



**It's not how  
you look.**



**It's what  
you see.**

Australian Catholic University (ACU) was established in November 1990 through incorporation as a public company limited by guarantee, established and set up with the resources of the Catholic Church and incorporated pursuant to the Corporations Act, 2001. It is a national university that operates in a number of jurisdictions domestically and overseas.

It is regulated by the Corporations Act and the Australian National Charities and Not-for-profits Commission Act, 2012 and lodges its Annual Report in accordance with those statutory requirements.

The University was formed through the amalgamation of the Catholic College of Education (NSW), the Institute of Catholic Education (Vic), McAuley College (Qld) and Signadou College of Education (ACT). Today, ACU has eight campuses: Brisbane (McAuley at Banyo), North Sydney (MacKillop), Strathfield (Mount Saint Mary), Canberra (Signadou), Ballarat (Aquinas), Melbourne (St Patrick's), Adelaide (St Francis of Assisi) and the Rome Campus.

A public university, recognised and funded by the Commonwealth Government, ACU is open to students and staff of all beliefs. To view this report online visit [acu.edu.au/annualreports](http://acu.edu.au/annualreports)

#### LETTER OF TRANSMITTAL

May 2018

Australian Charities and Not-for-profits  
Commission GPO Box 5108, Melbourne VIC  
3001

I am pleased to submit for your information the Australian Catholic University Annual Report for the year ending 31 December 2017.

The Annual Report was approved by the Australian Catholic University Senate on 2 May 2018.

Yours sincerely



**The Honourable John Fahey AC  
Chancellor**

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## Message from the Chancellor

On behalf of the University’s Senate, I am pleased to present ACU’s 2017 Annual Report.

This report provides us with an opportunity to reflect on the year’s many highlights. What you will see is that Australia’s most prominent Catholic university has gone from strength to strength.

The decisions taken by the University in 2017 demonstrate our commitment to making a positive impact in the communities we serve, to fulfilling our Catholic mission and creating a truly sustainable future – not just for ACU but for Australia and the world.

In this report you will read about our sustainable financial decision-making, our engagement with community, the international reach of our research, our pride in our distinctiveness, and our commitment to building the next generation of leaders.

I am proud of what we have accomplished in 2017 and very much look forward to the future. These feelings are shared among the entire University Senate.

**The Honourable John Fahey AC**



## Message from the Vice-Chancellor and President

Over the past few years, our university has experienced significant growth and enhanced performance in teaching, service delivery, student experience, research and in our global Catholic presence.

These achievements are a reflection of the dedication and devotion of our entire university community.

Our growing profile has not gone unnoticed by others either.

In 2017, we took deliberate steps to sharpen our profile. Embodying our Mission, values and identity as a world-class Catholic university and building on our collective achievements, we decided on a new direction for the University.

ACU is putting ‘Impact through empathy’ at the heart of everything we do. This new direction will shape how we attract students, what courses we offer, how we teach, our graduate attributes, what research we do, and even how we design our campuses.

I am grateful to all our people who have contributed so much to ACU’s success, and I feel privileged to be our university’s Vice-Chancellor and President.

After years of work and careful stewardship, ACU is well-placed to fulfil our Mission, our ambition, and our place as a leading Catholic university in the world. The future is indeed very bright.

**Professor Greg Craven AO, GCSG**

# Our history and Mission



At ACU, we pride ourselves on offering a welcoming environment for everyone. At the same time, we are a university committed to standing for something clear. We stand up for people in need, and causes that matter.

ACU was opened on 1 January 1991, following the amalgamation of four Catholic tertiary institutions in eastern Australia.

We're young, but we are making our mark. ACU is ranked in the top 50 of Generation Y universities worldwide\* and in the top 10 Catholic universities\*\*. We've grown rapidly over the past few years, and now have seven campuses around Australia, and a campus in Rome, Italy. We put our students and staff at the centre of a vibrant global network of scholars, partnerships, and opportunities.

We offer programs in arts, business, education, health, law, science, and theology and philosophy. We're closely integrated into our communities and industries, working with them to answer the big questions, and to create tangible results.

Along with significant student growth in recent years, we've begun to compete more intensely through our research output. Our research programs tackle enduring and pressing issues in society, in Australia, and around the world.

At ACU, it's education, but with a bigger purpose.

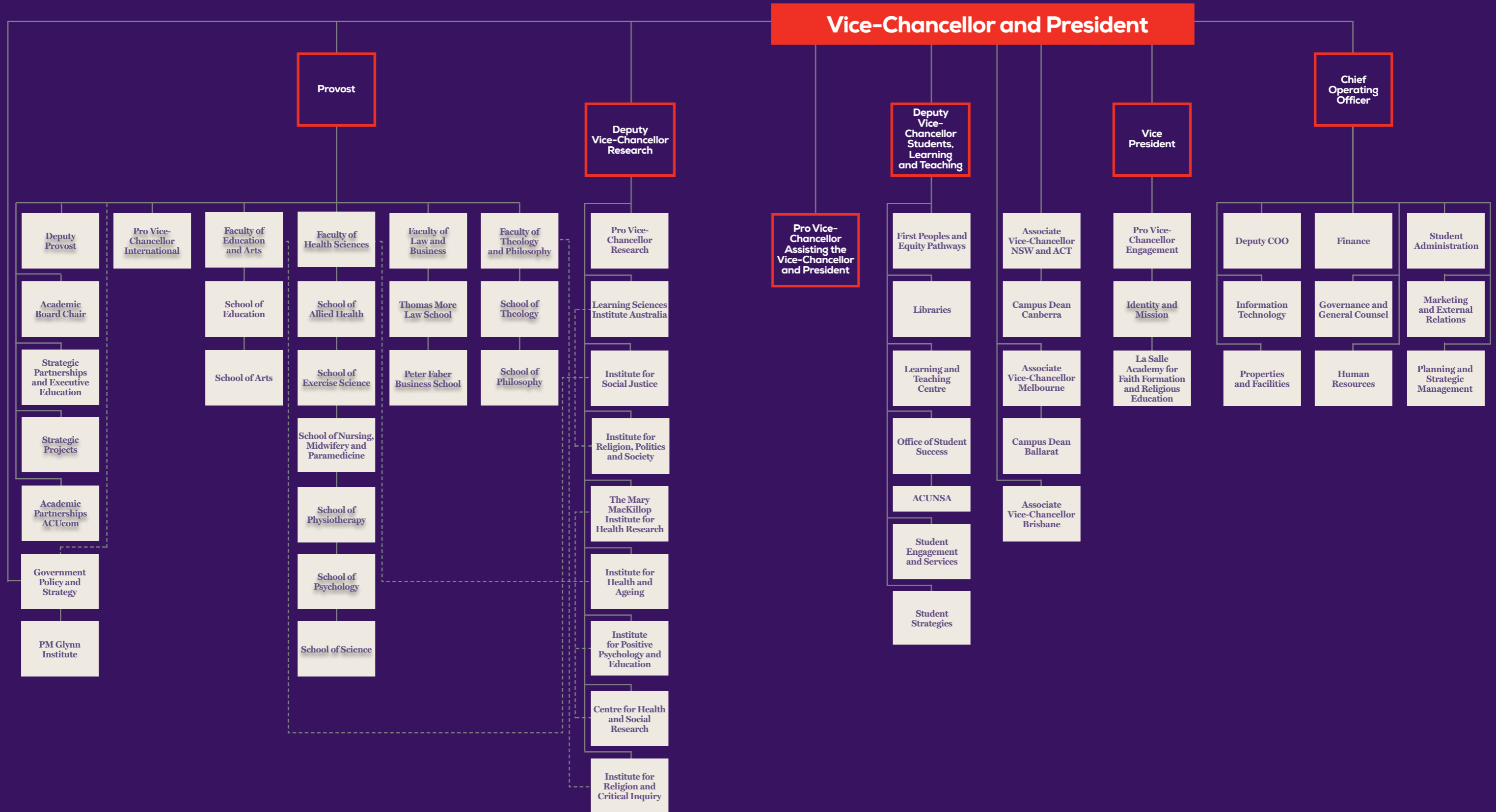
## Key statistics

	2017	
<b>ENROLMENTS</b>		
<b>Total</b>	<b>35,190</b>	
Domestic	31,021	
International	4,169	
Undergraduate	27,002	
Postgraduate	6,831	
Non-award	1,357	
<b>STAFF</b>		
Academic	1176	
Professional	1322	
<b>RESEARCH</b>		
ARC funding	3,068	
NHMRC funding	2,870	
Publication count	n/a <sup>2</sup>	
Research strengths <sup>2</sup>	7	
<b>INCOME (%) (EXCLUDING DEFERRED GOVERNMENT CONTRIBUTIONS)</b>		
Government grants	264,857	49.4%
Fees and charges	78,423	14.6%
HECS-HELP	153,724	28.7%
Other	38,887	7.3%
<b>EXPENDITURE (%)</b>		
Employee benefits	339,363	65.9%
Other	125,773	24.4%
Depreciation and amortisation	33,579	6.5%
Repairs and maintenance	9,349	1.8%
Borrowing costs	7,034	1.4%
<b>FINANCE (\$'000)</b>		
Total assets	952,658	
Total revenue from continuing operations	532,449	
Total expenses from continuing operations	508,064	

<sup>1</sup> 2017 publications count will be reported on in mid-2018

<sup>2</sup> ACU's research strengths are defined as the number of four-digit Field of Research codes in which the University scored 4 or 5 in the previous ERA round.

# Organisational structure



# Governance and management

## GOVERNANCE

The University is incorporated in Victoria as Australian Catholic University Limited, a public company limited by guarantee.

The Most Reverend Denis J Hart DD is the President of Australian Catholic University Limited. The Corporation's members are the Catholic Archbishops of the Archdioceses of Sydney, Melbourne, Brisbane, and Canberra-Goulburn, the Bishops of the Dioceses of Ballarat and Parramatta, congregational leaders of founding religious institutions, and nominees of the Archbishops and the Bishop of Ballarat. ACU's Constitution may be viewed on the University's website at [acu.edu.au/about\\_acu/our\\_university/governance/governance\\_directorate/acu\\_constitution](http://acu.edu.au/about_acu/our_university/governance/governance_directorate/acu_constitution)

The University Senate governs the University. Members of Senate are the Board of Directors. Senate has five sub-committees, each one enshrined in the University's Statutes. These are:

- Standing and Finance Committee
- Audit and Risk Committee
- Nominations and Remunerations Committee
- Honorary Awards Committee
- Academic Board

Four State Chapters, based in the Australian Capital Territory, New South Wales, Queensland, and Victoria, provide an interface between the University and the local community. With the exception of the Vice-Chancellor and President, the local Archbishop appoints the members of each Chapter. While the Chapters have no direct governance role in the University, each Chapter reports to Senate and the Annual General Meeting of the Corporation.

## SENIOR EXECUTIVE

The Senior Executive Group (SEG) is the peak senior strategic forum of ACU. The SEG meets to discuss University-wide strategic planning. It provides an opportunity for the Vice-Chancellor and President to brief the senior executive staff of the University on current and emerging strategic matters.

In 2017, Pro Vice-Chancellor Assisting the Vice-Chancellor and the Vice President became members of the SEG. SEG members are:

- Professor Greg Craven AO, GCSG, Vice-Chancellor and President
- Professor Pauline Nugent, Provost
- Dr Stephen Weller, Chief Operating Officer, Deputy Vice-Chancellor
- Professor Anne Cummins, Deputy Vice-Chancellor (Students, Learning and Teaching)
- Professor Wayne McKenna, Deputy Vice-Chancellor (Research)
- Father Anthony Casamento csma, Vice President
- Professor Hayden Ramsay, Pro Vice-Chancellor Assisting the Vice-Chancellor and President and Professor of Catholic Philosophy

## ACU SENATE

The 18 members of Senate – the Board of Directors – are appointed in different ways:

- The Chancellor, Pro-Chancellor and Vice-Chancellor and President, Chair of Academic Board, and one Cleric nominated by the Australian Catholic Bishops Conference are ex-officio members. Members of the Corporation elect the Chancellor and Pro-Chancellor. The Senate appoints the Vice-Chancellor and President.

- Members of the Corporation elect four senators, one from each state and territory, nominated by the relevant State Chapter and approved by the local Archbishop.
- Members of the Corporation elect four senators from nominations provided by members of the Corporation and the Senate.
- Academic staff elect three senators.
- Professional staff elect one senator.
- Students elect one senator.

