,182**	**1,828**	**6,925**	**745,549**	**735,651**

Note 3 Australian Government financial assistance including Australian Government loan programs (HELP)

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
(a) Commonwealth Grants Scheme and other grants	36(a)				
Commonwealth Grants Scheme*		91,254	88,064	91,254	88,064
Indigenous Student Success Program**		1,186	975	1,186	975
Higher Education Participation Program		827	1,000	827	1,000
Higher Education Partnership National Priority Pool		213	803	213	803
Disability Performance Funding		57	57	57	57
Promotion of Excellence in Learning and Teaching		–	10	–	10
Australian Maths & Science Partnership Program		–	487	–	487
Facilitation Funding		14	–	14	–
Superannuation Supplementation		19	–	19	–
Total Commonwealth Grants Scheme and other grants		**93,570**	**91,396**	**93,570**	**91,396**
(b) Higher Education Loan Programs	36(b)				
HECS-HELP		58,749	55,894	58,749	55,894
FEE-HELP		5,120	4,965	5,120	4,965
SA-HELP		2,724	2,881	2,724	2,881
Total Higher Education Loan Programs		**66,593**	**63,740**	**66,593**	**63,740**
(c) Scholarships	36(c)				
Research Training Program***		5,228	5,228	5,228	5,228
Total scholarships		**5,228**	**5,228**	**5,228**	**5,228**
(d) Education research	36(c)				
Research Support Program****		4,061	4,059	4,061	4,059
Total Education research grants		**4,061**	**4,059**	**4,061**	**4,059**

* Includes the basic CGS grant amount, Enabling Loading, Allocated Places and Non-Designated Courses.

** Includes Indigenous Support Program, Commonwealth Education Cost, Commonwealth Accommodation, Indigenous Access.

*** Includes Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme.

**** Includes Joint Research Engagement, Research Block Grants and Sustainable Research Excellence.

Note 3 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
(e) Australian Research Council	36(e)				
Discovery Projects		1,168	791	1,168	791
Discovery Indigenous		86	–	86	–
Discovery Early Researcher Award		107	256	107	256
Linkage Projects		208	7	208	7
Future Fellowship Projects		(1)	(136)	(1)	(136)
ARC Laureate Fellowship		592	588	592	588
Total Australian Research Council		**2,160**	**1,506**	**2,160**	**1,506**
(f) Other Australian Government financial assistance					
Non-capital					
Agriculture		408	122	408	122
Attorney-General's		339	5	339	5
Communications and the Arts		114	5	114	5
Defence		1,134	258	1,134	258
Education		2,290	110	2,290	110
Environment		645	1,210	645	1,210
Foreign Affairs and Trade		2,242	2,385	2,242	2,385
Health		1,642	1,359	1,642	1,359
Immigration and Border Protection		–	60	–	60
Industry		301	183	301	183
Infrastructure and Regional Development		70	14	70	14
Prime Minister and Cabinet		–	(69)	–	(69)
Social Services		2,587	407	2,587	407
The Treasury		23	–	23	–
Total non-capital		**11,795**	**6,049**	**11,795**	**6,049**
Capital					
Health		2,005	2,396	2,005	2,396
Total other Australian Government financial assistance		**13,800**	**8,445**	**13,800**	**8,445**
Total Australian Government financial assistance		**185,412**	**174,374**	**185,412**	**174,374**
Reconciliation					
Australian Government grants (a+c+d+e+f)		118,819	110,634	118,819	110,634
HECS-HELP payments		58,749	55,894	58,749	55,894
FEE-HELP payments		5,120	4,965	5,120	4,965
SA-HELP payments		2,724	2,881	2,724	2,881
Total Australian Government financial assistance		**185,412**	**174,374**	**185,412**	**174,374**

Note 3 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

Accounting Policy

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. This accounting policy applies to major revenue items recognised in Notes 3 through 8.

The University recognises operating grants received from Australian Government entities, which includes Commonwealth grants, Higher Education Contribution Scheme (HECS-HELP) Commonwealth payments and Higher Education Loan Program (FEE-HELP) student payments as income when the University obtains control of the right to receive the grant, it is probable that economic benefits will flow to the University and the amount of receipts can be measured reliably.

Note 4 State and local government financial assistance

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-capital				
Australian Capital Territory	2,294	2,289	2,312	2,289
South Australia	82	137	82	137
New South Wales	602	487	602	487
Queensland	29	145	29	145
Northern Territory	1	1	1	1
Tasmania	35	35	35	35
Victoria	105	430	105	430
Western Australia	112	77	112	77
Total non-capital	**3,260**	**3,601**	**3,278**	**3,601**
Capital				
Australian Capital Territory	–	1,000	–	1,000
Total State and local government financial assistance	**3,260**	**4,601**	**3,278**	**4,601**

UNIVERSITY OF CANBERRA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 5 Fees and charges

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Course fees and charges					
Continuing education		630	441	630	441
Fee-paying onshore overseas students		47,247	50,990	47,247	50,990
Fee-paying offshore overseas students		2,944	3,290	2,944	3,290
Fee-paying domestic postgraduate students		3,413	3,813	3,413	3,813
Total course fees and charges		**54,234**	**58,534**	**54,234**	**58,534**
Non-course fees and charges					
Student accommodation charges		10,816	5,288	10,816	5,288
Student services and amenities fee	36(i)	1,405	1,170	1,405	1,170
Other		304	574	304	574
Total non-course fees and charges		**12,525**	**7,032**	**12,525**	**7,032**
Total fees and charges		**66,759**	**65,566**	**66,759**	**65,566**

Accounting Policy

Student fees and charges are recognised as revenue over the teaching period to which they relate. Therefore, student fees and charges invoiced which relate to teaching periods in a future year are treated as revenue in advance.

Note 6 Investment revenue

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Dividend and distribution revenue	96	8	35	8
Interest revenue	70	153	37	72
Total investment revenue	**166**	**161**	**72**	**80**

Accounting Policy

Interest revenue is accrued on a point in time basis, by reference to the principal outstanding and at the effective interest rate applicable at that time. Dividend revenue is recognised as revenue when received.

Note 7 Consultancies and research contracts

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Consultancies	972	2,044	972	2,044
Research contracts	3,088	2,937	3,088	2,927
Total consultancies and research contracts	**4,060**	**4,981**	**4,060**	**4,971**

Accounting Policy

Consultancy and contract revenue is recognised in the period in which the service is provided, having regard to the stage of completion of the service.

UNIVERSITY OF CANBERRA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 8 Other revenue and income

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Other revenue				
Donations and bequests	1,261	403	1,261	403
Scholarships and prizes	790	653	790	653
Total other revenue	**2,051**	**1,056**	**2,051**	**1,056**
Other income				
Administrative charges	2,036	2,190	2,036	2,190
Amortisation of deferred income	266	266	266	266
Childcare centre fees	477	540	477	540
Commissions and discounts received	459	292	342	187
Copying	157	169	157	169
Health consulting income	372	398	372	398
Hire of facilities	447	465	51	11
Insurance recoveries	442	283	442	283
Miscellaneous	1,091	806	970	724
NRAS securitisation income	4,905	5,098	4,905	5,098
Parking	2,302	2,143	2,319	2,157
Rent	2,477	2,589	2,477	2,589
Rental securitisation income	5,136	5,045	5,136	5,045
Salaries and cost recovery services	454	804	454	786
Sales and service income / publications	5,003	5,243	2,271	2,461
Support services provided to subsidiaries	–	–	778	872
Total other income	**26,024**	**26,331**	**23,453**	**23,776**
Total other revenue and income	**28,075**	**27,387**	**25,504**	**24,832**

Accounting Policy

Other revenue and income includes donations, bequests, parking, rental income and securitisation income. Such income is recognised when the University becomes entitled to receive the revenue and the revenue can be reliably measured. Income from operating leases is recognised as revenue on a straight line basis over the lease term.

Refer to Note 24 Other liabilities for further details on National Rental Affordability Scheme (NRAS) and rental securitisation income.

UNIVERSITY OF CANBERRA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 9 Employee related expenses

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Academic				
Salaries	59,982	58,881	59,982	58,881
Contributions to superannuation and pension schemes	10,289	10,088	10,289	10,088
Payroll tax	5,116	5,060	5,116	5,060
Workers' compensation insurance premium	745	800	745	800
Long service leave	1,501	1,392	1,501	1,392
Annual leave	4,355	4,475	4,355	4,475
Redundancy payments	213	393	213	393
Total academic	**82,201**	**81,089**	**82,201**	**81,089**
Non-academic				
Salaries	58,807	56,101	56,023	53,006
Contributions to superannuation and pension schemes	9,710	9,248	9,438	8,907
Payroll tax	4,671	4,534	4,671	4,530
Workers' compensation insurance premium	769	801	667	701
Long service leave	1,427	1,305	1,418	1,294
Annual leave	4,141	4,046	3,975	3,972
Redundancy payments	26	754	11	754
Total non-academic	**79,551**	**76,789**	**76,203**	**73,164**
Total employee related expenses	**161,752**	**157,878**	**158,404**	**154,253**

Superannuation schemes

The Group contributes to various defined benefit and accumulation superannuation plans. Contributions are charged as an expense as incurred. Further explanation of the Group's superannuation arrangements are as follows:

(i) UniSuper
The University, on behalf of most of its employees, contributes to UniSuper. Where the employee has not made an election, the contributions are paid to the UniSuper Defined Benefit Division.

The University does not have any obligations under the defined benefit plan apart from the payment of contributions on behalf of participating employees.

(ii) Other superannuation funds
A small number of employees of the University are members of the Commonwealth Government defined benefit schemes known as CSS and PSS. These schemes are managed by ComSuper and the University has neither control nor responsibility for the schemes. The University's only obligations are the payment of employer contributions.

Other employees of the Group who are not required to be a member of UniSuper are members of other accumulation superannuation plans under choice of superannuation arrangements.

Refer to Note 23 Provisions for further policies on employee benefits.

Note 10 Depreciation and amortisation

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Depreciation				
Buildings	8,360	7,726	8,353	7,716
Infrastructure	1,176	1,085	1,176	1,085
Computer equipment	247	324	243	319
Equipment	3,359	3,123	3,200	2,952
Library	72	72	72	72
Fixtures and fittings	3,817	2,462	3,817	2,462
Total depreciation	**17,031**	**14,792**	**16,861**	**14,606**
Amortisation				
Computer software	2,473	2,875	2,466	2,868
Strategic initiatives	344	625	344	625
Total amortisation	**2,817**	**3,500**	**2,810**	**3,493**
Total depreciation and amortisation	**19,848**	**18,292**	**19,671**	**18,099**

Accounting Policy

Refer to Note 19 Property, plant and equipment for policies on depreciation and Note 20 Intangible assets for policies on amortisation.

