UNIVERSITY OF CANBERRA

ANNUAL REPORT 2018 | VOLUME 2

UNIVERSITY OF CANBERRA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the consolidated financial statements (the financial statements) of the University of Canberra (the University) for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the financial statements including a summary of significant accounting policies.

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) presenting fairly, in all material respects, the financial position of the University as at 31 December 2018, and its financial performance and 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 opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the University in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the University for 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, Australian Charities and Not-for-profits Commission Regulation 2013* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of the 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.

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Auditor's responsibilities for the audit of the financial statements

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statements of the University.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the University's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the University;
- conclude on the appropriateness of the University's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the University to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the University Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

M. L. Harris

Michael Harris
Auditor-General
10 April 2019

UNIVERSITY OF CANBERRA COUNCIL MEMBERS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 and the financial performance for the year then ended for the University of Canberra and its 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 5th day of April 2019

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 2018

Council members during 2018 and to date were:

Chancellor of the University

Professor Tom Calma AO, AssocDipSocialWork *SAIT*, HonDLitt *CDU*, HonDSc *Curtin,* HonDUniv *Flinders* – Appointed as Council member by the ACT Chief Minister on 21 October 2008 – 31 December 2013. Appointment as Chancellor by the Council: 1 January 2014 – 31 December 2019.

Vice-Chancellor and President

Professor H. Deep Saini, BSc (Hons) *India*, MSc (Hons) India, PhD (Plant Physiology) *Adelaide*
Term of Office: 1 September 2016 – 31 August 2021.

Chair, Academic Board

Professor Dharmendra Sharma, BSc, PGradMath, MSc USP, PhD *ANU*, FACS, FSPCS, SMIEEE, CompIEAust, GAICD
Term of Office: 1 January 2014 – 31 December 2019.

Appointed by the ACT Chief Minister

Dr Chris Faulks, BA *ANU*, HonDUniv *Canberra,* GradDip Education *Canberra,* GradDip Management *AGSM*, GAICD
Term of office: 1 January 2014 – 30 June 2020. Appointment as Deputy Chancellor: 27 October 2017 – 30 June 2020.

Dr Tom Karmel AM, BA (Hons) *Flin* MEc, PhD *ANU,* GAICD
Term of Office: 22 May 2012 – 21 May 2018.
Re-appointed: 19 November 2018 – 18 November 2021.

Mr Glenn Keys AO, BE-Mech *UNSW*, HonFIE Aust, AICD, AIPM, FIML
Term of Office: 1 July 2017 – 30 June 2020.

Mr Barry Mewett, FCPA, FIPAA
Term of Office: 21 October 2011 – 20 October 2020.

Ms Joanne Metcalfe, BLArch (Hons) *UNSW,* MBA *La Trobe*
Term of Office: 22 May 2015 – 21 May 2018.

Ms Annabelle Pegrum AM, LFRAIA GAICD
Term of Office: 19 November 2018 – 18 November 2021.

Ms Prue Power AM, MPH *ANU*
Term of Office: 1 January 2010 – 29 January 2019.

Ms Sue Salthouse, BAgSci *Melb* DipEd *La Trobe*
Term of Office: 22 May 2012 – 21 May 2018.

Dr Michael Schaper, BA *UWA*, MComm, PhD *Curtin*
Term of Office: 19 November 2018 – 18 November 2021.

Mr David Sturgiss, BCom *UNSW*, MAICD, FCA, CFTP
Term of Office: 23 January 2018 – 22 January 2021.

Elected by the Academic Staff

Dr Holly Northam OAM, PhD *Canberra*, MCritCareNurs *Canberra*, RN, RM, Churchill Fellow
Term of Office: 1 January 2018 – 31 December 2019.

Elected by the General Staff

Ms Mara Eversons, BEd *Canberra*, MBA *Canberra, MATEM*
Term of Office: 1 January 2016 – 31 December 2019.

Elected by the Students

Mr Ian Dudley, BWebSes&Prod *Canberra*
Term of Office: 1 January 2017 – 31 December 2018.

Ms Berenice Talamantes-Becerra, BEng (Hons) *Mexico*, MIB *Mexico*, MBA *Peru,* Phd Candidate (Molecular Ecology) *Canberra*
Term of Office: 1 January 2018 – 31 December 2018.

Mr Kieran Heid
Term of Office: 1 January 2019 – 31 December 2019.

Ms Caroline Gouws, Bsc, Human Nutrition Canberra, Bsc (Hons) Human Nutrition *Canberra*, Phd Candidate (Nutritional Science) *Canberra*
Term of Office: 1 January 2019 – 31 December 2019.

REPORT BY THE MEMBERS OF THE UNIVERSITY OF CANBERRA COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2018 (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 2018 and number of meetings attended by each member were:

	Council Meeting		Meetings of Committees															
			Audit and Risk Management (ARMC)		Finance		Joint ARMC and Finance		Nomination and Senior Appointments		Legislation		Environment and Works (EWC)		Joint EWC and Campus Development Board (CDB)		Joint EWC, CDB and Finance	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Professor Tom Calma AO	8	8							4	4								
Dr Chris Faulks	8	6	4	4			2	2	4	4								
Professor H. Deep Saini**	8	8	4	4	6	6	2	2	4	4	1	1	1	0	2	2	3	3
Professor Dharmendra Sharma	8	6							4	4								
Dr Tom Karmel AM	4	4	2	2			2	2	1	1								
Mr Glenn Keys AO	8	4																
Mr Barry Mewett	8	7	4	4	6	6	2	2									3	2
Ms Joanne Metcalfe*	3	3											1	1	2	2	3	3
Ms Annabelle Pegrum AM	1	1																
Ms Prue Power AM	6	5			6	4	2	1			1	1					3	3
Ms Sue Salthouse	3	3													1	0		
Dr Michael Schaper	1	1																
Mr David Sturgiss	8	8			6	6	2	2							2	2	3	3
Dr Holly Northam OAM	8	7											1	1	2	1	3	3
Ms Mara Eversons	8	6	4	3			2	1										
Mr Ian Dudley	8	8			6	1	2	0									3	3
Ms Berenice Talamantes-Becerra	8	8									1	1						
Mr Terry Weber***															2	2	3	1

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.
* Joanne Metcalfe was appointed by the Council as the Chair of the Environment and Works Committee. Ms Metcalfe's term on the Council ended on 21 May 2018.
** The Vice-Chancellor attends but is not a member of the Audit and Risk Management Committee.
*** Terry Weber was appointed by Council as the 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;
- service to the community; and
- residential accommodation for students.

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 (ACT) establishes the Academic Board which is responsible under the Council for all academic matters relating to the University. During the year ended 31 December 2018, the Academic Board advised the Council on matters relating to education, learning and research, and the academic work of the University generally. The Academic Board also reported to the 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 Faculties of Arts and Design and Business, Government and Law have completed a curriculum review for undergraduate courses and commence delivery of their new programs in Semester One, 2019. The Faculty of Science and Technology will implement a full suite of new programs from 2021. The Faculty of Health and Faculty of Education are scheduling curriculum reviews to align with professional accreditation timelines and requirements. Furthermore, UCLearn, the virtual learning environment and associated integrations, have been successfully implemented and completed.

Student load

Total student load in 2018 was 11,514 equivalent full time student load (EFTSL) reflecting no overall growth in the last three years.

Campus Location	Course Level	2014	2015	2016	2017	2018
On Shore	Undergraduate	9,222	9,342	9,409	9,464	9,326
	Postgraduate	1,854	1,916	1,814	1,628	1,870
Off Shore	Undergraduate	282	287	233	142	57
	Postgraduate	302	238	277	280	261
Grand Total		11,660	11,783	11,733	11,514	11,514

Campus development

Campus development is a critical part of the strategic pillar of "The Educated Life" in the *Distinctive by Design* Strategic Plan. The aim is to enhance the student experience and engagement with the community and to establish a vibrant and active campus that welcomes all that study, live on and visit the campus. Current projects underway are:

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 2,800 residences and supporting 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 2019.

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 approval of the Development Application. Construction is expected to commence in 2019.

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 due to occur in the first quarter of 2019.

University of Canberra Hospital

The construction of the University of Canberra Hospital (UCH) by ACT Health was completed in 2018 and opened in July 2018. The UCH provides inpatient day services and sub-acute services, such as rehabilitation and mental health services. The facility houses a hydrotherapy pool. The UCH is owned and operated by ACT Health with the University occupying 1,000m2 of the facility. UCH will provide teaching and research opportunities for University students on campus.

Challenges

In 2018, the University continued to operate in a highly challenging policy environment with no certainty in the area of Federal Government Higher Education policy beyond 2019. This uncertainty around domestic undergraduate Commonwealth Supported Places (CSP) funding makes planning for expected demand and the activity required to meet that demand, particularly challenging for the sector. Whilst the University experienced growth in the post graduate international student market in 2018, challenges remain in maintaining this international growth whilst located outside of the major capital cities.

Group financial performance

Extract from the Statement of Comprehensive Income

	2018 $'000	2017 $'000	Change $'000	Change %
Total income from continuing operations	311,093	293,835	17,258	5.9
Total expenses from continuing operations	292,586	292,007	579	0.2
Net surplus from continuing operations	**18,507**	**1,828**	**16,679**	**912.4**

The increase in income was due to an increase in international student fees in 2018 and the recognition of the right to use resources of $7.5 million which the University received at no cost as a result of the arrangements entered into with ACT Government for the University of Canberra Hospital.

There was a minimal increase in expenses mainly due to movements in employee expenses offset by a decrease in payments to the University's academic partners and consultants' fees.

