

2016 ACU REVIEW OF RESULTS AND AUDITED FINANCIAL STATEMENTS



CONTENTS

DIRECTORS' REPORT	2
--------------------------	----------

LEAD AUDITOR'S INDEPENDENCE DECLARATION	6
--	----------

AUDITED FINANCIAL STATEMENTS	8
INCOME STATEMENT	9
STATEMENT OF COMPREHENSIVE INCOME	10
BALANCE SHEET	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOWS	13

NOTES TO THE FINANCIAL STATEMENTS	14
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	15
REVENUE	18
EXPENSES	20
FINANCE EXPENSE	21
AUDITOR'S REMUNERATION - KPMG	21
CASH AND CASH EQUIVALENTS	22
TRADE AND OTHER RECEIVABLES	22
OTHER INVESTMENTS	22
OTHER ASSETS	22
PROPERTY, PLANT & EQUIPMENT	23
INTANGIBLE ASSETS	25
TRADE AND OTHER PAYABLES	25
EMPLOYEE BENEFITS	26
BORROWINGS	27
OTHER LIABILITIES	28
RESERVES	29
RETAINED EARNINGS	30
COMMITMENTS	30
DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES	30
RELATED PARTIES	31
FINANCIAL INSTRUMENTS DISCLOSURE	32
EQUITY	34
NOTES TO THE STATEMENT OF CASH FLOWS	34
ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE	35

DIRECTORS' DECLARATION	38
-------------------------------	-----------

INDEPENDENT AUDIT REPORT	40
---------------------------------	-----------

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016



The directors present their report together with the financial statements of Australian Catholic University Limited (the University) for the year ended 31 December 2016 and the Auditor's report thereon.

DIRECTORS

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

MR JOHN JOSEPH CARROLL

BBus MAppFin (Macq) CPA MAIPM
Financier
19 May 2006
(3 May 2016)

PROFESSOR TONY CIRO

BA BEc(Hons) LLB(Hons) PhD (Monash),
BCL LLM (Oxf)
University Professor
6 September 2010
(3 May 2016)

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 Professor
1 January 2016

DR BILL FRANZSEN

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

MR EAMON GLASS

BNurs BPM (ACU)
Student
1 January 2016

PROFESSOR MARGOT HILLEL OAM

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

MS CECILIA HOLLIS-JONES

BAppSc GradDipTeach(Sec) (QUT),
GradDipA(Theol) (ACU)
Educational Administrator
30 May 2013

PROFESSOR JAMES MCLAREN

MA (Melb), DPhil (Oxf)
University Professor
16 June 2010
(3 May 2016)

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

ASSOC PROFESSOR MICHAEL ONDAATJE

BA(Hons) PhD (UWA)
University Associate Professor
4 May 2016

THE HON BARBARA PERRY

BA LLB (USyd)
Retired Politician, Community Services
Administrator
4 May 2016

THE MOST REVEREND CHRISTOPHER PROWSE

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

MS ANNETTE SCHMIEDE

BEc (USyd)
Health Administrator
1 January 2016

MS BERNADETTE MARIE THERESE STEELE

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

MS MARGARET MARY VIDER

BAppSciNurs (QIT), 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 GREG 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
Mr John Carroll	0	1	2	2			1	1		
Professor Tony Ciro	1	1					0	1		
Professor Greg Craven AO	5	5	6	8	3	3			3	3
The Honourable Justice James Douglas	4	5			2	3	3	4		
Mr Stephen Elder OAM	3	5	4	8			1	2		
The Honourable John Fahey AC	4	5			3	3			3	3
Professor Karen Flowers	5	5			0	1				
Dr Bill Franzsen	3	3					2	2		
Mr Eamon Glass	5	5								
Professor Margot Hillel OAM	5	5			3	3	1	3	3	3
Ms Cecelia Hollis-Jones	3	5					3	3		
Professor James McLaren	1	1	2	2						
Ms Moira Najdecki	3	5	5	8			2	4		
Mr Julien O'Connell AM	4	5	8	8					2	3
Mr David O'Connor AM	4	5	7	8	2	2				
Associate Professor Michael Ondaatje	3	3	3	3						
The Honourable Barbara Perry	3	3					2	2		
The Most Reverend Christopher Prowse DD	3	5								
Ms Annette Schmiede	5	5	2	3						
Ms Bernadette Steele	4	5			2	2	1	2		
Ms Margaret Vider	4	5	6	8	1	1				

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 4 of 4 Audit and Risk Committee meetings and 7 of 8 Standing and Finance Committee meetings.

FINANCIAL HIGHLIGHTS

	2016 \$'000	2015 \$'000	Change %
Commonwealth Government Grants	401,064	374,175	7.2
Other Operating Revenue	108,225	103,013	5.1
Finance Income	1,555	874	77.9
Salary Cash Expenses	(304,452)	(282,760)	7.7
Non-Salary Cash Expenses	(136,492)	(118,820)	14.9
Non-Cash Expenses (Depreciation, Amortisation and Provisions)	(38,134)	(33,605)	13.5
Net Result for the Period	31,766	42,877	-25.9
Working Capital Surplus/(Deficit)	2,653	(19,926)	-113.3*
Working Capital Surplus/(Deficit) Adjusted for Employee Benefits Classified as Current but due to be settled in greater than 12 months	20,177	(2,774)	-827.4*

* Although negative, this is a favourable change.

PRINCIPAL ACTIVITIES

The principal activities of Australian Catholic University Ltd during the course of the financial year were those of a university operating at both an undergraduate and postgraduate level and research on seven campuses across the states of Queensland, New South Wales, Victoria, South Australia, and Australian Capital Territory, and an eighth campus in Rome, Italy. The Rome Campus 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 2016 of \$31.8 million (m) (2015 \$42.9m), a reduction of \$11.1m (25.9%).

Total revenue increased \$32.8m (6.9%). There has been continued increase in Commonwealth Government Financial Assistance largely comprising Commonwealth Grants Scheme, \$14.7m (6.6%), Student HECS HELP, \$10.1m (7.3%) and FEE HELP \$1.6m (15.7%). The grant increase reflects growth in Commonwealth Supported Places. Other Operating Revenue, excluding Finance Income and Deferred Government Contributions for Superannuation increased by \$5.9m (5.7%).