Note 11 Borrowing costs

Interest expense	5,071	4,324	5,071	4,324
Less: amount capitalised	(173)	(778)	(173)	(778)
Total borrowing costs expensed	**4,898**	**3,546**	**4,898**	**3,546**

Accounting Policy

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time from construction commencement to commissioning are capitalised as part of the asset. Other borrowing costs are expensed.

UNIVERSITY OF CANBERRA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 12 Other expenses

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Academic partner payments	25,543	22,121	25,543	22,121
Advertising	1,496	1,090	1,485	1,085
Audit	309	296	266	256
Books and publications	441	561	438	561
Commissions	3,595	3,413	3,586	3,416
Conference and facilities hire	714	723	789	814
Consultants fees	6,816	4,111	6,775	4,049
Contract services	4,575	4,141	4,526	4,075
Contracted student and amenities services - subsidiaries	–	–	1,958	2,350
Cost of goods sold	1,164	1,360	–	–
Entertainment	729	535	992	825
Equipment expensed	1,516	1,645	1,419	1,534
Freight and postage	364	597	359	591
Fringe benefits tax	392	360	375	323
General materials	1,748	2,295	1,669	2,231
Grant and research expenses - external entities	1,694	1,239	1,694	1,239
Grant payments to third parties	1,472	585	1,472	585
Insurances	787	748	787	748
Legal fees	1,477	1,349	1,452	1,347
Licence fees	4,914	4,919	4,809	4,784
Operating lease charges	1,758	1,399	1,755	1,399
Other	3,246	2,427	2,964	2,170
Other student expenses	4,757	4,310	4,741	4,296
Outsource management fees	7,942	7,957	7,942	7,957
Printing and stationery	1,174	1,371	1,160	1,355
Rates and taxes	1,880	1,696	1,880	1,696
Recruitment and staff development	1,699	2,344	1,692	2,330
Sponsorships	585	276	797	323
Student scholarships	2,889	2,667	2,874	2,667
Subscriptions	3,724	3,932	3,711	3,911
Subsidiary support subsidies	–	–	937	457
Tenancy management fees - subsidiaries	–	–	–	291
Travel	5,349	5,290	5,162	5,219
Utilities	4,593	4,143	4,539	4,077
Total other expenses	**99,342**	**89,900**	**100,548**	**91,082**

Note 13 Cash and cash equivalents

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and on hand	3,195	2,485	3,164	2,498
Deposits at call and investments originally maturing within three months	669	5,509	421	1,771
Total cash and cash equivalents*	**3,864**	**7,994**	**3,585**	**4,269**

* Cash and cash equivalents include restricted cash of $0.2 million (2016: $3.7 million) held within the Weeden and PADMIN trusts which is restricted for the objectives outlined in the trust deed and cannot be used to settle the liabilities of the Group.

Accounting Policy

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash net of any bank overdraft. Cash and cash equivalents are subject to an insignificant risk of changes in value and are net of any bank overdraft.

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Note 14 Trade and other receivables

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Trade receivables	16,276	21,476	15,734	20,827
Less: provision for impaired receivables	(1,478)	(5,760)	(1,239)	(5,511)
Sub-total	14,798	15,716	14,495	15,316
Inter-entity accounts - subsidiaries	–	–	1,287	1,731
Other receivables	6,101	2,903	4,883	2,889
Australian Government financial assistance receivable	517	2,372	517	2,372
Total trade and other receivables	**21,416**	**20,991**	**21,182**	**22,308**

At 31 December 2017, current receivables of the Group with a nominal value of $5,762 (2016: $6,626) were past due but not impaired. The ageing analysis of these receivables is as follows:

Past due but not impaired				
30 to 60 days	1,259	774	954	718
60 to 90 days	762	645	1,389	630
Over 90 days	3,741	5,207	3,787	5,308
Total past due but not impaired current receivables	**5,762**	**6,626**	**6,130**	**6,656**

At 31 December 2017, current receivables of the Group with a nominal value of $1,249 (2016: $5,760) were impaired. The ageing of these receivables is as follows:

Impaired receivables				
30 to 60 days	–	113	–	–
Over 90 days	1,249	5,647	1,010	5,511
Total current impaired receivables	**1,249**	**5,760**	**1,010**	**5,511**

Reconciliation in the provision for impaired receivables

Allowance at the beginning of the year	5,760	5,980	5,511	5,969
Add: Impairment losses recognised during the year	896	914	894	626
Sub-total	6,656	6,894	6,405	6,595
Less: Impaired receivables written off	(3,805)	(515)	(3,793)	(465)
Less: Impaired losses reversed during the year	(1,373)	(619)	(1,373)	(619)
Allowance at the end of the year	**1,478**	**5,760**	**1,239**	**5,511**

Accounting Policy

Trade and other receivables are initially recognised at fair value. Subsequent to initial recognition, receivables are measured at amortised cost less any provision for impairment losses. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment losses is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset are less than the recorded amount.

In estimating impairment losses, the Group assesses the recoverability of each debtor that is more than 60 days. The impairment losses are determined based on management's judgement of the credit worthiness, age of the receivable and the likelihood of recoverability.

Recognition of student fees and charges
Student fees and charges are recognised as a receivable at the time of enrolment by the student for a unit of study.

Note 15 Other financial assets

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Finance lease receivable*	497	497	497	497
Held-to-maturity investments**	–	100	–	–
Total current other financial assets	**497**	**597**	**497**	**497**
Non-current				
Finance lease receivable*	10,239	10,736	10,239	10,736
Shares - other entities	16,201	11,028	16,202	11,029
Available-for-sale investments**	6,222	–	2,413	–
Total non-current other financial assets	**32,662**	**21,764**	**28,854**	**21,765**
Total other financial assets	**33,159**	**22,361**	**29,351**	**22,262**

* Finance lease receivable - The University leases its student accommodation to CLV under a PPP agreement (see Note 1(d) Public Private Partnership).

** Investments include restricted investments of $3.8 million (2016: $0.1 million) that cannot be used to settle the liabilities of the Group. This consists of investments held within the Weeden and Padmin trusts.

Finance lease receivables at balance date are as follows:

	Future minimum lease receipts		Interest		Present value of minimum lease receipts	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Less than one year	1,408	1,408	911	911	497	497
Between one and five years	5,633	5,633	3,643	3,643	1,990	1,990
More than five years	38,563	39,972	30,315	31,226	8,249	8,746
Total	**45,604**	**47,013**	**34,869**	**35,780**	**10,736**	**11,233**

Accounting Policy

The Group classifies its investments in the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

(ii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iii) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at cost. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the Statement of Comprehensive Income as gains and losses from investment securities.

Note 15 Other financial assets (continued)

Subsequent measurement
Available-for-sale financial assets are subsequently carried at fair value unless there is no active market and the fair value cannot be readily measured, in which case the investments are carried at cost.

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active, and for unlisted securities, then the Group establishes fair value by using valuation techniques, that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Where there is no quoted price in an active market and the fair value cannot be reliably measured, the unlisted security continues to be recorded at cost.

All investments are made in accordance with the powers given to the University under Section 7(2)(l) of the University of Canberra Act 1989.

Impairment
At each reporting date, the University assesses whether any assets are impaired. Assets are also reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is an indication of impairment, then an estimate of the recoverable amount is made and the carrying amount of the asset is reduced to the asset's recoverable amount. Any resulting impairment loss is recognised immediately in the Statement of Comprehensive Income. However, where assets are carried at fair value, the impairment loss is recognised as a decrease to the asset revaluation reserve. Where the impairment loss exceeds the balance in the asset revaluation reserve, the difference is expensed in the Statement of Comprehensive Income.

Shares - other entities

The University has made significant judgements regarding the fair value of shares held. The 10,000 shares held in Education Australia Ltd have been valued at fair value at 31 December 2017 as determined by an independent valuer. The shares held in AARNET Pty Ltd and EpiAxis Therapeutics Pty Ltd are carried at cost on the basis there is no quoted price in an active market and the fair value cannot be reliably measured.

Note 16 Other non-financial assets

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Prepayments	6,807	5,954	6,787	5,878
Inventories	251	262	–	–
Security deposit	1	3	–	–
Total current other non-financial assets	**7,059**	**6,219**	**6,787**	**5,878**

Note 17 Non-current assets held for sale

Current				
Assets held for sale	9,067	8,642	9,067	8,642
Total assets held for sale	**9,067**	**8,642**	**9,067**	**8,642**

Accounting Policy

Non-current assets which are classified as held for sale are stated at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Note 17 Non-current assets held for sale (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately in the Statement of Financial Position.

Non-current assets held for sale

The attributable portion of the Bruce campus land related to the below arrangements has been reclassified as an asset held for sale and measured at the lower of the carrying amount and the fair value less costs to sell.

(i) Aged Care Facility
In December 2015, the University entered into a series of agreements with a third party in relation to the construction and operation of an aged care facility which incorporates a child care facility on part of the Bruce campus land. The third party is required to carry out estate works under a licence granted by the University and will then be granted a 75-year sublease over the land to enable construction and then operation of the aged care facility. The agreements also provide the third party with the right to propose additional projects on an additional adjacent section of the Bruce campus.

(ii) Arscott House
In December 2015, the University entered into an agreement with a third party for the sale of the land and the improvements known as Arscott House. A call option deed was entered into in 2016 providing the purchaser with an option to purchase Arscott House.

If a contract for sale is entered into, settlement is to occur the earlier of 14 days after the purchaser provides written notice to the University requiring completion of the contract, 14 days after the purchaser has been notified the University has procured a right of access to the property or 14 days after the purchaser provides written notice to the University that it waives the University's obligation to obtain the access right.

(iii) Canberra Specialist Medical Centre
In August 2017, the University entered into a series of agreements with a third party in relation to the development of an integrated cancer care facility on part of the Bruce campus land. Once a number of conditions have been satisfied, the University will grant a 75 year sublease.

(iv) Health precinct car park
The University has commenced construction of a multistorey car park within the health precinct of the Bruce campus which will be utilised by staff and visitors of the University of Canberra Hospital and the aged care facility. On completion, the University will grant a sublease over the car park to the relevant third parties.

