

**Consolidated financial
statements 2006**

University of Canberra consolidated financial report

For the year ended 31 December 2006

Contents	Page
Report by the Members of the University of Canberra Council	92
Income statement	97
Balance sheet	98
Statement of changes in equity	99
Cash flow statement	100
Notes to and forming part of the financial report	
Note 1. Summary of significant accounting policies	101
Note 2. Disaggregated information	107
Note 3. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes	108
Note 4. State and Local Government financial assistance	111
Note 5. Fees and charges	111
Note 6. Investment income	111
Note 7. Consultancy and contracts	112
Note 8. Other revenue and income	112
Note 9. Employee related expenses	113
Note 10. Depreciation and amortisation	114
Note 11. Repairs and maintenance	115
Note 12. Finance costs	115
Note 13. Bad and doubtful debts	115
Note 14. Other expenses	116
Note 15. Cash and cash equivalents	117
Note 16. Trade and other receivables	117
Note 17. Other financial assets	117
Note 18. Investments	118
Note 19. Investment properties	119
Note 20. Property, plant and equipment	120
Note 21. Intangible assets	122
Note 22. Trade and other payables	123
Note 23. Interest bearing liabilities	123
Note 24. Provisions	124
Note 25. Other liabilities	124
Note 26. Reserves and retained surplus	125
Note 27. Key management personnel disclosures	126
Note 28. Remuneration of auditors	127
Note 29. Contingencies	128
Note 30. Commitments	129
Note 31. Joint ventures and associates	130
Note 32. Events occurring after the balance sheet date	131
Note 33. Reconciliation of the operating surplus to net cash flows provided by operating activities	131
Note 34. Non-cash investing and financing activities	132
Note 35. Assets and liabilities of trusts for which University of Canberra is a Trustee	132
Note 36. Financial instruments	133
Note 37. Acquittal of Australian Government financial assistance	136

University of Canberra
Report by the Members of the University of Canberra Council
For the Year Ended 31 December 2006

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

In our opinion, the following financial report provides a true and fair view of the financial transactions of the University.


The financial report has been prepared in accordance with the *Financial Management Act (1996)* as amended by the *University of Canberra Act (1989)*, Australian Accounting Standards and other mandatory professional reporting requirements.

In our opinion at the time of the certificate there are reasonable grounds to believe that the institution will be able to pay its debts as and when they fall due.

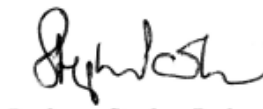
The amount of the Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and the University of Canberra has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

On behalf of the Council

Signed at Canberra this 4th day of April 2007



Professor Ingrid Moses
Chancellor



Professor Stephen Parker
Vice-Chancellor



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

UNIVERSITY OF CANBERRA

To the Members of the ACT Legislative Assembly

Audit Opinion

In my opinion, the financial report of the University of Canberra (the University) for the year ended 31 December 2006:

- (i) is presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the University as at 31 December 2006 and the results of its operations and its cash flows for the year then ended.

This audit opinion should be read in conjunction with the following information.

Responsibility for the Financial Report

The Council of the University is responsible for the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates used in the preparation of the financial report.

Contents of the Financial Report

The financial report is comprised of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes.

The Auditor's Responsibility

My responsibility is to express an opinion on the financial report as required by the *Financial Management Act 1996*.

Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of this audited financial report should note that the Council of the University is responsible for the integrity of the information placed on the University's website. I have not examined the integrity of this website. The audit report refers only to the financial report identified above. It does not provide an opinion on any other information, which may have been hyperlinked to or from this report. If users of the report are concerned with the inherent risks arising

from electronic data communications, they are advised to refer to the printed copy of the audited financial report, available from the University, to confirm the information included in the audited financial report presented on this website.

The Audit Scope

My audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

I formed the audit opinion by performing procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the University.

The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and, in many cases, the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

My procedures included:

- (i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial report; and
- (ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial report.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however, the audit was not designed to provide assurance on internal controls.

My audit also did not include an evaluation of the prudence of decisions made by the University.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.



Tu Pham
Auditor-General
5 April 2007

Report by the Members of the University of Canberra Council

For the year ended 31 December 2006

Members of the University Council

Chancellor of the University

Professor Ingrid Moses, DiplSozWirt *Erlangen-Nürnberg*, GradDipTertEd *DDIAE-SQld*, MA, PhD *Qld*, HonDLitt *UTS*, *CSU-S*, FACE, FSRHE, FACEL - appointed 1 January 2006; present tenure expires 31 December 2007.

Deputy Chancellor

Anne Trimmer, BA, LLB *ANU*, Barrister & Solicitor ACT, Solicitor NSW - appointed to Council 7 April 1997; re-appointed 12 July 2001; re-appointed 26 March 2004, appointed Deputy Chancellor 12 April 2005; present tenure expires 25 March 2008.

Vice-Chancellor

Professor Roger Dean BA, MA, PhD *Camb*, DSc, DLitt *Brunel*, FAICD, FIBiol, FAHA.

Appointed by the Council

Michael Bryce, AM, AE B Arch *Qld* HonD *Canberra*, FRAIA, LFDIA, FRSA, AADM - appointed to Council 1 December 2003; re-appointed 1 December 2005; present tenure expires 1 December 2007.

Anne De Salis, BAEC, MA *ANU*, FAICD - appointed to Council 2 October 2005; present tenure expires 4 October 2007.

Bob Prosser, MA *Oxon*, FICAA, FICAEW, SA Fin - appointed to Council 2 October 2005; present tenure expires 4 October 2007.

Appointed by the Chief Minister of the Australian Capital Territory

Ian Davis, BA (Hons) *Syd* - appointed to Council 1 December 2003; present tenure expires 30 November 2007.