Total Expenditure increased \$43.9m (10.1%). Expenditure on cash related salaries increased by \$21.7m (7.7%). Non salary cash expenses increased by \$17.7m (14.9%).

The utilisation of cash reserves to fund capital works continues to impact the Working Capital position although it has improved significantly and is in surplus \$2.7m (\$19.9m deficit in 2015). The surplus is \$20.2m (\$2.8m deficit in 2015) 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 2016. Expenditure was largely on planning for significant new and refurbishment of current buildings to commence in 2017 on the Brisbane, North Sydney, Strathfield, Canberra and Melbourne campuses. A new physiotherapy building on the Ballarat Campus reached practical completion on 17 January 2017. Additions and refurbishment of space was undertaken on the Canberra Campus for the Health Sciences Faculty. There was also ongoing reconfiguration and refurbishment of existing spaces on all campuses.

In late 2015, the University obtained replacement funding for the \$70m loan facility held with the National Australia Bank (NAB). The new funding is made up of facilities with NAB (\$100m) and Catholic Development Fund (\$50m). At year-end, \$150m had been drawn down. The facilities will continue to be utilised during 2017 as the University continues to implement its infrastructure plan. A number of fixed interest rate swaps were executed to lock

in historically low interest rates on \$70m of the borrowings drawn down.

The University undertook a ratings process during 2016 with Moody's Investors Services and was provided with an Aa2 rating. The rating will provide the University with an opportunity to obtain alternative debt financing.

Moody's indicated that the Aa2 issuer rating reflects the supportive institutional framework for universities in Australia with the bulk of funding coming from the Commonwealth government's sizeable and predictable grants. Grants have risen in line with strong growth in domestic enrolment, thereby underpinning the strong operating performance of the University; although the report noted that this reliance also leads to less revenue diversity.

The rating also reflects the University's important market niche of supplying a large quantity of nurses and teachers to hospitals and schools, and its mission as one of two Catholic universities in Australia. Its low debt burden and expectations that it will remain moderate over the medium term – with the bulk of capital expenditures funded on a "pay as you go" basis – is a positive credit factor. The rating remains constrained by very low levels of liquidity, which provide only a minimal cushion during its transition from rapid growth to a steady state and while undertaking a large capital improvement plan.

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 its 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 \$73,000 (2015: \$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 auditors, KPMG, against any claims by third parties.

PROCEEDINGS ON BEHALF OF THE UNIVERSITY

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the financial year ended 31 December 2016.

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.



Professor Greg Craven AO GCSG
10 April 2017
Director
Sydney



Mr Julien O'Connell AM
10 April 2017
Director
Sydney

LEAD AUDITOR'S INDEPENDENCE DECLARATION

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 2016 there have
been:

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



KPMG



Kevin Leighton

Partner

Sydney

10 April 2017

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Revenue from Continuing Operations			
Commonwealth Government Financial Assistance Excluding HECS HELP	2.1	237,535	222,787
Higher Education Contribution Scheme (HECS - HELP)			
Student Contributions	24.2	11,678	12,307
Commonwealth Payments	2.1, 24.2	135,619	124,927
FEE-HELP	2.1	11,561	9,992
SA-HELP	2.1	4,671	4,162
State & Local Government Financial Assistance	2.2	3,148	2,227
Fees and Charges	2.3	71,976	64,031
Consultancy and Contract Research	2.5	11,004	7,618
Other Revenue	2.6	22,097	29,137
Total Revenue from Continuing Operations		509,289	477,188
Expenses from Continuing Operations			
Employee Benefits	3.1	310,636	290,360
Depreciation and Amortisation	3.2	31,950	26,005
Buildings and Grounds Maintenance	3.3	7,401	8,497
Consultancy		14,486	10,160
Rent		14,699	12,008
Travel		13,183	12,093
Other	3.4	84,575	75,002
Total Expenses from Continuing Operations		476,930	434,125
Net Result from Continuing Operations		32,359	43,063
Finance Income and Expense			
Finance Income	2.4	1,555	874
Finance Expense	4	(2,148)	(1,060)
Total Finance Income and Expense		(593)	(186)
Net Result Before Income Tax		31,766	42,877
Income Tax	1(c)	-	-
Net Result for the Period	17	31,766	42,877

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 57.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Net Result for the Period		31,766	42,877
Other Comprehensive Income			
<i>Items that will not be reclassified to profit and loss</i>			
Superannuation - Deferred Government Contributions		(253)	(11)
Deferred Superannuation Expense		253	11
<i>Items that may be reclassified subsequently to profit and loss</i>			
Gain on revaluation of land and buildings		81,662	-
Gain on value of available for sale financial assets	16	1,889	4,286
Other Comprehensive Income for the Period		83,551	4,286
Total Comprehensive Income		115,317	47,163
Attributable to:			
Members		115,317	47,163
Total Comprehensive Income Attributable to Members		115,317	47,163

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 57.

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Current Assets			
Cash and Cash Equivalents	6	66,524	46,544
Trade and Other Receivables	7	3,752	9,307
Other Investments	8	8,000	-
Other Assets	9	9,549	6,830
Total Current Assets		87,825	62,681
Non-Current Assets			
Other Investments	8	12,366	10,501
Property, Plant and Equipment	10	645,522	534,904
Intangible Assets	11	42,109	42,885
Other Assets	9	24,461	23,100
Total Non-Current Assets		724,458	611,390
Total Assets		812,283	674,071
Current Liabilities			
Trade and Other Payables	12	23,526	23,563
Employee Benefits	13	33,984	33,388
Other Liabilities	15	27,662	25,656
Total Current Liabilities		85,172	82,607
Non-Current Liabilities			
Employee Benefits	13	29,213	28,122
Borrowings	14	150,000	130,000
Other Liabilities	15	11,068	11,829
Total Non-Current Liabilities		190,281	169,951
Total Liabilities		275,453	252,558
Net Assets		536,830	421,513
Equity			
Reserves	16	536,830	421,513
Retained Earnings	17	-	-
Total Equity		536,830	421,513