Note 18 Investments accounted for using the equity method

Joint Ventures:

Name of entity	Place of business	Ownership interest	
		2017 %	2016 %
University of Canberra College Pty Ltd	University Drive Bruce, ACT 2617	49.0	49.0
EpiAxis Therapeutics Pty Ltd	University Drive Bruce, ACT 2617	23.3	31.0
UC Vikings Ltd (held by UCU Ltd)	University Drive Bruce, ACT 2617	-	30 - 0

Note 18 Investments accounted for using the equity method (continued)

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
(a) Individually material joint ventures				
University of Canberra College Pty Ltd				
Financial position				
Current assets	1,740	1,054	1,740	1,054
Cash and cash equivalents	2,751	3,674	2,751	3,674
Non-current assets	8	7	8	7
Total assets	**4,499**	**4,735**	**4,499**	**4,735**
Current liabilities	4,574	4,278	4,574	4,278
Current financial liabilities (excluding trade payables and provisions)	578	535	578	535
Non-current liabilities	240	–	240	–
Total liabilities	**5,392**	**4,813**	**5,392**	**4,813**
Net liabilities	**(893)**	**(78)**	**(893)**	**(78)**
Share of joint venture net liabilities	**(438)**	**(38)**	**(438)**	**(38)**
Reconciliation of carrying amounts:				
Balance at 1 January	4,176	4,451	4,176	4,451
Share of loss for the year	(452)	(275)	(452)	(275)
Balance at 31 December	**3,724**	**4,176**	**3,724**	**4,176**
Financial performance				
Income	10,762	11,529	10,762	11,529
Interest income	15	17	15	17
Expenses	(12,092)	(12,192)	(12,092)	(12,192)
Depreciation and amortisation	(4)	(10)	(4)	(10)
Loss from continuing operations	**(1,319)**	**(656)**	**(1,319)**	**(656)**
Income tax	396	95	396	95
Total comprehensive loss	**(923)**	**(561)**	**(923)**	**(561)**
Share of joint venture loss	**(452)**	**(275)**	**(452)**	**(275)**
(b) Other immaterial equity investments				
Aggregate carrying amount of individually immaterial interests in joint ventures accounted for using the equity method:				
Aggregate amounts of the group's share of:				
Loss from continuing operations	(169)	(130)	(167)	(83)
Total comprehensive loss	**(169)**	**(130)**	**(167)**	**(83)**

<u>Accounting Policy</u>

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the share of the post-acquisition profits or losses of the investee in the Statement of Comprehensive Income, and the share of movements in other comprehensive income of the investee in Other Comprehensive Income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Note 18 Investments accounted for using the equity method (continued)

The share of the associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the share of losses in an equity-accounted investment equals or exceeds the interest in the entity, including any other unsecured long-term receivables, no further losses are recognised, unless obligations or payments have been incurred on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments is tested for impairment annually.

Changes in ownership interests
A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

When the Group ceases to equity account for an investment because of a change in the Group's interest, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Investment in associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the financial statements using the equity method of accounting, after initially being recognised at cost.

Joint ventures:
The interest in a joint venture entity is accounted for in the financial statements using the equity method and is initially recognised at cost.

(i) University of Canberra College Pty Ltd
Following the partial sale by the University of shares in the University of Canberra College Pty Ltd in 2015, the University accounts for the arrangement as a joint venture.

(ii) Other joint ventures
In 2016, the University entered into a joint venture agreement with the Australian National University (ANU) to deliver the milestones agreed under the Health and Hospitals Fund Program Regional Priority Initiative funding agreement with the Commonwealth of Australia. The University also has a joint venture in relation to EpiAxis Therapeutics Pty Ltd.

At balance date, these two joint ventures have no material effect on the results of the Group.

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Note 19 Property, plant and equipment

	Leasehold land $'000	Buildings $'000	Right to receive buildings* $'000 at fair value	Infrastructure $'000	Library collection $'000	Works of art $'000	Work in progress** $'000	Computer equipment $'000	Motor vehicles $'000 at cost	Equipment $'000	Fixtures & fittings $'000	Total $'000
Consolidated												
At 1 January 2016												
Fair value / cost	47,360	588,567	16,802	32,004	1,206	1,788	13,280	3,435	535	27,726	35,749	768,452
Accumulated depreciation	–	(198,045)	–	(8,079)	(144)	–	–	(2,803)	(535)	(17,363)	(7,830)	(234,799)
Net book amount	**47,360**	**390,522**	**16,802**	**23,925**	**1,062**	**1,788**	**13,280**	**632**	**–**	**10,363**	**27,919**	**533,653**
Year ended 31 December 2016												
Opening net book amount	47,360	390,522	16,802	23,925	1,062	1,788	13,280	632	–	10,363	27,919	533,653
Revaluation increm't / (decrem't)	68,700	–	590	–	–	–	–	–	–	–	–	69,290
Additions	–	5,669	–	3,770	–	110	70,139	285	–	4,195	6,945	91,113
Disposals and transfers***	–	(226)	–	–	–	–	(20,596)	(2)	–	(13)	(1,183)	(22,020)
Depreciation	–	(7,726)	–	(1,085)	(72)	–	–	(324)	–	(3,123)	(2,462)	(14,792)
Closing net book amount	**116,060**	**388,239**	**17,392**	**26,610**	**990**	**1,898**	**62,823**	**591**	**–**	**11,422**	**31,219**	**657,244**
At 31 December 2016												
Fair value / cost	116,060	593,870	17,392	35,789	1,206	1,898	62,823	3,655	346	31,669	41,037	905,745
Accumulated depreciation	–	(205,631)	–	(9,179)	(216)	–	–	(3,064)	(346)	(20,247)	(9,818)	(248,501)
Net book amount	**116,060**	**388,239**	**17,392**	**26,610**	**990**	**1,898**	**62,823**	**591**	**–**	**11,422**	**31,219**	**657,244**
Year ended 31 December 2017												
Opening net book amount	116,060	388,239	17,392	26,610	990	1,898	62,823	591	–	11,422	31,219	657,244
Additions	–	38,648	110	3,824	–	2	24,860	33	–	5,085	16,577	89,139
Disposals and transfers***	(426)	–	–	(205)	–	–	(68,229)	–	–	(37)	–	(68,897)
Depreciation	–	(8,360)	–	(1,176)	(72)	–	–	(247)	–	(3,359)	(3,817)	(17,031)
Closing net book amount	**115,634**	**418,527**	**17,502**	**29,053**	**918**	**1,900**	**19,454**	**377**	**–**	**13,111**	**43,979**	**660,455**
At 31 December 2017												
Fair value / cost	115,634	632,518	17,502	39,396	1,206	1,900	19,454	2,397	290	35,099	57,614	923,010
Accumulated depreciation	–	(213,991)	–	(10,343)	(288)	–	–	(2,020)	(290)	(21,988)	(13,635)	(262,555)
Net book amount	**115,634**	**418,527**	**17,502**	**29,053**	**918**	**1,900**	**19,454**	**377**	**–**	**13,111**	**43,979**	**660,455**

* Right to receive buildings includes CLV student accommodation of $16.03m and Health Hub $1.47m, with an increase of $0.11m in 2017. Refer Note 1(d) Public Private Partnership (PPP) for further details.

** Work in progress additions include assets under construction, assets under sale and lease back and assets acquired but not yet capitalised.

*** Scrapped assets with a net book value of nil result in a change in the cost and accumulated depreciation balances.

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Note 19 Property, plant and equipment (continued)

	Leasehold land $'000	Buildings $'000	Right to receive buildings* $'000	Infrastructure $'000	Library collection $'000	Works of art $'000	Work in progress** $'000	Computer equipment $'000	Motor vehicles $'000	Equipment $'000	Fixtures & fittings $'000	Total $'000
			at fair value						*at cost*			
University												
At 1 January 2016												
Fair value / cost	47,360	588,391	16,802	32,004	1,206	1,788	13,280	3,417	535	26,675	35,749	767,207
Accumulated depreciation	–	(197,896)	–	(8,079)	(144)	–	–	(2,795)	(535)	(17,019)	(7,830)	(234,298)
Net book amount	**47,360**	**390,495**	**16,802**	**23,925**	**1,062**	**1,788**	**13,280**	**622**	–	**9,656**	**27,919**	**532,909**
Year ended 31 December 2016												
Opening net book amount	47,360	390,495	16,802	23,925	1,062	1,788	13,280	622	–	9,656	27,919	532,909
Revaluation increm't / (decrem't)	68,700	–	590	–	–	–	–	–	–	–	–	69,290
Additions	–	5,618	–	3,770	–	110	70,139	283	–	4,168	6,945	91,033
Disposals and transfers out***	–	(226)	–	–	–	–	(20,596)	(2)	–	(5)	(1,183)	(22,012)
Depreciation	–	(7,716)	–	(1,085)	(72)	–	–	(319)	–	(2,952)	(2,462)	(14,606)
Closing net book amount	**116,060**	**388,171**	**17,392**	**26,610**	**990**	**1,898**	**62,823**	**584**	–	**10,867**	**31,219**	**656,614**
At 31 December 2016												
Fair value / cost	116,060	593,642	17,392	35,789	1,206	1,898	62,823	3,636	346	30,633	41,037	904,462
Accumulated depreciation	–	(205,471)	–	(9,179)	(216)	–	–	(3,052)	(346)	(19,766)	(9,818)	(247,848)
Net book amount	**116,060**	**388,171**	**17,392**	**26,610**	**990**	**1,898**	**62,823**	**584**	–	**10,867**	**31,219**	**656,614**
Year ended 31 December 2017												
Opening net book amount	116,060	388,171	17,392	26,610	990	1,898	62,823	584	–	10,867	31,219	656,614
Additions	–	38,648	110	3,824	–	2	24,860	33	–	5,010	16,577	89,064
Disposals and transfers out***	(426)	–	–	(205)	–	–	(68,229)	–	–	(37)	–	(68,897)
Depreciation	–	(8,353)	–	(1,176)	(72)	–	–	(243)	–	(3,200)	(3,817)	(16,861)
Closing net book amount	**115,634**	**418,466**	**17,502**	**29,053**	**918**	**1,900**	**19,454**	**374**	–	**12,640**	**43,979**	**659,920**
At 31 December 2017												
Fair value / cost	115,634	632,290	17,502	39,396	1,206	1,900	19,454	2,378	290	33,987	57,614	921,651
Accumulated depreciation	–	(213,824)	–	(10,343)	(288)	–	–	(2,004)	(290)	(21,347)	(13,635)	(261,731)
Net book amount	**115,634**	**418,466**	**17,502**	**29,053**	**918**	**1,900**	**19,454**	**374**	–	**12,640**	**43,979**	**659,920**

* Right to receive buildings includes CLV student accommodation of $16.03m and Health Hub $1.47m, with an increase of $0.11m in 2017. Refer Note 1(d) Public Private Partnership (PPP) for further details.

** Work in progress additions include assets under construction, assets under sale and lease back and assets acquired but not yet capitalised.