## ACADEMIC BOARD

The Academic Board is established by Senate and has responsibility for academic governance including administering and implementing the academic policies and programs of the University and advising Senate on quality assurance matters relating to the University's teaching and research activities. Academic Board has the following standing committees:

- Academic Administrative Committee
- Academic Board Executive Committee
- Courses and Academic Quality Committee
- Faculty Boards
- Internationalisation Committee
- Standards and Compliance Committee
- University Learning and Teaching Committee
- University Medals Committee
- University Research Committee

## IN 2017, SENATE MEMBERSHIP COMPRISED OF:

### Chancellor

The Hon John Fahey AC (Chair)

### Pro-Chancellor

Mr Julien O'Connell AM

### Vice-Chancellor and President

Professor Greg Craven AO, GCSG

### Chair of Academic Board

Professor Margot Hillel OAM

### Cleric nominated by the Australian Catholic Bishops' Conference

The Most Reverend Christopher Charles Prowse DD

### State Chapter nomination (NSW)

Ms Annette Schmiede

### State Chapter nomination (VIC)

Mr Stephen Elder OAM

### State Chapter nomination (QLD)

Ms Margaret Vider

### State Chapter nomination (ACT)

Ms Moira Najdecki

### Senate Panel and ACU Company nominated member (NSW)

The Hon Barbara Perry

### Senate Panel and ACU Company nominated member (VIC)

Ms Bernadette Steele

### Senate Panel and ACU Company nominated member (QLD)

The Hon Justice James Douglas

### Senate Panel and ACU Company nominated member (ACT)

Mr David O'Connor AM (until May 2017)

Mr Tim Kirk (from May)

### Elected by academic staff of the University

Professor Karen Flowers (until May 2017)

Professor Don Ross (from May)

### Elected by academic staff of the University

Professor Michael Ondaatje

### Elected by academic staff of the University

Dr Bill Franzsen

### Elected by professional staff of the University

Ms Cecelia Hollis Jones (until May 2017)

Ms Danielle Leahy (from May)

### Elected by students of the University

Miss Sarah Lye

## IN 2017, ACADEMIC BOARD MEMBERSHIP COMPRISED OF:

### Chair of Academic Board

Professor Margot Hillel OAM (Chair)

### Vice-Chancellor and President

Professor Greg Craven AO, GCSG

### Provost

Professor Pauline Nugent

### Chief Operating Officer

Dr Stephen Weller

### Deputy Vice-Chancellors

Professor Anne Cummins

Professor Wayne McKenna

### Vice President

Fr Anthony Casamento csma

### Pro Vice-Chancellor, International

Mr Chris Riley

### Pro Vice-Chancellor, Research

Professor James McLaren

### Chair of Campus Board

Professor Marea Nicholson

### Executive Deans of Faculties

Professor Tania Aspland

Professor Michelle Campbell

Professor Dermot Nestor

Professor Terri Joiner

### Two professorial academic staff members elected by each faculty

Professor Susan Dann

Professor Karen Flowers (Deputy Chair)

Professor Peta Goldberg RSM

Professor Karen Noble

Professor John Ozolins

Professor Peter Rendell

Professor David Sim

Professor Spencer Zifcak

### Two non-professorial academic staff members elected by each faculty

Dr Richard Colledge (from March 2017)

Dr Alicia Evans

Dr Bill Franzsen

Dr Charles Hollis

Dr Sugumar Mariappanadar

Dr Lyndal Maxwell

Dr John Quilter

Dr Adam Staples

Dr Michael Theophilus (until February 2017)

### Academic Registrar

Ms Kathryn Blyth

### Director, Libraries

Ms Fides Datu Lawton

### Deputy Provost

Professor David Spencer (until February 2017)

### Director, Learning and Teaching

Professor Kevin Ashford-Rowe

### An external professor

Associate Professor Paul Wormell, Western Sydney University

### First Peoples and Equity Pathways representative

Ms Jane Ceolin

### Student member of Senate

Miss Sarah Lye



Louis Laumen, 2013. ACU Art Collection

# Strategic Plan and key performance indicators

The ACU Strategic Plan 2015-2020 is the highest level plan of the University and is guided by our Mission, vision and values. The Strategic Plan places ACU's Catholic identity as the overarching goal, which is supported by the four strategic goal pillars of Academic Profile; Students, Learning and Teaching; Research; and Corporate Services.

Each strategic goal has a number of key result areas and associated university performance indicators and targets, which are used to measure the University's performance and progress throughout the year. The traffic light indicators represent a point-in-time analysis and have been assessed using the quantitative and qualitative updates provided by the portfolios in December 2017.

## ACADEMIC PROFILE

- Student and enrolment profile
- Market share
- Articulation rates
- Course profile
- Student satisfaction
- Core Curriculum
- Pathways programs
- External partnerships
- Academic quality assurance
- Academic staff profile
- Staff satisfaction
- External accreditation
- Global profile
- International classroom
- Mission-focused collaboration

## STUDENTS, LEARNING AND TEACHING

- Student experience and satisfaction
- Student support services
- Student engagement in university life
- Student living and learning communities
- Quality learning and teaching experiences
- Learning technology
- Student retention and success
- Graduate attributes and employability
- Equity group enrolment
- Equity group retention and success
- Equity group attainment
- Quality library experience
- Resource provision and access
- Physical and technological infrastructure
- Research skills support
- Copyright services

## ACU'S CATHOLIC IDENTITY

- Catholic partnerships
- Engagement with Mission and values
- Authentic Catholic university
- Catholic policy capacity
- Integration of Catholic Social Principles
- Staff formation in the ACU Mission
- Quality and impact of community engagement programs
- Mission-focused research

## CORPORATE SERVICES

- Alignment with the Strategic Plan
- Risk and assurance
- Legal and governance compliance
- Service quality
- Workplace culture
- Workforce profile
- Workforce performance
- Financial performance
- Budget planning
- Physical infrastructure
- Information technology infrastructure
- Social infrastructure
- Sustainability
- University reputation
- Student satisfaction
- Staff engagement

## RESEARCH

- Research infrastructure and resources
- Research grants
- Competitive funding
- Research partnerships
- Excellence in Research for Australia

Based on the quantitative and qualitative data available, a traffic light indicator (red, amber or green) has been assigned to illustrate the assessment of the UPIs as follows:

- High likelihood target will not be achieved and additional actions are required.
- Potential to not achieve target and additional actions are in place or there is a lack of data and difficult to accurately determine progress against target.
- Above or on track to achieve target.

# Executive appointments

## SENIOR EXECUTIVE LEADER APPOINTMENTS

- Father Anthony Casamento csma, Vice President, Office of the Vice President
- Professor Hayden Ramsay, Pro Vice-Chancellor Assisting the Vice-Chancellor and President and Professor of Catholic Philosophy, Office of the Pro Vice-Chancellor Assisting Vice-Chancellor and President

## EXECUTIVE LEADER APPOINTMENTS

- Professor James McLaren, Pro Vice-Chancellor Research
- Professor Sandra Jones, Pro Vice-Chancellor, Engagement
- Professor David Runia, Director, Institute for Religion and Critical Inquiry
- Professor Darryl Higgins, Professor and Director, Institute of Child Protection Studies
- Mr Shaun McDonagh, Executive Director, ACUcom
- Professor Bridget Aitchison, Campus Dean, Ballarat
- Mr David McElgunn, Director of ACUcom
- Professor John Hawley, Director, Mary MacKillop Institute for Health Research





# University highlights



## IMPACT THROUGH EMPATHY

ACU launched a new brand direction in 2017. Our new brand proposition 'Impact through empathy' has been developed to capture our Mission as a Catholic university and shows how our work, and our students and staff, have the capacity to change the world. This will shape what we do – from the ACU staff and student experience, to the research that we undertake, to the programs we offer. To demonstrate our new brand in action, we became the national education partner of Orange Sky Laundry. A not-for-profit organisation formed in 2014, Orange Sky is the world's first free mobile laundry service for the homeless.

## OUR SUSTAINABLE FUTURE

We demonstrated our commitment to a sustainable future by securing \$200 million in investor funds for projects that deliver positive social and environmental outcomes. Projects include reducing the University's environmental footprint through investments in campus buildings that are Green Building Council of Australia 5- and 6-star rated. The funds will also support teaching and research activities geared towards improving the lives of Australians and people around the world. The University raised the funds through the sale of Sustainability Bonds to some of Australasia's biggest institutional investors. This was a world-first for universities.



## INTERFAITH ENGAGEMENT

In August we hosted the Federal Parliamentary Interfaith Breakfast at the National Press Club in Canberra. It was an opportunity for parliamentarians of all parties to meet faith leaders and to celebrate Australia's diversity and communal harmony, while highlighting the shared interests and values that are common to us all. The breakfast was attended by around 220 guests, including the Prime Minister, Opposition Leader, Education Minister, the Leader of the Australian Greens, and the Apostolic Nuncio to Australia. The key note address focused on global trends in religious identity. It was delivered by Dr Conrad Hackett from the Pew Research Center.

### CORE TO SUCCESS

We launched a new version of our advanced Core Curriculum in 2017, with a stronger focus on the principles of Catholic Social Thought. Our Core Curriculum is a critical part of every ACU student's education. It gives them an opportunity to reflect on the dignity of the human person, solidarity, the common good, rights and responsibilities, and stewardship of the earth. Close to 85 per cent of students completing the new advanced Core Curriculum in 2017 were satisfied with the course according to student surveys. Our students completed Core Curriculum units in Australia, Rome, London, Beijing and New York.



### SAFEGUARDING CHILDREN

In December our Institute of Child Protection Studies launched an internet resources portal that provides safeguarding initiatives, preventative approaches, and training to protect children against sexual abuse within organisations. The institute has worked closely with the Royal Commission into Institutional Responses to Child Sexual Abuse and other academic institutions to deliver valuable insights about children's safety in institutions. In 2017, we also launched a Graduate Certificate in Safeguarding Children and Young People to support safeguarding practices and capabilities for individuals and organisations.

### FIRST NEW COLOMBO PLAN SCHOLARSHIP

The inspirational Grace Corcoran became our first student to win a New Colombo Plan scholarship. This award is the most lucrative and prestigious undergraduate scholarship in the country, and is highly sought after. It has enabled the public health and global studies student to head overseas to undertake an internship, followed by a semester of studies at the College of Micronesia. Nearly \$2 million dollars was paid to ACU students through scholarships in 2017.



### TEACH FOR AUSTRALIA

In August, we signed a partnership agreement with not-for-profit organisation Teach for Australia to help break the cycle of educational disadvantage in Australia. The University will provide training to more than 250 people through the Master of Teaching (Secondary)(Professional Practice) over the next three years. As part of the Teach for Australia program, participants will be placed in schools in low socio-economic communities. Together, Teach for Australia and ACU share a commitment to listen to, and work closely alongside, our stakeholders to ensure the best possible outcomes for all Australian students.



### AIDING PEOPLE AROUND THE WORLD

One of our strongest supporters, The Emerge Foundation, donated \$200,000 towards ACU programs supporting communities in East Timor. Since 2008, Emerge has donated \$1.465 million to ACU programs targeted at improving education and health outcomes in East Timorese communities. These include supporting the Instituto Catolico a para Formacao de Professores in Baucau as part of the Teachers for Timor project, as well as the Future in Youth; and Barefoot Nursing programs. In other fundraising developments in 2017, the Ursuline Community pledged to donate \$214,500 over the next three years towards programs supporting women in Australia, South Sudan, and Iraq.



### YOUNG ABORIGINAL AND TORRES STRAIT LEADERS

In November, 22 Aboriginal and Torres Strait Islander students participated in the 'Nganana' Leadership, Spirituality and Cultural Study Tour in central Australia. It offered students the chance to gain a deeper understanding of Aboriginal culture, Indigenous ways of knowing, Aboriginal spirituality and the Mission of ACU, and to broaden their experience of leadership. Students were asked to reflect on and consider the connections between leadership, Indigenous spirituality, and culture as part of their studies and as community members and future professionals.



### MORE ROADS LEAD TO ROME

Our Rome Campus continues to grow as a hub for scholarship, engagement, and learning. In 2017, a total of 15 academic units across all faculties and seven research seminars were held at the Rome Campus, attracting more than 290 students and 29 academics. The campus hosted the first recipient of the Francis Xavier Conaci Scholarship, which gives ACU Indigenous students an opportunity to study in Rome. In November, the campus was the centre of the first Healthcare CEO Symposium. This joint initiative between ACU and Catholic Health Australia focused on breaking the cycle of poverty and disease and featured His Eminence Cardinal Peter Turkson, Prefect to the Dicastery for the Promotion of Integral Human Development. The Rome Campus has now hosted more than 1,220 students, academics, researchers, and some of the most eminent scholars of contemporary religious thought since its inauguration in September 2015.



### ATHLETIC SUCCESS

ACU student athletes celebrated success at the World University Games in Taipei. Exercise science student Alysha Burnett took out the silver medal in the heptathlon, while fellow exercise science student Kyle Cranston took out gold in the decathlon event. Each year ACU supports top athletes and performers in balancing work and study through our Elite Athlete and Performer Program (EAPP). In 2017, 416 students took part in the EAPP, joining the more than 1,000 students who have participated in the program since its launch.

Photo credit: Jump Media / Australian Untroos



### INTERNATIONAL RESEARCH PROFILE

In 2017, we continued to climb in the international rankings. We secured 36th place in the QS World University Rankings in the newly introduced area of theology, divinity, and religious studies; 50th place in the world for nursing in the Academic Ranking of World Universities Global Ranking of Academic Subjects; and we placed in the top 100 universities worldwide in education. We also improved our standing as an international research university, with seminars held at our Rome Campus attracting scholars from universities such as Yale, Cambridge, Oxford, Harvard, Durham, Princeton, King's College London, Boston College, Notre Dame (USA), and KU Leuven.