Extract from the Statement of Financial Position

	2018 $'000	2017 $'000	Change $'000	Change %
Total current assets	40,983	41,903	(920)	(2.2)
Total non-current assets	722,706	703,646	19,060	2.7
Total assets	763,689	745,549	18,140	2.4
Total current liabilities	82,858	77,151	5,707	7.4
Total non-current liabilities	144,538	157,477	(12,939)	(8.2)
Total liabilities	227,396	234,628	(7,232)	(3.1)
Net assets	536,293	510,921	25,372	5.0

Total current assets increased due to the reclassification of the Scrivener building from non-current assets and a slight increase in cash holdings which was offset by lower trade receivables.

Current liabilities increased mainly due to higher revenue in advance from students and deposits received for campus development activities, which was offset by lower trade payables.

Non-current assets increased due to the revaluation of the shares in Education Australia Ltd and AARNET. There was also a number of software assets commissioned during the year.

Non-current liabilities decreased overall due to the reduction in the financial liabilities related to the NRAS and rent securitisation arrangements and a decrease 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:

	2018 $'000	2017 $'000	Change $'000	Change %
Total current assets	37,083	37,903	(820)	(2.2)
Total current liabilities	72,417	66,374	6,043	9.1
Current ratio	0.51	0.57		

The decrease in the current ratio is attributed to the deposits received for campus development activities and a combination of an increase in invoices issued to students and an increase in payments made in advance.

The University is showing a position whereby current labilities exceed current assets. However, the University has available undrawn debt facilities at balance date of $29.5 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.

Extract from the Statement of Cash Flows

	2018 $'000	2017 $'000	Change $'000	Change %
Net cash provided by operating activities	32,011	22,424	9,587	42.8
Net cash used in investing activities	(24,496)	(29,124)	4,628	(15.9)
Net cash provided by / (used in) financing activities	(7,168)	2,570	(9,738)	(378.9)
Net increase / (decrease) in cash and cash equivalents	347	(4,130)	4,477	(108.4)
Closing balance	4,211	3,864	347	9.0

The net cash provided by operating activities increased due to an increase in receipts from students and other customers and an increase in Australian Government grants received.

Net cash used in investing activities decreased due to a reduction in purchase of securities by the University as well as the PADMIN and Weeden trusts. Net cash flows were used in financing activities due to the repayment of borrowings after receipt of cash from campus development activities and NRAS incentives.

Overall financial results

The net surplus from continuing operations in 2018 of $18.5 million (including a one-off $7.5 million non-cash transaction flowing from the UCH development) together with the net revaluation increments of $1.3 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 12 per cent from 904 in 2016 to 1008 in 2017. The proportion of publications with external collaborators also increased by 12 per cent with 75 per cent of all UC research publications being with external collaborators.

The overall number of Higher Degree by Research (HDR) candidates as well as the total EFTSL has remained stable since 2015. In 2018, there were 575 HDR candidates at the University, which is comparable to the 2017 figure (570) and represents a 7.27 per cent increase on 2013 numbers (536).

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

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

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.

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 2018. 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 5th day of April 2019.

Saini.

Professor H. Deep Saini
Vice-Chancellor and President

UNIVERSITY OF CANBERRA

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000	University 2018 $'000	University 2017 $'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3(a)(c-e)	113,738	118,800	113,738	118,800
HELP - Australian Government payments	3(b)	68,962	66,593	68,962	66,593
HECS-HELP - student payments		5,837	6,122	5,837	6,122
State and local government financial assistance	4	3,216	3,260	3,216	3,278
Fees and charges	5	74,064	66,759	74,064	66,759
Investment revenue	6	935	166	818	72
Consultancies and research contracts	7	5,583	4,060	5,583	4,060
Other revenue	8	1,308	2,051	1,308	2,051
Other income	8	37,450	26,024	34,328	23,453
Total income from continuing operations		**311,093**	**293,835**	**307,854**	**291,188**
Expenses from continuing operations					
Employee related expenses	9	164,562	161,733	161,192	158,385
Depreciation and amortisation	10	21,044	19,848	20,904	19,671
Repairs and maintenance		4,624	5,533	4,544	5,469
Borrowing costs	11	4,924	4,898	4,924	4,898
Impairment losses		505	(197)	492	(199)
Other expenses	12	96,220	99,342	96,251	100,548
Share of loss on investments accounted for using the equity method	18	275	621	275	619
Loss on disposal of assets		432	229	431	229
Total expenses from continuing operations		**292,586**	**292,007**	**289,013**	**289,620**
Net result from continuing operations		**18,507**	**1,828**	**18,841**	**1,568**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Revaluation - investments at fair value through other comprehensive income	25	8,745	5,443	8,899	5,271
Items that will not be reclassified to profit or loss:					
Revaluation - property, plant and equipment	25	(7,430)	–	(7,430)	–
Total comprehensive income		**19,822**	**7,271**	**20,310**	**6,839**

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 2018

		Consolidated		University	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	4,211	3,864	3,945	3,585
Trade and other receivables	14	19,295	21,416	20,472	21,182
Other financial assets	15	497	497	497	497
Other non-financial assets	16	7,110	7,059	6,861	6,787
Assets held for sale	17	9,870	9,067	9,870	9,067
Total current assets		**40,983**	**41,903**	**41,645**	**41,118**
Non-current assets					
Other financial assets	15	46,973	32,662	43,270	28,854
Investments accounted for using the equity method	18	3,449	3,724	3,449	3,724
Property, plant and equipment	19	661,013	660,455	660,357	659,920
Intangible assets	20	11,271	6,805	11,269	6,796
Total non-current assets		**722,706**	**703,646**	**718,345**	**699,294**
Total assets		**763,689**	**745,549**	**759,990**	**740,412**
LIABILITIES					
Current liabilities					
Trade and other payables	21	22,852	24,600	22,375	23,132
Borrowings	22	–	653	–	653
Provisions	23	21,722	22,598	21,453	22,402
Other liabilities	24	38,284	29,300	38,241	29,223
Total current liabilities		**82,858**	**77,151**	**82,069**	**75,410**
Non-current liabilities					
Borrowings	22	81,500	85,500	81,500	85,500
Provisions	23	2,097	2,105	2,089	2,099
Other liabilities	24	60,941	69,872	60,941	69,872
Total non-current liabilities		**144,538**	**157,477**	**144,530**	**157,471**
Total liabilities		**227,396**	**234,628**	**226,599**	**232,881**
NET ASSETS		**536,293**	**510,921**	**533,391**	**507,531**
EQUITY					
Reserves	25	379,423	378,108	379,405	377,936
Retained earnings		156,870	132,813	153,986	129,595
Total equity		**536,293**	**510,921**	**533,391**	**507,531**

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 2018

	Notes	Reserves $'000	Retained Earnings $'000	Total $'000
Consolidated				
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**
Total equity at 1 January 2018		378,108	132,813	510,921
Revaluation - property, plant and equipment	25	(7,430)	–	(7,430)
Revaluation - investments at fair value through other comprehensive income	25	8,745	–	8,745
Opening adjustment for equity investments designated at fair value through comprehensive income		–	5,550	5,550
Operating surplus		–	18,507	18,507
Balance at 31 December 2018		**379,423**	**156,870**	**536,293**
University				
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**
Total equity at 1 January 2018		377,936	129,595	507,531
Revaluation - property, plant and equipment	25	(7,430)	–	(7,430)
Revaluation - investments at fair value through other comprehensive income	25	8,899	–	8,899
Opening adjustment for equity investments designated at fair value through comprehensive income		–	5,550	5,550
Operating surplus		–	18,841	18,841
Balance at 31 December 2018		**379,405**	**153,986**	**533,391**

UNIVERSITY OF CANBERRA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		Consolidated		University	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Cashflows from operating activities					
Australian Government grants		176,048	172,183	176,048	172,183
Superannuation Supplementation		29	19	29	19
OS-HELP (net)		194	(49)	194	(49)
Other Commonwealth grants		7,324	10,098	7,324	10,098
State Government grants		3,216	3,278	3,216	3,278
HECS-HELP student payments		5,837	6,122	5,837	6,122
Receipts from student fees and other customers		109,874	101,780	108,008	99,298
Interest received		112	192	30	32
Payments to suppliers and employees (including GST)		(265,699)	(266,301)	(264,007)	(263,897)
Interest and other costs of finance paid		(4,924)	(4,898)	(4,924)	(4,898)
Net cash provided by operating activities	33(b)	**32,011**	**22,424**	**31,755**	**22,186**
Cashflows from investing activities					
Proceeds from sale of property, plant and equipment		41	55	41	55
Payments for property, plant and equipment		(24,844)	(23,124)	(24,588)	(23,049)
Proceeds from the sale of investments		760	31	235	–
Payments for investments		(1,343)	(6,182)	(701)	(2,481)
Dividends received		890	96	786	35
Net cash used in investing activities		**(24,496)**	**(29,124)**	**(24,227)**	**(25,440)**
Cashflows from financing activities					
Proceeds from borrowings and securitisation		160,606	145,163	160,606	145,163
Repayments of borrowings and securitisation		(167,774)	(142,593)	(167,774)	(142,593)
Net cash provided by / (used in) financing activities		**(7,168)**	**2,570**	**(7,168)**	**2,570**
Increase / (decrease) in cash and cash equivalents		**347**	**(4,130)**	**360**	**(684)**
Cash and cash equivalents at the beginning of the year		3,864	7,994	3,585	4,269
Cash and cash equivalents at the end of the year	33(a)	**4,211**	**3,864**	**3,945**	**3,585**

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 $29.5 million (2017: $25.5 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 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) New accounting standards and interpretations

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 2018 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 issued but not effective

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. It is currently estimated that the adjustment to opening retained earnings will be $7.7 million. However, as systems and process are developed during 2019 to support implementation of AASB 15 and AASB 1058, more information may become available that materially affects the size of the adjustments required when the standards are implemented.

- 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 2020)
- AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059 (application date 1 January 2019)
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual improvements 2015-2017 Cycle (application date 1 January 2019)
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (application date 1 January 2019)
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors (application date 1 January 2019)

(d) Initial application of Australian Accounting Standards

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018.