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 57.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	General Reserve \$'000	Asset Revaluation Reserve \$'000	Available for Sale Financial Assets Revaluation Reserve \$'000	Contribution from Members \$'000	Total Equity \$'000
2016						
Balance at 1 January 2016		334,400	20,637	9,518	56,958	421,513
Comprehensive Income for the Period						
Net Result for the Period	17	31,766	-	-	-	31,766
Total Other Comprehensive Income for the Period		-	81,662	1,889	-	83,551
Total Comprehensive Income for the Period		31,766	81,662	1,889	-	115,317
Contribution from Members	16	-	-	-	-	-
Balance at 31 December 2016		366,166	102,299	11,407	56,958	536,830
2015						
Balance at 1 January 2015		291,523	20,637	5,232	56,958	374,350
Comprehensive Income for the Period						
Net Result for the Period	17	42,877	-	-	-	42,877
Total Other Comprehensive Income for the Period		-	-	4,286	-	4,286
Total Comprehensive Income for the Period		42,877	-	4,286	-	47,163
Contribution from Members	16	-	-	-	-	-
Balance at 31 December 2015		334,400	20,637	9,518	56,958	421,513

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 57.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Grant Revenue			
Commonwealth Government		260,413	232,317
State Government		3,124	2,203
Higher Education Contribution Scheme			
Student Payments		11,678	12,307
Commonwealth Payments		135,383	125,214
Other Inflows		109,605	102,187
Cash Receipts in the Course of Operations		520,203	474,228
Cash Payments in the Course of Operations		(446,426)	(406,566)
Interest Received		949	855
Interest and Other Costs of Finance		(4,732)	(1,040)
Net Cash from Operating Activities	23(ii)	69,994	67,477
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(62,043)	(139,353)
Proceeds from Sale of Non-Current Assets		5	30
Proceeds from /Payments for Investments		(7,976)	(66)
Net Cash Used in Investing Activities		(70,014)	(139,389)
Cash Flows from Financing Activities			
Proceeds from Borrowings		55,000	177,000
Repayment of Borrowings		(35,000)	(77,000)
Net Cash (Used in)/Provided by Financing Activities		20,000	100,000
Net (Decrease)/Increase in Cash Held		19,980	28,088
Cash and Cash Equivalents at the Beginning of the Financial Year		46,544	18,456
Cash and Cash Equivalents at the End of the Financial Year	23(i)	66,524	46,544

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 57.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



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 10 April 2017.

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 adopted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and the disclosure requirements within the Guidelines for the Preparation of Annual Financial Statements for the 2016 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 10 April 2017.

USE OF ESTIMATES AND JUDGEMENT

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

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

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

The University is a Company referred to in ASIC 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 1 July 2000.

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

(D) CASH AND CASH EQUIVALENTS

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

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

(E) TRADE AND OTHER RECEIVABLES

STUDENT ASSISTANCE PROGRAM

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

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

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

repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

DEPRECIATION

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

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

The asset's 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 per cent 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 seven years of service. Staff members with seven years of service or more are included as current liabilities; those with less than seven years of service are included as non-current liabilities.

Liabilities for employee entitlements for members with less than seven 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 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 2015 reporting period. These new requirements have not had a material impact on either the results or disclosure of the University.

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

AASB 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS:

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

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

AASB 9 FINANCIAL INSTRUMENTS

AASB 9, published in July 2014 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial instruments, 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 they are not expected to be material.

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	2016 \$'000	2015 \$'000
2.1 COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE			
Commonwealth Grants Scheme and Other Grants			
Commonwealth Grants Scheme	24.1	221,793	208,705
Indigenous Support Fund	24.1	1,213	1,181
Disability Support Programs	24.1	95	73
Promotion of Excellence in Learning and Teaching	24.1	30	20
Partnership and Participation Funding	24.1	3,324	3,344
Total Commonwealth Grants Scheme & Other Grants		226,455	213,323
DET-Scholarships			
Australian Postgraduate Awards	24.3	1,112	802
International Postgraduate Research Scholarships	24.3	62	70
Commonwealth Education Costs Scholarships	24.3	49	58
Commonwealth Accommodation Scholarships	24.3	5	-
Indigenous Access Scholarships	24.3	88	5
National Priority Scholarships	24.3	-	-
Total DET-Scholarships		1,316	935
DET-Research			
Joint Research Engagement Program	24.4	1,777	1,554
Research Training Scheme	24.4	2,289	2,181
Infrastructure	24.4	678	263
Sustainable Research Excellence in Universities	24.4	1,012	535
Total DET-Research		5,756	4,533
Total DET Excluding HELP (a)		233,527	218,791
Higher Education Loan Programs (HELP)			
HECS-HELP Commonwealth Payments	24.2	135,619	124,927
FEE-HELP	24.2	10,550	8,836
FEE-HELP VET	24.2	1,011	1,156
SA-HELP	24.2	4,671	4,162
Total Higher Education Loan Programs		151,851	139,081
Total DET Including HELP		385,378	357,872
Australian Research Council			
Discovery - Projects	24.5	1,071	1,395
Discovery Early Career Research Award	24.5	228	230
Discovery Indigenous	24.5	244	130
Future Fellowships	24.5	693	425
Linkage – Projects	24.5	695	536
Total Australian Research Council (b)		2,931	2,716
Other Commonwealth Government Financial Assistance – Non Capital			
DET		1,077	1,280
Total Other Commonwealth Government Financial Assistance (c)		1,077	1,280
Total Commonwealth Government Financial Assistance		389,386	361,867
Total Commonwealth Government Financial Assistance Excluding HELP (a + b + c)		237,535	222,787
Australian Government Grants Received – Cash Basis			
OS-HELP (Net)	24.6	353	(299)
Superannuation Supplementation	24.7	1,436	1,400
Total Australian Government Funding Received – Cash Basis		1,789	1,101