### ST VINCENT'S HEALTH AUSTRALIA

In October, ACU's Faculty of Health Sciences signed a partnership agreement with the nation's largest not-for-profit health and aged-care provider, St Vincent's Health Australia. The agreement formalises a longstanding relationship between our two institutions and strengthens our shared commitment to teaching and research. As part of the agreement, we will continue to work with one another on mission formation; Catholic Social Teaching and Catholic identity; the student clinical experience; joint research appointments and research projects; and future planning.

### AWARD-WINNING ARCHITECTURE

In May, our facilities were recognised for their excellence, with two Ballarat Campus buildings receiving the prestigious National Trust Ballarat Branch Heritage Awards. The Catherine of Siena Centre was awarded first prize in the Adaptive Reuse of a Heritage Place category, while the St Thomas Aquinas Chapel was awarded first prize in the New Work/Development within a Heritage Place category. In other developments, construction commenced on ACU's Veritas building in Canberra and Mercy building in Brisbane. In 2017, ACU invested more than \$87 million in capital projects as part of our commitment to enhancing the student experience.



### BUILDING PARTNERSHIPS AROUND THE WORLD

In 2017, we continued to extend our reach around the world by building partnerships with Catholic and non-Catholic universities in our region and further afield. We signed 27 new international university partnerships in 15 countries last year, including an agreement with the University of North Carolina at Chapel Hill to increase collaboration in health sciences. Our international partners include the Pontifical Catholic University in Chile, Boston College in the US, St Mary's University in the UK, Sacro Cuore in Italy, Ateneo de Manila in the Philippines, the Pontifical Institute for Islamic and Arabic Studies in Italy and many others. In total, we have more than 200 formal agreements with leading institutions around the world.





# Voluntary Code of Best Practice for Governance of Australian Universities

We acknowledge the requirement under clause 14 of the Voluntary Code of Best Practice for the Governance of Australian Universities (Code) to disclose in our Annual Report our compliance with the Code and provide reasons for any areas of non-compliance.

ACU is compliant with the Code to the extent permitted by its governing documents (the Constitution, Statutes, Regulations, Standing Orders, Policies, Procedures and Guidelines), the Australian Catholic University Acts in New South Wales, Victoria and Queensland and relevant Commonwealth legislation including the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012.



## Sustainability bond commitments

Following the University undertaking a ratings process in 2016 with Moody's Investors Services where the University was provided with an Aa2 rating, the University undertook a bond issuance during 2017. A sustainability bond issue was undertaken as it best aligned with the University's Mission by bringing together green and social bond principals. ACU was the first organisation in Australia and first university globally to issue a sustainability bond under the new sustainability guidelines issued in June.

The University raised \$200 million through the bond issue, of which, \$100 million was used to repay in full NAB loan facilities that were used in part to fund the 6-star green star Daniel Mannix Building. The remainder will be used for continuing planned infrastructure works.

Total use of funds as at 31 December 2017 is \$77.2 million, detailed below:

- Mercy building Brisbane, \$31.2 million, providing teaching, learning commons, office and function spaces.
- Library and learning commons Canberra, \$17.9 million, 5-star green star rated.
- Physiotherapy building Ballarat, \$13 million, 5-star green star rated, providing physiotherapy, allied health, and learning commons spaces.

One of the key uses of the funding raised is financing health and education research programs that benefit vulnerable people. Contributions by ACU to our research institutes in 2017 were as follows.

The Institute for Positive Psychology and Education addresses critical educational and psychosocial issues; translates theory and research into effective policy and practice; and demonstrates how people can flourish and thrive. Funding provided during 2017 totalled \$5.4 million.

The Mary MacKillop Institute for Health Research is focused on undertaking research that discovers and promotes strategies to create a healthier Australia and transform lives through addressing critical public health issues by identifying and responding with innovative programs. Funding provided during 2017 totalled \$9.7 million.

Future development use of funds:

- Saint Teresa of Kolkata building Melbourne, \$240 million, 20,000sqm, 5-star green star rated, teaching and office space.

The University is committed to reducing its environmental impact, including its resource consumption and emissions. Reductions in consumption and emissions year on year are as follows:

- GHG emissions avoided for every certified building per year – 2,270 tonnes of CO2 equivalent per year compared to a conventional educational building.
- Water consumption reduced for every certified building per year – the current certified buildings are largely utilised for health sciences that normally have high water consumption. Even with these high water consumption activities, the consumption was the equivalent of a conventional educational building.
- Energy consumption reduced for every certified building per year – a reduction of 1,700 gigajoules per year compared to a conventional educational building.

Funds remaining total \$122.8 million.

# Review of results and audited financial statements

Financial statements for the year ended  
31 December 2017

## Directors' report

For the year ended 31 December 2017

The directors present their report together with the financial statements of Australian Catholic University Limited (the University) for the year ended 31 December 2017 and the auditors' report thereon.

### DIRECTORS

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

#### **Professor Gregory Joseph Craven AO GCSG**

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

#### **The Hon. Justice James Douglas**

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

#### **Mr Stephen Noel Elder OAM**

BEd (VU), DipEd (La Trobe), FAIM  
Educational administrator  
23 May 2008

#### **The Hon. John Fahey AC**

Solicitor (LPAB), DipLaw (USyd)  
Chancellor and former Premier of NSW  
4 September 2014

#### **Professor Karen Flowers**

BHSc (UCCQ),  
GradCertLead&CathCult (ACU),  
MClinEd (UNSW), PhD (Griffith)  
RN RM  
University academic  
1 January 2016  
(3 May 2017)

#### **Dr Bill Franzsen**

BSc(Hons) (UWA), GradCertHEd  
(ACU), PhD (USyd)  
University academic  
4 May 2016

#### **Professor Margot Hillel OAM**

BA (La Trobe), MA (Melb), PhD  
(Monash)  
University academic and Chair of  
Academic Board  
16 June 2010

#### **Ms Cecilia Hollis-Jones**

BAppSc GradDipTeach(Sec) (QUT),  
GradDipA(Theol) (ACU)  
Educational administrator  
30 May 2013  
(3 May 2017)

#### **Mr Tim Kirk**

B. Theol (Aust College Theology),  
Dip Ed (ACU)  
Winemaker and business executive  
3 May 2017

#### **Ms Danielle Leahy**

BA (SportExM) (Hons.) (UTS)  
University administrator  
4 May 2016

#### **Ms Sarah Lye**

BBiomedSc (ACU)  
Student  
1 January 2017  
(31 December 2017)

#### **Ms Moira Therese Najdecki**

BA (ANU), DipEd (CCA), MA  
(UNSW), GradDipRelEd MEdLead  
(ACU)  
Educational administrator  
19 May 2006

#### **Mr Julien O'Connell AM**

DipAcct (BTS), FAICD  
Pro-Chancellor and business executive  
1 January 2016

#### **Mr David Brian O'Connor AM**

BA (UNE), CertPersAdmin (Syd Tech  
Coll)  
Retired public servant  
14 April 2000  
(3 May 2017)

#### **Assoc. Professor Michael Ondaatje**

BA(Hons) PhD (UWA)  
University academic  
4 May 2016

#### **Hon. Barbara Perry**

BA LLB (USyd)  
Retired politician; Community Services  
Administrator  
4 May 2016

#### **The Most Reverend Christopher Prowse DD**

BA (Monash), BTheol (MCD),  
LicMoralTheol (PUG), DMoralTheol  
(PUL)  
Archbishop of Canberra and Goulburn  
23 May 2014

#### **Professor Donald Ross**

BBA (Acadia), MBA (Dalhousie),  
PhD (Bradford)  
University academic  
3 May 2017

#### **Ms Annette Schmiede**

BEd (USyd)  
Health Administrator  
1 January 2016

#### **Ms Bernadette Marie Therese Steele**

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

#### **Ms Margaret Mary Vider DSG**

BAppSciNurs (QIT),  
GradDipA(LeadSt) (ACU)  
Retired health professional  
21 May 2010

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

### **VICE-CHANCELLOR AND PRESIDENT**

#### **Professor Gregory Joseph Craven AO GCSG**

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

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

#### **Professor Pauline Nugent**

BAppSc (LincolnInstHlthSc) MEd  
(Monash) RN  
14 February 2011

### **CHIEF OPERATING OFFICER AND DEPUTY VICE-CHANCELLOR**

#### **Dr Stephen Weller**

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

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

#### **Professor Anne Cummins**

BEd (Canberra CAE), MA (Macq),  
MEdL (ACU), GradDipEd(RelSt) (CCE  
Sydney)  
1 July 2009

### **DEPUTY VICE-CHANCELLOR (RESEARCH)**

#### **Professor Wayne McKenna**

BA(Hons) PhD (Leeds)  
4 February 2013

**DIRECTORS' MEETINGS**

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

	SENATE MEETINGS		STANDING & FINANCE COMMITTEE MEETINGS		HONORARY AWARDS COMMITTEE MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		NOMINATIONS & REMUNERATION COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B	A	B
Professor Greg Craven AO GCSG	6	6	4	6	2	2			1	1
The Honourable Justice James Douglas	6	6			2	2	2	3		
Mr Stephen Elder OAM	5	6	3	6						
The Honourable John Fahey AC	4	6			1	2			1	1
Professor Karen Flowers	2	2			1	2				
Dr Bill Franzsen	5	6					3	3		
Professor Margot Hillel OAM	6	6			2	2	3	3	1	1
Ms Cecelia Hollis-Jones	1	2					0	1		
Mr Tim Kirk	4	4	1	3						
Ms Danielle Leahy	4	4					2	2		
Ms Sarah Lye	4	6								
Ms Moira Najdecki	5	6					2	3		
Mr Julien O'Connell AM	5	6	6	6					1	1
Mr David O'Connor AM	2	2	2	2						
Associate Professor Michael Ondaatje	6	6	5	6						
The Honourable Barbara Perry	5	6					1	3		
The Most Reverend Christopher Prowse DD	2	6								
Professor Donald Ross	4	4			1	2				
Ms Annette Schmiede	4	6	4	6						
Ms Bernadette Steele	5	6					2	3		
Ms Margaret Vider DSG	5	6	5	6	2	2				

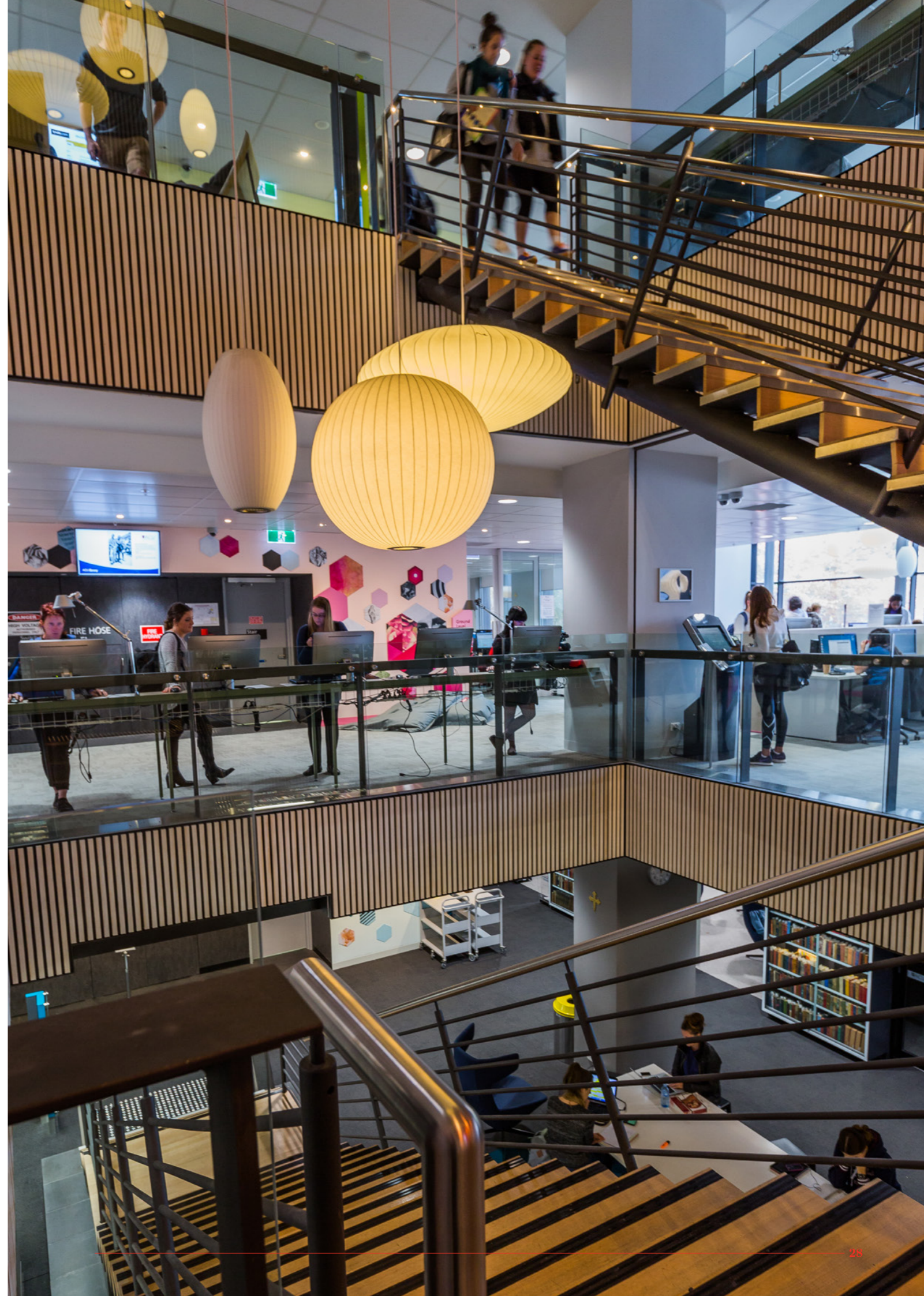
A - Number of meetings attended

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

Note: Robert Baker, External Chair of Audit and Risk Committee and member of the Standing and Finance Committee, is not a Director of ACU Ltd. Mr Baker attended 3 of 3 Audit and Risk Committee meetings and 5 of 6 Standing and Finance Committee meetings.