Adoption of AASB 9 Financial Instruments and Interpretation 22 is made in accordance with the transition provisions. The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below.

The University has applied AASB 9 retrospectively and has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

The nature and effect of the changes as a result of adoption of AASB 9 are described as follows:

		Consolidated	University
	Ref	1 January 2018 $'000	1 January 2018 $'000
Classification and measurement	(i)	15,800	15,497

Note 1 Significant accounting policies (continued)

		Consolidated	University
	Ref	1 January 2018 $'000	1 January 2018 $'000
Assets			
Other financial assets	(i)	5,551	5,551
Total assets		5,551	5,551
Total adjustments on equity			
Retained earnings	(i)	5,551	5,551

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the University's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The following changes have been made in the classification of the University's financial assets:

(a) Trade receivables and other non-current financial assets classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.
(b) Equity investments in non-listed companies classified as available-for-sale (AFS) are classified and measured as equity instruments designated at FVOCI beginning 1 January 2018. The University elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods. The University revalued it's holding in AARNet in 2018 resulting in an adjustment at 1 January 2018 of $5.5 million.

There are no changes in classification and measurements for the University's financial liabilities.

In summary, upon the adoption of AASB 9, the University had the following required or elected reclassifications as at 1 January 2018.

	AASB 9 measurement category		
	$'000	Amortised cost	FVOCI
AASB 139 measurement category			
Loans and receivables			
Trade receivables	14,495	14,495	
Available for sale			
Non-listed equity investments	1,002		1,002
Total	15,497	14,495	1,002

(ii) Impairment

The adoption of AASB 9 has fundamentally changed the University's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Upon adoption of AASB 9 the University was not required to recognise an additional impairment on the University's trade receivables.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

This interpretation addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability.

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

Note 1 Significant accounting policies (continued)

The University accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the interpretation and therefore, there is no impact arising from the application of this interpretation.

(e) 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 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.

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.

(f) 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.

Note 1 Significant accounting policies (continued)

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

(g) 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Geographical						
Australia	308,910	290,891	18,377	1,810	763,689	745,549
Asia	2,183	2,944	130	18	–	–
Total	**311,093**	**293,835**	**18,507**	**1,828**	**763,689**	**745,549**

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

		Consolidated		University	
	Notes	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(a) Commonwealth Grants Scheme and other grants	36(a)				
Commonwealth Grants Scheme*		90,773	91,254	90,773	91,254
Indigenous Student Success Program**		1,447	1,186	1,447	1,186
Higher Education Participation and Partnership Program		824	827	824	827
National Priorities Pool		(15)	213	(15)	213
Disability Performance Funding		59	57	59	57
Facilitation Funding		–	14	–	14
Total Commonwealth Grants Scheme and other grants		**93,088**	**93,551**	**93,088**	**93,551**
(b) Higher Education Loan Programs	36(b)				
HECS-HELP		60,362	58,749	60,362	58,749
FEE-HELP		5,864	5,120	5,864	5,120
SA-HELP		2,736	2,724	2,736	2,724
Total Higher Education Loan Programs		**68,962**	**66,593**	**68,962**	**66,593**
(c) Education Research	36(c)				
Research Training Program		5,220	5,228	5,220	5,228
Research Support Program		3,943	4,061	3,943	4,061
Total Education research grants		**9,163**	**9,289**	**9,163**	**9,289**

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

** Indigenous Student Success Program replaced the Indigenous Commonwealth Scholarship Program and the Indigenous Support Program as of 1 January 2017.

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

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000	University 2018 $'000	University 2017 $'000
(d) Australian Research Council	36(e)				
Discovery Projects		1,361	1,168	1,361	1,168
Discovery Indigenous		32	86	32	86
Discovery Early Researcher Award		139	107	139	107
Linkage Projects		288	208	288	208
Future Fellowship Projects		–	(1)	–	(1)
ARC Laureate Fellowship		578	592	578	592
Total Australian Research Council		**2,398**	**2,160**	**2,398**	**2,160**
(e) Other Australian Government financial assistance					
Non-capital					
Agriculture		415	408	415	408
Attorney-General's		–	339	–	339
Communications and the Arts		28	114	28	114
Defence		847	1,134	847	1,134
Education		1,490	2,290	1,490	2,290
Environment		202	645	202	645
Foreign Affairs and Trade		821	2,242	821	2,242
Health		994	1,642	994	1,642
Industry		1,201	301	1,201	301
Infrastructure and Regional Development		9	70	9	70
Social Services		3,007	2,587	3,007	2,587
The Treasury		75	23	75	23
Total non-capital		**9,089**	**11,795**	**9,089**	**11,795**
Capital					
Health		–	2,005	–	2,005
Total other Australian Government financial assistance		**9,089**	**13,800**	**9,089**	**13,800**
Total Australian Government financial assistance		**182,700**	**185,393**	**182,700**	**185,393**
Reconciliation					
Australian Government grants (a+c+d+e)		113,738	118,800	113,738	118,800
HECS-HELP payments		60,362	58,749	60,362	58,749
FEE-HELP payments		5,864	5,120	5,864	5,120
SA-HELP payments		2,736	2,724	2,736	2,724
Total Australian Government financial assistance		**182,700**	**185,393**	**182,700**	**185,393**

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-capital				
Australian Capital Territory	1,978	2,294	1,978	2,312
South Australia	40	82	40	82
New South Wales	742	602	742	602
Queensland	23	29	23	29
Northern Territory	1	1	1	1
Tasmania	28	35	28	35
Victoria	350	105	350	105
Western Australia	54	112	54	112
Total non-capital	**3,216**	**3,260**	**3,216**	**3,278**
Total State and Local Government financial assistance	**3,216**	**3,260**	**3,216**	**3,278**

Note 5 Fees and charges

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000	University 2018 $'000	University 2017 $'000
Course fees and charges					
Continuing education		802	630	802	630
Fee-paying onshore overseas students		54,484	47,247	54,484	47,247
Fee-paying offshore overseas students		2,183	2,944	2,183	2,944
Fee-paying domestic postgraduate students		3,409	3,413	3,409	3,413
Total course fees and charges		**60,878**	**54,234**	**60,878**	**54,234**
Non-course fees and charges					
Student accommodation charges		11,573	10,816	11,573	10,816
Student services and amenities fee	36(h)	1,331	1,405	1,331	1,405
Other		282	304	282	304
Total non-course fees and charges		**13,186**	**12,525**	**13,186**	**12,525**
Total fees and charges		**74,064**	**66,759**	**74,064**	**66,759**

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

Dividend and distribution revenue	890	96	786	35
Interest revenue	45	70	32	37
Total investment revenue	**935**	**166**	**818**	**72**

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

Consultancies	696	972	696	972
Research contracts	4,887	3,088	4,887	3,088
Total consultancies and research contracts	**5,583**	**4,060**	**5,583**	**4,060**

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.

Note 8 Other revenue and income

	Consolidated		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other revenue				
Donations and bequests	438	1,261	438	1,261
Scholarships and prizes	870	790	870	790
Total other revenue	**1,308**	**2,051**	**1,308**	**2,051**
Other income				
Administrative charges	1,964	2,036	1,964	2,036
Amortisation of deferred income	266	266	266	266
Childcare centre fees	525	477	525	477
Commissions and discounts received	490	459	377	342
Copying	143	157	143	157
Right of use assets received at no cost	7,504	–	7,504	–
Health consulting income	398	372	398	372
Hire of facilities	553	447	38	51
Insurance recoveries	283	442	283	442
Miscellaneous	3,539	1,091	3,632	970
NRAS securitisation income	5,001	4,905	5,001	4,905
Parking	2,704	2,302	2,705	2,319
Rent	2,503	2,477	2,503	2,477
Rental securitisation income	5,228	5,136	5,228	5,136
Salaries and cost recovery services	657	454	651	454
Sales and service income / publications	5,692	5,003	2,407	2,271
Support services provided to subsidiaries	–	–	703	778
Total other income	**37,450**	**26,024**	**34,328**	**23,453**
Total other revenue and income	**38,758**	**28,075**	**35,636**	**25,504**

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 Hospital

As part of the previous arrangements entered into with the ACT Government, on 1 July 2018, the University was entitled to the exclusive use of an area located on the first floor of the University of Canberra Hospital (hospital) as well as for the shared use of an area located on the ground floor of the hospital. This right of use was obtained by entering into a long term lease agreement for the exclusive use area which also contained a licence agreement for the shared use area. The University also obtained the legal ownership of the fitout property, plant and equipment located in the exclusive use area which had been funded by the ACT Government.

There are no lease or licence fees payable under this arrangement and the University is entitled to renewal of this lease and licence in perpetuity.

In accordance with accounting standards, the University has capitalised as property plant and equipment assets the exclusive use part of the hospital as well as the associated fitout at the fair value of these assets in accordance with the independent valuation obtained by the University. The University has also accounted for its share of the right of use of the shared space area at the fair value of this right at an amount determined by the independent valuation obtained by the University.