2. REVENUE CONTINUED

	2016 \$'000	2015 \$'000
2.2 STATE & LOCAL GOVERNMENT FINANCIAL ASSISTANCE		
Deferred Victorian Government Grant (Properties)	24	24
Victorian Government Dept of Ed RTO Funding	3,124	2,203
Total State & Local Government Financial Assistance	3,148	2,227
2.3 FEES AND CHARGES		
Fee Paying Overseas Students	48,820	45,421
Fee Paying Non Overseas Postgraduate Students	8,133	9,495
Fee Paying Non Overseas Undergraduate Students	11	7
Other		
Non-Overseas Students Undertaking Non-Award		
Courses	591	394
Rental Charges	7,003	2,524
Charges for Student Accommodation	3,053	2,361
Registration Fees	3,964	3,369
Library Fees	85	101
Late Fees	316	359
Total Fees and Charges	71,976	64,031
2.4 FINANCE INCOME		
Interest	1,555	611
Dividends	-	263
Total Finance Income	1,555	874
2.5 CONSULTANCY AND CONTRACT RESEARCH		
Consultancy Fees	147	232
Industry Research Grants	10,857	7,386
Total Consultancy and Contract Research	11,004	7,618
2.6 OTHER REVENUE		
Offshore Programs	275	39
Other Program Income	8,346	7,463
Other Grants – Health Workforce Australia	-	5,479
Other Grants - Other	6,207	3,804
Donations and Bequests	1,061	167
Profit on Disposal of Assets*	-	750
Other Income	6,208	11,435
Total Other Revenue	22,097	29,137

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

3. EXPENSES

	Note	2016 \$'000	2015 \$'000
3.1 EMPLOYEE BENEFITS			
Academic			
Salaries			
Academic		136,200	129,251
Contributions to Superannuation and Pension Schemes			
Funded		18,218	17,229
Payroll Tax		7,182	6,620
Workers Compensation		721	504
Long Service Leave Expense		2,720	2,669
Annual Leave Expense		(123)	486
Total Academic employee benefits		164,918	156,759
Professional			
Salaries			
Non Academic		117,158	106,874
Contributions to Superannuation and Pension Schemes			
Funded		17,417	15,764
Payroll Tax		6,867	6,057
Workers Compensation		689	461
Long Service Leave Expense		3,283	3,222
Annual Leave Expense		304	1,223
Total employee related expenses		145,718	133,601
		310,636	290,360
Deferred Employee Benefits for Super	13	(253)	(11)
Deferred Superannuation Expense	13	1,436	1,400
Total employee related expenses including deferred employee benefits for superannuation		311,819	291,749

3.2 DEPRECIATION AND AMORTISATION

Depreciation of Buildings – Freehold		8,167	5,432
Amortisation of Intangible Rights to Occupy Buildings		775	775
Depreciation of Improvements to Intangible Right to Occupy Buildings		7,597	7,443
Depreciation of Leasehold Property Improvements		7,566	5,448
Depreciation of Furniture and Fittings		2,156	2,065
Depreciation of Plant and Equipment		5,640	4,787
Depreciation of Motor Vehicles		49	55
Total Depreciation and Amortisation		31,950	26,005

3.3 BUILDINGS AND GROUNDS MAINTENANCE

Buildings		2,860	3,953
Computers		1,548	1,243
Equipment and Machinery		1,914	2,160
Furniture and Fittings		55	128
Grounds		1,024	1,013
Total Buildings and Ground Maintenance		7,401	8,497

3. EXPENSES CONTINUED

	Note	2016 \$'000	2015 \$'000
3.4 OTHER EXPENSES			
Advertising, Promotions, Publicity, Printing & Stationery		10,555	8,879
Cleaning and Waste Collection		4,763	3,945
Computer Software and Services		8,046	6,025
Conference Expenses		1,159	1,155
Copyright Fees		723	830
Hire of Equipment and Facilities		1,903	1,733
Insurance		897	867
Legal Fees		440	813
Library Acquisitions		7,629	6,193
Minor Equipment		3,884	4,913
Meeting Expenses		827	1,027
Net Loss on Disposal of Property, Plant and Equipment		-	19
Offshore Administration		4,097	4,184
Operating Lease Rental Expenses		3,575	2,569
Publications, Subscriptions and Memberships		1,463	1,465
Scholarships and Prizes		6,102	5,202
Security Services		2,813	2,856
Staff Development & Appointment Costs		2,229	2,210
Student Grants		1,198	1,067
Telecommunications		2,438	2,138
Unrealised Foreign Exchange Loss		-	28
Utilities		3,607	4,111
Other Expenses		16,227	12,773
Total Other Expenses		84,575	75,002

4. FINANCE EXPENSE

	Note	2016 \$'000	2015 \$'000
Make Good on Leased Premises - Unwind of Discount on Provision	15(a)	191	(234)
Bank Loan Interest, Interest Rate Swap and Fees		1,957	1,294
Total Finance Expense		2,148	1,060

5. AUDITOR'S REMUNERATION - KPMG

	2016 \$	2015 \$
Audit of the University's Financial Statements	147,500	128,000
Other Audit and Related Services		
Grant/Research Acquittal (Higher Education Research Data Collection, Indigenous Education Program, Program Access Community Engagement, Health Workforce Australia and Role M)	32,600	30,800
Other Services		
Debt Advice	-	660
Students Association agreed upon procedures	16,500	-
Faircall Service (Whistle Blower Hotline)	8,800	-
Total Auditor's Remuneration	205,400	159,460

6. CASH AND CASH EQUIVALENTS

	2016 \$'000	2015 \$'000
Cash on Hand	27	26
Cash at Bank	66,497	46,518
Total Cash and Cash Equivalents	66,524	46,544

7. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Current		
Sundry Receivables	1,927	1,775
Accrued Income	1,152	7,233
Net GST Receivable from ATO	21	-
OS-HELP Receivable	652	299
Total Trade and Other Receivables	3,752	9,307

8. OTHER INVESTMENTS

	2016 \$'000	2015 \$'000
Current		
Term Deposits	8,000	-
	8,000	-
Non-Current		
<i>Available for Sale - Investments in Other Entities</i>		
Shares in Listed Companies	753	718
Shares in Other Companies	11,613	9,783
Total Other Investments	12,366	10,501

9. OTHER ASSETS

	Note	2016 \$'000	2015 \$'000
Current			
Prepayments		9,493	6,774
Lease Paid in Advance		56	56
Total Current Other Assets		9,549	6,830
Non-Current			
Right to Reimbursement from Commonwealth Government for Unfunded Superannuation Liability	13	18,560	18,813
Lease Paid in Advance		3,932	3,989
Interest Rate Swap		1,969	-
Other Receivables		-	298
Total Non-Current Other Assets		24,461	23,100