**FINANCIAL HIGHLIGHTS**

	2017 \$'000	2016 \$'000	CHANGE %
Commonwealth Government grants	416,585	401,064	3.9
Other operating revenue	115,959	108,225	7.1
Finance income	3,442	1,555	121.4
Salary cash expenses	(333,029)	(304,452)	9.4
Non-salary cash expenses	(142,604)	(136,492)	4.5
Non-cash expenses (depreciation, amortisation and provisions)	(39,913)	(38,134)	4.7
<b>Net result for the period</b>	<b>20,440</b>	<b>31,766</b>	<b>(35.7)</b>
Working capital surplus	82,779	2,653	3,020.2
Working capital surplus adjusted for employee benefits classified as current but due to be settled in greater than 12 months	101,354	20,177	402.3





### PRINCIPAL ACTIVITIES

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

### REVIEW AND RESULT OF OPERATIONS

There is a positive result for the year ended 31 December 2017 of \$20.4 million (m) (2016 \$31.8m), a reduction of \$11.3m (35.7%).

Total revenue increased \$25.1m (4.9%). There has been continued increase in Commonwealth Government Financial Assistance largely comprising Commonwealth Grants Scheme, \$5.1m (2.2%), Student HECS HELP, \$6.4m (4.4%). The grant increase reflects growth in Commonwealth Supported Places. Fees and charges has increased \$6.4m (9%) due largely to an increase in Fee Paying Overseas students \$8.2m (16.9%). Other Operating Revenue, excluding Finance Income and Deferred Government Contributions for Superannuation increased by \$2.4m (7.2%).

Total expenditure increased \$36.5m (7.6%). Expenditure on cash related salaries increased by \$28.6m (9.4%). Non salary cash expenses increased by \$6.1m (4.5%).

The Working Capital position has improved significantly to a surplus of \$82.8m (\$2.7m surplus in 2016) as a result of securing additional borrowings that were largely unutilised at balance date awaiting significant capital projects to commence. The surplus is \$101.4m (\$20.2m surplus in 2016) after adjusting for employee benefits classified as current liabilities but expected to be settled in greater than 12 months.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Implementation of the University's Infrastructure Plan to accommodate current and planned growth in student and staff numbers continued in 2017. Expenditure was largely on planning for significant new and refurbishment of current buildings that will continue into 2018 on the Brisbane, North Sydney, Strathfield, Canberra and Melbourne campuses. A new physiotherapy building on the Ballarat Campus reached practical completion on the 31 January 2017. Ongoing reconfiguration and refurbishment of existing spaces on all campuses continues to meet changing requirements.

Following the University undertaking a ratings process in 2016 with Moody's Investors Services where the University was provided with an Aa2 rating, the University undertook a bond issuance during 2017. A sustainability bond issue was undertaken as it best aligned with the University's mission by bringing together green and social bond principals. The University was the first organisation in Australia and first university globally to issue a sustainability bond under the new sustainability guidelines issued in June. The University raised \$200m through the bond issue, of which, \$100m was used to repay in full NAB loan facilities. The remainder will be used for continuing planned infrastructure works. The University continues to maintain a facility with the Catholic Development Fund (\$50m) which was fully drawn at year end. A number of rate swaps were executed to hedge against interest rate risk.

### ENVIRONMENTAL REGULATION

The University's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the University has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

### DIRECTORS' INTERESTS AND BENEFITS

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

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

### DIRECTORS AND OFFICERS LIABILITY COVER

During the year, the University paid insurance premiums of \$76,650 (2016: \$73,000) in respect of Directors and Officers Liability insurance contracts for directors and officers of the University. The insurance provides cover against claims made by reason of any wrongful

act committed or alleged to have been committed by a director or officer of the University during the year. The University has not entered into an agreement indemnifying the current auditor, KPMG, against any claims by third parties.

### PROCEEDINGS ON BEHALF OF THE UNIVERSITY

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

### LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 31 and forms part of the director's report for the financial year ended 31 December 2017.

### NON AUDIT SERVICES

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

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

management or decision-making capacity for Australian Catholic University, acting as an advocate for Australian Catholic University or jointly sharing risks and rewards.

### ROUNDING OFF

The University is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors and in accordance with subsection 60.15(2) of the Australian Charities and Not for Profit Commission Regulation 2013:

**Professor Greg Craven AO GCSG**  
Director  
9 April 2018, Sydney

**Mr Julien O'Connell AM**  
Director  
9 April 2018, Sydney





## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian Catholic University Limited  
I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Leighton  
Partner  
Sydney  
9 April 2018

## Income statement

For the year ended 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
<b>Revenue from continuing operations</b>			
Commonwealth Government financial assistance Excluding HECS-HELP	2.1	243,939	237,535
Higher Education Contribution Scheme (HECS-HELP)			
Student contributions	24.2	11,285	11,678
Commonwealth payments	2.1, 24.2	142,439	135,619
FEE-HELP	2.1	12,952	11,561
SA-HELP	2.1	5,970	4,671
State and Local Government financial assistance	2.2	2,061	3,148
Fees and charges	2.3	78,423	71,976
Consultancy and contract research	2.5	9,758	11,004
Other revenue	2.6	25,717	22,097
<b>Total revenue from continuing operations</b>		<b>532,544</b>	<b>509,289</b>
<b>Expenses from continuing operations</b>			
Employee benefits	3.1	339,363	310,636
Depreciation and amortisation	3.2	33,579	31,950
Repairs and maintenance	3.3	9,349	7,401
Consultancy		12,733	14,486
Rent		15,050	14,699
Travel		13,878	13,183
Other	3.4	84,560	84,575
<b>Total expenses from continuing operations</b>		<b>508,512</b>	<b>476,930</b>
<b>Net result from continuing operations</b>		<b>24,032</b>	<b>32,359</b>
<b>Finance income and expense</b>			
Finance income	2.4	3,442	1,555
Finance expense	4	(7,034)	(2,148)
<b>Total finance income and expense</b>		<b>(3,592)</b>	<b>(593)</b>
<b>Net result before income tax</b>		<b>20,440</b>	<b>31,766</b>
Income tax	1(c)	-	-
<b>Net result for the period</b>	<b>17</b>	<b>20,440</b>	<b>31,766</b>

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Statement of comprehensive income

For the year ended 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
Net result for the period		20,440	31,766
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Superannuation - deferred government contributions		81	(253)
Deferred superannuation expense		(81)	253
<i>Items that may be reclassified subsequently to profit and loss</i>			
Gain on revaluation of land and buildings	10	-	81,662
Gain on fair value of available for sale financial assets	16	5,216	1,889
<b>Other comprehensive income for the period</b>		<b>5,216</b>	<b>83,551</b>
<b>Total comprehensive income</b>		<b>25,656</b>	<b>115,317</b>
<b>Attributable to:</b>			
Members		25,656	115,317
<b>Total comprehensive income attributable to members</b>		<b>25,656</b>	<b>115,317</b>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Balance sheet

As at 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6	142,302	66,524
Trade and other receivables	7	5,234	3,752
Other investments	8	26,445	8,000
Other assets	9	10,148	9,549
<b>Total current assets</b>		<b>184,129</b>	<b>87,825</b>
<b>Non-current assets</b>			
Other investments	8	17,588	12,366
Property, plant and equipment	10	689,122	645,522
Intangible assets	11	41,283	42,109
Other assets	9	23,246	24,461
Total non-current assets		771,239	724,458
<b>Total assets</b>		<b>955,368</b>	<b>812,283</b>
<b>Current liabilities</b>			
Trade and other payables	12	38,573	23,526
Employee benefits	13	35,773	33,984
Other	15	27,004	27,662
<b>Total current liabilities</b>		<b>101,350</b>	<b>85,172</b>
<b>Non-current liabilities</b>			
Employee benefits	13	29,705	29,213
Borrowings	14	249,320	150,000
Other	15	12,507	11,068
Total non-current liabilities		291,532	190,281
<b>Total liabilities</b>		<b>392,882</b>	<b>275,453</b>
<b>Net assets</b>		<b>562,486</b>	<b>536,830</b>
<b>Equity</b>			
Reserves	16	562,486	536,830
Retained earnings	17	-	-
<b>Total equity</b>		<b>562,486</b>	<b>536,830</b>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Statement of changes in equity

For the year ended 31 December 2017

	NOTE	GENERAL RESERVE \$'000	ASSET REVALUATION RESERVE \$'000	AVAILABLE FOR SALE FINANCIAL ASSETS REVALUATION RESERVE \$'000	CONTRIBUTION FROM MEMBERS \$'000	TOTAL EQUITY \$'000
<b>2017</b>						
<b>Balance at 1 January 2017</b>		<b>366,166</b>	<b>102,299</b>	<b>11,407</b>	<b>56,958</b>	<b>536,830</b>
<b>Comprehensive income for the period</b>						
Net result for the period	17	20,440	-	-	-	<b>20,440</b>
Total other comprehensive income for the period		-	-	5,216	-	<b>5,216</b>
<b>Total comprehensive income for the period</b>		<b>20,440</b>	<b>-</b>	<b>5,216</b>	<b>-</b>	<b>25,656</b>
Contribution from members	16	-	-	-	-	-
<b>Balance at 31 December 2017</b>		<b>386,606</b>	<b>102,299</b>	<b>16,623</b>	<b>56,958</b>	<b>562,486</b>
<b>2016</b>						
<b>Balance at 1 January 2016</b>		<b>334,400</b>	<b>20,637</b>	<b>9,518</b>	<b>56,958</b>	<b>421,513</b>
<b>Comprehensive income for the period</b>						
Net result for the period	17	31,766	-	-	-	<b>31,766</b>
Total other comprehensive income for the period		-	81,662	1,889	-	<b>83,551</b>
<b>Total comprehensive income for the period</b>		<b>31,766</b>	<b>81,662</b>	<b>1,889</b>	<b>-</b>	<b>115,317</b>
Contribution from members	16	-	-	-	-	-
<b>Balance at 31 December 2016</b>		<b>366,166</b>	<b>102,299</b>	<b>11,407</b>	<b>56,958</b>	<b>536,830</b>

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Statement of cash flows

For the year ended 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Grant revenue			
Commonwealth Government		265,132	260,413
State Government		1,485	3,124
Higher Education Contribution Scheme			
Student payments		11,285	11,678
Commonwealth payments		142,062	135,383
Other inflows		111,366	109,605
<b>Cash receipts in the course of operations</b>		<b>531,330</b>	<b>520,203</b>
Cash payments in the course of operations		(459,858)	(446,426)
Interest received		2,665	949
Interest and other costs of finance		(3,801)	(4,732)
<b>Net cash from operating activities</b>	23(ii)	<b>70,336</b>	<b>69,994</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(75,456)	(62,043)
Proceeds from sale of non-current assets		28	5
Proceeds from /(payments for investments)		(18,450)	(7,976)
<b>Net cash used in investing activities</b>		<b>(93,878)</b>	<b>(70,014)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		199,320	55,000
Repayment of borrowings		(100,000)	(35,000)
<b>Net cash provided by financing activities</b>		<b>99,320</b>	<b>20,000</b>
<b>Net increase in cash held</b>		<b>75,778</b>	<b>19,980</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>66,524</b>	<b>46,544</b>
<b>Cash and cash equivalents at the end of the financial year</b>	23(i)	<b>142,302</b>	<b>66,524</b>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.



# Notes to the financial statements

For the year ended  
31 December 2017

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Directors of the University comprise the Senate of the University and the terms Senator and Director are interchangeable. Australian Catholic University Ltd (the University) is domiciled in Australia and is not-for-profit. The financial statements were authorised for issue by the directors on 9 April 2018.