Anne Holmes, BA (Hons) BEc, Master of Management (Industry Strategy) *ANU*, Dip Ed *Monash* - appointed to Council 26 March 2004; present tenure expires 25 March 2008.

Brand Hoff, BA Comp St *Canberra CAE*, FAICD, MACS - appointed to Council 1 December 2003, present tenure expires 30 November 2007.

John Kalokerinos, JP BA LLB (Hons) *ANU* - appointed to Council 21 September 2004; present tenure expires 20 September 2008.

Marion Reilly, BA Admin *Canberra MAICD* - appointed to Council 26 March 2004; present tenure expires 25 March 2008.

Peter Urban, BSc *Qld*, MEc *UNE* - appointed to Council 26 August 2004; present tenure expires 25 August 2008.

Elected by the Academic Staff

James Hanratty, BEc *Syd*, MSc (Econ) *Lond* - elected to Council 27 September 2004; re-elected 27 September 2006; tenure expired 19 December 2006.

Dale Kleeman, BSc (Hons) *ANU*, GradDip OpRes *Canberra CAE* - elected to Council 27 September 2006, tenure expired 19 December 2006.

Associate Professor Craig McDonald BA *ANU*, MSc Soc, PhD *UNSW*, MACS - elected to Council 27 September 2005; present tenure expires 26 September 2007.

Dr Leah Moore, BSc (Hons) Geology *Auck*, PhD *ANU*, Grad Cert Higher Ed *Canberra* - elected to Council 27 September 2004; tenure expired 26 September 2006.

University of Canberra

Report by the Members of the University of Canberra Council

For the year ended 31 December 2006

Elected by the General Staff

Stacey Durrell, BA Admin *Canberra* - elected to Council 27 September 2005; present tenure expires 26 September 2007.

Elected by the Graduates

Aaron Matthews, BSc *Canberra*, GradDip Sc ANU - elected 27 September 2004; tenure expired 26 September 2006.

Daniel Hughes, BA *Canberra* - elected to Council 27 September 2006, tenure expired 19 December 2006.

Elected by the Students

Marc Emerson, BA Comcn *Canberra* - elected to Council 27 September 2003; re-elected 27 September 2004; tenure expired 15 December 2004 on his graduation. Re-elected by postgraduate students 27 September 2005; tenure expired 26 September 2006.

Hussain Faiz, BA Ed *Cairo*, MEd *Macquarie* - elected to Council by postgraduate students 27 September 2006; present tenure expires 26 September 2007.

Lyndon Mayfield - elected to Council by undergraduate students 27 September 2006; present tenure expires 26 September 2007.

Jennifer Newman, BA Comcn *Canberra* - elected to Council 27 September 2005; tenure expired 26 September 2006.

Note: As a result of changes to the *University of Canberra Act 1989*, notified on 19 December 2006, the number of elected academic staff positions on Council was reduced from three to one. The three positions were declared vacant and an election was called. Craig McDonald was re-elected. The position of a member elected by the graduates was abolished. Transitional arrangements apply for the positions appointed by Council and the Chief Minister, which means that tenure dates stated above may change.

Report by the Members of the University of Canberra Council (continued)

For the year ended 31 December 2006

Meetings of Members

The number of meetings of the members of the University of Canberra Council and of each board or committee meeting held during the year ended 31 December 2006, and the number of meetings attended by each member were:

	Board Meetings		Meetings of Committees										Honorary Degree*	
	A	B	Audit		Investment		Remuneration		Environment		Legislation			
			A	B	A	B	A	B	A	B	A	B		
Mr Michael Bryce	7	6								5	5			
Mr Ian Davis	7	7			5	5								
Professor Roger Dean	7	6			5	5	3	1	5	5	5	5		
Ms Anne De Salis	7	7	4	4										
Ms Stacey Durrell	7	6												
Mr Marc Emerson	4	4												
Mr Hussain Faiz	3	3												
Mr James Hanratty	7	7			5	3								
Mr Brand Hoff	7	3					3	3						
Ms Anne Holmes	7	6			5	4					5	5		
Mr Daniel Hughes	3	2												
Mr John Kalokerinos	7	7									5	5		
Mr Dale Kleeman	3	3												
Mr Aaron Matthews	4	3												
Mr Lyndon Mayfield	3	3												
Associate Professor Craig McDonald	7	6												
Dr Leah Moore	4	4												
Professor Ingrid Moses	7	7	6	3	5	3	3	3	5	5	5	3		
Ms Jennifer Newman	4	4												
Mr Bob Prosser	7	4			5	3	2	2						
Ms Marion Reilly	7	7	6	6										
Ms Anne Trimmer	7	6					3	2						
Mr Peter Urban	7	4												

A = Number of meetings held during the time that the member held office or was a member of the committee during the year.

B = Number of meetings attended.

* This committee only meets when necessary. There were no meetings in 2006.

Report by the Members of the University of Canberra Council (continued)

For the year ended 31 December 2006

Principal activities

During the year the principal continuing activities of the University and the consolidated entity comprising the University of Canberra College consisted of the:

- Provision of teaching and learning to Australian and international students;
- Research and enterprise activities; and
- Outreach to the community.

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

Review of operations

The University performed well during the year, particularly in teaching activities. The University was ranked by the Department of Education, Science and Training (DEST) as amongst Australia's best for its performance in learning and teaching. The data collected by DEST places the University of Canberra eighth among 38 Australian tertiary institutions based on seven performance indicators covering student satisfaction, student success and student outcomes. This confirms the University of Canberra's standing amongst Australia's universities. The University of Canberra was consequently successful in obtaining funding from DEST's Learning and Teaching Performance Fund for 2006, which will allow further innovations and enhancements. In the second round of this fund, during 2006, the University was again successful, and the income from this will be available in 2007.