*** Scrapped assets with a net book value of nil result in a change in the cost and accumulated depreciation balances.

Note 19 Property, plant and equipment (continued)

Accounting Policy

All property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, except for land, leasehold land, buildings, infrastructure, library collection, right to receive buildings and works of art. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Land, leasehold land, buildings, infrastructure, library collection, works of art and right to receive buildings are initially recognised at cost and subsequently measured at fair value. Land, buildings, infrastructure and works of art were revalued at 31 December 2015. Leasehold land was revalued at 31 December 2016, due to a change in the lease purpose clause for Bruce Campus land which occurred in early 2016. The library collection was revalued at 31 December 2013.

Fair value is determined on the basis of an independent valuation in accordance with accounting standards prepared by the external valuer. The valuation uses significant judgements and estimates to determine the fair value including the appropriate indexation figure, useful life and remaining useful life of the assets and the amount of assets held. Revaluations are performed every three years for land, leasehold land, buildings and infrastructure. The library collection and works of art are revalued every six years. Any revaluation increase is recognised in other comprehensive income and in the asset revaluation reserve except to the extent that it reverses the revaluation decrease for any of the assets previously recognised as an expense in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income to the extent of the decrease previously recognised. A decrease in the carrying amount arising from a revaluation is recognised as an expense in the Statement of Comprehensive Income except to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of those assets, the decrease reduces the asset revaluation reserve and is recognised in other comprehensive income.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Threshold
The general threshold to capitalise property, plant and equipment is $5,000. For major projects such as the construction of a new building or a major building refurbishment, where the total cost of the project exceeds $1 million, the entire amount is capitalised including property, plant and equipment with a cost of less than $5,000 which is part of the initial fitout. For computers and works of art, no threshold applies, and all items are capitalised.

Depreciation and amortisation
Depreciation and amortisation on assets are calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The estimated useful lives of property, plant and equipment are re-assessed every year and adjusted when conditions and other factors affecting the useful lives warrant an adjustment to useful lives and the depreciation rate. Depreciation rates by class of assets are as follows:

	2017	2016
Buildings	4 to 80 years	4 to 80 years
Equipment	4 to 10 years	4 to 10 years
Motor vehicles	4 years	4 years
Computer equipment	3 years	3 years
Fixtures and fittings	15 years	15 years
Infrastructure	7 to 80 years	7 to 80 years
Library collection	10 years	10 years
Computer software	5 years	5 years
Strategic initiatives	5 years	5 years

Leasehold land and works of art are assessed as having an indefinite useful life and are not depreciated.

Note 20 Intangible assets

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Computer software				
At 1 January				
Cost	27,758	25,980	27,724	25,946
Accumulated amortisation	(20,990)	(18,115)	(20,972)	(18,104)
Net book amount	**6,768**	**7,865**	**6,752**	**7,842**
Year ended 31 December				
Opening net book amount	6,768	7,865	6,752	7,842
Additions	1,598	1,778	1,598	1,778
Disposals*	–	–	–	–
Amortisation	(2,473)	(2,875)	(2,466)	(2,868)
Closing net book amount	**5,893**	**6,768**	**5,884**	**6,752**
At 31 December				
Cost	28,201	27,758	28,167	27,724
Accumulated amortisation	(22,308)	(20,990)	(22,283)	(20,972)
Net book amount	**5,893**	**6,768**	**5,884**	**6,752**
Strategic initiatives				
At 1 January				
Cost	3,521	3,505	3,521	3,505
Accumulated amortisation	(2,265)	(1,640)	(2,265)	(1,640)
Net book amount	**1,256**	**1,865**	**1,256**	**1,865**
Year ended 31 December				
Opening net book amount	1,256	1,865	1,256	1,865
Additions	–	16	–	16
Amortisation	(344)	(625)	(344)	(625)
Closing net book amount	**912**	**1,256**	**912**	**1,256**
At 31 December				
Cost	3,521	3,521	3,521	3,521
Accumulated amortisation	(2,609)	(2,265)	(2,609)	(2,265)
Net book amount	**912**	**1,256**	**912**	**1,256**
Total intangible assets	**6,805**	**8,024**	**6,796**	**8,008**

* Scrapped assets with a net book value of nil result in a change in the cost and accumulated amortisation balances.

Accounting Policy

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Intangible assets comprise computer software and strategic initiatives.

Threshold
The threshold to capitalise intangibles is $50,000. Intangibles under this threshold are expensed as incurred.

UNIVERSITY OF CANBERRA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 21 Trade and other payables

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Payables	10,259	9,154	8,902	9,059
OS-HELP liability to the Australian Government	2,415	2,462	2,415	2,462
Accrued expenses	11,926	11,633	11,815	11,439
Total current payables	**24,600**	**23,249**	**23,132**	**22,960**

Accounting Policy

Trade and other payables are initially recognised at the fair value of the consideration to be paid for the goods and services and subsequently recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received irrespective of invoice receipt.

Note 22 Borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Current				
Unsecured				
Loan - Macquarie Bank - insurance premium funding	653	–	653	–
Total current borrowings	**653**	**–**	**653**	**–**
Non-current				
Unsecured				
Cash advance facility - Commonwealth Bank of Australia	60,000	60,000	60,000	60,000
Cash advance facility - Westpac	25,500	21,500	25,500	21,500
Total non-current borrowings	**85,500**	**81,500**	**85,500**	**81,500**
Total borrowings	**86,153**	**81,500**	**86,153**	**81,500**

Accounting Policy

Borrowings are initially recognised at fair value and subsequent measurement is at amortised cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time from construction commencement to commissioning are capitalised as part of the asset. Interest expense is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

Borrowing arrangements

The University may borrow money subject to the limits and terms and conditions approved by the ACT Treasurer. Approval is granted by way of a Disallowable Instrument (DI) and Treasury Instrument (TI) and borrowing limits set by way of a TI.

The relevant TI is TI2015/3. The maximum financing facilities permitted under this TI, excluding bank overdraft, is $134 million.

Note 22 Borrowings (continued)

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Borrowing facilities available				
The Group has the following borrowing facilities available, noting restrictions imposed:				
Cash advance facility - Westpac	30,000	30,000	30,000	30,000
Cash advance facility - Commonwealth Bank of Australia	80,000	60,000	80,000	60,000
Total facilities available in accordance with TIs	110,000	90,000	110,000	90,000
Bank overdraft - Commonwealth Bank of Australia	1,000	1,000	1,000	1,000
Total borrowing facilities available	**111,000**	**91,000**	**111,000**	**91,000**
Unused borrowing facilities at balance date				
Cash advance facility - Westpac	4,500	8,500	4,500	8,500
Cash advance facility - Commonwealth Bank of Australia	20,000	–	20,000	–
Total available unused facilities in accordance with TIs	24,500	8,500	24,500	8,500
Bank overdraft - Commonwealth Bank of Australia	1,000	1,000	1,000	1,000
Total unused borrowing facilities available	**25,500**	**9,500**	**25,500**	**9,500**

Reconciliation of liabilities arising from financing activities

	Consolidated 2017	Consolidated 2016	University 2017	University 2016
Short-term borrowings				
Opening amount	–	–	–	–
Cash flows	653	–	653	–
Closing amount	**653**	**–**	**653**	**–**
Long-term borrowings				
Opening amount	81,500	31,000	81,500	31,000
Cash flows	4,000	50,500	4,000	50,500
Closing amount	**85,500**	**81,500**	**85,500**	**81,500**
Total liabilities from financing activities	**86,153**	**81,500**	**86,153**	**81,500**

Note 23 Provisions

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Current					
Provision for long service leave		13,385	12,628	13,300	12,544
Provision for annual leave		8,408	8,790	8,302	8,691
Provision for bonuses		805	811	800	800
Provision for termination benefits		–	167	–	167
Total current provisions	(a),(b)	**22,598**	**22,396**	**22,402**	**22,202**
Non-current					
Provision for long service leave		**2,105**	**2,100**	**2,099**	**2,093**
Total provisions		**24,703**	**24,496**	**24,501**	**24,295**
(a) Current provisions expected to be settled within 12 months					
Long service leave		3,990	3,763	3,990	3,763
Annual leave		7,026	6,827	6,925	6,754
Bonuses		805	811	800	800
Termination benefits		–	167	–	167
Subtotal		**11,821**	**11,568**	**11,715**	**11,484**
(b) Current provisions expected to be settled after 12 months					
Long service leave		9,395	8,865	9,310	8,781
Annual leave		1,382	1,963	1,377	1,937
Subtotal		**10,777**	**10,828**	**10,687**	**10,718**
Total current provisions		**22,598**	**22,396**	**22,402**	**22,202**

Accounting Policy

Employee Benefits

(i) Short-term obligations
Liabilities for short-term employee benefits, including wages and salaries and non-monetary benefits due to be settled within 12 months after balance date are measured at the amount expected to be paid when the liability is settled and are recognised in other payables.

(ii) Long-term obligations
The liability for long-term benefits are those that are not expected to be settled wholly before twelve months after the end of the annual reporting period. Long-term employee benefits include such things as annual leave and long service leave liabilities. No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by the employees of the University is estimated to be less than the annual entitlement for personal leave.

Annual leave
The annual leave liability is calculated on the basis of employees' remuneration including on-costs at the estimated salary rates that will apply at the time the leave is taken or paid, including employer superannuation contribution rates to the extent that the leave is likely to be taken or paid during service rather than paid out on termination.

The total annual leave liability is recognised as current in the Statement of Financial Position as there is no unconditional right to defer the settlement of the liability for more than 12 months. The Group does not expect the annual leave obligation to be settled wholly within 12 months from the end of the reporting period.

The annual leave liability expected to be settled within 12 months is measured at nominal value. To the extent the annual leave is not expected to be settled within 12 months, it is measured at the present value of the amount expected to be paid when the liability is settled.

Long service leave
The long service leave liability is measured at the present value of expected future cash outflows to be paid in respect of services rendered by employees up to balance date.

Note 23 Provisions (continued)

The methodology outlined in the 2015 actuary report has been used to estimate the liability for long service leave. The estimate of the present value of the liability takes into account on-costs, attrition rates and pay increases through promotion and inflation. At the end of each reporting period, the estimated future payments are discounted using market yields of Commonwealth Government Bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

The long service leave liability is classified as current in the Statement of Financial Position where there is no unconditional right to defer settlement for more than 12 months. That is, the current liability comprises the nominal value of the liability for employees who have a vested long service leave entitlement at balance date.

Non-vested long service leave is classified as a non-current liability and measured at the present value of future cash outflows expected to be paid for services rendered by the employees up to balance date.