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

### (A) BASIS OF PREPARATION

#### Statement of Compliance

The financial statements of the University are a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board, the Corporations Act 2001, subsection 60.15(2) of the Australian Charities and Not for Profit Commission Regulation 2013 and the disclosure requirements within the Guidelines for the Preparation of Annual Financial Statements for the 2017 Reporting Period by Australian Higher Education Institutions issued pursuant to the Higher Education Support Act 2003.

The financial statements were authorised for issue by the Senate on 9 April 2018.

#### Use of estimates and judgement

The preparation of the financial statements, in conformity with Australian Accounting Standards, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results

which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

#### Functional and presentation currency

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

The University is a Company referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded to the nearest thousand unless otherwise stated.

#### Historical cost convention

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

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

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

### (B) REVENUE RECOGNITION

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

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

Revenue is recognised as follows:

#### Government grants

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

#### Other tuition fee income

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

#### Donations and bequests

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

#### Interest income

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

#### Asset sales

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

#### Emerging Cost Superannuation Supplementation from Government

Funding from government for Emerging Cost Superannuation supplementation is reported in the Balance Sheet, as this is in effect an agency arrangement. In accordance

with AASB119, Employee Benefits, this amount is disclosed in the notes to the Financial Statements (Refer Note 13).

### (C) TAXATION

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

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

### (D) CASH AND CASH EQUIVALENTS

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

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

### (E) TRADE AND OTHER RECEIVABLES

#### Student Assistance Programme

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

#### Sundry receivables

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

### (F) INVESTMENTS

#### Interest bearing deposits, debentures and bank bonds

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

**Other companies**

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

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

**(G) PROPERTY, PLANT AND EQUIPMENT**

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

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

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

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the

asset. Cost also includes those costs directly attributable to bringing the asset to its working condition and an estimate of the cost of dismantling and removing the asset. The estimate of dismantling costs is based on prior experience in exiting similar sites or locations.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

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

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

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

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

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

**Works of art**

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

**Leased plant and equipment**

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

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

**(H) IMPAIRMENT OF ASSETS**

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

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

**(I) INTANGIBLE ASSETS**

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

**(J) TRADE AND OTHER PAYABLES**

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

**(K) BORROWINGS**

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

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

**(L) EMPLOYEE BENEFITS**

**Wages, salaries, and sick leave**

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

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

**Annual leave**

The liability for employee entitlements to Annual Leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees services provided up to the balance date. The liability is calculated from a staff

member’s commencement date allowing for the probability that the member will take accrued leave. Liabilities are discounted using rates attaching to national corporate securities at balance date, which most closely match the terms of maturity of the related liabilities. The carrying amount of the provision approximates net fair value.

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

**Long service leave**

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

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

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

**Superannuation funds**

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

An Arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the beneficiaries of the Emergency Services and State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants

(General Revenue) Amendment Act 1987, Higher Education Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, DEST (now Department of Education and Training) confirmed the Australian Government considers the current arrangements have established a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability.

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

**(M) FUNDS HELD IN TRUST**

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

**(N) GOODS AND SERVICES TAX**

Revenues and expenses are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

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

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

**(O) FAIR VALUE**

Fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices, adjusted for any movements in price of credit for that instrument, on the balance sheet date (Level 1). The quoted market price used for financial assets held is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, unlisted shares) is determined using valuation techniques with assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities.

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

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

**(P) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

Certain new accounting standards and interpretations became mandatory for the 31 December 2017 reporting period. These new requirements have not had a material impact on either the results or disclosure of the University.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. The University has elected not to early adopt any of these standards.

**AASB 15 – Revenue from Contracts with Customers:**

The AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

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

**AASB 9 Financial Instruments**

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

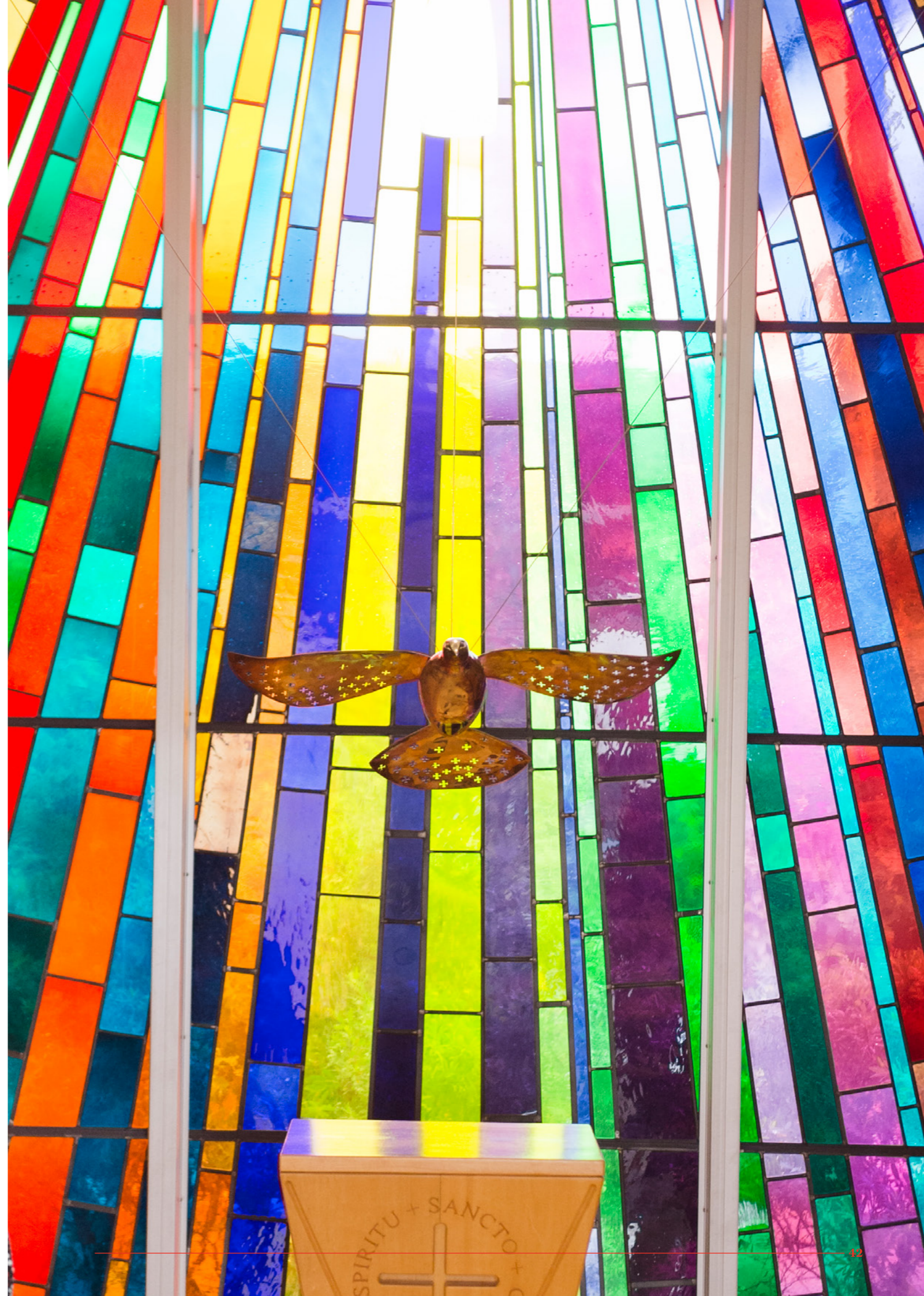
The University has completed its assessment of the potential impact on its financial statements resulting from the application of AASB 9 and determined that there is no material impact.

**IFRS 16 Leases**

The IASB issued IFRS 16 Leases with an effective date of 1 January 2019. AASB 16 removes the classification of leases as either operating or finance leases – for lessee – effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low-value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease, in particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practise.

Early adoption will be permitted for entities that also adopt IFRS 15 Revenue from Contracts with Customers. The AASB approved the Australian equivalent standard, AASB 16 Leases, at the February 2016 meeting.

The University has not yet completed its assessment of the quantification of the impact on its financial statements resulting from the application of AASB 16, however it expects a significant increase in assets and liabilities due to the number of property related operating leases the university has.



2. REVENUE

	NOTE	2017 \$'000	2016 \$'000
<b>2.1 Commonwealth Government Financial Assistance</b>			
<b>Commonwealth Grants Scheme and Other Grants</b>			
Commonwealth Grants Scheme	24.1	228,466	221,793
Indigenous Support Fund	24.1	-	1,213
Disability Support Programmes	24.1	57	95
Promotion of Excellence in Learning and Teaching	24.1	10	30
Partnership and Participation Funding	24.1	3,003	3,324
<b>Total Commonwealth Grants Scheme &amp; Other Grants</b>		<b>231,536</b>	<b>226,455</b>
<b>DET-Scholarships</b>			
Australian Postgraduate Awards	24.3	379	1,112
International Postgraduate Research Scholarships	24.3	7	62
Commonwealth Education Costs Scholarships	24.3	-	49
Commonwealth Accommodation Scholarships	24.3	-	5
Indigenous Access Scholarships	24.3	-	88
National Priority Scholarships	24.3	-	-
<b>Total DET-Scholarships</b>		<b>386</b>	<b>1,316</b>
<b>DET-Research</b>			
Research Support Program	24.4	3,542	-
Research Training Program	24.4	3,540	-
Joint Research Engagement Program	24.4	-	1,777
Research Training Scheme	24.4	-	2,289
Infrastructure	24.4	-	678
Sustainable Research Excellence in Universities	24.4	-	1,012
<b>Total DET-Research</b>		<b>7,082</b>	<b>5,756</b>
<b>Total DET Excluding HELP (a)</b>		<b>239,004</b>	<b>233,527</b>
<b>Higher Education Loan Programmes (HELP)</b>			
HECS-HELP Commonwealth Payments	24.2	142,439	135,619
FEE-HELP	24.2	12,931	10,550
FEE-HELP VET	24.2	21	1,011
SA-HELP	24.2	5,970	4,671
<b>Total Higher Education Loan Programmes</b>		<b>161,361</b>	<b>151,851</b>
<b>Total DET Including HELP</b>		<b>400,365</b>	<b>385,378</b>
<b>Australian Research Council</b>			
Discovery - Projects	24.5	1,133	1,071
Discovery Early Career Research Award	24.5	359	228
Discovery Indigenous	24.5	173	244
Future Fellowships	24.5	250	693
Linkage - Projects	24.5	825	695
<b>Total Australian Research Council (b)</b>		<b>2,740</b>	<b>2,931</b>
<b>Other Commonwealth Government Financial Assistance - Non Capital</b>			
DET		2,195	1,077
<b>Total Other Commonwealth Government Financial Assistance (c)</b>		<b>2,195</b>	<b>1,077</b>
<b>Total Commonwealth Government Financial Assistance</b>		<b>405,300</b>	<b>389,386</b>
<b>Total Commonwealth Government Financial Assistance Excluding HELP (a + b + c)</b>		<b>243,939</b>	<b>237,535</b>

	NOTE	2017 \$'000	2016 \$'000
<b>Australian Government Grants Received - Cash Basis</b>			
OS-HELP (Net)	24.6	992	(353)
Superannuation Supplementation	24.7	1,441	1,436
<b>Total Australian Government Funding Received - Cash Basis</b>		<b>2,433</b>	<b>1,083</b>

<b>2.2 State and Local Government Financial Assistance</b>			
Deferred Victorian Government Grant (Properties)		576	24
Victorian Government Dept. of Ed RTO Funding		837	3,124
NSW Dept. of Industry Grant		500	-
Other		148	-
<b>Total State and Local Government Financial Assistance</b>		<b>2,061</b>	<b>3,148</b>

<b>2.3 Fees and charges</b>			
Fee-paying overseas students		57,052	48,820
Fee-paying non-overseas postgraduate students		7,788	8,133
Fee-paying non-overseas undergraduate students		5	11
Other			
Non-overseas students undertaking non-award			
Courses		417	591
Rental charges		6,338	7,003
Charges for student accommodation		3,707	3,053
Registration fees		2,712	3,964
Library fees		55	85
Late fees		349	316
		<b>78,423</b>	<b>71,976</b>

<b>2.4 Finance income</b>			
Interest		3,442	1,555
		<b>3,442</b>	<b>1,555</b>

<b>2.5 Consultancy and contract research</b>			
Consultancy fees		427	147
Industry research grants		9,331	10,857
		<b>9,758</b>	<b>11,004</b>

<b>2.6 Other revenue</b>			
Offshore programmes		228	275
Other programme income		14,469	8,346
Other grants - other		2,306	6,207
Donations and bequests		958	1,061
Profit on disposal of assets		22	-
Other income		7,734	6,208
		<b>25,717</b>	<b>22,097</b>