The University's performance in research also improved, for example in research income. In 2005, the University continued developing the concentration and the linkages of its research while at the same time capitalising on changes reported previously, notably reforms to its research governance and funding arrangements. Research assessment and reporting arrangements were developed, and the foundations laid for more effective interactions with resources, partners and stakeholders in the future.

The *Higher Education Legislation Amendment (Workplace Relations Requirements) Bill 2005* was passed in November 2005 and gave effect to the Higher Education Workplace Relations Requirements. The University complied with the first deadline of 30 November 2005 which included provisions relating to choice in agreement making, direct relationship with staff, workplace flexibility, productivity and performance and freedom of association. Subject to continuing compliance with these and associated provisions, universities are eligible for an increase in funding under the Commonwealth Grant Scheme (5% in 2006 and 7.5% in later years). The University remains compliant in 2007.

Significant changes in state of affairs

The University completed the phase out of its Brisbane campus operations.

The *Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005* was passed on 9 December 2005. The Act provides that a person may not be charged an Amenities and Services Fee (ASF) if:

- a person is seeking to enrol for a period of study after 1 July 2006; and
- the person was not enrolled with the provider before that date.

The University of Canberra considered the transition clauses written into the Bill and also considered advice from the Australian Vice-Chancellors' Committee (AVCC) and the planned action of other higher education providers. On 17 February 2006 the University Council endorsed the proposal that no students be charged an ASF for enrolment in a teaching period in the second part of 2006, or thereafter. Furthermore, it was also determined that from 1 July 2006 the collection of membership fees or other amenities charges be devolved to the organisations concerned. All students of the University of Canberra have now been advised of the decision.

Subsequent events

At the time of signing the University's financial report there are no significant or subsequent events of a material nature to report. However the UCU Ltd, limited by guarantee and incorporated in May 2006 will not be trading until 2007. The consolidated accounts for the year 2007 will comprise the accounts of the University of Canberra, UCU Ltd and the University of Canberra College Pty Ltd.

Report by the Members of the University of Canberra Council (continued)

For the year ended 31 December 2006

Future developments

The University invited an Expression of Interest for the construction and management of a 500 bed student accommodation facility. If the decision is taken to proceed, it is expected that construction of the project would permit occupancy by Semester 1, 2009. The discussion will be addressed by the University Council in early 2007.

The University continues working on a project to strengthen and expand the existing links with the Canberra Institute of Technology (CIT). A grant of \$326,000 over three years was awarded to the University by the Commonwealth Government for the project. The project will help build on the current valuable working relationship that exists across many areas of the University's activities and will benefit staff of both the University and CIT by establishing a foundation for a changed understanding of issues related to the higher education and vocational dimensions of post-secondary education. It will also enable further research to better understand the cross-sectional transition experience in the ACT (and NSW) from the student perspective.

Environmental regulation

During the year, the University complied with ACT Government water restrictions. There are no other particular and significant environmental regulations affecting it under the Australian Government, State or Territory law.

Insurance of officers

Members of Council and Officers of the University of Canberra are insured to the limit of \$10 million per claim against wrongful acts. For these purposes such acts include: any actual or alleged breach of duty or trust, neglect, error, misstatement, misleading statement, omission, breach of warranty or authority, or other act done or attempted by, or other matter claimed against, any Council Members or Officers of the Institution, wherever and whenever while acting in their individual or collective capacities on behalf of the Institution.

Legal proceedings on behalf of the University of Canberra

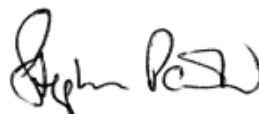
The University had the following legal matters pending as at 31 December 2006

- A claim made by a student to the ACT Discrimination Tribunal.
- Proceedings issued by a former employee out of the Australian Industrial Relations Commission alleging wrongful termination of employment. At the time of this report, the matter has since been resolved.
- A claim made by a former employee of the University of Canberra Union relating to an unlawful reprisal under the *Public Interest Disclosure Act 1994*. At the time of this report, the matter has since been resolved.

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

On behalf of the Council

Signed at Canberra this 4th day of April 2007



Professor Stephen Parker

Vice-Chancellor

Income statement

For the year ended 31 December 2006

	Notes	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3(a), (c-f)	51,552	48,220	51,552	48,220
HECS-HELP- Australian Government payments	3(b)	22,374	21,682	22,374	21,682
FEE-HELP - Australian Government payments	3(b)	3,949	3,159	3,949	3,159
HECS-HELP - student payments		5,020	5,238	5,020	5,238
State and Local Government financial assistance	4	773	750	773	750
Fees and charges	5	29,823	29,185	27,069	26,478
Investment income	6	617	893	575	865
Consultancy and contracts	7	3,376	3,223	3,288	3,211
Other revenue	8	376	309	375	309
Other income	8	11,298	10,186	11,709	10,903
Total income from continuing operations		<u>129,158</u>	<u>122,845</u>	<u>126,684</u>	<u>120,815</u>
Expenses from continuing operations					
Employee benefits and on costs	9	82,449	76,779	80,613	75,302
Depreciation and amortisation	10	8,602	8,724	8,586	8,708
Repairs and maintenance	11	1,478	1,694	1,473	1,694
Finance costs	12	78	132	78	132
Bad and doubtful debts	13	104	-	102	-
Other expenses	14	34,827	34,075	34,338	33,565
Total expenses from continuing operations		<u>127,538</u>	<u>121,404</u>	<u>125,190</u>	<u>119,401</u>
Operating surplus		<u>1,620</u>	<u>1,441</u>	<u>1,494</u>	<u>1,414</u>