(iii) Bonus arrangements
A liability and an expense are recognised for bonuses based on a formula which takes into consideration the surplus attributable to the Group. A provision is recognised where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised cost for restructuring within the scope of AASB 137 Provisions, contingent liabilities and contingent assets that involves the payment of termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits not expected to be settled wholly before 12 months after the end of reporting period are discounted to present value.

Note 24 Other liabilities

		Consolidated		University	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Current					
Revenue in advance received*		11,528	11,029	11,451	10,983
Revenue in advance receivable*		8,085	5,159	8,085	5,159
Deferred income**		266	266	266	266
Australian Government financial assistance payable		448	397	448	397
Rent received in advance	(a)	377	368	377	368
Other financial liability - NRAS securitisation	(b)	4,284	3,931	4,284	3,931
Other financial liability - rental securitisation	(b)	3,674	3,430	3,674	3,430
Security deposits received		638	–	638	–
Total current other liabilities		**29,300**	**24,580**	**29,223**	**24,534**
Non-current					
Deferred income**		5,478	5,745	5,478	5,745
Rent received in advance	(a)	5,091	5,283	5,091	5,283
Other financial liability - NRAS securitisation	(b)	24,176	28,460	24,176	28,460
Other financial liability - rental securitisation	(b)	33,654	37,328	33,654	37,328
Lease expiry date payment***		1,470	1,360	1,470	1,360
Security deposits received		3	–	3	–
Total non-current other liabilities		**69,872**	**78,176**	**69,872**	**78,176**
Total other liabilities		**99,172**	**102,756**	**99,095**	**102,710**

* Revenue in advance is student fees and charges for future periods and prepaid licence fees.

** Deferred income includes CLV (new and existing) student accommodation. Refer Note 1(d) Public Private Partnership (PPP) for further details.

*** Refer Note 1(e) Joint operations for further details

Note 24 Other liabilities (continued)

(a) Rent received in advance

In 2014, the University received rent in advance for lease of part of the Sporting Commons. The term of this lease is 30 years with an option for a further 10 years. The period over which rent is recognised as income is 30 years.

The amount also includes 2018 rental invoices payable in advance in accordance with lease agreements.

(b) Other financial liability – NRAS and rental securitisation

(i) NRAS

In November 2014 the University sold its utilised NRAS entitlements to a third party in exchange for an upfront payment of $42.5 million. The purchase price was based on the expectation that the University dwellings will achieve the required occupancy over the NRAS entitlement period and will comply with the NRAS Regulations. The University is contractually obligated to deliver the NRAS entitlements to the third party over the entitlement period of 10 years. In the case that the actual entitlements are less than the expected entitlements, the University must compensate the third party for the residual amount. If the actual entitlements are greater than the expected entitlements, the third party must pay the residual amount to the University. Given the University is exposed to the risks and rewards of the NRAS entitlements, this arrangement represents a financial liability to be measured at amortised cost.

This financial liability has been recorded at its fair value, being the purchase price consideration paid, less transaction costs. Subsequent to initial recognition, the University has measured this financial liability at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future NRAS entitlements over the NRAS entitlement period to the value of the upfront payment. The University recognises the income in relation to the sale of the NRAS entitlements as the obligations to the third party are fulfilled. This will be recognised on a daily basis over the NRAS entitlement period.

(ii) Rental securitisation

In December 2015 the University entered into an arrangement with a third party for the sale of future student accommodation rental receivables for Cooper Lodge and Weeden Lodges for 10 years from 1 January 2016 in exchange for an up-front payment of $44 million.

The University has contractual obligations to the third party under the agreement, including payment of the actual rent collected on a quarterly basis. If the actual rent payment is less than the expected rent for the quarter, then the University will be required to pay a rent adjustment amount.

The University has recognised a financial liability to the value of the initial purchase price consideration less the transaction costs that are directly attributable to the arrangement. Subsequent to initial recognition, the University has measured the financial liability at amortised cost using the effective interest rate method. The University recognises an interest expense in the Statement of Comprehensive Income over the term of the contract.

The University recognises the income in relation to the sale of the future rent receivables as the obligations to the third party are fulfilled. This is recognised on a daily basis over the rent receivables entitlement period.

Note 25 Reserves

	Consolidated		University	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Reserves				
(a) Property, plant and equipment				
Balance at the beginning of the year	361,648	292,944	361,648	292,944
Revaluation increment of property, plant and equipment	–	68,704	–	68,704
Balance at the end of the year	361,648	361,648	361,648	361,648
(b) Available for sale investments				
Balance at the beginning of the year	11,017	9,188	11,017	9,188
Revaluation increment of available for sale investments	5,443	1,829	5,271	1,829
Balance at the end of the year	16,460	11,017	16,288	11,017
Reserves at the end of the year	**378,108**	**372,665**	**377,936**	**372,665**

Note 26 Key management personnel disclosures

(a) Names of responsible persons and executive officers
Section 9 of the University of Canberra Act 1989 states that the governing authority of the University is the Council. The following persons were members of University Council during the year.

Member	**Date appointed, elected, or term ended if occurring in 2017**
Professor Tom Calma AO	Appointed 21 October 2008
Professor H. Deep Saini	Appointed 1 September 2016
Professor Dharmendra Sharma	Appointed 1 January 2014
Dr Chris Faulks	Appointed 1 January 2014
Dr Tom Karmel AM	Appointed 22 May 2012
Mr Glenn Keys	Appointed 1 July 2017
Ms Joanne Metcalfe	Appointed 22 May 2015
Mr Barry Mewett	Appointed 20 October 2011
Ms Prue Power AM	Appointed 1 January 2010
Dr Sarah Ryan	Appointed 21 October 2008, term ended 20 October 2017
Ms Sue Salthouse	Appointed 22 May 2012
Mr Dennis Trewin AO	Appointed 21 December 2010, term ended 30 June 2017
Dr Dale Kleeman	Appointed 1 January 2016, term ended 31 December 2017
Ms Mara Eversons	Appointed 1 January 2016
Mr Ian Dudley	Elected 1 January 2017
Ms Shefali Sehgal	Elected 1 January 2017, term ended 31 December 2017

The following persons were executive officers of University of Canberra during the year:

Executive Officer	**Position**
Professor H. Deep Saini	Vice-Chancellor and President
Professor Frances Shannon	Deputy Vice-Chancellor and Vice-President Research and Innovation
Professor Nicholas Klomp	Deputy Vice-Chancellor and Vice-President Academic
Mr Rongyu Li	Deputy Vice-Chancellor and Vice-President Students and Partnerships
Ms Vicki Williams	Deputy Vice-Chancellor and Vice-President Finance and Infrastructure
Mrs Kirsty Dwyer	Chief Executive, People and Diversity, commenced 1 January 2017

(b) Remuneration of Council / Board members and executive officers
Fees are payable to some members of Council. Employees of the University who serve on Council do not receive remuneration for Council service in addition to their salaries. In accordance with AASB 124 Related Party Disclosures, key management personnel of Higher Education Providers are persons having authority and responsibility for planning, directing and controlling the activities of the whole of the University. On the following page there is a table showing the number and relevant remuneration bands for University and Group key management personnel.

Note 26 Key management personnel disclosures (continued)

Remuneration of Council / Board members

	Consolidated		University	
	2017	2016	2017	2016
Nil to $9,999	9	9	8	8
$10,000 to $19,999	5	7	5	7
$20,000 to $29,999	2	1	2	1
$30,000 to $39,999	1	1	1	1
The aggregate of the remuneration for Council / Board members included above:	**$196,818**	**$209,309**	**$196,818**	**$209,309**

Remuneration of executive officers

	Consolidated		University	
	2017	2016	2017	2016
$60,000 to $69,999	–	1	–	1
$80,000 to $89,999	–	2	–	1
$90,000 to $99,999	–	1	–	–
$130,000 to $139,999	1	–	–	–
$140,000 to $149,999	1	–	–	–
$190,000 to $199,999	–	1	–	–
$310,000 to $319,000	–	1	–	1
$370,000 to $379,999	1	–	1	–
$420,000 to $429,999	1	–	1	–
$430,000 to $439,999	–	1	–	1
$440,000 to $449,999	–	1	–	1
$450,000 to $459,999	1	–	1	–
$460,000 to $469,999	2	–	2	–
$480,000 to $489,999	–	1	–	1
$550,000 to $559,999	–	1	–	1
$580,000 to $589,999	–	1	–	1
$800,000 to $810,999	1	–	1	–
$820,000 to $829,999	–	1	–	1
The aggregate of the remuneration for executive officers included above:	**$3,275,357**	**$4,192,015**	**$2,996,869**	**$3,814,134**

The remuneration of executive officers for 2017 disclosed above and accompanying remuneration bands is based on remuneration paid or payable. This remuneration includes accrued salaries and wages and other employee benefits such as annual and long service leave, superannuation, redundancy payments, fringe benefits and cash bonuses paid.

As reviews of executive officers are not completed until after the date of these financial statements, the determination of any bonus payable to individual executive officers in respect of performance in 2017 is not included in the above figures for 2017. Bonuses paid to individual executive officers in respect of performance in 2017 will be included in the 2018 financial statements.

The amounts disclosed for 2017 include bonuses paid in 2017 in respect of performance in 2016 of $75,816 and amounts disclosed for 2016 include bonuses of $470,440 paid in 2016 in respect of performance in 2015.

Note 23 Provisions includes an estimate of total bonuses of $800,000 (2016: $800,000) in respect of performance in 2017 by senior managers in the University including the executive officers above.

The Vice-Chancellor and President occupies a house on the Bruce campus as a requirement of this position. This residence is also used to hold official University functions throughout the year. The value of this benefit is not included in the remuneration disclosed above. The value of the benefit for Fringe Benefits Tax purposes is $45,282 in 2017 (2016: $46,300).

Note 26 Key management personnel disclosures (continued)

(c) Key management personnel compensation

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Short-term employee benefits	3,183	4,060	2,908	3,685
Other long-term employee benefits	92	132	89	129
Total key management personnel compensation	**3,275**	**4,192**	**2,997**	**3,814**

(d) Other transactions with key management personnel

Apart from full-time members of staff receiving salaries, no members of the University Council received remuneration other than Council fees for services provided to the University during the year.

Note 27 Auditor's remuneration

	Consolidated		University	
	2017	2016	2017	2016
	$	$	$	$
Audit of the financial statements				
ACT Audit Office	296,784	285,918	255,579	246,223
	296,784	**285,918**	**255,579**	**246,223**
Other audit services - ACT Audit Office				
Audit of Higher Education Research Data Collection return	**4,410**	**4,249**	**4,410**	**4,249**
Total remuneration of auditors	**301,194**	**290,167**	**259,989**	**250,472**

No other services were provided by the ACT Audit Office.