## 3. EXPENSES

	NOTE	2017 \$'000	2016 \$'000
<b>3.1 Employee benefits</b>			
<b>Academic</b>			
Salaries			
Academic		151,142	136,200
Contributions to superannuation and pension schemes			
Funded		20,152	18,218
Payroll tax		7,675	7,182
Workers compensation		308	721
Long service leave expense		2,621	2,720
Annual leave expense		264	(123)
		<b>182,162</b>	<b>164,918</b>
<b>Professional</b>			
Salaries			
Non academic		126,832	117,158
Contributions to superannuation and pension schemes			
Funded		19,282	17,417
Payroll tax		7,344	6,867
Workers compensation		294	689
Long service leave expense		3,031	3,283
Annual leave expense		418	304
<b>Total employee related expenses</b>		<b>157,201</b>	<b>145,718</b>
		339,363	310,636
Deferred employee benefits for super	13	81	(253)
Deferred superannuation expense	13	1,441	1,436
<b>Total employee related expenses including deferred employee benefits for superannuation</b>		<b>340,885</b>	<b>311,819</b>

## 3.2 Depreciation and amortisation

Depreciation of buildings – freehold		8,980	8,167
Amortisation of intangible rights to occupy buildings		827	776
Depreciation of improvements to intangible right to occupy buildings		8,213	7,597
Depreciation of leasehold property improvements		8,580	7,566
Depreciation of furniture and fittings		2,276	2,156
Depreciation of plant and equipment		4,660	5,639
Depreciation of motor vehicles		43	49
		<b>33,579</b>	<b>31,950</b>

## 3.3 Repairs and maintenance

Buildings		3,087	2,860
Computers		4,215	1,548
Equipment and machinery		1,182	1,914
Furniture and fittings		113	55
Grounds		752	1,024
		<b>9,349</b>	<b>7,401</b>

	NOTE	2017 \$'000	2016 \$'000
<b>3.4 Other expenses</b>			
Advertising, promotions, publicity, printing and stationery		10,013	10,555
Cleaning and waste collection		4,712	4,763
Computer software and services		10,581	8,046
Conference expenses		866	1,159
Copyright fees		981	723
Hire of equipment and facilities		2,058	1,903
Insurance		1,200	897
Legal fees		764	440
Library acquisitions		7,686	7,629
Minor equipment		5,302	3,884
Meeting expenses		989	827
Offshore administration		6,070	4,097
Operating lease rental expenses		2,882	3,575
Publications, subscriptions and memberships		1,304	1,463
Scholarships and prizes		5,428	6,102
Security services		2,837	2,813
Staff development and appointment costs		2,839	2,229
Student grants		1,073	1,198
Telecommunications		2,377	2,438
Utilities		4,384	3,607
Other expenses		10,214	16,227
		<b>84,560</b>	<b>84,575</b>

## 4. FINANCE EXPENSE

Make good on leased premises - unwind of discount on provision	15(a)	227	191
Bank loan interest, bond interest, interest rate swap and fees		6,807	1,957
		<b>7,034</b>	<b>2,148</b>

## 5. AUDITORS' REMUNERATION - KPMG

	NOTE	2017 \$	2016 \$
Audit of the University's financial statements		160,500	147,500
<b>Other audit and related services</b>			
Grant/Research Acquittal (Higher Education Research Data Collection, Indigenous Education Programme, AusAid, AITSL Teaching Performance Assessment Grant Programme)		42,400	32,600
<b>Other services</b>			
Students Association agreed upon procedures		8,200	16,500
Sustainability Bond		12,812	-
Faircall Service (Whistle Blower Hotline)		8,000	8,800
		<b>231,912</b>	<b>205,400</b>



## 6. CASH AND CASH EQUIVALENTS

	NOTE	2017 \$'000	2016 \$'000
Cash on hand		23	27
Cash at bank		142,279	66,497
		<b>142,302</b>	<b>66,524</b>

## 7. TRADE AND OTHER RECEIVABLES

Current			
Sundry receivables		2,592	1,927
Accrued income		2,011	1,152
Net GST receivable from ATO		631	21
OS-HELP receivable		-	652
		<b>5,234</b>	<b>3,752</b>

## 8. OTHER INVESTMENTS

Current			
Term deposits		25,000	8,000
Managed investment funds		1,445	-
		<b>26,445</b>	<b>8,000</b>
Non-current			
Available for sale - investments in other entities			
Shares in listed companies		801	753
Shares in other companies		16,787	11,613
		<b>17,588</b>	<b>12,366</b>

## 9. OTHER ASSETS

Current			
Prepayments		9,375	9,493
Lease paid in advance		56	56
Interest rate swap		717	-
		<b>10,148</b>	<b>9,549</b>
Non Current			
Right to reimbursement from Commonwealth Government for unfunded superannuation liability	13	18,641	18,560
Lease Paid in Advance		3,875	3,932
Interest Rate Swap		730	1,969
		<b>23,246</b>	<b>24,461</b>

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

## 10. PROPERTY, PLANT &amp; EQUIPMENT

	NOTE	2017 \$'000	2016 \$'000
Land – freehold			
At independent valuation 2016		-	94,480
At directors' valuation		96,110	-
	<b>10(A)</b>	<b>96,110</b>	<b>94,480</b>
Buildings – freehold			
At independent valuation 2016		-	292,043
At directors' valuation		308,322	-
Accumulated depreciation		(8,980)	-
	<b>10(A)</b>	<b>299,342</b>	<b>292,043</b>
Improvements to intangible right to occupy buildings			
At cost		288,513	253,152
Accumulated amortisation		(69,724)	(62,115)
	<b>10(A)</b>	<b>218,789</b>	<b>191,037</b>
Leasehold improvements			
At cost		59,793	56,075
Accumulated depreciation		(33,598)	(25,017)
	<b>10(A)</b>	<b>26,195</b>	<b>31,058</b>
Furniture and fittings			
At cost		15,852	15,403
Accumulated depreciation		(13,297)	(11,022)
	<b>10(A)</b>	<b>2,555</b>	<b>4,381</b>
Plant and equipment			
At cost		47,626	45,865
Accumulated depreciation		(40,241)	(35,606)
	<b>10(A)</b>	<b>7,385</b>	<b>10,259</b>
Motor vehicles			
At cost		559	665
Accumulated depreciation		(399)	(455)
	<b>10(A)</b>	<b>160</b>	<b>210</b>
Works of art			
At cost		2,804	2,471
	<b>10(A)</b>	<b>2,804</b>	<b>2,471</b>
Work in progress			
At cost		35,782	19,583
	<b>10(A)</b>	<b>35,782</b>	<b>19,583</b>
<b>Total property, plant and equipment</b>		<b>689,122</b>	<b>645,522</b>



## 10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

### BASIS OF VALUATION

A full valuation of Freehold Land and Buildings was undertaken by AssetVal Pty Ltd as at the end of 2016. From 2014, Plant and Equipment including Works of Arts items have been included as an asset where cost is greater than or equal to \$3,000.

#### (a) Reconciliations

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

	LAND – FREEHOLD	BUILDINGS – FREEHOLD	SUB-TOTAL LAND AND BUILDINGS FREEHOLD	IMPROVEMENTS OF INTANGIBLE RIGHT TO OCCUPY BUILDINGS	LEASEHOLD IMPROVEMENTS	FURNITURE AND FITTINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	WORKS OF ART	WORK IN PROGRESS	TOTAL
<b>2017</b>											
Opening balance	94,480	292,043	386,523	191,037	31,058	4,381	10,259	210	2,471	19,583	645,522
Additions	1,630	16,204	17,834	28,005	3,863	450	1,786	-	333	26,419	78,690
Transfer from WIP	-	75	75	10,145	-	-	-	-	-	(10,220)	-
Revaluation increment/ (decrement)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(8,980)	(8,980)	(8,213)	(8,580)	(2,276)	(4,660)	(43)	-	-	(32,752)
Disposals	-	-	-	(2,185)	(146)	-	-	(7)	-	-	(2,338)
<b>Closing balance</b>	<b>96,110</b>	<b>299,342</b>	<b>395,452</b>	<b>218,789</b>	<b>26,195</b>	<b>2,555</b>	<b>7,385</b>	<b>160</b>	<b>2,804</b>	<b>35,782</b>	<b>689,122</b>
<b>2016</b>											
Opening balance	54,955	247,998	302,953	178,953	32,855	5,045	12,478	259	2,183	178	534,904
Additions	280	9,617	9,897	19,681	6,818	1,492	3,420	-	288	19,583	61,179
Transfer from WIP	-	178	178	-	-	-	-	-	-	(178)	-
Revaluation increment/ (decrement)	39,245	42,417	81,662	-	-	-	-	-	-	-	81,662
Depreciation	-	(8,167)	(8,167)	(7,597)	(7,566)	(2,156)	(5,639)	(26)	-	-	(31,151)
Disposals	-	-	-	-	(1,049)	-	-	(23)	-	-	(1,072)
<b>Closing balance</b>	<b>94,480</b>	<b>292,043</b>	<b>386,523</b>	<b>191,037</b>	<b>31,058</b>	<b>4,381</b>	<b>10,259</b>	<b>210</b>	<b>2,471</b>	<b>19,583</b>	<b>645,522</b>

## 11. INTANGIBLE ASSETS

	INTANGIBLE RIGHT TO OCCUPY LAND \$'000	INTANGIBLE RIGHT TO OCCUPY BUILDINGS \$'000	TOTAL \$'000
<b>2017</b>			
Cost	40,411	26,337	66,748
Accumulated amortisation			
Opening Balance	(4,469)	(22,216)	(26,685)
Amortisation	-	(827)	(827)
Write back on reclass	-	2,047	2,047
Closing Balance	(4,469)	(20,996)	(25,465)
<b>Carrying Amount at 31 December 2017</b>	<b>35,942</b>	<b>5,341</b>	<b>41,283</b>
<b>2016</b>			
Cost	40,411	28,383	68,794
Accumulated Amortisation			
Opening Balance	(4,469)	(21,440)	(25,909)
Amortisation	-	(776)	(776)
Closing Balance	(4,469)	(22,216)	(26,685)
<b>Carrying Amount at 31 December 2016</b>	<b>35,942</b>	<b>6,167</b>	<b>42,109</b>

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

## 12. TRADE AND OTHER PAYABLES

	NOTE	2017 \$'000	2016 \$'000
Accrued expenses		30,601	23,374
Sundry creditors		7,972	152
		<b>38,573</b>	<b>23,526</b>

## 13. EMPLOYEE BENEFITS

<b>Current</b>			
<i>Expected to be settled within 12 months</i>			
Provision for annual leave		13,219	12,742
Provision for long service leave		3,979	3,718
		<b>17,198</b>	<b>16,460</b>
<i>Expected to be settled after 12 months</i>			
Provision for annual leave		5,665	5,460
Provision for long service leave		12,910	12,064
		<b>18,575</b>	<b>17,524</b>
Total current provisions		<b>35,773</b>	<b>33,984</b>
<b>Non-current</b>			
Provision for long service leave		11,064	10,653
Provision for superannuation		18,641	18,560
		<b>29,705</b>	<b>29,213</b>

## LONG SERVICE LEAVE

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

## SUPERANNUATION

The University contributes to the following employee superannuation funds:

## Fully Funded Schemes

- UniSuper
- Catholic Superannuation Fund (formerly two funds) National Catholic Superannuation Fund and Catholic Superannuation Fund
- Australian Catholic Superannuation & Retirement Fund (formerly Catholic Superannuation & Retirement Fund)
- Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria) – Accumulation account

- Australian Super Pty Ltd
- McKenna Retirement Fund
- HESTA
- First State Super

## Partly Funded or Emerging Cost Schemes

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

## Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria)

The latest actuarial investigation of the Emergency Services and State Superannuation Scheme was conducted at 31 December 2017 by PriceWaterhouseCoopers. As at that date the scheme carried total liabilities, including liabilities for members' benefits in excess of the value of the scheme's assets.

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

The notional share of the scheme's unfunded liabilities attributed to the University is assessed by the Government Superannuation Office to be \$18,641,000 as at 31 December 2017 (\$18,560,000 as at 31 December 2016).

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, the Department of Education, Science and Training (DEST) (now Department of Education and Training) confirmed that the Australian Government considers the current arrangement establishes a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability.

	NOTE	2017 \$'000	2016 \$'000
<b>Net liability</b>			
Fair Value of Plan Assets		83	86
Accrued Benefit Liability		(18,724)	(18,646)
Net Liability Before Contributions Tax		(18,641)	(18,560)
Tax Liability on Future Contributions		-	-
<b>Net Liability</b>		<b>(18,641)</b>	<b>(18,560)</b>
<b>Actuarial assumptions</b>			
Discount rate		2.9%	3.3%
Rates of future salary increases		4.0%	4.0%
Rates of pension increases		2.5%	2.5%

Therefore a non-current receivable equal to the scheme's unfunded liabilities attributed to the University has been recognised. DET provided annual supplementation in 2017 of \$1,440,552 (2016: \$1,436,037) to cover emerging costs of the Emergency Services and State Superannuation Scheme.