Note 9 Employee related expenses

	Consolidated		University	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Academic				
Salaries	59,271	59,982	59,271	59,982
Contributions to superannuation and pension schemes	10,221	10,270	10,221	10,270
Payroll tax	5,308	5,116	5,308	5,116
Workers' compensation insurance premium	606	745	606	745
Long service leave	1,414	1,501	1,414	1,501
Annual leave	4,508	4,355	4,508	4,355
Voluntary separation program	3,562	–	3,562	–
Redundancy payments	57	213	57	213
Total academic	**84,947**	**82,182**	**84,947**	**82,182**
Non-academic				
Salaries	55,580	58,807	52,768	56,023
Contributions to superannuation and pension schemes	9,360	9,710	9,100	9,438
Payroll tax	4,687	4,671	4,687	4,671
Workers' compensation insurance premium	561	769	483	667
Long service leave	1,315	1,427	1,313	1,418
Annual leave	4,097	4,141	3,929	3,975
Voluntary separation program	3,912	–	3,912	–
Redundancy payments	103	26	53	11
Total non-academic	**79,615**	**79,551**	**76,245**	**76,203**
Total employee related expenses	**164,562**	**161,733**	**161,192**	**158,385**

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Depreciation				
Buildings	8,490	8,360	8,481	8,353
Infrastructure	1,076	1,176	1,076	1,176
Computer equipment	210	247	208	243
Equipment	3,581	3,359	3,459	3,200
Library	72	72	72	72
Fixtures and fittings	4,064	3,817	4,064	3,817
Total depreciation	**17,493**	**17,031**	**17,360**	**16,861**
Amortisation				
Computer software	3,207	2,473	3,200	2,466
Strategic initiatives	344	344	344	344
Total amortisation	**3,551**	**2,817**	**3,544**	**2,810**
Total depreciation and amortisation	**21,044**	**19,848**	**20,904**	**19,671**

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	4,924	5,071	4,924	5,071
Less: amount capitalised	–	(173)	–	(173)
Total borrowing costs expensed	**4,924**	**4,898**	**4,924**	**4,898**

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.

Note 12 Other expenses

	Consolidated		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Academic partner payments	23,873	25,543	23,873	25,543
Advertising	1,698	1,496	1,663	1,485
Audit fees	311	309	269	266
Books and publications	504	441	495	438
Commissions	4,336	3,595	4,333	3,586
Conference and facilities hire	580	714	638	789
Consultants fees	5,759	6,816	5,716	6,775
Contract services	4,845	4,575	4,746	4,526
Contracted student and amenities services - subsidiaries	–	–	640	1,958
Cost of goods sold	1,224	1,164	–	–
Entertainment	544	729	847	992
Equipment expensed	2,994	1,516	2,882	1,419
Freight and postage	382	364	380	359
Fringe benefits tax	121	392	85	375
General materials	1,898	1,748	1,890	1,669
Grant and research expenses - external entities	902	1,694	902	1,694
Grant payments to third parties	83	1,472	79	1,472
Insurances	915	787	911	787
Legal fees	1,406	1,477	1,404	1,452
Licence fees	5,754	4,914	5,637	4,809
Operating lease charges	2,035	1,758	2,030	1,755
Other	3,373	3,406	2,985	3,123
Other student expenses	4,310	4,757	4,338	4,741
Outsource management fees	7,291	7,942	7,291	7,942
Printing and stationery	908	1,174	899	1,160
Rates and taxes	1,516	1,880	1,516	1,880
Recruitment and staff development	1,575	1,539	1,563	1,533
Sponsorships	394	585	507	797
Student scholarships	3,005	2,889	3,005	2,874
Subscriptions	3,821	3,724	3,801	3,711
Subsidiary support subsidies	–	–	1,268	937
Travel	5,143	5,349	4,986	5,162
Utilities	4,720	4,593	4,672	4,539
Total other expenses	**96,220**	**99,342**	**96,251**	**100,548**

Note 13 Cash and cash equivalents

	Consolidated		University	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank and on hand	3,937	3,195	3,879	3,164
Deposits at call and investments originally maturing within three months	274	669	66	421
Total cash and cash equivalents*	**4,211**	**3,864**	**3,945**	**3,585**

* Cash and cash equivalents include restricted cash of $0.2 million (2017: $0.2 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.

Note 14 Trade and other receivables

Current				
Trade receivables	16,319	16,276	15,972	15,734
Less: provision for impaired receivables	(890)	(1,478)	(640)	(1,239)
Sub-total	15,429	14,798	15,332	14,495
Inter-entity accounts - subsidiaries	–	–	1,242	1,287
Other receivables	3,385	6,101	3,417	4,883
Australian Government financial assistance receivable	481	517	481	517
Total trade and other receivables	**19,295**	**21,416**	**20,472**	**21,182**

Trade receivables are non-interest bearing and are generally on terms of 30 days.

At 1 January	1,478	5,760	1,239	5,511
Add: provision for expected credit losses	702	896	688	894
Sub-total	2,180	6,656	1,927	6,405
Less: write-off	(747)	(3,805)	(745)	(3,793)
Less: impairment losses reversed during the year	(543)	(1,373)	(542)	(1,373)
Allowance at the end of the year	**890**	**1,478**	**640**	**1,239**

Accounting Policy

Classification and measurement
Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal. Trade and other receivables are initially measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost.

Impairment
For trade receivables the University applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Note 15 Other financial assets

	Consolidated		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current* **				
Other financial assets at amortised cost*	497	–	497	–
Finance lease receivable*	–	497	–	497
Total current other financial assets	**497**	**497**	**497**	**497**
Non-current* **				
Other financial assets at amortised cost*	9,741	–	9,741	–
Finance lease receivable*	–	10,239	–	10,239
Investment in equity instruments designated at FVOCI***	30,756	–	30,757	–
Shares - other entities	–	16,201	–	16,202
Other financial assets at FVOCI**	6,476	–	2,772	–
Available-for-sale investments**	–	6,222	–	2,413
Total non-current other financial assets	**46,973**	**32,662**	**43,270**	**28,854**
Total other financial assets	**47,470**	**33,159**	**43,767**	**29,351**

* Finance lease receivable/Other financial assets at amortised cost - The University leases its student accommodation to CLV under a PPP agreement (see Note 1(e) Public Private Partnership).

** Investments include restricted investments of $3.7 million (2017: $3.8 million) that cannot be used to settle the liabilities of the Group. This consists of investments held within the Weeden and Padmin trusts.

*** See Note 1(d) Initial application of Australian Accounting Standards for details about the reclassification of these financial assets.

Finance lease receivables at balance date are as follows:

	Future minimum lease receipts		Interest		Present value of minimum lease receipts	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'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	37,155	38,563	29,404	30,315	7,751	8,249
Total	**44,196**	**45,604**	**33,958**	**34,869**	**10,238**	**10,736**

<u>Accounting Policy</u>

Initial recognition and measurement

The University classifies its investments at initial recognition, as subsequently measured at amortised costs, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTFL).

The classification of the financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the University initially measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not at fair value through profit or loss).

Note 15 Other financial assets (continued)

Subsequent measurement
For the purposes of subsequent measurement, financial assets are classified in five categories:

(i) *Other financial assets at amortised costs*
The University measures financial assets at amortised cost if both of the following conditions are met:
- *The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and*
- *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit of loss when the asset is derecognised, modified or impaired.

The University's financial assets at amortised cost includes trade receivables and loan to related parties.

(ii) *Other financial assets at fair value through other comprehensive income (FVOCI)*
The University measures debt instruments at FVOCI if both of the following conditions are met
- *The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and*
- *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in the Other Comprehensive Income (OCI). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The University's financial assets at FVOCI includes investments in quoted debt instruments included under other non-current financial assets.

(iii) *Investment in equity instruments designated at fair value through OCI*
Upon initial recognition, the University can elect to classify irrevocably its equity investment as equity instruments designated at FVOCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the University benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.
The University elected to classify irrevocably its non-listed equity investments under this category.
The University has made significant judgements regarding the fair value of shares held. The shares held in Education Australia Ltd and AARNET have been valued at fair value at 31 December 2018 as determined by an independent valuer. The shares held in EpiAxis Therapeutics Pty Ltd, Unisuper Limited, and Uniprojects Pty Limited are carried at cost on the basis there is no quoted price in an active market and the fair value cannot be reliably measured.

(iv) *Other financial assets at fair value through profit or loss (FVTPL) and designated at FVTPL*
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTFL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at FVTFL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

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.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised and removed from the Statement of Financial Position when:
- *The rights to receive cash flows from the asset have expired, or*
- *The University has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the University has transferred substantially all the risks and rewards of the asset, or (b) the University has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

Note 15 Other financial assets (continued)

When the University has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.
When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the University continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the University also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the University has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the University could be required to repay.

Impairment of debt instruments other than receivables
The University recognises an allowance for expected credit losses (ECLs) for all debt instruments other than receivables and not held at FVTFL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the University expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
For debt instruments at FVOCI, the University applies the low credit risk simplification. At every reporting date, the University evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the University reassesses the internal credit rating of the debt instrument. In addition, the University considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Note 16 Other non-financial assets

	Consolidated		University	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current				
Prepayments	6,924	6,807	6,861	6,787
Inventories	185	251	–	–
Security deposit	1	1	–	–
Total current other non-financial assets	**7,110**	**7,059**	**6,861**	**6,787**

Note 17 Assets held for sale

Current				
Assets held for sale	9,870	9,067	9,870	9,067
Total assets held for sale	**9,870**	**9,067**	**9,870**	**9,067**

Accounting Policy

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 Assets held for sale (continued)

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

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) Scrivener building

In August 2018, the University entered into an agreement for the sale of the land and buildings on Thynne Street known as the Scrivener building. The unconditional contract for the sale of this land and buildings is due to be entered into during 2019, with the sale completed by December 2019.

(ii) 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. During 2018 a deposit of $3.0M was received by the University which is held in the Statement of Financial Position pending completion of the sale of the land.

(iii) Arscott house

During 2018, the original 2015 agreement for the sale of this land and associated buildings and the call option deed entered into in 2016 were cancelled. At that time the University considered its options and, in the short term, has decided to retain ownership and not market these assets for sale. Therefore, the land and buildings previously classified as held for sale have been reclassified as property plant and equipment as required by accounting standards.

(iv) Health precinct car park

The 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 was completed in 2018. The University is expected to grant a sublease over the car park to the relevant third parties in early 2019.