Note 28 Contingent liabilities

(i) Legal proceedings
There are two legal matters pending at 31 December 2017. Both matters are covered by insurance. No matters are considered to be financially material. The maximum insurance excess payable is $0.01 million per claim.

(ii) Securitised NRAS income
In 2014 the University sold some of its NRAS entitlements to a third party in exchange for upfront consideration of $42.5 million. The University is contractually obligated to pay the third party a termination payment in the event of default by the University, including failure to pay the third party, failure to receive the NRAS entitlement, or insolvency. If the University is required to pay a termination payment, then it is equal to the nominal value of the expected future NRAS entitlements at the date of default. At 31 December 2017, the difference between the estimated termination payment and the recorded financial liability is $3.59 million. As the termination payment is to be calculated by the third party on the date of default, there is uncertainty with this amount. The University has estimated this amount based on the nominal value of the expected future NRAS entitlements at 31 December 2017. The University is currently not expecting to have to pay the termination payment to the third party as the University dwellings are currently at the required occupancy rate and comply with the NRAS Regulations.

(iii) Securitised rental income
In 2015 the University sold its student accommodation rental income for Cooper Lodge and Weeden Lodges to a third party in exchange for upfront consideration of $44.0 million. The University is contractually obligated to pay the third party a termination payment in the event of default by the University, including failure to pay the third party, or insolvency. If the University is required to pay a termination payment, it is equal to the nominal value of the expected future rental income at the date of default. At 31 December 2017, the difference between the estimated termination payment and the recorded financial liability is $7.23 million.

As the termination payment is to be calculated by the third party on the date of default, there is uncertainty with this amount. The University has estimated this amount based on the nominal value of the expected future rental income at 31 December 2017. The University considers there is only a remote possibility a termination event will occur requiring a termination payment as the University dwellings are currently at the required occupancy rate.

Guarantees
The University has undertaken to provide financial support to UCU Ltd and UC Global Pty Ltd should the need arise. At the date of this report, no amounts were expected to be paid under these obligations.

There are no other events identified and not brought to account which could be expected to have a material effect on the financial statements in the future.

Note 29 Commitments

The Group has commitments which have not been provided for in the financial statements as they are not liabilities. These amounts relate to:

	Consolidated		University	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
(a) Capital expenditure commitments				
Commitments payable:				
- within twelve months *	13,882	4,064	13,882	4,064
- twelve months to five years	–	302	–	302
	13,882	**4,366**	**13,882**	**4,366**
(b) Operating lease commitments				
Commitments payable:				
- within twelve months	1,499	1,380	1,499	1,380
- twelve months to five years	1,755	1,470	1,755	1,470
- longer than five years	83	43	83	43
	3,337	**2,893**	**3,337**	**2,893**
Total commitments	**17,219**	**7,259**	**17,219**	**7,259**

* Capital expenditure commitments includes $8.7 million for the health precinct car park which is being funded by two external parties.

Note 30 Related parties and other entities

(a) Parent entities

The ultimate parent entity of the Group is the University of Canberra.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 31 Subsidiaries.

(c) Other related entities

Interests in other related entities accounted for using the equity method of accounting are set out in Note 18 Investments accounted for using the equity method.

Note 30 Related parties and other entities (continued)

(d) Key management personnel

Disclosures relating to Council Members / Directors and specified executives are set out in Note 26 Key management personnel disclosures.

(e) Transactions with related parties

The University is regarded as an external supplier of services to its subsidiaries and related companies. The provision by the University of infrastructure facilities, utilities and general administrative services are charged to the associated entities based on a service level agreement between the entities and the University. The University has contracted the University of Canberra College Pty Ltd to provide academic services to University students undertaking English Language and pathways programs. UCU Ltd also provides goods and services to the University and other related entities. This mainly comprises catering and related goods and services.

The following transactions occurred with related parties:

	Consolidated		University	
	2017	2016	2017	2016
	$	$	$	$
Wholly owned subsidiaries:				
Receipts				
Sales of goods and services	–	–	37,410	24,840
Services provided to related entities	–	–	778,217	872,153
Payments				
Debt forgiveness UC Global Pty Limited	–	–	–	62,000
Donations / sponsorship	–	–	250,000	125,000
Explicit service subsidy	–	–	937,315	437,310
Purchase of goods and services	–	–	467,345	450,802
Salary and wages	–	–	–	34,341
Student services and amenities fee	–	–	1,958,000	2,350,000
Tenancy management fee	–	–	–	291,318
Receivable / payable				
Receivables from subsidiaries	–	–	1,287,405	1,731,436
Other related parties:				
Receipts				
Joint venture service fee	1,074,440	1,155,141	1,074,440	1,155,141
Rent	790,024	828,174	790,024	828,174
Salary and wages	50,580	6,539	50,580	6,539
Sales of goods and services	76,697	97,082	76,697	97,082
University support services	127,530	135,201	127,530	135,201
Payments				
Contracted services – related parties	9,984,887	9,952,854	9,984,887	9,952,854
Purchases of goods and services	20,989	34,135	20,989	34,135
Salary and wages	53,553	54,250	53,553	54,250
Receivable / payable				
Receivables / (payables)	(459,726)	246,407	(459,726)	246,407

No provision for impairment or expense has been recognised in relation to any outstanding balances due from related parties.

Note 31 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b) Basis of consolidation. The investments in subsidiaries are carried at cost in the University's separate financial statements.

Name of entity	Principal place of business	Percentage of equity interest held by the University	
		2017	**2016**
UCU Ltd (Membership interest)	University Drive, Bruce, ACT 2617	100%	100%
UC Global Pty Ltd	University Drive, Bruce, ACT 2617	100%	100%
WJ Weeden Post-Graduate Scholarship Trust Fund	University Drive, Bruce, ACT 2617	100%	100%
University of Canberra Royal Institute of Public Administration Research Fund	University Drive, Bruce, ACT 2617	100%	100%

Note 32 Events occurring after balance date

In February 2018 the University announced a Voluntary Separation Program to support the University in responding to the funding freeze announced by the Federal Government as part of the 2017-18 Mid-Year Economic and Fiscal Outlook and align its workforce with the strategic plan Distinctive by Design. The estimated cost of the separation payments payable, including any lump sum payment in lieu of the notice period, is between $7.0 million and $7.5 million.

There are no other matters or circumstances which have arisen since the end of the year that have significantly affected or which may significantly affect the Group.

Note 33 Reconciliation of net result from continuing operations to net cash flows provided by operating activities

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash includes cash on hand, cash at bank and short term deposits which can be readily converted to cash and are subject to an insignificant risk of changes in value net of any bank overdraft. Cash at the end of the reporting period in the cash flow statement is reconciled to the related item in the Statement of Financial Position.

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Cash and cash equivalents at the end of the year	13	**3,864**	**7,994**	**3,585**	**4,269**

(b) Reconciliation of the net result for the period to net cash provided by operating activities

	Consolidated 2017 $'000	Consolidated 2016 $'000	University 2017 $'000	University 2016 $'000
Net result for the period	**1,828**	**6,925**	**1,568**	**7,306**
Add / (deduct) income / expenses from non-cash transactions				
NRAS securitisation	(4,905)	(5,098)	(4,905)	(5,098)
Depreciation and amortisation	19,848	18,292	19,671	18,099
Impairment losses	(197)	638	(199)	351
Share of loss under equity accounting method	621	405	619	358
Distributions on investments	32	–	–	–
Loss on disposal of assets	229	642	229	635
	15,628	**14,879**	**15,415**	**14,345**
Add / (deduct) income / expenses from non-operating transactions				
Dividends received	(96)	(8)	(35)	(8)
	(96)	**(8)**	**(35)**	**(8)**
Change in operating assets and liabilities				
(Increase) / decrease in receivables	3,315	1,011	1,266	(432)
Decrease in other financial assets	508	1,343	496	1,210
Increase in other non-financial assets	(855)	(270)	(909)	(270)
Increase / (decrease) in employee benefits	211	(1,237)	206	(1,127)
Increase / (decrease) in accrued salaries and wages	(1,126)	510	(1,091)	551
Increase / (decrease) in payables	(1,576)	1,911	776	2,252
Increase / (decrease) in other liabilities	4,587	(6,497)	4,494	(6,460)
	5,064	**(3,229)**	**5,238**	**(4,276)**
Net cash provided by operating activities	**22,424**	**18,567**	**22,186**	**17,367**

Note 34 Fair value measurement

(a) Fair value measurement

The fair value of financial assets and financial liabilities are required to be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of current receivables and payables, their carrying value is assumed to approximate their fair value.

The carrying values of other current financial instruments presented in the Statement of Financial Position also approximate their fair values. The fair value of the equity investment which is an unlisted equity has been calculated based on the proportion of the University's interest in the net assets of the investment entity. Refer below for fair value of non-current financial liabilities.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are as follows:

	Consolidated Carrying Amount		University Carrying Amount	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	3,864	7,994	3,585	4,269
Trade and other receivables	12,702	14,744	11,181	14,330
Receivables from UCU Ltd	–	–	1,213	1,665
Receivables from UC Global Pty Ltd	–	–	74	66
Finance lease receivables	10,736	11,233	10,736	11,233
Held-to-maturity investments	–	100	–	–
Available for sale investments	26,147	15,204	22,339	15,205
Carrying amount of financial assets	**53,449**	**49,275**	**49,128**	**46,768**
Financial liabilities				
At amortised cost				
Trade and other payables	24,584	23,221	23,132	22,960
Loan - Macquarie Bank - insurance premium funding	653	–	653	–
Cash advance facility - Commonwealth Bank of Australia*	60,000	60,000	60,000	60,000
Cash advance facility - Westpac*	25,500	21,500	25,500	21,500
Australian Government financial assistance payable	448	397	448	397
Other financial liability - NRAS securitisation*	28,460	32,391	28,460	32,391
Other financial liability - rental securitisation*	37,328	40,758	37,328	40,758
Lease expiry date payment	1,470	1,360	1,470	1,360
Security deposits received	641	–	641	–
Carrying amount of financial liabilities	**179,084**	**179,627**	**177,632**	**179,366**

** Fair value measurement of non-current financial liabilities*

The fair values of the Commonwealth Bank of Australia and Westpac cash advance facilities approximate the carrying values given the short term and fluctuating nature of these bill facilities which are used to fund working capital requirements.

The fair values of the NRAS and rent securitisation approximate the carrying values as the liabilities have been measured at amortised cost using the effective interest method.

Note 34 Fair value measurement (continued)

(b) Valuation techniques and assumptions for the purposes of measuring fair value of financial assets

The fair values of financial assets are determined as follows:

(i) the fair values of financial assets, including listed equities, traded on active liquid markets are determined with reference to quoted market prices.