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet

For the year ended 31 December 2006

	Notes	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	4,195	8,582	3,619	8,300
Trade and other receivables	16	9,001	8,928	8,969	8,533
Other financial assets	17	3,233	2,813	3,233	2,780
Total current assets		16,429	20,323	15,821	19,613
Non-current assets					
Investment property	19	6,503	4,425	6,503	4,425
Property, plant and equipment	20	276,424	193,720	276,404	193,693
Investments	18	1,246	1,081	1,246	1,081
Intangible assets	21	3,690	4,722	3,690	4,722
Other financial assets	17	17	17	17	17
Total non-current assets		287,880	203,965	287,860	203,938
Total assets		304,309	224,288	303,681	223,551
LIABILITIES					
Current liabilities					
Trade and other payables	22	6,991	7,001	6,980	6,987
Interest bearing liabilities	23	545	850	545	850
Provisions	24	12,901	12,427	12,779	12,328
Other liabilities	25	2,243	2,104	1,897	1,493
Total current liabilities		22,680	22,382	22,201	21,658
Non-current liabilities					
Interest bearing liabilities	23	215	650	215	650
Provisions	24	1,927	1,777	1,848	1,708
Total non-current liabilities		2,142	2,427	2,063	2,358
Total liabilities		24,822	24,809	24,264	24,016
Net assets		279,487	199,479	279,417	199,535
EQUITY					
Reserves	26(a)	211,412	133,024	211,412	133,024
Retained surplus	26(b)	68,075	66,455	68,005	66,511
Total Equity		279,487	199,479	279,417	199,535

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2006

	Notes	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year		199,479	198,038	199,535	198,121
Gain on revaluation of land and building		78,388	-	78,388	-
Net income recognised directly in equity		<u>277,867</u>	<u>198,038</u>	<u>277,923</u>	<u>198,121</u>
Operating surplus	26(b)	1,620	1,441	1,494	1,414
Total equity at end of financial year		<u><u>279,487</u></u>	<u><u>199,479</u></u>	<u><u>279,417</u></u>	<u><u>199,535</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 31 December 2006

	Note	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash flows from operating activities					
Australian Government grants	37.1-37.4	77,876	71,766	77,876	71,766
State Government grants		773	750	773	750
HECS HELP student contribution		5,020	5,238	5,020	5,238
Receipts from student fees and other customers		42,548	40,604	39,986	38,886
Dividends		26	23	26	23
Interest		591	822	549	800
Payments to suppliers and employees		(118,351)	(109,316)	(116,050)	(107,558)
Interest and other costs of finance		(78)	(132)	(78)	(132)
Net cash provided by operating activities	33(b)	8,405	9,755	8,102	9,773
Cash flows from investing activities					
Proceeds from sale of property, plant, equipment		58	336	58	334
Payments for property, plant, equipment		(11,674)	(11,572)	(11,665)	(11,541)
Investment in associates		(165)	(115)	(165)	(115)
Net cash (used in) investing activities		(11,781)	(11,351)	(11,772)	(11,322)
Cash flows from financing activities					
Repayments of interest bearing liabilities		(1,011)	(500)	(1,011)	(500)
Net cash provided in financing activities		(1,011)	(500)	(1,011)	(500)
Net (decrease) in cash and cash equivalents		(4,387)	(2,096)	(4,681)	(2,049)
Cash and cash equivalents at beginning of the financial year		8,582	10,678	8,300	10,349
Cash and cash equivalents at end of the financial year	15	4,195	8,582	3,619	8,300
Financial arrangements	23	500	1,500	500	1,500
Non-cash financing and investing activities	34	260	-	260	-

The above Cash flow statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report and has been prepared and is presented in accordance with:

1. The *Financial Management Act (1996)* as amended by the *University of Canberra Act (1989)*;
2. The Financial Statement Guidelines for Australian Higher Education Providers for the 2006 Reporting Period issued by the Australian Government Department of Education, Science and Training (DEST);
3. Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views;
4. Historical cost accounting, except for investments and property, plant and equipment which have been regularly revalued in accordance with applicable standards as indicated in Note 1(f);
5. Principles applied in reporting on an ongoing basis are consistent with accrual accounting; and
6. Accounting policies adopted that are consistent with those of the previous year, subject to specific mention elsewhere in this note.

Compliance with International Financial Reporting Standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial report and notes to the financial report for the University of Canberra (the University) comply with International Financial Reporting Standards (IFRS). The parent entity financial report and notes also comply with IFRS.

Critical Accounting Estimates and Judgements

The preparation of the financial report in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report are disclosed below.

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the University's accounting policies:

1. The University holds some longer dated income generating investments, disclosed as current and non-current investments. None of these have yet been designated as held-to-maturity investments in 2006 as the University has decided to maintain maximum flexibility.
2. The University has adopted a strategy of leasing some new information technology equipment in 2006, which has had an impact on expenses and assets, and will have the potential to affect trends in expense and asset balances in future years (see note 30).
3. The University has analysed the substance of its ownership relationships with other entities and determined that there are no instances of substantive significant influence or control that would require disclosure and equity accounting on the face of the financial report. Further information is provided below at Note 1(q) and Note 31.
4. The University has recorded \$1.6m worth of building refurbishment and improvements in the Work in Progress account as assets for analysis, consideration and subsequent allocation to relevant building assets; and
5. The University has utilised an actuarial valuation to assist in the estimation of employee entitlement liabilities (see Note 1(g)).