Note 18 Investments accounted for using the equity method

Joint Ventures:

Name of entity	Place of business	Ownership interest	
		2018 %	2017 %
University of Canberra College Pty Ltd	University Drive Bruce, ACT 2617	49.0	49.0
EpiAxis Therapeutics Pty Ltd	University Drive Bruce, ACT 2617	22.4	23.3

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

	Consolidated		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Individually material joint ventures				
University of Canberra College Pty Ltd				
Financial position				
Current assets	317	1,740	317	1,740
Cash and cash equivalents	1,240	2,751	1,240	2,751
Non-current assets	1,040	8	1,040	8
Total assets	**2,597**	**4,499**	**2,597**	**4,499**
Current liabilities	3,597	4,574	3,597	4,574
Current financial liabilities (excluding trade payables and provisions)	297	578	297	578
Non-current liabilities	154	240	154	240
Total liabilities	**4,048**	**5,392**	**4,048**	**5,392**
Net liabilities	**(1,451)**	**(893)**	**(1,451)**	**(893)**
Share of joint venture net liabilities	**(711)**	**(438)**	**(711)**	**(438)**
Reconciliation of carrying amounts:				
Balance at 1 January	3,724	4,176	3,724	4,176
Share of loss for the year	(275)	(452)	(275)	(452)
Balance at 31 December	**3,449**	**3,724**	**3,449**	**3,724**
Financial performance				
Income	10,542	10,762	10,542	10,762
Interest income	10	15	10	15
Expenses	(11,290)	(12,092)	(11,290)	(12,092)
Depreciation and amortisation	(4)	(4)	(4)	(4)
Loss from continuing operations	**(742)**	**(1,319)**	**(742)**	**(1,319)**
Income tax	183	396	183	396
Total comprehensive loss	**(559)**	**(923)**	**(559)**	**(923)**
Share of material joint venture loss	**(275)**	**(452)**	**(275)**	**(452)**
(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)	–	(167)
Total comprehensive loss	**–**	**(169)**	**–**	**(167)**
Share of total joint venture losses	**(275)**	**(621)**	**(275)**	**(619)**

Accounting Policy

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. 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
The University's shares in the University of Canberra College are accounted for as a joint venture.

(ii) Other Joint ventures
The University has two other joint ventures, one with the Australian National University (ANU) and one in relation to EpiAxis Therapeutics Pty Ltd.

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

Note 19 Property, plant and equipment

	Leasehold land	Buildings	Right to receive buildings*	Infrastructure	Library collection	Works of art	Work in progress**	Computer equipment	Motor vehicles	Equipment	Fixtures & fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
			at fair value						*at cost*			
Consolidated												
At 1 January 2017												
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**
Year ended 31 December 2018												
Opening net book amount	115,634	418,527	17,502	29,053	918	1,900	19,454	377	–	13,111	43,979	660,455
Revaluation increm't / (decrem't)	203	(743)	–	–	–	–	–	–	–	–	–	(540)
Additions	1,200	13,260	120	2,648	–	1	26,284	15	13	5,279	4,961	53,781
Disposals and transfers***	(2,723)	(7,504)	–	(14)	(8)	–	(24,912)	(3)	–	(26)	–	(35,190)
Depreciation	–	(8,490)	–	(1,076)	(72)	–	–	(210)	–	(3,581)	(4,064)	(17,493)
Closing net book amount	**114,314**	**415,050**	**17,622**	**30,611**	**838**	**1,901**	**20,826**	**179**	**13**	**14,783**	**44,876**	**661,013**
At 31 December 2018												
Fair value / cost	114,314	628,742	17,622	42,000	1,191	1,901	20,826	1,934	250	37,582	62,575	928,937
Accumulated depreciation	–	(213,692)	–	(11,389)	(353)	–	–	(1,755)	(237)	(22,799)	(17,699)	(267,924)
Net book amount	**114,314**	**415,050**	**17,622**	**30,611**	**838**	**1,901**	**20,826**	**179**	**13**	**14,783**	**44,876**	**661,013**

* Right to receive buildings includes CLV student accommodation of $16.03m and Health Hub $1.59m, with an increase of $0.12m in 2018. Refer Note 1(e) 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)

	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 2017												
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**
Year ended 31 December 2018												
Opening net book amount	115,634	418,466	17,502	29,053	918	1,900	19,454	374	–	12,640	43,979	659,920
Revaluation increm't / (decrem't)	203	(743)	–	–	–	–	–	–	–	–	–	(540)
Additions	1,200	13,207	120	2,648	–	1	26,284	8	13	5,081	4,961	53,523
Disposals and transfers out***	(2,723)	(7,504)	–	(14)	(8)	–	(24,912)	(2)	–	(23)	–	(35,186)
Depreciation	–	(8,481)	–	(1,076)	(72)	–	–	(208)	–	(3,459)	(4,064)	(17,360)
Closing net book amount	**114,314**	**414,945**	**17,622**	**30,611**	**838**	**1,901**	**20,826**	**172**	**13**	**14,239**	**44,876**	**660,357**
At 31 December 2018												
Fair value / cost	114,314	628,462	17,622	42,000	1,191	1,901	20,826	1,911	250	36,324	62,575	927,376
Accumulated depreciation	–	(213,517)	–	(11,389)	(353)	–	–	(1,739)	(237)	(22,085)	(17,699)	(267,019)
Net book amount	**114,314**	**414,945**	**17,622**	**30,611**	**838**	**1,901**	**20,826**	**172**	**13**	**14,239**	**44,876**	**660,357**

* Right to receive buildings includes CLV student accommodation of $16.03m and Health Hub $1.59m, with an increase of $0.12m in 2018. Refer Note 1(e) 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. The revaluations will be performed in 2019 for land, leasehold land, building and infrastructure, library collection and works of art. 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 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:

	2018	2017
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		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Computer software				
At 1 January				
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**
Year ended 31 December				
Opening net book amount	5,893	6,768	5,884	6,752
Additions	7,924	1,598	7,924	1,598
Disposals*	(241)	–	(241)	–
Amortisation	(3,207)	(2,473)	(3,200)	(2,466)
Closing net book amount	**10,369**	**5,893**	**10,367**	**5,884**
At 31 December				
Cost	35,582	28,201	35,548	28,167
Accumulated amortisation	(25,213)	(22,308)	(25,181)	(22,283)
Net book amount	**10,369**	**5,893**	**10,367**	**5,884**
Strategic initiatives				
At 1 January				
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**
Year ended 31 December				
Opening net book amount	912	1,256	912	1,256
Amortisation	(344)	(344)	(344)	(344)
Closing net book amount	**568**	**912**	**568**	**912**
At 31 December				
Cost	3,521	3,521	3,521	3,521
Accumulated amortisation	(2,953)	(2,609)	(2,953)	(2,609)
Net book amount	**568**	**912**	**568**	**912**
Right of use assets				
Year ended 31 December				
Additions	334	–	334	–
Closing net book amount	**334**	**–**	**334**	**–**
At 31 December				
Cost	334	–	334	–
Net book amount	**334**	**–**	**334**	**–**
Total intangible assets	**11,271**	**6,805**	**11,269**	**6,796**

<u>Accounting Policy</u>

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, strategic initiatives and right to use assets.

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

Note 21 Trade and other payables

	Consolidated		University	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Payables	7,746	10,259	7,484	8,902
OS-HELP liability to the Australian Government	2,617	2,415	2,617	2,415
Accrued expenses	12,489	11,926	12,274	11,815
Total current payables	**22,852**	**24,600**	**22,375**	**23,132**

Accounting Policy

Trade and other payables represent liabilities for goods and services provided to the University prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 22 Borrowings

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	80,000	60,000	80,000	60,000
Cash advance facility - Westpac	1,500	25,500	1,500	25,500
Total non-current borrowings	**81,500**	**85,500**	**81,500**	**85,500**
Total borrowings	**81,500**	**86,153**	**81,500**	**86,153**

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	
	2018	2017	2018	2017
	$'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	80,000	80,000	80,000
Total facilities available in accordance with TIs	110,000	110,000	110,000	110,000
Bank overdraft - Commonwealth Bank of Australia	1,000	1,000	1,000	1,000
Total borrowing facilities available	**111,000**	**111,000**	**111,000**	**111,000**
Unused borrowing facilities at balance date				
Cash advance facility - Westpac	28,500	4,500	28,500	4,500
Cash advance facility - Commonwealth Bank of Australia	–	20,000	–	20,000
Total available unused facilities in accordance with TIs	28,500	24,500	28,500	24,500
Bank overdraft - Commonwealth Bank of Australia	1,000	1,000	1,000	1,000
Total unused borrowing facilities available	**29,500**	**25,500**	**29,500**	**25,500**

Reconciliation of liabilities arising from financing activities

	Consolidated 2018 $'000	Consolidated 2017 $'000	University 2018 $'000	University 2017 $'000
Short-term borrowings				
Opening amount	653	–	653	–
Cash flows	(653)	653	(653)	653
Closing amount	**–**	**653**	**–**	**653**
Long-term borrowings				
Opening amount	85,500	81,500	85,500	81,500
Cash flows	(4,000)	4,000	(4,000)	4,000
Closing amount	**81,500**	**85,500**	**81,500**	**85,500**
Total liabilities from financing activities	**81,500**	**86,153**	**81,500**	**86,153**

Note 23 Provisions

		Consolidated		University	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Current					
Provision for long service leave		12,783	13,385	12,682	13,300
Provision for annual leave		8,117	8,408	7,971	8,302
Provision for bonuses		822	805	800	800
Total current provisions	(a),(b)	**21,722**	**22,598**	**21,453**	**22,402**
Non-current					
Provision for long service leave		**2,097**	**2,105**	**2,089**	**2,099**
Total provisions		**23,819**	**24,703**	**23,542**	**24,501**
(a) Current provisions expected to be settled within 12 months					
Long service leave		3,822	3,990	3,805	3,990
Annual leave		6,637	7,026	6,537	6,925
Bonuses		822	805	800	800
Subtotal		**11,281**	**11,821**	**11,142**	**11,715**
(b) Current provisions expected to be settled after 12 months					
Long service leave		8,961	9,395	8,877	9,310
Annual leave		1,480	1,382	1,434	1,377
Subtotal		**10,441**	**10,777**	**10,311**	**10,687**
Total current provisions		**21,722**	**22,598**	**21,453**	**22,402**