(ii) the fair value of the unlisted equity investment has been calculated based on the proportion of the University's interest in the net assets of the investment entity. The University has assessed the net assets of the investment entity approximate its fair value.

The financial statements include a material holding in unlisted shares which is measured at fair value. Refer to Note 35 Financial risk management for further information.

(c) Fair value measurement of non-financial assets

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use. The Group measures and recognises some classes of property, plant and equipment at fair value on a recurring basis. Refer to Note 19 Property, plant and equipment for future information.

(d) Fair value hierarchy for financial assets

The Group categorises assets measured at fair value into a hierarchy based on the level of inputs used in measurements as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The tables on the following pages provide the fair value measurements recognised in the Statement of Financial Position categorised into levels.

Note 34 Fair value measurement (continued)

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated					
At 31 December 2017					
Recurring fair value measurements					
Financial assets					
Available for sale investments	15,18	–	22,422	3,725	26,147
Total financial assets					**26,147**
Non-financial assets					
Land, buildings and infrastructure	19	–	157,488	405,726	563,214
Library collection	19	–	918	–	918
Works of art	19	–	1,900	–	1,900
Total non-financial assets					**566,032**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2017	4,177
Total loss in profit or loss	(621)
Transfer of UC Vikings Ltd sponsorship to loan	2
Purchases	167
Closing balance 31 December 2017	**3,725**

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
University					
At 31 December 2017					
Recurring fair value measurements					
Financial assets					
Available for sale investments	15,18	–	18,613	3,726	22,339
Total financial assets					**22,339**
Non-financial assets					
Land, buildings and infrastructure	19	–	157,427	405,726	563,153
Library collection	19	–	918	–	918
Works of art	19	–	1,900	–	1,900
Total non-financial assets					**565,971**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2017	4,178
Total loss in profit or loss	(619)
Purchases	167
Closing balance 31 December 2017	**3,726**

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Note 34 Fair value measurement (continued)

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated					
At 31 December 2016					
Recurring fair value measurements					
Financial assets					
Available for sale investments	15,18	–	11,027	4,177	15,204
Total financial assets					**15,204**
Non-financial assets					
Land, buildings and infrastructure	19	–	158,810	372,099	530,909
Library collection	19	–	990	–	990
Works of art	19	–	1,898	–	1,898
Total non-financial assets					**533,797**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2016	4,662
Total loss in profit or loss	(405)
Transfer of UC Vikings Ltd loan to sponsorship	(80)
Closing balance 31 December 2016	**4,177**

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
University					
At 31 December 2016					
Recurring fair value measurements					
Financial assets					
Available for sale investments	15,18	–	11,027	4,178	15,205
Total financial assets					**15,205**
Non-financial assets					
Land, buildings and infrastructure	19	–	158,742	372,099	530,841
Library collection	19	–	990	–	990
Works of art	19	–	1,898	–	1,898
Total non-financial assets					**533,729**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2016	4,536
Total loss in profit or loss	(358)
Closing balance 31 December 2016	**4,178**

Note 34 Fair value measurement (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 31 December 2017 $'000	Fair value at 31 December 2016 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Investments using the equity method	3,724	4,176	Fair value of underlying net assets / future earnings	An increase or decrease in the fair value of net assets or estimated future earnings would affect the value of the investment.
Unlisted shares	1	1	Fair value of underlying net assets / future earnings	An increase or decrease in the fair value of net assets or estimated future earnings would affect the value of the investment.
Buildings	405,726	372,099	Replacement cost of the assets remaining future economic benefits	The estimated fair value increases (decreases) as the estimated replacement cost increases (decreases).

Note 35 Financial risk management

The University's activities expose it to a variety of financial risks. The University Council through the Finance Committee monitors and manages the financial risks relating to the operations of the University. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

The University does not enter into or trade in financial instruments for speculative purposes. Compliance with policies and exposure limits in relation to financial instruments is reviewed by the University's internal auditors.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial asset of the University will fail to discharge an obligation when it falls due, resulting in the University incurring a financial loss.

Financial assets consist of cash, investments and receivables. The University's maximum exposure to credit risk is limited to the carrying amount of these financial assets, as shown in Note 34(a) Fair value measurement.

The University limits its exposure to risks by:

(i) placing cash and cash equivalents in regulated and creditworthy financial institutions. This is in accordance with the University's investment policy managed by the University's Treasury section. The cash and short-term investments are currently held with Approved Deposit taking Institutions (ADIs);

(ii) undertaking background credit checks on overseas debtors, prior to entering into debtor relationship. For research related debtors there are no specific controls in place as the majority of the debtors are Government organisations. For student debtors, academic transcripts are withheld until debts are fully settled. The University currently employs a debt management system and recovery techniques to minimise debt impairment. Ageing of past due but not impaired receivables and movement in the provision for impaired receivables are disclosed in the Note 14 Trade and other receivables. For finance lease receivables, refer to Note 1(d) Public Private Partnerships (PPP).

Note 35 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the University Council through the University's Finance Committee, which has established an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows.

The University currently holds sufficient cash on hand to meet its immediate operating requirements. Commonwealth funding received for operational requirements, such as managing student enrolments and capital expenditure activities, are paid to the University on a fortnightly basis throughout the year. Income from other operational activities is invoiced progressively throughout the year to manage cash flow.

The University can use its overdraft and cash advance facilities to meet any shortfall, if a need arises. Note 22 Borrowings sets out details of undrawn facilities that the University has at its disposal to further reduce liquidity risk.

Note 35 Financial risk management (continued)

A maturity analysis of the Group's financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period is listed on the following two pages:

	Average interest rate	Average interest rate	Variable interest rate	Variable interest rate	Fixed interest Maturing within 1 year	Maturing within 1 year	Maturing in 1 to 5 years	Maturing in 1 to 5 years	Maturing in 5 + years	Maturing in 5 + years	Non-interest bearing	Non-interest bearing	Total	Total
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated														
Financial assets														
Cash and cash equivalents	1.16	1.39	3,864	7,994	–	–	–	–	–	–	–	–	3,864	7,994
Trade and other receivables	–	–	–	–	–	–	–	–	–	–	12,702	14,744	12,702	14,744
Available for sale investments	–	–	–	–	–	–	–	–	–	–	26,147	15,204	26,147	15,204
Finance lease receivables	9.00	9.00	–	–	1,408	1,408	5,633	5,633	38,563	39,972	–	–	45,604	47,013
Held-to-maturity investments	–	5.35	–	100	–	–	–	–	–	–	–	–	–	100
Total financial assets			**3,864**	**8,094**	**1,408**	**1,408**	**5,633**	**5,633**	**38,563**	**39,972**	**38,849**	**29,948**	**88,317**	**85,055**
Financial liabilities														
Trade and other payables	–	–	–	–	–	–	–	–	–	–	24,584	23,221	24,584	23,221
Australian Government financial assistance payable	–	–	–	–	–	–	–	–	–	–	448	397	448	397
Security deposits received	–	–	–	–	–	–	–	–	–	–	641	–	641	–
NRAS securitisation	4.25	4.25	–	–	5,380	5,198	21,818	22,671	4,861	9,387	–	–	32,059	37,256
Rental securitisation	4.30	4.30	–	–	5,228	5,136	21,872	21,485	17,459	23,074	–	–	44,559	49,695
Lease expiry date payment	2.00	2.00	–	–	–	–	–	–	3,010	2,830	–	–	3,010	2,830
Cash advance facility - Commonwealth Bank of Australia*	2.88	2.77	60,000	60,000	–	–	–	–	–	–	–	–	60,000	60,000
Cash advance facility - Westpac**	2.78	2.74	25,500	21,500	–	–	–	–	–	–	–	–	25,500	21,500
Loan - Macquarie Bank - insurance premium funding	7.42	–	–	–	653	–	–	–	–	–	–	–	653	–
Total financial liabilities			**85,500**	**81,500**	**11,261**	**10,334**	**43,690**	**44,156**	**25,330**	**35,291**	**25,673**	**23,618**	**191,454**	**194,899**

* Facility expires 20 December 2019

** Facility expires 30 June 2020

Note 35 Financial risk management (continued)

	Average interest rate	Average interest rate	Variable interest rate	Variable interest rate	Fixed interest Maturing within 1 year	Maturing within 1 year	Maturing in 1 to 5 years	Maturing in 1 to 5 years	Maturing in 5 + years	Maturing in 5 + years	Non-interest bearing	Non-interest bearing	Total	Total
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
University														
Financial assets														
Cash and cash equivalents	1.09	1.52	3,585	4,269	–	–	–	–	–	–	–	–	3,585	4,269
Trade and other receivables	–	–	–	–	–	–	–	–	–	–	11,181	14,330	11,181	14,330
Receivables from subsidiaries	–	–	–	–	–	–	–	–	–	–	1,287	1,731	1,287	1,731
Available for sale investments	–	–	–	–	–	–	–	–	–	–	22,339	15,205	22,339	15,205
Finance lease receivables	9.00	9.00	–	–	1,408	1,408	5,633	5,633	38,563	39,972	–	–	45,604	47,013
Total financial assets			3,585	4,269	1,408	1,408	5,633	5,633	38,563	39,972	34,807	31,266	83,996	82,548
Financial liabilities														
Trade and other payables	–	–	–	–	–	–	–	–	–	–	23,132	22,960	23,132	22,960
Australian Government financial assistance payable	–	–	–	–	–	–	–	–	–	–	448	397	448	397
Security deposits received	–	–	–	–	–	–	–	–	–	–	641	–	641	–
NRAS securitisation	4.25	4.25	–	–	5,380	5,198	21,818	22,671	4,861	9,387	–	–	32,059	37,256
Rental securitisation	4.30	4.30	–	–	5,228	5,136	21,872	21,485	17,459	23,074	–	–	44,559	49,695
Lease expiry date payment	2.00	2.00	–	–	–	–	–	–	3,010	2,830	–	–	3,010	2,830
Cash advance facility - Commonwealth Bank of Australia*	2.88	2.77	60,000	60,000	–	–	–	–	–	–	–	–	60,000	60,000
Cash advance facility - Westpac**	2.78	2.74	25,500	21,500	–	–	–	–	–	–	–	–	25,500	21,500
Loan - Macquarie Bank - insurance premium funding	7.42	–	–	–	653	–	–	–	–	–	–	–	653	–
Total financial liabilities			85,500	81,500	11,261	10,334	43,690	44,156	25,330	35,291	24,221	23,357	190,002	194,638

* Facility expires 20 December 2019
** Facility expires 30 June 2020

Note 35 Financial risk management (continued)

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rate.