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

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

**14. BORROWINGS**

The University raised \$200m through a bond issue during the year, of which, \$100m was used to repay in full NAB loan facilities. The remainder will be used for continuing planned infrastructure works. The University continues to maintain a debt facility with the Catholic Development Fund (\$50m) with an initial period of three years. The due date for rollover is the 10 December 2019. The facility was fully drawn at year end.

Interest rate swaps have been entered into totalling \$200m to hedge against interest rate risk for the bond issuance with maturities ranging from August 2019 to August 2026 and weighted average interest rate of 2.62% to hedge against interest variability. Interest rate swaps previously held totalling \$70m were terminated on the 21 July 2017.

	NOTE	2017 \$'000	2016 \$'000
<b>Non-current</b>			
<b>Unsecured</b>			
National Australia Bank Loan		-	100,000
Catholic Development Fund Loan		50,000	50,000
Sustainability Bond		199,320	-
<b>Total Non-Current Unsecured Borrowings</b>		<b>249,320</b>	<b>150,000</b>
<b>a) Financing arrangements</b>			
Unrestricted access was available at balance date to the following lines of credit:			
<b>Bank Loan Facilities</b>			
<b>Total Facilities</b>			
National Australia Bank Loan		-	100,000
Catholic Development Fund Loan		50,000	50,000
Sustainability Bond		199,320	-
<i>Used at Balance Date</i>			
National Australia Bank Loan		-	100,000
Catholic Development Fund Loan		50,000	50,000
Sustainability Bond		199,320	-
<b>Unused at Balance Date</b>		<b>-</b>	<b>-</b>

**15. OTHER LIABILITIES**

	NOTE	2017 \$'000	2016 \$'000
<b>Current</b>			
Grants received in advance		10,243	8,937
Fees received in advance		12,589	13,950
Other income received in advance		1,497	2,195
Deferred grant income (properties)		-	24
<b>Sub-total deferred revenue</b>		<b>24,329</b>	<b>25,106</b>
Funds held in trust		2,015	1,963
OS HELP Payable		436	-
Bonds – student residences		224	199
Interest rate swap		-	394
		<b>27,004</b>	<b>27,662</b>
<b>Non-current</b>			
Deferred grant income (properties)		-	552
Lease liabilities		4,002	4,109
Leasehold make good provision	15 (a)	7,376	6,142
Interest rate swap		1,129	265
		<b>12,507</b>	<b>11,068</b>
<b>(A) reconciliation</b>			
<b>Leasehold make good provision</b>			
Balance at beginning of financial year		6,142	6,556
Provisions made during the year		1,313	1,967
Provisions reversed during the year		(306)	(2,572)
Unwind/adjust discount	4	227	191
<b>Balance at end of financial year</b>		<b>7,376</b>	<b>6,142</b>

Make good is required for leased premises. The provision is estimated based on the rate of the building, the remaining lease period and estimated costs incurred in similar situations.

**16. RESERVES**

	NOTE	2017 \$'000	2016 \$'000
<b>General reserve</b>			
Balance at beginning of financial year		366,166	334,400
Add: Transfers from retained earnings	17	20,440	31,766
<b>Balance at end of financial year</b>		<b>386,606</b>	<b>366,166</b>
<b>Asset revaluation reserve</b>			
Balance at beginning of financial year		102,299	20,637
Add/(subtract): Increment/(decrement)		-	81,662
<b>Balance at end of financial year</b>		<b>102,299</b>	<b>102,299</b>
<b>Available for sale financial assets revaluation reserve</b>			
Balance at beginning of financial year		11,407	9,518
Write back revaluation on disposal of listed shares		-	20
Add/(subtract): Revaluation increment		-	-
Shares revaluation reserve		5,216	1,869
<b>Balance at end of financial year</b>		<b>16,623</b>	<b>11,407</b>
<b>Contribution from members</b>			
Balance at beginning of financial year		56,958	56,958
<b>Balance at end of financial year</b>		<b>56,958</b>	<b>56,958</b>
<b>Total reserves</b>		<b>562,486</b>	<b>536,830</b>



**NATURE AND PURPOSE OF RESERVES**

**General**

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

**Asset revaluation**

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

**Available for sale financial assets revaluation reserve**

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

**Contribution from members**

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

**17. RETAINED EARNINGS**

	NOTE	2017 \$'000	2016 \$'000
Retained earnings at beginning of year		-	-
Net result		20,440	31,766
Transfer to general reserve	16	(20,440)	(31,766)
<b>Retained earnings at the end of the year</b>		-	-

**18. COMMITMENTS**

<b>(a) Capital expenditure commitments</b>			
Capital expenditure commitments not provided for in the financial statements and payable:			
Within one year		15,054	14,289
		<b>15,054</b>	<b>14,289</b>
<b>(b) Non-cancellable operating lease expense commitments</b>			
Future operating lease commitments of premises, plant and equipment, not provided for in the financial statements and payable:			
Within one year		13,627	11,168
One year or later and no later than five years		41,417	33,503
Greater than five years		46,665	42,359
		<b>101,709</b>	<b>87,030</b>

The University leased equipment and machinery under operating leases expiring in a range from one to five years. The University also leased commercial premises with an expiry range of one to 12 years.

**19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES**

**REMUNERATION OF BOARD MEMBERS**

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

	2017 NUMBER	2016 NUMBER
Nil	12	12
\$10,000 - \$19,999	1	1
\$50,000 - \$59,999	1	-
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	-
\$200,000 - \$209,999	-	2
\$220,000 - \$229,999	1	-
\$240,000 - \$249,999	2	3
\$250,000 - \$259,999	1	-
\$1,240,000 - \$1,249,999	-	1
\$1,300,000 - \$1,309,999	1	-
	2017 \$	2016 \$
Total compensation paid, or payable or otherwise made available to all directors of the University from the University or any related Party.	2,597,090	2,650,744

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

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

	2017 NUMBER	2016 NUMBER
\$70,000 - \$79,999	*1	-
\$170,000 - \$179,999	1	-
\$500,000 - \$509,999	-	1
\$510,000 - \$519,999	-	1
\$540,000 - \$549,999	-	1
\$560,000 - \$569,999	1	-
\$570,000 - \$579,999	1	-
\$630,000 - \$639,999	1	-
\$640,000 - \$649,999	-	1
\$700,000 - \$709,999	1	-
\$1,240,000 - \$1,249,999	-	1
\$1,300,000 - \$1,309,999	1	-

\* Stipend paid to religious congregation

	2017 \$	2016 \$
Total compensation paid, or payable or otherwise made available to all executive officers of the University from the University or any related Party.	4,021,312	3,454,910
Short-term employee benefits	3,596,397	3,112,142
Post employment benefits	424,915	342,768
	<b>4,021,312</b>	<b>3,454,910</b>

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

**20. RELATED PARTIES (CONTINUED)****DIRECTORS**

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

Professor G.J. Craven AO, Justice J. Douglas, Mr S.N. Elder, Honourable J. Fahey, Professor K. Flowers, Dr B. Franzsen,

Professor M. Hillel, Ms C. Hollis-Jones, Mr T. Kirk, Ms D. Leahy, Ms S. Lye, Ms M.T. Najdecki, Mr J. O'Connell, Mr D.B. O'Connor, Associate Professor M. Ondaatje, Honourable B. Perry, Reverend C. Prowse, Professor D. Ross, Ms A. Schmiede, Ms B.M. T. Steele, Ms M.M. Vider.

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

Total amounts transacted with related parties are as follows

	2017 \$'000	2016 \$'000
<b>Income statement</b>		
<b>Income</b>		
Catholic Archdiocese of Brisbane	-	13
Catholic Archdiocese of Canberra and Goulburn	-	5
Catholic Archdiocese of Melbourne	-	2
Catholic Archdiocese of Sydney	1	4
Catholic Education Office Sydney	351	-
	<b>352</b>	<b>24</b>
<b>Expenditure</b>		
Catholic Archdiocese of Brisbane	-	43
Catholic Archdiocese of Canberra and Goulburn	2	93
Catholic Archdiocese of Melbourne	795	876
Catholic Archdiocese of Sydney	75	231
Catholic Education Office Sydney	328	411
Catholic Education Office Parramatta	203	242
Catholic Education Office Broken Bay	43	53
Catholic Education Office Wollongong	30	26
Catholic Education Office Melbourne	105	118
Catholic Education Office Brisbane	14	-
Catholic Development Funds - Interest on Loan	1,308	1,472
Mr J. O'Connell (Pro Vice-Chancellor)	78	48
	<b>2,981</b>	<b>3,613</b>
<b>Balance sheet</b>		
Catholic Development Funds - Loan	50,000	50,000
	<b>50,000</b>	<b>50,000</b>

All related party transactions are at arm's length. Transactions between ACU and the various Catholic Archdiocese are largely in relation to rental. Mr O'Connell is providing professional services to the University.

**21. FINANCIAL INSTRUMENTS DISCLOSURE****INTEREST RATE AND LIQUIDITY RISK****Interest rate risk**

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

term (less than 1 year) deposits across a number of institutions.

The University raised \$200m through a bond issue during the year, of which, \$100m was used to repay in full NAB loan facilities. The University continues to maintain a debt facility with the Catholic Development Fund (\$50m) with an initial period of three years from the 10 December 2015.

Interest rate swaps have been entered into totalling \$200m to hedge against interest rate risk for the bond issuance

with maturities ranging from August 2019 to August 2026, however, these have not been designated in a hedge relationship under AASB 139 Financial instruments. Interest rate swaps previously held totalling \$70m were terminated on the 21 July 2017.

**Liquidity risk**

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

	CARRYING AMOUNT \$'000	6 MONTHS OR LESS \$'000	6 TO 12 MONTHS \$'000	1 TO 2 YEARS \$'000	2 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL CONTRACTUAL AMOUNT \$'000
<b>2017</b>							
<b>Financial Assets</b>							
Cash	142,302	142,302	-	-	-	-	<b>142,302</b>
Trade and other receivables	5,234	5,234	-	-	-	-	<b>5,234</b>
Financial assets	1,447	-	717	738	157	(165)	<b>1,447</b>
Other investments	44,033	25,000	-	-	-	19,033	<b>44,033</b>
	<b>193,016</b>	<b>172,536</b>	<b>717</b>	<b>738</b>	<b>157</b>	<b>18,868</b>	<b>193,016</b>
<b>Financial liabilities</b>							
Trade and other payables	35,573	35,573	-	-	-	-	<b>35,573</b>
Loans	249,320	-	-	-	50,000	200,000	<b>250,000</b>
Financial liabilities	1,129	-	-	153	850	126	<b>1,129</b>
	<b>286,022</b>	<b>35,573</b>	<b>-</b>	<b>153</b>	<b>50,850</b>	<b>200,126</b>	<b>286,702</b>
<b>2016</b>							
<b>Financial assets</b>							
Cash	66,524	66,524	-	-	-	-	<b>66,524</b>
Trade and other receivables	3,752	3,752	-	-	-	-	<b>3,752</b>
Financial assets	1,969	-	-	(47)	1,059	957	<b>1,969</b>
Other investments	20,366	8,000	-	-	-	12,366	<b>20,366</b>
	<b>92,611</b>	<b>78,276</b>	<b>-</b>	<b>(47)</b>	<b>1,059</b>	<b>13,323</b>	<b>92,611</b>
<b>Financial liabilities</b>							
Trade and other payables	23,048	23,048	-	-	-	-	<b>23,048</b>
Loans	150,000	-	-	-	150,000	-	<b>150,000</b>
Financial liabilities	660	206	189	108	26	131	<b>660</b>
	<b>173,708</b>	<b>23,254</b>	<b>189</b>	<b>108</b>	<b>150,026</b>	<b>131</b>	<b>173,708</b>

The average interest rate of borrowing is 2.62% for the year ended 31 December 2017 (2.83% 2016).

**INTEREST RATE AND LIQUIDITY RISK (CONTINUED)****Liquidity risk (continued)**

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

	NOTE	2017 \$'000	2016 \$'000
1 – 5 years			
National Australia Bank		-	100,000
Catholic Development Fund		50,000	50,000
5-10 years			
Sustainability Bond		199,320	-
<b>Non current borrowings</b>		<b>249,320</b>	<b>150,000</b>

	2017 \$'000			2016 \$'000		
	NOTIONAL	ASSET	LIABILITY	NOTIONAL	ASSET	LIABILITY
Interest rate swaps	\$200,000	\$1,441	\$1,123	\$70,000	\$1,969	\$659

The University does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. A change in interest rates of 100 basis points throughout the period would have increased or decreased the University's equity by the order of \$354,576 (2016 \$80,004).

**FOREIGN EXCHANGE RISK**

The University at balance date has not hedged against foreign currency risk due to its minimal exposure to foreign currencies.

**CREDIT RISK EXPOSURE**

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

Investments are allowed only in liquid securities. Transactions involving derivative financial instruments are with counterparties with whom the University has a signed netting agreement as well as sound credit ratings. Given their high credit

ratings, management does not expect any counterparty to fail to meet its obligations.