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 commissioned by the University 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 and in the case of the senior managers bonuses, they are based on the overall University performance and their own individual performance. 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 the cost for restructuring within the scope of AASB 137 Provisions, contingent liabilities and contingent assets that involves the payment of termination benefits. The expense and liability are recognised 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	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Current					
Revenue in advance received*		12,649	11,528	12,606	11,451
Revenue in advance receivable*		10,313	8,085	10,313	8,085
Deferred income**		266	266	266	266
Australian Government financial assistance payable		2,844	448	2,844	448
Rent received in advance	(a)	390	377	390	377
Other financial liability - NRAS securitisation	(b)	4,648	4,284	4,648	4,284
Other financial liability - rental securitisation	(b)	3,930	3,674	3,930	3,674
Security deposits received****		3,244	638	3,244	638
Total current other liabilities		**38,284**	**29,300**	**38,241**	**29,223**
Non-current					
Deferred income**		5,212	5,478	5,212	5,478
Rent received in advance	(a)	4,883	5,091	4,883	5,091
Other financial liability - NRAS securitisation	(b)	19,528	24,176	19,528	24,176
Other financial liability - rental securitisation	(b)	29,725	33,654	29,725	33,654
Lease expiry date payment***		1,590	1,470	1,590	1,470
Security deposits received		3	3	3	3
Total non-current other liabilities		**60,941**	**69,872**	**60,941**	**69,872**
Total other liabilities		**99,225**	**99,172**	**99,182**	**99,095**

* 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(e) Public Private Partnership (PPP) for further details.

*** Refer Note 1(f) Joint operations for further details.

**** Includes funds received for campus development activities.

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 2019 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 then 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Reserves				
(a) Property, plant and equipment				
Balance at the beginning of the year	361,648	361,648	361,648	361,648
Revaluation - property, plant and equipment	(7,430)	–	(7,430)	–
Balance at the end of the year	354,218	361,648	354,218	361,648
(b) Investments				
Balance at the beginning of the year	16,460	11,017	16,288	11,017
Revaluation - investments	8,745	5,443	8,899	5,271
Balance at the end of the year	25,205	16,460	25,187	16,288
Reserves at the end of the year	**379,423**	**378,108**	**379,405**	**377,936**

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 2018
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	Term ended 21 May 2018, re-appointed 19 November 2018
Mr Glenn Keys AO	Appointed 1 July 2017
Mr Barry Mewett	Appointed 21 October 2011
Ms Joanne Metcalfe	Term ended 21 May 2018
Ms Annabelle Pegrum AM	Appointed 19 November 2018
Ms Prue Power AM	Appointed 1 January 2010
Ms Sue Salthouse	Term ended 21 May 2018
Dr Michael Schaper	Appointed 19 November 2018
Mr David Sturgiss	Appointed 23 January 2018
Dr Holly Northam OAM	Elected 1 January 2018
Ms Mara Eversons	Elected 1 January 2016
Mr Ian Dudley	Term ended 31 December 2018
Ms Berenice Talamantes-Becerra	Elected 1 January 2018

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, retired 1 June 2018.
Professor George Cho	Acting Deputy Vice-Chancellor and Vice-President Research and Innovation, term 2 January 2018 – 18 November 2018.
Professor Leigh Sullivan	Deputy Vice-Chancellor and Vice-President Research and Innovation, commenced 19 November 2018.
Professor Nicholas Klomp	Deputy Vice-Chancellor and Vice-President Academic
Mr Rongyu Li	Deputy Vice-Chancellor and Vice-President Students and Partnerships, resigned 5 January 2018.
Ms Belinda Robinson	Vice-President University Relations and Strategy, commenced 9 July 2018.
Mrs Vicki Williams	Deputy Vice-Chancellor and Vice-President Finance and Infrastructure
Mrs Kirsty Dwyer	Chief Executive, People and Diversity

(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	
	2018	**2017**	**2018**	**2017**
Nil to $9,999	9	9	8	8
$10,000 to $19,999	5	5	5	5
$20,000 to $29,999	2	2	2	2
$30,000 to $39,999	1	1	1	1
The aggregate of the remuneration for Council / Board members included above:	**$191,628**	**$196,818**	**$188,344**	**$196,818**
Remuneration of executive officers				
$10,000 to $19,999	1	–	1	–
$40,000 to $49,999	1	–	1	–
$80,000 to $89,999	1	–	1	–
$100,000 to $109,999	1	–	–	–
$130,000 to $139,999	–	1	–	–
$140,000 to $149,999	–	1	–	–
$200,000 to $209,999	1	–	–	–
$210,000 to $219,999	1	–	1	–
$280,000 to $289,999	1	–	1	–
$370,000 to $379,999	–	1	–	1
$380,000 to $389,999	1	–	1	–
$420,000 to $429,999	–	1	–	1
$440,000 to $449,999	1	–	1	–
$450,000 to $459,999	–	1	–	1
$460,000 to $469,999	–	2	–	2
$470,000 to $479,999	1	–	1	–
$800,000 to $810,999	1	1	1	1
The aggregate of the remuneration for executive officers included above:	**$3,077,056**	**$3,275,357**	**$2,766,000**	**$2,996,869**

The remuneration of executive officers for 2018 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 2018 is not included in the above figures for 2018. Bonuses paid to individual executive officers in respect of performance in 2018 will be included in the 2019 financial statements.

The amounts disclosed for 2018 include bonuses paid in 2018 in respect of performance in 2017 of $90,097 and amounts disclosed for 2017 include bonuses of $75,816 paid in 2017 in respect of performance in 2016.

Note 23 Provisions includes an estimate of total bonuses of $800,000 (2017: $800,000) in respect of performance in 2018 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 $45,191 in 2018 (2017: $45,282).

Note 26 Key management personnel disclosures (continued)

(c) Key management personnel compensation

	Consolidated		University	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	2,998	3,183	2,685	2,908
Other long-term employee benefits	79	92	81	89
Total key management personnel compensation	**3,077**	**3,275**	**2,766**	**2,997**

(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	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Audit of the financial statements				
ACT Audit Office	305,686	296,784	263,246	255,579
	305,686	**296,784**	**263,246**	**255,579**
Other audit services - ACT Audit Office				
Audit of Higher Education Research Data Collection return	**4,578**	**4,410**	**4,578**	**4,410**
Total remuneration of auditors	**310,264**	**301,194**	**267,824**	**259,989**

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 2018. 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 2018, the difference between the estimated termination payment and the recorded financial liability is $2.50 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 the nominal value of the expected future NRAS entitlements at 31 December 2018. 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 2018, the difference between the estimated termination payment and the recorded financial liability is $5.67 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 2018. 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.

(iv) 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	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Capital expenditure commitments				
Commitments payable:				
- within twelve months	15,713	13,882	15,713	13,882
	15,713	**13,882**	**15,713**	**13,882**
(b) Operating lease commitments				
Commitments payable:				
- within twelve months	1,860	1,499	1,860	1,499
- twelve months to five years	2,351	1,755	2,351	1,755
- longer than five years	–	83	–	83
	4,211	**3,337**	**4,211**	**3,337**
Total commitments	**19,924**	**17,219**	**19,924**	**17,219**

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	
	2018	2017	2018	2017
	$	$	$	$
Wholly owned subsidiaries:				
Receipts				
Sales of goods and services	–	–	28,166	37,410
Services provided to related entities	–	–	703,479	778,217
Payments				
Debt forgiveness UC Global Pty Limited	–	–	9,823	–
Donations / sponsorship	–	–	150,000	250,000
Subsidiary support subsidies	–	–	1,268,099	937,315
Purchase of goods and services	–	–	683,706	467,345
Student services and amenities fee	–	–	640,000	1,958,000
Receivable / payable				
Receivables from subsidiaries	–	–	1,241,980	1,287,405
Other related parties:				
Receipts				
Joint venture service fee	1,052,537	1,074,440	1,052,537	1,074,440
Rent	764,146	790,024	764,146	790,024
Salary and wages	1,198	50,580	1,198	50,580
Sales of goods and services	51,352	76,697	51,352	76,697
University support services	231,487	127,530	231,487	127,530
Payments				
Contracted services – related parties	9,654,176	9,984,887	9,654,176	9,984,887
Purchases of goods and services	18,636	20,989	18,636	20,989
Salary and wages	61,141	53,553	61,141	53,553
Receivable / payable				
Payable to other related parties	(758,760)	(459,726)	(758,760)	(459,726)

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	
		2018	2017
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%
AMTT Limited *	170 Haydon Drive, Bruce	100%	100%

AMTT Limited is a wholly owned subsidiary of UC but does not have any assets, liabilities, income or expenses to be consolidated.

Note 32 Events occurring after balance date

There are no 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.