(b) Correction of Prior Period Errors

Investment Properties

The University made changes to the treatment of property at Haydon Drive in Bruce ACT as investment property. During the recent valuation it became evident that the property was on separate lease and it can be sold separately. Considering this information in 2006 it was realised that this property would be better categorised as investment property in the 2006 financial report. This change was therefore applied for comparatives as well.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies (continued)

(b) Correction of Prior Period Errors (continued)

Employee benefits

The University made changes to disclosure of long service leave entitlement in 2006. AASB 101 and 119 requires the liability with respect to any employees who has 10 or more years of service should be classified as current liability. Because the University does not have any unconditional right to defer the settlement of this liability. The liability with respect to employees who has less 10 years of service should be classified as non-current liability. This change was therefore applied for comparative values as well.

Unearned revenue

Correction to prior year unearned revenue has been adjusted to prior year comparatives and comparatives have been restated so that prior year information is presented as if that error has never occurred (AASB108).

(c) Principles of Consolidation

The consolidated accounts reported for the economic entity comprise the accounts of the University, the wholly owned subsidiary, the University of Canberra College Pty Ltd (the College). The College was formed in November 1997 for the purpose of providing educational services to international students and alternative entry paths for domestic students. The University has undertaken to guarantee and underwrite the financial obligations of the College.

All inter-entity transactions and balances have been eliminated on consolidation. The accounts of the College have been prepared in accordance with the same consistent accounting policies as applied to the University. Note that amounts in the consolidated column may be lower than those in the University column after inter-entity transactions have been eliminated.

The consolidated accounts for the year 2007 for the economic entity will comprise the accounts of University of Canberra and two wholly owned subsidiaries, the University of Canberra College Pty Ltd and UCU Ltd. UCU Ltd is limited by guarantee and incorporated on 18th May 2006 but not trading until January 2007.

(d) Revenue Recognition

The revenue described in this Note is revenue relating to the core operating activities of the University.

1. Financial assistance is recognised to the extent that the University has gained control over the grant (Refer (e) below).
2. Fees are recognised at the time the University gains control over the revenue, consistent with legislation and enrolment criteria.
3. Other revenue.

Revenue from sale of goods and services is recognised upon the delivery of those goods or services to students and customers.

Interest revenue is recognised on an accrual, time proportionate basis, taking into account the effective yield applicable to the current financial year.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of a service, under contract is recognised by reference to the stage of completion, to the extent that there is a right to be compensated, which can be reliably measured.

Goods or services received free of charge that is non-reciprocal transfers, are recognised as revenue when and only when a fair value can be reliably determined.

(e) Financial Assistance Income – Australian Government Financial Assistance, Higher Education Contribution Scheme, State Government Financial Assistance and Other Research Financial Assistance and Contracts

Financial assistance income is brought to account in the Income Statement as income when the University obtains control over the grant. Amounts received in the current period that refer to a future period have been brought to account as income on receipt.

This accounting treatment is in accordance with the requirements of the Financial Statement Guidelines for Australian Higher Education Institutions for the 2006 Reporting Period issued by DEST.

To meet the requirements of DEST's instructions, information regarding the amounts received, accrued and expended pursuant to the *Higher Education Funding Act 1988* is disclosed at Note 37 of this financial report. This treatment is consistent with revenue recognition described under (d) above.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies (continued)

(f) Property, Plant and Equipment

Carrying Value

Motor vehicles, computing equipment, equipment and the library collection (excluding rare books collection) are stated at cost.

Leasehold land, buildings, infrastructure and works of art are valued at fair value. Leasehold land, buildings and infrastructure were revalued in 2006. Works of art were last revalued in 2004 from an assessment provided by the University's appointed art curator with advice from an independent consultant. In 2006 the University's appointed art curator re-assessed all works of art and informed that the value movement since the last valuation is immaterial.

Revaluations of leasehold land, buildings including investment properties, infrastructure and works of art will continue to be conducted every three years by an external valuer to provide an independent assessment of their fair value. The method used to determine fair value will be by independent valuation, consistent with the prescribed fair value principles in AASB 116. Under AASB 116, if an entity chooses to keep certain classes of assets at fair values, it must regularly revalue those classes of assets to ensure the carrying amount (written down value less any impairment loss) does not differ materially from the fair value at the reporting date. Some property, plant and equipment experience significant volatile changes to its fair value hence warrants annual revaluation. On the other hand, some subject to insignificant changes hence warrant revaluation only every 3 – 5 years.

Investment Properties

The University made changes to the treatment of property at Haydon Drive in Bruce ACT as investment property. During the recent valuation of this property it became evident that the property was on separate lease, with a non-restrictive purpose since 1993, the land had been purchased at market and could one day be sold at market. Considering this information in 2006 it was realised that this property would be better categorised as investment property for the 2006 financial report.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than works of art, land, investment property and the library collection, at rates calculated to allocate the cost less estimated residual value at the end of the useful life against revenue over the estimated useful life of the assets.

Amortisation

Amortisation is calculated on a straight line basis on computer software at 20% to allocate the cost less estimated residual value at the end of the useful life against revenue over the estimated useful life of the assets.

Further details of amortisation and depreciation charges are set out at Note 10.

Threshold

The capital threshold of property, plant and equipment (other than computing equipment, computer related equipment and works of art) is \$5,000. The capital threshold for computer related equipment is \$1,500. All works of art and computing equipment are capitalised.

(g) Impairment

At each reporting date, the University assesses whether any assets are impaired, and if there is an indication of impairment then an estimate of the recoverable amount will be made. Any resulting impairment loss is recognised immediately in the Income Statement. However, where assets are carried at fair value the impairment loss is recognised a decrease to the asset revaluation reserve. Where the impairment loss is greater than the balance in the revaluation reserve, the difference is expensed in the Income Statement. Also, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less the costs to sell' and its 'value in use'. For the University an asset's 'value in use' is its depreciated replacement cost.