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

	CARRYING AMOUNT	
	2017 \$'000	2016 \$'000
Cash	142,302	66,524
Trade and other receivables	5,234	3,752
Other investments	44,033	20,366
Interest rate swaps	1,447	1,969
<b>Total</b>	<b>193,016</b>	<b>92,611</b>
<b>Debtors Aging</b>		
Current	848	1,226
30 days	695	167
60 days	815	12
90 days	77	83
Greater than 90 days	157	439
<b>Total</b>	<b>2,592</b>	<b>1,927</b>

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

**NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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

**a) Fair Value**

	2017		2016	
	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
<b>Financial assets</b>				
Cash	142,302	142,302	66,524	66,524
Trade and other receivables	5,234	5,234	3,752	3,752
Other investments	44,033	44,033	20,366	20,366
Interest rate swaps	1,447	1,447	1,969	1,969
	<b>193,016</b>	<b>193,016</b>	<b>92,611</b>	<b>92,611</b>
<b>Financial liabilities</b>				
Trade and other payables	35,573	35,573	23,048	23,048
Loans	249,320	250,000	150,000	150,000
Financial liabilities	1,129	1,129	660	660
	<b>286,022</b>	<b>286,702</b>	<b>173,708</b>	<b>173,708</b>

**b) Level 3 fair values**

	EQUITY SECURITIES AVAILABLE FOR SALE \$'000
Balance at 1 January 2016	9,198
Net change in fair value in OCI	1,830
<b>Balance at 31 December 2016 Receivables</b>	<b>11,028</b>
Balance at 1 January 2017	11,028
Net change in fair value in OCI	5,173
<b>Balance at 31 December 2017 Receivables</b>	<b>16,201</b>

**22. EQUITY**

No share capital has been issued by the University as it is a University limited by guarantee. The number of members of the University as at 31 December 2017 was 23 (2016: 23). The liability of each member is limited to \$50.

## 23. NOTES TO THE STATEMENT OF CASH FLOWS

## (I) RECONCILIATION OF CASH

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

	2017 \$'000	2016 \$'000
Cash on hand	23	27
Cash at bank net of unrepresented cheques	142,279	66,497
	<b>142,302</b>	<b>66,524</b>

## (II) RECONCILIATION OF NET RESULT AFTER INCOME

## Tax to net cash provided by operating activities

Net result after income tax	20,440	31,766
<i>Add/(less) items classified as investing/financing activities:</i>		
(Profit) on sale of non-current assets	(21)	-
Loss on sale of non-current assets	-	-
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation	33,579	31,950
Lease in advance	56	56
Unwind/adj discount on make good provision	2,241	(1,020)
Increase/(decrease) in interest rate swap	992	(1,564)
Increase/(decrease) in foreign currency	-	(28)
<i>Amounts set aside to (utilised from) provisions:</i>		
Employee entitlements	2,201	1,940
Make good of lease premises	(1,007)	606
<b>Net cash provided by operating activities before change in assets</b>	<b>58,481</b>	<b>63,706</b>
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in accrued income	(859)	6,081
(Increase)/decrease in sundry debtors	(665)	(152)
(Increase)/decrease in prepayments	118	(2,719)
(Increase)/decrease in other assets	(46)	361
Increase/(decrease) in grants in advance	2,393	(1,296)
Increase/(decrease) in fees in advance	(1,361)	2,624
Increase/(decrease) in accrued expenses	6,323	5,367
Increase/(decrease) in sundry creditors	7,820	(3,498)
Increase/(decrease) in funds held in trust	52	14
Increase/(decrease) in bonds – university residences	25	103
Increase/(decrease) in other income in advance	(652)	(18)
Increase/(decrease) in deferred income (properties)	(576)	(24)
Increase/(Decrease) in net GST	(610)	(105)
Increase/(Decrease) in lease liabilities	(107)	(450)
<b>Net cash provided by operating activities</b>	<b>70,336</b>	<b>69,994</b>

## 24. ACQUITTAL OF COMMONWEALTH FINANCIAL ASSISTANCE

## 24.1 COMMONWEALTH GRANTS SCHEME AND OTHER GRANTS

	NOTE	COMMONWEALTH GRANTS SCHEME		INDIGENOUS SUPPORT FUND		DISABILITY SUPPORT PROGRAMMES	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		229,665	227,726	-	1,213	57	95
Net accrual adjustments		(1,199)	(5,933)	-	-	-	-
<b>Revenue for the period</b>	<b>2.1</b>	<b>228,466</b>	<b>221,793</b>	<b>-</b>	<b>1,213</b>	<b>57</b>	<b>95</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-
<b>Funds available for reporting period</b>		<b>228,466</b>	<b>221,793</b>	<b>-</b>	<b>1,213</b>	<b>57</b>	<b>95</b>
Less expenses including accrued expenses		(228,466)	(221,793)	-	(1,213)	(57)	(95)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	NOTE	PROMOTION OF EXCELLENCE IN LEARNING AND TEACHING		PARTNERSHIP AND PARTICIPATION FUNDING	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		10	30	3,003	3,324
Net accrual adjustments		-	-	-	-
<b>Revenue for the period</b>	<b>2.1</b>	<b>10</b>	<b>30</b>	<b>3,003</b>	<b>3,324</b>
Surplus/(deficit) from the previous year		-	-	-	-
<b>Funds available for reporting period</b>		<b>10</b>	<b>30</b>	<b>3,003</b>	<b>3,324</b>
Less expenses including accrued expenses		(10)	(30)	(3,003)	(3,324)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 24.2 HIGHER EDUCATION LOAN PROGRAMMES (HELP)

	HECS HELP		FEE HELP		FEE HELP VET		SA HELP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	142,251	135,501	12,647	10,487	21	1,011	6,634	4,733
Plus contributions actually received from students	11,285	11,678	-	-	-	-	-	-
Total received	153,536	147,179	12,647	10,487	21	1,011	6,634	4,733
Net accrual adjustments	188	118	284	63	-	-	(664)	(62)
<b>Revenue for the period</b>	<b>153,724</b>	<b>147,296</b>	<b>12,931</b>	<b>10,550</b>	<b>21</b>	<b>1,011</b>	<b>5,970</b>	<b>4,671</b>
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
<b>Funds available for reporting period</b>	<b>153,724</b>	<b>147,296</b>	<b>12,931</b>	<b>10,550</b>	<b>21</b>	<b>1,011</b>	<b>5,970</b>	<b>4,671</b>
Less expenses including accrued expenses	(153,724)	(147,296)	(12,931)	(10,550)	(21)	(1,011)	(5,970)	(4,671)
<b>Surplus/(deficit) for reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 24.3 SCHOLARSHIPS

	NOTE	AUSTRALIAN POST GRADUATE AWARDS		INTERNATIONAL POSTGRADUATE RESEARCH SCHOLARSHIPS		COMMONWEALTH EDUCATION COSTS SCHOLARSHIPS		COMMONWEALTH ACCOMMODATION SCHOLARSHIPS		INDIGENOUS ACCESS SCHOLARSHIPS		NATIONAL PRIORITY SCHOLARSHIPS	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		-	1,109	-	69	-	49	-	5	-	88	-	-
Net accrual adjustments		379	3	7	(7)	-	-	-	-	-	-	-	-
<b>Revenue attributed to the period</b>	<b>2.1</b>	<b>379</b>	<b>1,112</b>	<b>7</b>	<b>62</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>-</b>
Surplus/(deficit) from the previous year		-	-	-	-	141	229	128	123	100	12	5	5
<b>Funds available for reporting period</b>		<b>379</b>	<b>1,112</b>	<b>7</b>	<b>62</b>	<b>141</b>	<b>278</b>	<b>128</b>	<b>128</b>	<b>100</b>	<b>100</b>	<b>5</b>	<b>5</b>
Less expenses including accrued expenses		(379)	(1,112)	(7)	(62)	-	(137)	-	-	-	-	-	-
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>141</b>	<b>128</b>	<b>128</b>	<b>100</b>	<b>100</b>	<b>5</b>	<b>5</b>

**24.4 COMMONWEALTH RESEARCH FINANCIAL ASSISTANCE**

	NOTE	RESEARCH SUPPORT PROGRAM		RESEARCH TRAINING PROGRAM		JOINT RESEARCH ENGAGEMENT PROGRAM		RESEARCH TRAINING SCHEME		INFRASTRUCTURE		SUSTAINABLE RESEARCH EXCELLENCE IN UNIVERSITIES	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		3,542	-	3,540	-	-	1,777	-	2,289	-	678	-	1,012
Net accrual adjustments		-	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue for the period</b>	<b>2.1</b>	<b>3,542</b>	<b>-</b>	<b>3,540</b>	<b>-</b>	<b>-</b>	<b>1,777</b>	<b>-</b>	<b>2,289</b>	<b>-</b>	<b>678</b>	<b>-</b>	<b>1,012</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-	-	-
<b>Funds available for reporting period</b>		<b>3,542</b>	<b>-</b>	<b>3,540</b>	<b>-</b>	<b>-</b>	<b>1,777</b>	<b>-</b>	<b>2,289</b>	<b>-</b>	<b>678</b>	<b>-</b>	<b>1,012</b>
Less expenses including accrued expenses		(3,542)	-	(3,540)	-	-	(1,777)	-	(2,289)	-	(678)	-	(1,012)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**24.5 AUSTRALIAN RESEARCH COUNCIL**

	NOTE	DISCOVERY PROJECTS		DISCOVERY EARLY CAREER RESEARCH AWARD		DISCOVERY INDIGENOUS		FELLOWSHIPS		LINKAGE – PROJECTS (INCLUDING STRATEGIC PARTNERSHIPS WITH INDUSTRY AND APAI)	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		1,094	1,143	402	266	338	508	314	719	920	819
Net accrual adjustments		39	(72)	(43)	(38)	(165)	(264)	(64)	(26)	(95)	(124)
<b>Revenue for the period</b>	<b>2.1</b>	<b>1,133</b>	<b>1,071</b>	<b>359</b>	<b>228</b>	<b>173</b>	<b>244</b>	<b>250</b>	<b>693</b>	<b>825</b>	<b>695</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-
Adj Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-
<b>Funds available for reporting period</b>		<b>1,133</b>	<b>1,071</b>	<b>359</b>	<b>228</b>	<b>173</b>	<b>244</b>	<b>250</b>	<b>693</b>	<b>825</b>	<b>695</b>
Less expenses including accrued expenses		(1,133)	(1,071)	(359)	(228)	(173)	(244)	(250)	(693)	(825)	(695)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**24.6 OS-HELP**

	NOTE	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		3,060	1,916
Cash spent during the reporting period		(2,068)	(2,269)
<b>Net cash received</b>	<b>2.1</b>	<b>992</b>	<b>(353)</b>
Cash surplus / (deficit) from the previous period		(652)	(299)
<b>Cash surplus / (deficit) for reporting period</b>	<b>7 &amp; 15</b>	<b>340</b>	<b>(652)</b>

**24.7 SUPERANNUATION SUPPLEMENTATION**

Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	2.1	1,441	1,436
Cash spent during the reporting period		(1,423)	(1,404)
<b>Net cash received</b>		<b>18</b>	<b>32</b>
Cash surplus / (deficit) from the previous period		(177)	(209)
<b>Cash surplus / (deficit) for reporting period</b>		<b>(159)</b>	<b>(177)</b>

**24.8 STUDENT SERVICES AND AMENITIES FEE**

Unspent/(overspent) revenue from previous period		-	-
SA HELP revenue earned		5,970	4,733
Student service fees direct from students		1,852	2,764
<b>Total revenue expendable in period</b>		<b>7,822</b>	<b>7,497</b>
Student services expenses during the period		(7,822)	(7,497)
<b>Unspent/(overspent) student services revenue</b>		<b>-</b>	<b>-</b>

## Directors' Declaration

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

- (a) the financial statements and notes, as set out on pages 9 to 58, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the University as at 31 December 2017 and of its performance, as represented by the results of its operations and its cashflows, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporation Regulations 2001; and
- (b) there are reasonable grounds to believe that the University will be able to pay its debts as and when they become due and payable; and
- (c) the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted.
- (d) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

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

Dated at Sydney this 9th day of April 2018.

Signed in accordance with a resolution of the Directors and in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013:



Professor Greg Craven AO  
Director



Mr Julien O'Connell AM  
Director

# Independent Auditors' Report to the Members of Australian Catholic University Limited

## REPORT ON THE FINANCIAL STATEMENTS

### OPINION

We have audited the Financial Statements of Australian Catholic University Limited (the University).

In our opinion, the accompanying Financial Statements of the University is in accordance with the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- i) giving a true and fair view of the University's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013

The Financial Statements comprises:

- Statement of financial position as at 31 December 2017
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

### BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We are 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) that are relevant to our audit of the [Financial Report/Statements] in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### OTHER INFORMATION

Other Information is financial and non-financial information in the University's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. This includes the Directors' Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for:

- preparing the Financial Statements that give a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosures Requirement and the Australian Charities and Not-for-profits Commission Regulation 2013
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing the University's ability to continue as a going concern and whether the use of the going concern

basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our 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 our 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the

Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Kevin Leighton  
Partner  
Sydney  
9 April 2018



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