		Consolidated		University	
		2018	2017	2018	2017
	Notes	$'000	$'000	$'000	$'000
Cash and cash equivalents at the end of the year	13	**4,211**	**3,864**	**3,945**	**3,585**

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

	Consolidated 2018 $'000	Consolidated 2017 $'000	University 2018 $'000	University 2017 $'000
Net result for the period	**18,507**	**1,828**	**18,841**	**1,568**
Add / (deduct) income / expenses from non-cash transactions				
NRAS securitisation	(5,001)	(4,905)	(5,001)	(4,905)
Depreciation and amortisation	21,044	19,848	20,904	19,671
Impairment losses	505	(197)	492	(199)
Right of use assets received at no cost	(7,504)	–	(7,504)	–
Share of loss under equity accounting method	275	621	275	619
Distributions on investments	70	32	–	–
Loss on disposal of assets	433	229	431	229
	9,822	**15,628**	**9,597**	**15,415**
Add / (deduct) income / expenses from non-operating transactions				
Dividends received	(890)	(96)	(786)	(35)
	(890)	**(96)**	**(786)**	**(35)**
Change in operating assets and liabilities				
(Increase) / decrease in receivables	1,724	3,315	83	1,266
Decrease in other financial assets	564	508	498	496
Increase in other non-financial assets	(217)	(855)	(74)	(909)
Increase / (decrease) in employee benefits	(887)	211	(959)	206
Increase / (decrease) in accrued salaries and wages	518	(1,126)	503	(1,091)
Increase / (decrease) in payables	(2,452)	(1,576)	(1,267)	776
Increase / (decrease) in other liabilities	5,322	4,587	5,319	4,494
	4,572	**5,064**	**4,103**	**5,238**
Net cash provided by operating activities	**32,011**	**22,424**	**31,755**	**22,186**

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial assets				
Cash and cash equivalents	4,211	3,864	3,945	3,585
Trade and other receivables	8,277	12,702	8,212	11,181
Receivables from subsidiaries	–	–	1,242	1,287
Finance lease receivables	10,238	10,736	10,238	10,736
Investment in equity instruments designated at FVOCI	34,205	–	34,206	–
Other financial assets at FVOCI	6,476	–	2,772	–
Available for sale investments	–	26,147	–	22,339
Carrying amount of financial assets	**63,407**	**53,449**	**60,615**	**49,128**
Financial liabilities				
At amortised cost				
Trade and other payables	22,896	24,584	22,375	23,132
Loan - Macquarie Bank - insurance premium funding	–	653	–	653
Cash advance facility - Commonwealth Bank of Australia*	80,000	60,000	80,000	60,000
Cash advance facility - Westpac*	1,500	25,500	1,500	25,500
Australian Government financial assistance payable	2,844	448	2,844	448
Other financial liability - NRAS securitisation*	24,176	28,460	24,176	28,460
Other financial liability - rental securitisation*	33,655	37,328	33,655	37,328
Lease expiry date payment	1,590	1,470	1,590	1,470
Security deposits received	3,247	641	3,247	641
Carrying amount of financial liabilities	**169,908**	**179,084**	**169,387**	**177,632**

** 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 to 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 further 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 2018					
Recurring fair value measurements					
Financial assets					
Investment in equity instruments designated at FVOCI	15,18	–	30,755	3,450	34,205
Other financial assets at FVOCI	15	6,476	–	–	6,476
Total financial assets					**40,681**
Non-financial assets					
Land, buildings and infrastructure	19	–	149,952	410,023	559,975
Library collection	19	–	838	–	838
Works of art	19	–	1,901	–	1,901
Total non-financial assets					**562,714**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2018	3,725
Total loss in profit or loss	(275)
Closing balance 31 December 2018	**3,450**

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
University					
At 31 December 2018					
Recurring fair value measurements					
Financial assets					
Investment in equity instruments designated at FVOCI	15,18	–	30,755	3,451	34,206
Other financial assets at FVOCI	15	2,772	–	–	2,772
Total financial assets					**36,978**
Non-financial assets					
Land, buildings and infrastructure	19	–	149,847	410,023	559,870
Library collection	19	–	838	–	838
Works of art	19	–	1,901	–	1,901
Total non-financial assets					**562,609**

Reconciliation of Level 3 fair value measurement of financial assets	**Unlisted equities**
Opening balance 1 January 2018	3,726
Total loss in profit or loss	(275)
Closing balance 31 December 2018	**3,451**

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 loan to sponsorship	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**

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 2018 $'000	Fair value at 31 December 2017 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Investments in equity instruments designated at FVOCI	3,449	3,724	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.
Investments in equity instruments designated at FVOCI - 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	410,023	405,726	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 relationships. 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. Movements in the provision for impaired receivables are disclosed in the Note 14 Trade and other receivables. For finance lease receivables, refer to Note 1(e) 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.

(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 Ltd and AARNet Ltd 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 of bank facilities and Commonwealth funding.

The capital structure of the University consists of net debt.

The University's Finance 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)

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
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated														
Financial assets														
Cash and cash equivalents	1.04	1.16	4,211	3,864	–	–	–	–	–	–	–	–	4,211	3,864
Trade and other receivables	–	–	–	–	–	–	–	–	–	–	8,277	12,702	8,277	12,702
Investment in equity instruments designated at FVOCI	–	–	–	–	–	–	–	–	–	–	34,205	–	34,205	–
Other financial assets at FVOCI	–	–	–	–	–	–	–	–	–	–	6,476	–	6,476	–
Available for sale investments	–	–	–	–	–	–	–	–	–	–	–	26,147	–	26,147
Finance lease receivables	9.00	9.00	–	–	497	497	1,990	1,990	7,751	8,249	–	–	10,238	10,736
Total financial assets			**4,211**	**3,864**	**497**	**497**	**1,990**	**1,990**	**7,751**	**8,249**	**48,958**	**38,849**	**63,407**	**53,449**
Financial liabilities														
Trade and other payables	–	–	–	–	–	–	–	–	–	–	22,896	24,584	22,896	24,584
Australian Government financial assistance payable	–	–	–	–	–	–	–	–	–	–	2,844	448	2,844	448
Security deposits received	–	–	–	–	–	–	–	–	–	–	3,247	641	3,247	641
NRAS securitisation	4.25	4.25	–	–	4,648	4,284	19,216	19,426	312	4,750	–	–	24,176	28,460
Rental securitisation	4.30	4.30	–	–	3,930	3,674	18,548	17,389	11,177	16,266	–	–	33,655	37,328
Lease expiry date payment	2.00	2.00	–	–	–	–	–	–	1,590	1,470	–	–	1,590	1,470
Cash advance facility - Commonwealth Bank of Australia*	3.02	2.88	80,000	60,000	–	–	–	–	–	–	–	–	80,000	60,000
Cash advance facility - Westpac**	2.85	2.78	1,500	25,500	–	–	–	–	–	–	–	–	1,500	25,500
Loan - Macquarie Bank - insurance premium funding	–	7.42	–	–	–	653	–	–	–	–	–	–	–	653
Total financial liabilities			**81,500**	**85,500**	**8,578**	**8,611**	**37,765**	**36,815**	**13,079**	**22,485**	**28,987**	**25,673**	**169,908**	**179,084**

* Facility expires 11 December 2021

** 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
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
University														
Financial assets														
Cash and cash equivalents	1.03	1.09	3,945	3,585	–	–	–	–	–	–	–	–	3,945	3,585
Trade and other receivables	–	–	–	–	–	–	–	–	–	–	8,212	11,181	8,212	11,181
Receivables from subsidiaries	–	–	–	–	–	–	–	–	–	–	1,242	1,287	1,242	1,287
Investment in equity instruments designated at FVOCI	–	–	–	–	–	–	–	–	–	–	34,206	–	34,206	–
Other financial assets at FVOCI	–	–	–	–	–	–	–	–	–	–	2,772	–	2,772	–
Available for sale investments	–	–	–	–	–	–	–	–	–	–	–	22,339	–	22,339
Finance lease receivables	9.00	9.00	–	–	497	497	1,990	1,990	7,751	8,249	–	–	10,238	10,736
Total financial assets			**3,945**	**3,585**	**497**	**497**	**1,990**	**1,990**	**7,751**	**8,249**	**46,432**	**34,807**	**60,615**	**49,128**
Financial liabilities														
Trade and other payables	–	–	–	–	–	–	–	–	–	–	22,375	23,132	22,375	23,132
Australian Government financial assistance payable	–	–	–	–	–	–	–	–	–	–	2,844	448	2,844	448
Security deposits received	–	–	–	–	–	–	–	–	–	–	3,247	641	3,247	641
NRAS securitisation	4.25	4.25	–	–	4,648	4,284	19,216	19,426	312	4,750	–	–	24,176	28,460
Rental securitisation	4.30	4.30	–	–	3,930	3,674	18,548	17,389	11,177	16,266	–	–	33,655	37,328
Lease expiry date payment	2.00	2.00	–	–	–	–	–	–	1,590	1,470	–	–	1,590	1,470
Cash advance facility - Commonwealth Bank of Australia*	3.02	2.88	80,000	60,000	–	–	–	–	–	–	–	–	80,000	60,000
Cash advance facility - Westpac**	2.85	2.78	1,500	25,500	–	–	–	–	–	–	–	–	1,500	25,500
Loan - Macquarie Bank - insurance premium funding	–	7.42	–	–	–	653	–	–	–	–	–	–	–	653
Total financial liabilities			**81,500**	**85,500**	**8,578**	**8,611**	**37,765**	**36,815**	**13,079**	**22,485**	**28,466**	**24,221**	**169,387**	**177,632**

* Facility expires 11 December 2021
** Facility expires 30 June 2020

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 2018	**Amount**	**Result**	**Equity**	**Result**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	4,211	(21)	(21)	21	21
Financial liabilities					
Cash advance facility - Commonwealth Bank of Australia	80,000	400	400	(400)	(400)
Cash advance facility - Westpac	1,500	8	8	(8)	(8)
Total increase / (decrease)		**387**	**387**	**(387)**	**(387)**
At December 2017					
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)**

Note 35 Financial risk management (continued)

University		Interest rate risk			
	Carrying	-0.5%		+0.5%	
At December 2018	**Amount**	**Result**	**Equity**	**Result**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	3,945	(20)	(20)	20	20
Financial liabilities					
Cash advance facility - Commonwealth Bank of Australia	80,000	400	400	(400)	(400)
Cash advance facility - Westpac	1,500	8	8	(8)	(8)
Total increase / (decrease)		**388**	**388**	**(388)**	**(388)**
At December 2017					
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)**