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

10. PROPERTY, PLANT & EQUIPMENT

	Note	2016 \$'000	2015 \$'000
Land – Freehold			
At Independent Valuation 2016		94,480	-
At Directors' Valuation		-	54,955
Total Land - Freehold	10(a)	94,480	54,955
Buildings – Freehold			
At Independent Valuation 2016		292,043	-
At Directors' Valuation		-	257,801
Accumulated Depreciation		-	(9,803)
Total Buildings - Freehold	10(a)	292,043	247,998
Improvements to Intangible Right to Occupy Buildings			
At Cost		253,152	233,472
Accumulated Amortisation		(62,115)	(54,519)
Total Improvements to Intangible Right to Occupy Buildings	10(a)	191,037	178,953
Leasehold Improvements			
At Cost		56,075	50,923
Accumulated Depreciation		(25,017)	(18,068)
Total Leasehold Improvements	10(a)	31,058	32,855
Furniture and Fittings			
At Cost		15,403	13,910
Accumulated Depreciation		(11,022)	(8,865)
Total Furniture and Fittings	10(a)	4,381	5,045
Plant and Equipment			
At Cost		45,865	42,445
Accumulated Depreciation		(35,606)	(29,967)
Total Plant and Equipment	10(a)	10,259	12,478
Motor Vehicles			
At Cost		665	688
Accumulated Depreciation		(455)	(429)
Total Motor Vehicles	10(a)	210	259
Works of Art			
At Cost		2,471	2,183
Total Works of Art	10(a)	2,471	2,183
Work in Progress			
At Cost		19,583	178
Total Work in Progress	10(a)	19,583	178
Total Property, Plant and Equipment		645,522	534,904

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, previously, the amount was greater than or equal to \$1,000.

(A) RECONCILIATIONS

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

	Land – Freehold	Buildings – Freehold	Sub-Total Land and Buildings Freehold	Improvements of Intangible Right to Occupy Buildings	Leasehold Improvements	Furniture and Fittings	Plant and Equipment	Motor Vehicles	Works of Art	Work in Progress	Total
2016											
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)
Closing Balance	94,480	292,043	386,523	191,037	31,058	4,381	10,259	210	2,471	19,583	645,522
2015											
Opening Balance	49,955	154,694	204,649	160,721	30,491	6,351	12,191	264	1,672	-	416,339
Additions	5,000	98,736	103,736	25,675	10,603	759	5,075	99	511	178	146,636
Transfer from WIP	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(5,432)	(5,432)	(7,443)	(5,448)	(2,065)	(4,787)	(55)	-	-	(25,230)
Disposals	-	-	-	-	(2,791)	-	(1)	(49)	-	-	(2,841)
Closing Balance	54,955	247,998	302,953	178,953	32,855	5,045	12,478	259	2,183	178	534,904

11. INTANGIBLE ASSETS

	Intangible Right to Occupy Land \$'000	Intangible Right to Occupy Buildings \$'000	Total \$'000
2016			
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)
Carrying Amount at 31 December 2016	35,942	6,167	42,109
2015			
Cost	40,411	28,383	68,794
Accumulated amortisation			
Opening Balance	(4,469)	(20,664)	(25,133)
Amortisation	-	(776)	(776)
Closing Balance	(4,469)	(21,440)	(25,909)
Carrying Amount at 31 December 2015	35,942	6,943	42,885

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

	2016 \$'000	2015 \$'000
Accrued Expenses	23,374	19,914
Sundry Creditors	152	3,649
Total Trade and Other Payables	23,526	23,563

13. EMPLOYEE BENEFITS

	2016 \$'000	2015 \$'000
Current		
<i>Expected to be settled within 12 months</i>		
Provision for Annual Leave	12,742	12,616
Provision for Long Service Leave	3,718	3,620
	16,460	16,236
<i>Expected to be settled after 12 months</i>		
Provision for Annual Leave	5,460	5,406
Provision for Long Service Leave	12,064	11,746
	17,524	17,152
Total Current Provisions	33,984	33,388
Non-Current		
Provision for Long Service Leave	10,653	9,309
Provision for Superannuation	18,560	18,813
Total Non-Current Provisions	29,213	28,122

LONG SERVICE LEAVE

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

SUPERANNUATION

The University contributes to the following employee superannuation funds:

FULLY FUNDED SCHEMES

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

PARTLY FUNDED OR EMERGING COST SCHEMES

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

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

The latest actuarial investigation of the Emergency Services and State Superannuation Scheme was conducted at 31 December 2016 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 \$18,560,000 as at 31 December 2016 (\$18,813,000 as at 30 June 2015). Information on the scheme's position is only provided at 30 June.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Support Act 2003* and subsequent amending legislation. By letter dated 15 December 2005, the Department of Education, Science and Training (DEST) (now Department of Education and Training) confirmed that the Australian Government considers the current arrangement establishes a pattern of past practice and future intent that has created a valid expectation on the part of universities that the department on behalf of the Australian Government will discharge the superannuation liability. Therefore a non-current receivable equal to the scheme's unfunded liabilities attributed to the University has been recognised. DET provides annual supplementation 2016 \$1,436,037 (2015: \$1,400,000) to cover emerging costs of the Emergency Services and State Superannuation Scheme.

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

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

	2016*	2015**
	\$'000	\$'000
Net Liability		
Fair Value of Plan Assets	86	93
Accrued Benefit Liability	(18,646)	(18,906)
Net Liability Before Contributions Tax	(18,560)	(18,813)
Tax Liability on Future Contributions	-	-
Net Liability	(18,560)	(18,813)
Actuarial Assumptions		
Discount Rate	3.3%	3.5%
Rates of Future Salary Increases	4.0%	4.0%
Rates of Pension Increases	2.5%	2.5%

* As at 31 December 2016 ** As at 30 June 2015

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

Interest rate swaps have been entered into totalling \$70m with maturities ranging from October 2020 to July 2026 and a weighted average interest rate of 2.29% to hedge against interest rate variability.