(h) Employee Benefits

Salaries, Annual Leave and Personal Leave

Liabilities for salaries, including non-monetary benefits, Annual Leave and accumulating Personal Leave are recognised in Employee Benefits in respect of employee's services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

These liabilities are classified as 'current' in the Balance Sheet when a legal obligation to pay Salaries, including non-monetary benefits, Annual Leave, and accumulating Sick Leave to an employee exists at the reporting date. Consequently, all such liabilities have been classified as current.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies (continued)

(h) Employee Benefits (continued)

No provision has been made for personal leave as the average personal leave taken by employees is less than the annual entitlement for Personal Leave.

Long Service Leave

The liability for Long Service Leave is recognised for services provided up to the reporting date and is measured at the amounts expected to be paid when the liability is settled.

The liability for Long Service Leave expected to be settled more than 12 months from the reporting date is measured using an approximation method that estimates the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The services of KPMG Actuaries Pty Ltd were used to calculate the present value of Long Service Leave Liability.

Long Service Leave liability is classified as 'current' in the Balance Sheet when a legal obligation to pay long service leave to an employee within twelve months exists at the reporting date.

Detail break up of leave provisions according to the requirement of AASB 101 and 119 are specified in note 24(a). However the University's liability position on leave will be assessed upon note 24(b).

(i) Superannuation

The University has no liability for superannuation. All super obligations are covered by the expenses recognised and paid to external service providers including all defined benefit options. Further explanation of the University's superannuation arrangements are as follows

(1) Annual expenses for contributions.

The University contributes to the following superannuation funds:

- The Commonwealth Superannuation Fund and the Public Sector Superannuation Scheme in accordance with the *Superannuation Act 1976*;
- UniSuper Defined Benefit Plan/Investment Choice Plan (DBP/ICP) in accordance with the Deed of Covenant dated 19 December 1985;

- UniSuper Award Plus Plan (APP) in accordance with the Deed of Adherence dated 20 October 1988, effective from 1 July 1988; and
- Some personal superannuation plans if agreed in employment conditions.

The University's rates of contribution to the major funds are:

Commonwealth Superannuation Fund (1 January 2004)	24.8%
Commonwealth Superannuation Fund (1 July 2004)	23.5%
UniSuper Defined Benefit Plan/ Investment Choice Plan	17.0%
UniSuper Award Plus Plan	9.0%
Public Sector Superannuation Scheme	15.4%

The Council determined that all staff appointed to superannuable positions on and from 1 January 1986 would be required to participate in the UniSuper Defined Benefit Plan/Investment Choice Plan except those valid under Part IV of the Public Service Act.

Membership entry to the University of Canberra Staff Superannuation Scheme ceased on 1 July 1976. Membership of the Supplementary Superannuation Benefits Fund is confined to the members of the University of Canberra Staff Superannuation Scheme. University of Canberra Staff Superannuation Scheme has transferred its remaining memberships to UniSuper from 24 April 2003 and the fund has been wound up.

(2) Explanation of Defined Benefit arrangements by Unisuper. Compliance with reporting of Employee Superannuation entitlements under AASB 119:

UniSuper advised the University on 8 December 2006 that it has exercised the option available under AIFRS to adopt the multi-employer provisions of AASB 119, which allow employers with defined benefit obligations to report on a defined contribution basis, with some additional information also reported. UniSuper provided the following information detailing the overall position of the fund:

- (i) The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under the Superannuation Law but, as a result of amendments to Clause 34, (see below) of UniSuper, a defined contribution plan under accounting Standard AASB 119.
- (ii) As at 30 June 2006 the assets of the DBP in aggregate were estimated to be \$958 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies (continued)

(iii) As at 30 June 2005 the assets of the DBP in aggregate were estimated to be \$1,834 million in excess of accrued liabilities. The accrued liabilities have been calculated as at the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

(iv) The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 13 July 2006 on the actuarial investigation of the DBP as at 31 December 2006. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases long term	5.0% p.a.	5.0% p.a.

(additional promotional salary increases are assumed to apply based on past experience)

(iv) Assets have been included at their market value, i.e. allowing for realisation costs.

(vi) Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made is required. If such a request was agreed to by employers then members must also contribute additional contributions equal to one-half of the rate at which their employer is prepared to contribute. If employers do not agree to increase contributions the Trustee must reduce benefits on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time. The actuarial investigation of the fund as

at 31 December 2005 confirmed that it continued to be unlikely that additional contributions from employers would be required

(vii) UniSuper, in 2006, established that there would be no prospect, in practice, of all participating employers agreeing in unison to increase their contributions in the event that the Clause 34 process ever advanced to that stage. Consequently, the reality of Clause 34 was that if such a situation were ever to arise, the only option available to UniSuper in practice would be to reduce members' benefits on a fair and equitable basis. It was also the unanimous view of the trustees that it was in the members' interest to amend Clause 34 to reflect that reality. An amendment was put to UniSuper Consultative Committee for approval at the November 3 2006 meeting and passed by the Committee. The Board at its 23 November meeting approved this change effective 31 December 2006.

(viii) The change to the trust deed detailed above is a significant development for the purposes of the financial report disclosures required under accounting standard AASB 119. Given the amendment to Clause 34 of the UniSuper Trust Deed, it is clear that the UniSuper DBD is a defined contribution fund for the purposes of AASB 119. The employers can now treat UniSuper as a defined contribution fund.

(j) Trust Funds

Funds administered by the University in respect of scholarships and certain research activities are accounted for as trust funds and are reported in Note 35.

(k) Investments

The University invests its operating and trust funds in accordance with the powers given to the University under Section 7(2)(n) of the *University of Canberra Act 1989*. Investments are brought to account at market value as at 31 December 2006.

(l) Insurances

The University has negotiated insurance cover in relation to a variety of risk exposures including property loss and damage, public liability, professional indemnity and limited personal accident cover for students.