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	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
		Commonwealth Grants Scheme **		**Indigenous Student Success Program *****		**Higher Education Participation and Partnership Program**		**National Priorities Pool**	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		92,777	91,218	1,453	1,295	824	827	(15)	213
Net accrual adjustment		(2,004)	36	(6)	(109)	–	–	–	–
Revenue for the period	3(a)	**90,773**	**91,254**	**1,447**	**1,186**	**824**	**827**	**(15)**	**213**
Surplus / (deficit) from the previous year		–	–	7	(21)	3	182	20	170
Cost centre adjustment		–	–	–	–	91	457	–	–
Total revenue including accrued revenue		**90,773**	**91,254**	**1,454**	**1,165**	**918**	**1,466**	**5**	**383**
Less expenses including accrued expenses		(90,773)	(91,254)	(1,050)	(1,158)	(917)	(1,463)	(5)	(363)
Surplus for reporting period*		**–**	**–**	**404**	**7**	**1**	**3**	**–**	**20**
		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)		59	57	–	–	–	–	–	14
Net accrual adjustment		–	–	–	–	–	–	–	–
Revenue for the period	3(a)	**59**	**57**	**–**	**–**	**–**	**–**	**–**	**14**
Surplus from the previous year		–	–	6	24	–	139	–	–
Cost centre adjustment		–	–	–	–	–	–	–	–
Total revenue including accrued revenue		**59**	**57**	**6**	**24**	**–**	**139**	**–**	**14**
Less expenses including accrued expenses		(59)	(57)	(3)	(18)	–	(139)	–	(14)
Surplus for reporting period*		**–**	**–**	**3**	**6**	**–**	**–**	**–**	**–**

* The reported 2018 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	2018 $'000	2017 $'000
		Total	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		95,098	93,624
Net accrual adjustment		(2,010)	(73)
Revenue for the period	3(a)	**93,088**	**93,551**
Surplus from the previous year		36	494
Cost centre adjustment		91	457
Total revenue including accrued revenue		**93,215**	**94,502**
Less expenses including accrued expenses		(92,807)	(94,466)
Surplus for reporting period*		**408**	**36**

* The reported 2018 surpluses are expected to be rolled over for future use by the University.

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

	Notes	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
		HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total	
Cash payable / (receivable) at beginning of year		(401)	375	290	(172)	(9)	(851)	(120)	(648)
Financial assistance received in cash during the reporting period		60,945	57,973	5,669	5,582	2,775	3,566	69,389	67,121
Cash available for period		**60,544**	**58,348**	**5,959**	**5,410**	**2,766**	**2,715**	**69,269**	**66,473**
Net accrual adjustment		–	–	–	–	–	–	–	–
Less revenue earned	3(b)	(60,362)	(58,749)	(5,864)	(5,120)	(2,736)	(2,724)	(68,962)	(66,593)
Cash payable / (receivable) at end of year		**182**	**(401)**	**95**	**290**	**30**	**(9)**	**307**	**(120)**

Note 36 Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Training Research

	Notes	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'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)		5,220	5,228	3,943	4,061	9,163	9,289
Net accrual adjustment		–	–	–	–	–	–
Revenue for the period	3(c)	**5,220**	**5,228**	**3,943**	**4,061**	**9,163**	**9,289**
Surplus from the previous year		782	875	–	–	782	875
Total revenue including accrued revenue		6,002	6,103	3,943	4,061	9,945	10,164
Less expenses including accrued expenses		(4,708)	(5,321)	(3,943)	(4,061)	(8,651)	(9,382)
Surplus for reporting period*		**1,294**	**782**	**–**	**–**	**1,294**	**782**

* The reported 2018 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 Stipends	1,608	–
Research Training Program Allowances	3,100	–
Total for all types of support	**4,708**	**–**

Note 36 Acquittal of Australian Government financial assistance (continued)

(e) Australian Research Council Grants

	Notes	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'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)		1,361	1,168	139	107	288	178	–	(1)
Net accrual adjustment		–	–	–	–	–	30	–	–
Revenue for the period	3(d)	**1,361**	**1,168**	**139**	**107**	**288**	**208**	**–**	**(1)**
Surplus from the previous year		917	645	13	68	254	257	–	89
Total revenue including accrued revenue		2,278	1,813	152	175	542	465	–	88
Less expenses including accrued expenses		(1,092)	(896)	(108)	(162)	(273)	(211)	–	(88)
Surplus for reporting period*		**1,186**	**917**	**44**	**13**	**269**	**254**	**–**	**–**

	Notes	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'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)		578	592	32	86	2,398	2,130
Net accrual adjustment		–	–	–	–	–	30
Revenue for the period	3(d)	**578**	**592**	**32**	**86**	**2,398**	**2,160**
Surplus from the previous year		215	344	86	–	1,485	1,403
Total revenue including accrued revenue		793	936	118	86	3,883	3,563
Less expenses including accrued expenses		(387)	(721)	–	–	(1,860)	(2,078)
Surplus for reporting period*		**406**	**215**	**118**	**86**	**2,023**	**1,485**

* The reported 2018 surpluses are expected to be rolled over for future use by the University.

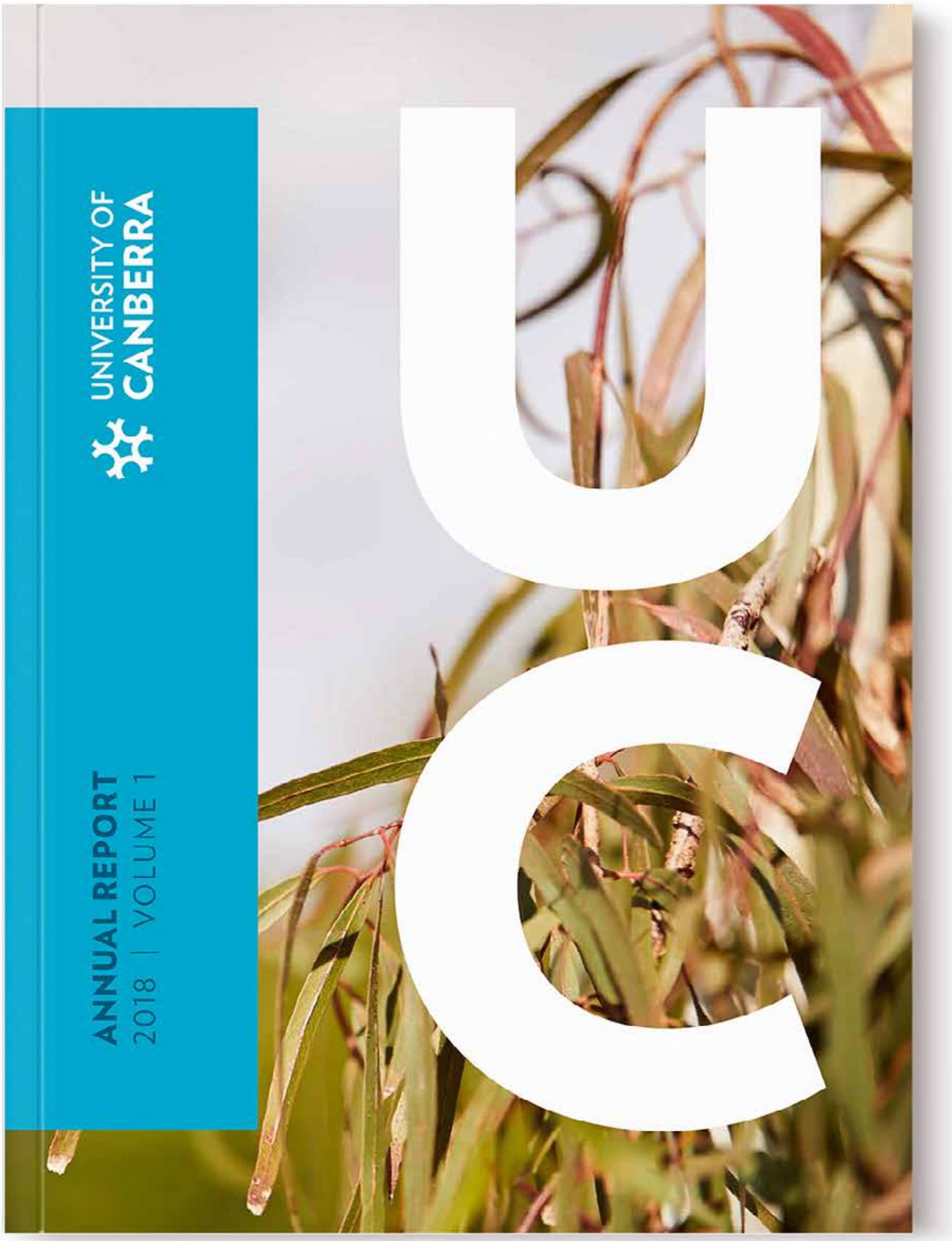
Note 36 Acquittal of Australian Government financial assistance (continued)

	Notes	University 2018 $'000	2017 $'000
(f) OS-HELP			
Cash received during the reporting period		2,561	2,435
Cash spent during the reporting period		(2,367)	(2,484)
Net cash received		**194**	**(49)**
Cash surplus from the previous period		2,415	2,462
Net accrual adjustment		8	2
Cash surplus for reporting period	21	**2,617**	**2,415**
(g) Higher Education Superannuation Program			
Cash received during the reporting period		29	19
University contribution in respect of current employees		75	97
Cash available for current period		104	116
Contributions to specified defined benefits funds		(104)	(116)
Cash surplus this period		**–**	**–**
(h) Student Services and Amenities Fee			
Unspent revenue from previous period		9	851
SA-HELP revenue earned	3(b)	2,736	2,724
Student Services and Amenities Fees direct from students	5	1,331	1,405
Total revenue expendable in period		4,076	4,980
Student services expenses during period		(4,076)	(4,971)
Unspent student services revenue		**–**	**9**

END OF CONSOLIDATED FINANCIAL STATEMENTS

Volume 1

For a summary of corporate news, including highlights from each executive and portfolio, see Volume 1 of the 2018 Annual Report.



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