	2016	2015
	\$'000	\$'000
Non-Current		
<i>Unsecured</i>		
National Australia Bank Loan	100,000	80,000
Catholic Development Fund Loan	50,000	50,000
Total Non-Current Unsecured Borrowings	150,000	130,000
(a) Financing Arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
<i>Bank Loan Facilities</i>		
<i>Total Facilities</i>		
National Australia Bank Loan	100,000	100,000
Catholic Development Fund Loan	50,000	50,000
<i>Used at Balance Date</i>		
National Australia Bank Loan	100,000	80,000
Catholic Development Fund Loan	50,000	50,000
Unused at Balance Date	-	20,000

15. OTHER LIABILITIES

	Note	2016 \$'000	2015 \$'000
Current			
Grants Received in Advance		8,937	9,880
Fees Received in Advance		13,950	11,327
Other Income Received in Advance		2,195	2,151
Deferred Grant Income (Properties)		24	24
Sub-Total Deferred Revenue		25,106	23,382
Net GST Payable to ATO		-	85
Funds Held in Trust		1,963	1,949
Bonds – Student Residences		199	96
Interest Rate Swap		394	116
Foreign Currency Forward Exchange Contract		-	28
Total Current Other Liabilities		27,662	25,656
Non-Current			
Deferred Grant Income (Properties)		552	576
Lease Liabilities		4,109	4,559
Leasehold Make Good Provision	15 (a)	6,142	6,556
Interest Rate Swap		265	138
Total Non-Current Other Liabilities		11,068	11,829
(a) Reconciliation			
Leasehold Make Good Provision			
Balance at Beginning of Financial Year		6,556	6,011
Provisions Made During the Year		1,967	1,788
Provisions Reversed During the Year		(2,572)	(1,009)
Unwind/Adj Discount	4	191	(234)
Balance at End of Financial Year		6,142	6,556

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	2016 \$'000	2015 \$'000
General Reserve			
Balance at Beginning of Financial Year		334,400	291,523
Add: Transfers from Retained Earnings	17	31,766	42,877
Balance at End of Financial Year		366,166	334,400
Asset Revaluation Reserve			
Balance at Beginning of Financial Year		20,637	20,637
Add/(Subtract): Increment/(Decrement)		81,662	-
Balance at End of Financial Year		102,299	20,637
Available for Sale Financial Assets Revaluation Reserve			
Reserve			
Balance at Beginning of Financial Year		9,518	5,232
Write Back Revaluation on Disposal of Listed Shares		20	(66)
Add/(Subtract): Revaluation Increment			
Shares Revaluation Reserve		1,869	4,352
Balance at End of Financial Year		11,407	9,518
Contribution from Members			
Balance at Beginning of Financial Year		56,958	56,958
Balance at End of Financial Year		56,958	56,958
Total Reserves		536,830	421,513

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	2016 \$'000	2015 \$'000
Retained Earnings at beginning of year		-	-
Net Result		31,766	42,877
Transfer to General Reserve	16	(31,766)	(42,877)
Retained earnings at the end of the year		-	-

18. COMMITMENTS

	Note	2016 \$'000	2015 \$'000
(a) Capital Expenditure Commitments			
Capital Expenditure Commitments not provided for in the financial statements and payable:			
Within one year		14,289	36,063
Total Capital Expenditure Commitments		14,289	36,063

(b) Non-cancellable Operating Lease Expense Commitments

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

Within one year		11,168	12,152
One year or later and no later than five years		33,503	39,814
Greater than five years		42,359	48,322
Total Non-cancellable Operating Lease Expense Commitments		87,030	100,289

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

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

REMUNERATION OF BOARD MEMBERS

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

	2016	2015
Nil	12	10
\$10,000 - \$19,999	1	1
\$90,000 - \$99,999	-	1
\$100,000 - \$109,999	1	-
\$140,000 - \$149,999	1	-
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	-	1
\$240,000 - \$249,999	3	1
\$1,240,000 - \$1,249,999	1	-
\$1,330,000 - \$1,339,999*	-	1
Total compensation paid, or payable or otherwise made available to all directors of the University from the University or any related party.	2,650,744	2,316,707

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

19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

\$480,000 - \$489,999	-	1
\$500,000 - \$509,999	1	1
\$510,000 - \$519,999	1	-
\$540,000 - \$549,999	1	1
\$620,000 - \$629,999	-	1
\$640,000 - \$649,999	1	-
\$1,240,000 - \$1,249,999	1	-
\$1,330,000 - \$1,339,999*	-	1
Total compensation paid, or payable or otherwise made available to all executive officers of the University from the University or any related party.	3,454,910	3,485,187
Short-term employee benefits	3,112,142	3,123,403
Post employment benefits	342,768	361,784
Total compensation paid, or payable or otherwise made available to all executive officers of the University from the University or any related party.	3,454,910	3,485,187

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

20. RELATED PARTIES

DIRECTORS

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

Mr J J Carroll, Professor T Ciro, Professor G J Craven AO GCSG, Justice J Douglas, Mr S N Elder, Honourable J Fahey, Professor K Flowers, Dr B Franzsen, Mr E Glass, Professor M Hillel, Ms C Hollis-Jones, Professor J McLaren, Ms M T Najdecki, Mr J O'Connell, Mr D P O'Connor, Associate Professor M Ondaatje, Honourable B Perry, Reverend C Prowse, 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

	2016 \$'000	2015 \$'000
<i>Income</i>		
Catholic Archdiocese of Brisbane	13	8
Catholic Archdiocese of Canberra and Goulburn	5	21
Catholic Archdiocese of Melbourne	2	105
Catholic Archdiocese of Sydney	4	5
	24	139
<i>Expenditure</i>		
Catholic Archdiocese of Brisbane	43	4
Catholic Archdiocese of Canberra and Goulburn	93	130
Catholic Archdiocese of Melbourne	876	861
Catholic Archdiocese of Sydney	231	8
Mr J O'Connell (Pro-Chancellor)	48	-
	1,291	1,003
<i>Balance Sheet</i>		
Catholic Development Funds - Loan	50,000	50,000
	50,000	50,000

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

Interest rate swaps have been entered into with a total value of \$70m with various maturities (see note 14) to hedge against interest rate variability, however have not been designated in a hedge relationship under AASB 139 Financial instruments.