The University's exposure to market risk arising from currency risk is immaterial. Currency risks associated with overseas students' debts are managed by issuing invoices in Australian dollars.

(d) Other price risk

The University is exposed to equity price risks arising from equity investments, consisting of listed and unlisted securities.

Education Australia unlisted shares, as a financial asset available for sale, have been revalued with the increase in value taken to reserves.

All other unlisted securities are immaterial in nature, hence any price movement will not have any impact on surplus or equity.

(e) Capital risk management

The University manages its capital to ensure that it will be able to continue as a going concern through the optimisation bank facilities and Commonwealth funding.

The capital structure of the University consists of net debt.

The University's Finance Management Committee oversees the capital risk management of the University.

(f) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University has floating rate financial assets including bank accounts and call accounts, and floating rate financial liabilities in the form of cash advance facilities. The University currently has net financial liabilities so is exposed to a risk of a rise in interest rates. The University will continue to monitor this risk and consider taking steps to mitigate it, such as replacing floating rate debt with fixed rate debt or using hedging instruments.

Note 35 Financial risk management (continued)

The following table summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk.

Consolidated		Interest rate risk			
	Carrying	-0.5%		+0.5%	
At December 2017	Amount	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	3,864	(19)	(19)	19	19
Financial liabilities					
Loan - Macquarie Bank - insurance premium funding	653	3	3	(3)	(3)
Cash advance facility - Commonwealth Bank of Australia	60,000	300	300	(300)	(300)
Cash advance facility - Westpac	25,500	128	128	(128)	(128)
Total increase / (decrease)		**412**	**412**	**(412)**	**(412)**
At December 2016					
Financial assets					
Cash and cash equivalents	7,994	(40)	(40)	40	40
Held-to-maturity investments	100	(1)	(1)	1	1
Financial liabilities					
Cash advance facility - Commonwealth Bank of Australia	60,000	300	300	(300)	(300)
Cash advance facility - Westpac	21,500	108	108	(108)	(108)
Total increase / (decrease)		**367**	**367**	**(367)**	**(367)**

Note 35 Financial risk management (continued)

University		Interest rate risk			
	Carrying	-0.5%		+0.5%	
At December 2017	Amount	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	3,585	(18)	(18)	18	18
Financial liabilities					
Loan - Macquarie Bank - insurance premium funding	653	3	3	(3)	(3)
Cash advance facility - Commonwealth Bank of Australia	60,000	300	300	(300)	(300)
Cash advance facility - Westpac	25,500	128	128	(128)	(128)
Total increase / (decrease)		**413**	**413**	**(413)**	**(413)**
At December 2016					
Financial assets					
Cash and cash equivalents	4,269	(21)	(21)	21	21
Financial liabilities					
Cash advance facility - Commonwealth Bank of Australia	60,000	300	300	(300)	(300)
Cash advance facility - Westpac	21,500	108	108	(108)	(108)
Total increase / (decrease)		**387**	**387**	**(387)**	**(387)**

Note 36 Acquittal of Australian Government financial assistance

The following information is provided to meet the Department of Education and Training guidelines. As only relevant to the University, no consolidated figures are provided.

(a) Education - Commonwealth Grants Scheme and other education grants

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		Commonwealth Grants Scheme **		**Indigenous Student Success Program *****		**Higher Education Participation Program**		**Higher Education Partnership National Priority Pool**	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		91,218	86,209	1,295	1,155	827	1,000	213	803
Net accrual adjustment		36	1,855	(109)	(180)	–	–	–	–
Revenue for the period	3(a)	**91,254**	**88,064**	**1,186**	**975**	**827**	**1,000**	**213**	**803**
Surplus from the previous year		–	–	(21)	113	182	72	170	–
Cost centre adjustment		–	–	–	–	457	–	–	–
Total revenue including accrued revenue		**91,254**	**88,064**	**1,165**	**1,088**	**1,466**	**1,072**	**383**	**803**
Less expenses including accrued expenses		(91,254)	(88,064)	(1,158)	(1,109)	(1,463)	(890)	(363)	(633)
Surplus / (deficit) for reporting period*		**–**	**–**	**7**	**(21)**	**3**	**182**	**20**	**170**
		Disability Performance Funding		**Prom of Excellence in Learning and Teaching**		**Australian Maths & Science Partnership Program**		**Facilitation Funding**	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		57	57	–	10	–	487	14	–
Net accrual adjustment		–	–	–	–	–	–	–	–
Revenue for the period	3(a)	**57**	**57**	**–**	**10**	**–**	**487**	**14**	**–**
Surplus from the previous year		–	–	24	40	139	188	–	–
Cost centre adjustment		–	–	–	–	–	–	–	–
Total revenue including accrued revenue		**57**	**57**	**24**	**50**	**139**	**675**	**14**	**–**
Less expenses including accrued expenses		(57)	(57)	(18)	(26)	(139)	(536)	(14)	–
Surplus for reporting period*		**–**	**–**	**6**	**24**	**–**	**139**	**–**	**–**

* The reported 2017 surpluses are expected to be rolled over for future use by the University.
** Includes the basic CGS grant amount, Enabling Loading, Allocated Places and Non-Designated Courses.
*** Includes Indigenous Support Program, Commonwealth Education Cost, Commonwealth Accommodation, Indigenous Access.

Note 36 Acquittal of Australian Government financial assistance (continued)

(a) Education - Commonwealth Grants Scheme and other education grants

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		Superannuation Supplementation		Total	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		19	–	93,643	89,721
Net accrual adjustment		–	–	(73)	1,675
Revenue for the period	3(a)	**19**	**–**	**93,570**	**91,396**
Surplus from the previous year		–	–	494	413
Cost centre adjustment		–	–	457	–
Total revenue including accrued revenue		**19**	**–**	**94,521**	**91,809**
Less expenses including accrued expenses		(19)	–	(94,485)	(91,315)
Surplus for reporting period*		**–**	**–**	**36**	**494**

* The reported 2017 surpluses are expected to be rolled over for future use by the University.

(b) Higher Education Loan Programs (excl OS-HELP)

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total	
Cash payable / (receivable) at beginning of year		375	821	(172)	91	(851)	182	(648)	1,094
Financial assistance received in cash during the reporting period		57,973	55,574	5,582	4,702	3,566	1,848	67,121	62,124
Cash available for period		**58,348**	**56,395**	**5,410**	**4,793**	**2,715**	**2,030**	**66,473**	**63,218**
Net accrual adjustment		–	(126)	–	–	–	–	–	(126)
Less revenue earned	3(b)	58,749	55,894	5,120	4,965	2,724	2,881	66,593	63,740
Cash payable / (receivable) at end of year		**(401)**	**375**	**290**	**(172)**	**(9)**	**(851)**	**(120)**	**(648)**

Note 36 Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Training Research

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		Research Training Program**		Research Support Program***		Total	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		5,228	5,228	4,061	4,059	9,289	9,287
Net accrual adjustment		–	–	–	–	–	–
Revenue for the period	3(c)/(d)	**5,228**	**5,228**	**4,061**	**4,059**	**9,289**	**9,287**
Surplus from the previous year		875	688	–	–	875	688
Total revenue including accrued revenue		6,103	5,916	4,061	4,059	10,164	9,975
Less expenses including accrued expenses		(5,321)	(5,041)	(4,061)	(4,059)	(9,382)	(9,100)
Surplus for reporting period*		**782**	**875**	**–**	**–**	**782**	**875**

* The reported 2017 surpluses are expected to be rolled over for future use by the University.
** Includes Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme.
*** Includes Joint Research Engagement, Research Block Grants and Sustainable Research Excellence.

(d) Total Higher Education Provider Research Training Program expenditure

	Total domestic $'000	Total overseas $'000
Research Training Program Fees offsets	–	5
Research Training Program Stipends	1,866	–
Research Training Program Allowances	3,450	–
Total for all types of support	**5,316**	**5**

Note 36 Acquittal of Australian Government financial assistance (continued)

(e) Australian Research Council Grants

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		Discovery Projects		Discovery Early Researcher Award		Linkage Projects		Future Fellowship Projects	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		1,168	791	107	256	178	37	(1)	(136)
Net accrual adjustment		–	–	–	–	30	(30)	–	–
Revenue for the period	3(e)	**1,168**	**791**	**107**	**256**	**208**	**7**	**(1)**	**(136)**
Surplus from the previous year		645	892	68	32	257	492	89	495
Total revenue including accrued revenue		1,813	1,683	175	288	465	499	88	359
Less expenses including accrued expenses		(896)	(1,038)	(162)	(220)	(211)	(242)	(88)	(270)
Surplus for reporting period*		**917**	**645**	**13**	**68**	**254**	**257**	**–**	**89**

	Notes	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
		ARC Laureate Fellowship		Discovery Indigenous		Total	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		592	588	86	–	2,130	1,536
Net accrual adjustment		–	–	–	–	30	(30)
Revenue for the period	3(e)	**592**	**588**	**86**	**–**	**2,160**	**1,506**
Surplus from the previous year		344	346	–	–	1,403	2,257
Total revenue including accrued revenue		936	934	86	–	3,563	3,763
Less expenses including accrued expenses		(721)	(590)	–	–	(2,078)	(2,360)
Surplus for reporting period*		**215**	**344**	**86**	**–**	**1,485**	**1,403**

* The reported 2017 surpluses are expected to be rolled over for future use by the University.

Note 36 Acquittal of Australian Government financial assistance (continued)

	Notes	University 2017 $'000	University 2016 $'000
(f) Other Australian Government Financial Assistance			
Cash received during the reporting period		10,098	5,463
Cash spent during the reporting period		(10,098)	(5,463)
Net cash received		**–**	**–**
Cash surplus from the previous period		–	–
Cash surplus for reporting period		**–**	**–**
(g) OS-HELP			
Cash received during the reporting period		2,435	3,235
Cash spent during the reporting period		(2,484)	(2,291)
Net cash received		**(49)**	**944**
Cash surplus from the previous period		2,462	1,513
Net accrual adjustment		2	5
Cash surplus for reporting period	21	**2,415**	**2,462**
(h) Higher Education Superannuation Program			
Cash received during the reporting period		19	–
University contribution in respect of current employees		97	156
Cash available for current period		116	156
Contributions to specified defined benefits funds		(116)	(156)
Cash surplus this period		**–**	**–**
(i) Student Services and Amenities Fee			
Unspent revenue from previous period		851	182
SA-HELP revenue earned	3(b)	2,724	2,881
Student Services and Amenities Fees direct from students	5	1,405	1,170
Total revenue expendable in period		4,980	4,233
Student services expenses during period		(4,971)	(3,382)
Unspent student services revenue		**9**	**851**

END OF CONSOLIDATED FINANCIAL STATEMENTS

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