Workers' compensation, safety and rehabilitation are administered through the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees (COMCARE).

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 1. Summary of significant accounting policies (continued)

(m) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank, deposits held at call and money market investments which can be readily converted to cash and are subject to an insignificant risk of changes in value.

(n) Receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. A specific basis estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest, if any, is taken up as income on an accrual basis.

(o) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the consolidated entity.

Payables to related parties are carried at the principal amount.

(p) Provisions

Provisions are recognised when the University has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of obligations.

(q) Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(r) Associates and Joint Venture Operations

In addition to its fully owned subsidiary company, the University has ownership relationships with two corporate bodies and participates in three Cooperative Research Centres. This requires consideration of disclosures for Associates and Joint Ventures.

The University reports that where no probable future economic benefit will eventuate from the assets of the Associates or Joint Ventures, costs are expensed as incurred. Alternatively, where future economic benefits may occur, then the University records its contributions as an appropriate investment asset.

Relevant details of these relationships are disclosed in Note 31.

(s) Comparative Figures

The 2005 comparative figures have been altered to enable a comparison with the 2006 figures where appropriate.

1. The University made changes to the treatment of property at Haydon Drive in Bruce ACT as investment property. The fair value of the building at Haydon Drive as at 31 December 2006 is \$5,703m. Recent valuation of this property revealed that this property is on a separate lease with, non-restrictive purpose since 1993; the land had been purchased at market and can be sold at market. Based on this information it was realised that this property would be better categorised as investment property in 2006. This change was therefore applied for comparatives as well.
2. In recognising the convertibility of bank bill investments to cash and cash equivalents in 2006, the 2005 cash and cash equivalent has been adjusted. The adjustment made to 2005 figures has affected the ratio analysis comparison.

(t) Intangibles

The University recognised an intangible software asset in 2004, and another in 2005 and amortisation has been applied in 2006. The University has recognised the new Financial Information Management System – Finance One and entered a finance lease arrangement to finance the payment for the Finance One system for the first time in 2006.

(u) Economic Dependency

The normal operating activities of the University are dependent on appropriation of monies by the Australian Government.

(v) Rounding

Amounts in the primary statements and notes have been rounded. The multiple levels of rounding may cause the displayed numbers or summations to be out by one or two units.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 2. Disaggregated information

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

The University of Canberra College Pty Ltd, which is reported as part of the consolidated financial report, is located in the Australian Capital Territory and operates in Australia to provide a specialised range of diploma education programs and transition to university programs.

The consolidated financial report states the outcomes of the economic entity that operates primarily in a single industry and two geographic segments, being the provision of higher education services primarily in Australia.

	Revenue		Results		Assets	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Geographical						
Australia	125,647	119,529	1,576	1,402	304,309	224,288
Asia	3,511	3,316	44	39	-	-
	<u>129,158</u>	<u>122,845</u>	<u>1,620</u>	<u>1,441</u>	<u>304,309</u>	<u>224,288</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 3. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes

	Notes	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Commonwealth Grants Scheme and Other Grants	37.1				
Commonwealth Grants Scheme#		39,090	37,411	39,090	37,411
Indigenous Support Fund		333	333	333	333
Equity Programmes+		126	93	126	93
Workplace Reform Programme ^o		608	558	608	558
Learning & Teaching Performance Fund		1,898	55	1,898	55
Superannuation Programme		345	440	345	440
Collaboration & Structural Reform Programme		133	68	133	68
Total Commonwealth Grants Scheme and Other Grants		<u>42,533</u>	<u>38,958</u>	<u>42,533</u>	<u>38,958</u>
(b) Higher Education Loan Programmes	37.2				
HECS-HELP		22,374	21,682	22,374	21,682
FEE-HELP*		3,949	3,159	3,949	3,159
Total Higher Education Loan Programmes		<u>26,323</u>	<u>24,841</u>	<u>26,323</u>	<u>24,841</u>
(c) Scholarships	37.3				
Australian Postgraduate Awards		564	490	564	490
International Postgraduate Research Scholarships		(6)	38	(6)	38
Commonwealth Education Costs Scholarships		181	108	181	108
Commonwealth Accommodation Scholarships		349	221	349	221
Total Scholarships		<u>1,088</u>	<u>857</u>	<u>1,088</u>	<u>857</u>
(d) DEST-Research	37.4				
Research Infrastructure Block Grant		435	355	435	355
Institutional Grants Scheme		1,709	1,766	1,709	1,766
Research Training Scheme		2,740	2,797	2,740	2,797
Total DEST-Research Grants		<u>4,884</u>	<u>4,918</u>	<u>4,884</u>	<u>4,918</u>
(e) Australian Research Council					
(i) Discovery					
Project	37.5(a)	415	290	415	290
Total Discovery		<u>415</u>	<u>290</u>	<u>415</u>	<u>290</u>
(ii) Linkage					
Projects	37.5(b)	559	597	559	597
Total Linkages		<u>559</u>	<u>597</u>	<u>559</u>	<u>597</u>
(iii) Networks and Centres					
Research networks	37.5(c)	-	55	-	55
Total Networks and Centres		<u>-</u>	<u>55</u>	<u>-</u>	<u>55</u>

Includes the basic Commonwealth Grant Scheme grant amount and Commonwealth Grant Scheme-Enabling Loading

+ Includes amounts for Higher Education Equity Support Programme, Additional Support for Students with Disabilities and Disability Performance Funding

o Includes amount for workplace Productivity Program

* For 2005, FEE-HELP included Postgraduate Education Loan Scheme and Bridging for Overseas Trained Professionals Loan Scheme

Notes to and forming part of the financial report

For the year ended 31 December 2006

**Note 3. Australian Government financial assistance including HECS-HELP
and other Australian Government loan programmes (continued)**