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
2016							
Financial Assets							
Cash	66,524	66,524	-	-	-	-	66,524
Trade and Other Receivables	3,752	3,752	-	-	-	-	3,752
Financial Assets	1,969	-	-	(47)	1,059	957	1,969
Other Investments	20,366	8,000	-	-	-	12,366	20,366
Total Financial Assets	92,611	78,276	-	(47)	1,059	13,323	92,611
Financial Liabilities							
Trade and Other Payables	23,048	23,048	-	-	-	-	23,048
Loans	150,000	-	-	-	150,000	-	150,000
Financial Liabilities	660	206	189	108	26	131	660
Grants in Advance	8,937	8,937	-	-	-	-	8,937
Fees in Advance	13,950	3,283	7,514	3,039	114	-	13,950
Total Financial Liabilities	196,595	35,474	7,703	3,147	150,140	131	196,595
2015							
Financial Assets							
Cash	46,544	46,544	-	-	-	-	46,544
Trade and Other Receivables	9,307	9,307	-	-	-	-	9,307
Other Investments	10,501	-	-	-	-	10,501	10,501
Total Financial Assets	66,352	55,851	-	-	-	10,501	66,352
Financial Liabilities							
Trade and Other Payables	23,563	23,563	-	-	-	-	23,563
Loans	130,000	-	-	-	130,000	-	130,000
Grants in Advance	9,880	9,880	-	-	-	-	9,880
Fees in Advance	11,327	2,151	7,256	1,740	180	-	11,327
Total Financial Liabilities	174,770	35,594	7,256	1,740	130,180	-	174,770

The average interest rate of borrowing is 2.83% for the year ended 31 December 2016 (3.47% 2015)

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

	2016 \$'000	2015 \$'000
<i>1 – 5 years</i>		
National Australia Bank	100,000	80,000
Catholic Development Fund	50,000	50,000
Non-Current Borrowings	150,000	130,000

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 \$80,004 (2015 \$125,629).

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.

NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Carrying amount	
	2016 \$'000	2015 \$'000
Cash	66,524	46,544
Trade and Other Receivables	3,752	9,307
Other Investments	20,366	10,501
	1,969	-
Total	92,611	66,352

DEBTORS AGING

	Carrying amount	
	2016 \$'000	2015 \$'000
Current	3,051	8,547
30 days	167	106
60 days	12	131
90 days	83	157
Greater Than 90 Days	439	366
Total	3,752	9,307

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

(A) FAIR VALUE

	Carrying amount			
	2016		2015	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Cash	66,524	66,524	46,544	46,544
Trade and Other Receivables	3,752	3,752	9,307	9,307
Other Investments	20,366	20,366	10,501	10,501
Interest Rate Swaps	1,969	1,969		
Total Financial Assets	92,611	92,611	66,352	66,352
Financial Liabilities				
Trade and Other Payables	23,048	23,048	23,563	23,563
Loans	150,000	150,000	130,000	130,000
Financial Liabilities	660	660	116	116
Grants in Advance	8,937	8,937	9,880	9,880
Fees in Advance	13,950	13,950	11,327	11,327
Total Financial Liabilities	196,595	196,595	174,886	174,886

(B) LEVEL 3 FAIR VALUES

	Equity Securities Available for Fair Sale \$'000
Balance at 1 January 2015	4,853
Net change in fair value in OCI	4,345
Balance at 31 December 2015	9,198
Balance at 1 January 2016	9,198
Net change in fair value in OCI	1,830
Balance at 31 December 2016	11,028

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 2016 was 23 (2015: 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:

	2016 \$'000	2015 \$'000
Cash on Hand	27	26
Cash at Bank Net of Unpresented Cheques	66,497	46,518
Total Cash and Cash Equivalents	66,524	46,544

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

	2016 \$'000	2015 \$'000
Net Result After Income Tax	31,766	42,877
Add/(Less) Items Classified as Investing/Financing Activities:		
(Profit) on Sale of Non-Current Assets	-	(750)
Loss on Sale of Non-Current Assets	-	19
Add/(Less) Non-Cash Items:		
Depreciation & Amortisation	31,950	26,005
Lease In Advance	56	56
Unwind/Adj Discount on Make Good Provision	(1,020)	(234)
Increase/(Decrease) in Interest Rate Swap	(1,564)	254
Increase/(Decrease) in Foreign Currency	(28)	28
Amounts Set aside to (utilised from) Provisions:		
Employee Entitlements	1,940	3,809
Make Good of Lease Premises	606	780
Net Cash Provided by Operating Activities Before Change in Assets and Liabilities	63,706	72,844
Change in Assets and Liabilities:		
(Increase)/Decrease in Accrued Income	6,081	(5,368)
(Increase)/Decrease in Sundry Debtors	(152)	201
(Increase)/Decrease in Prepayments	(2,719)	(1,134)
(Increase)/Decrease in Other Assets	361	29
Increase/(Decrease) in Grants in Advance	(1,296)	372
Increase/(Decrease) in Fees in Advance	2,624	(323)
Increase/(Decrease) in Accrued Expenses	5,367	(1,229)
Increase/(Decrease) in Sundry Creditors	(3,498)	663
Increase/(Decrease) in Funds in Held in Trust	14	107
Increase/(Decrease) in Bonds – University Residences	103	(20)
Increase/(Decrease) in Other Income in Advance	(18)	1,343
Increase/(Decrease) in Deferred Income (Properties)	(24)	(24)
Increase/(Decrease) in Net GST	(105)	1,420
Increase/(Decrease) in Lease Liabilities	(450)	(1,404)
Net Cash Provided by Operating Activities	69,994	67,477

24. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

24.1 COMMONWEALTH GRANTS SCHEME AND OTHER GRANTS

	Note	Commonwealth Grants Scheme		Indigenous Support Fund		Disability Support Programs	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		227,726	203,531	1,213	1,181	94	73
Net accrual adjustments		(5,933)	5,174	-	-	-	-
Revenue for the period	2.1	221,793	208,705	1,213	1,181	94	73
Surplus/(deficit) from the previous year		-	-	-	-	-	-
Funds available for reporting period		221,793	208,705	1,213	1,181	94	73
Less expenses including accrued expenses		(221,793)	(208,705)	(1,213)	(1,181)	(94)	(73)
Surplus/(deficit) for reporting period		-	-	-	-	-	-

	Note	Promotion of Excellence in Learning and Teaching		Partnership and Participation Funding			
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000		
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)				30	20	3,324	3,344
Net accrual adjustments				-	-		
Revenue for the period	2.1			30	20	3,324	3,344
Surplus/(deficit) from the previous year				-	-	-	-
Funds available for reporting period				30	20	3,324	3,344
Less expenses including accrued expenses				(30)	(20)	(3,324)	(3,344)
Surplus/(deficit) for reporting period				-	-	-	-

24.2 HIGHER EDUCATION LOAN PROGRAMS (HELP)

	HECS HELP		FEE HELP		FEE HELP VET		SA HELP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)	135,501	125,071	10,487	8,801	1,011	1,156	4,733	4,150
Plus contributions actually received from students	11,678	12,307	-	-	-	-	-	-
Total received	147,179	137,378	10,487	8,801	1,011	1,156	4,733	4,150
Net accrual adjustments	118	(144)	63	35	-	-	(62)	12
Revenue for the period	147,296	137,234	10,550	8,836	1,011	1,156	4,671	4,162
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
Funds available for reporting period	147,296	137,234	10,550	8,836	1,011	1,156	4,671	4,162
Less expenses including accrued expenses	(147,296)	(137,234)	(10,550)	(8,836)	(1,011)	(1,156)	(4,671)	(4,162)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-

24.3 SCHOLARSHIPS

	Note	Australian Post Graduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		National Priority Scholarships	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,109	1,074	69	68	49	58	5	-	88	5	-	-
Net accrual adjustments		3	(272)	(7)	2	-	-	-	-	-	-	-	-
Revenue attributed to the period	2.1	1,112	802	62	70	49	58	5	-	88	5	-	-
Surplus/(deficit) from the previous year		-	-	-	-	229	18	123	118	12	7	5	5
Adj Surplus/(deficit) from the previous year		-	-	-	-	-	153	-	-	-	-	-	-
Funds available for reporting period		1,112	802	62	70	278	229	128	118	100	12	5	5
Less expenses including accrued expenses		1,112	(802)	(62)	(70)	(137)	-	-	5	-	-	-	-
Surplus/(deficit) for reporting period		-	-	-	-	141	229	128	123	100	12	5	5

24.4 COMMONWEALTH RESEARCH FINANCIAL ASSISTANCE

	Note	Joint Research Engagement Program		Research Training Scheme		Infrastructure		Sustainable Research Excellence in Universities	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,777	1,554	2,289	2,181	678	263	1,012	535
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	2.1	1,777	1,554	2,289	2,181	678	263	1,012	535
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-
Funds available for reporting period		1,777	1,554	2,289	2,181	678	263	1,012	535
Less expenses including accrued expenses		(1,777)	(1,554)	(2,289)	(2,181)	(678)	(263)	(1,012)	(535)
Surplus/(deficit) for reporting period		-	-	-	-	-	-	-	-

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

24.5 AUSTRALIAN RESEARCH COUNCIL

	Note	Discovery Projects		Discovery Early Career Research Award		Discovery Indigenous		Future Fellowships		Linkage – Projects (including Strategic Partnerships with Industry and APAI)	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,143	1,334	266	254	508	288	719	479	819	993
Net accrual adjustments		(72)	61	(38)	(24)	(264)	(158)	(26)	(54)	(124)	(457)
Revenue for the period	2.1	1,071	1,395	228	230	244	130	693	425	695	536
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-
Adj Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-
Funds available for reporting period		1,071	1,395	228	230	244	130	693	425	695	536
Less expenses including accrued expenses		(1,071)	(1,395)	(228)	(230)	(244)	(130)	(693)	(425)	(695)	(536)
Surplus/(deficit) for reporting period		-	-	-	-	-	-	-	-	-	-

24.6 OS-HELP

	Notes	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,916	1,194
Cash spent during the reporting period		(2,269)	(2,152)
Net cash received	2.1	(353)	(958)
Cash surplus / (deficit) from the previous period		(299)	659
Cash surplus / (deficit) for reporting period	7 & 15	(652)	(299)

24.7 SUPERANNUATION SUPPLEMENTATION

	Notes	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)	2.1	1436	1,400
Cash spent during the reporting period		1,404	(1,433)
Net cash received		32	(33)
Cash surplus / (deficit) from the previous period		(209)	(176)
Cash surplus / (deficit) for reporting period		(177)	(209)

24.8 STUDENT SERVICES AND AMENITIES FEE

	Notes	2016 \$'000	2015 \$'000
Unspent/(overspent) revenue from previous period	2.1	-	-
SA HELP revenue earned		4,733	4,162
Student service fees direct from students		2,764	3,369
Total revenue expendable in period		7,497	7,531
Student services expenses during the period		(7,497)	(7,531)
Unspent/(overspent) student services revenue		-	-

DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, as set out on pages 9 to 57, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the University as at 31 December 2016 and of its performance, as represented by the results of its operations and its cashflows, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporation Regulations 2001*; and
- (b) there are reasonable grounds to believe that the University will be able to pay its debts as and when they become due and payable; and
- (c) the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted.

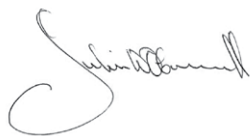
In addition, we are not aware at the date of signing these statements of any circumstances, which would render any particulars included in the statements to be misleading or inaccurate.

Dated at Sydney this 10th day of April 2017.

Signed in accordance with a resolution of the directors:



Professor Greg Craven AO GCSG
Director



Mr Julien O'Connell AM
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN CATHOLIC UNIVERSITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN CATHOLIC UNIVERSITY

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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

OPINION

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

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The Financial Report comprises:

- Balance Sheet as at 31 December 2016;
- Income Statement, Statement of 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; and
- 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 Report section of our report.

We are independent of the Company in accordance with the Corporations Act 2001 and 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 in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. 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 Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Kevin Leighton
Partner
Sydney
10 April 2017