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(f) Other Australian Government financial assistance				
Land and Water Australia	-	14	-	14
Australian Centre for International Agricultural Research	275	362	275	362
Department of Finance and Administration	10	40	10	40
Centrelink	15	15	15	15
Productivity Commission	30	35	30	35
Land and Water Resources Research and Development Corporation	183	241	183	241
Rural Industries Research and Development Corporation	112	17	112	17
Health Insurance Commission	-	25	-	25
Australian Federal Police	27	123	27	123
CSIRO	69	103	69	103
Department of Health and Aging	116	42	116	42
Department of Education, Science & Training	165	292	165	292
National Museum	12	10	12	10
Screen Sound Australia	5	5	5	5
Defence Science and Technology Organisation	106	45	106	45
Australian National Audit Office	-	25	-	25
AusAid	-	229	-	229
Australian Institute of Nuclear Science Technology	9	6	9	6
Department of Communications, Information Technology and Arts	30	50	30	50
Department of Family and Community Services	20	317	20	317
Department of Immigration, Multicultural and Indigenous Affairs	20	21	20	21
Department of Industry, Tourism and Resources	15	15	15	15
Department of Employment and Workplace Relations	20	20	20	20
Department of Treasury	20	20	20	20
Department of Prime Minister and Cabinet	-	20	-	20
Murray Darling Basin Commission	147	8	147	8
National Health and Medical Research Council	494	445	494	445
Australian Academy of Science	30	-	30	-
Australian Transport Safety Bureau	18	-	18	-
Department of Foreign Affairs and Trade	22	-	22	-
Department of Natural Resources	2	-	2	-
Geosciences Australia	2	-	2	-
Medicare Australia	25	-	25	-
National Capital Authority	26	-	26	-
Natural Heritage Trust	48	-	48	-
Total other Australian Government financial assistance	<u>2,073</u>	<u>2,545</u>	<u>2,073</u>	<u>2,545</u>
Total Australian Government financial assistance	<u>77,875</u>	<u>73,061</u>	<u>77,875</u>	<u>73,061</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 3. Australian Government financial assistance including HECS-HELP
and other Australian Government loan programmes (continued)

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Reconciliation				
Australian Government Grants (a + c + d + e + f)	51,553	48,220	51,553	48,220
HECS -HELP - Australian Government Payments	22,374	21,682	22,374	21,682
FEE-HELP - Australian Government Payments	3,949	3,159	3,949	3,159
Total Australian Government financial assistance	77,876	73,061	77,876	73,061
(g) Australian Government Grants received-cash basis				
Commonwealth Grant Scheme and other Department of Education, Science and Training Grants	42,533	38,958	42,533	38,958
Higher Education Loan Programmes	26,323	24,841	26,323	24,841
Scholarships	1,088	857	1,088	857
Department of Education, Science and Training Research	4,884	4,918	4,884	4,918
Australian Research Council Grants - Discovery	415	290	415	290
Australian Research Council Grants - Linkages	559	597	559	597
Australian Research Council Grants - Networks and Centres	-	55	-	55
Other Australian Government Grants	2,074	2,545	2,074	2,545
Total Australian Government Grants received-cash basis	77,876	73,061	77,876	73,061
Overseas Study-HELP (Net)	(107)	27	(107)	27
Total Australian Government funding received-cash basis	77,769	73,088	77,769	73,088

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 4. State and Local Government financial assistance

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australian Capital Territory	643	611	643	611
South Australia	5	10	5	10
New South Wales	115	61	115	61
Queensland	-	50	-	50
Northern Territory	10	-	10	-
Victoria	-	18	-	18
Total State and Local Government financial assistance	773	750	773	750

Note 5. Fees and charges

Course fees and charges

Continuing education	4,687	4,428	1,854	1,719
Fee-paying overseas students	16,314	15,859	16,314	15,859
Fee-paying domestic postgraduate students	1,982	2,565	1,982	2,565
Fee-paying domestic undergraduate students	23	-	23	-
Fee-paying domestic non-award students	35	44	35	44
Total course fees and charges	<u>23,041</u>	<u>22,896</u>	<u>20,208</u>	<u>20,187</u>

Non course fees and charges

Student accommodation charges	5,268	4,884	5,348	4,884
Other	1,514	1,405	1,513	1,407
Total non course fees and charges	<u>6,782</u>	<u>6,289</u>	<u>6,861</u>	<u>6,291</u>

Total fees and charges	<u>29,823</u>	<u>29,185</u>	<u>27,069</u>	<u>26,478</u>
-------------------------------	----------------------	----------------------	----------------------	----------------------

Note 6. Investment income

Bank account interest	20	18	18	18
Bank bill interest	465	702	425	674
Call account interest	97	143	97	143
Loan interest	9	6	9	6
Dividends received	26	24	26	24
Total investment income	<u>617</u>	<u>893</u>	<u>575</u>	<u>865</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 7. Consultancy and contracts

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Research				
Contracts	860	790	784	790
Other				
Consultancy	2,516	2,433	2,504	2,421
Total consultancy and contracts	3,376	3,223	3,288	3,211

Note 8. Other revenue and income

Other revenue				
Donations and bequests	133	197	133	197
Scholarships and prizes	202	58	202	58
Net gain on disposal of property, plant & equipment	41	54	40	54
Total other revenue	376	309	375	309
Other income				
Travel and travel related recoveries	108	103	113	103
Administrative charges	468	551	806	918
Bad debts recovered	-	22	-	22
Revaluation increment	2,078	-	2,078	-
Hire of facilities	53	76	54	76
Miscellaneous	1,848	2,421	1,843	2,428
Copying	164	161	164	161
Rent	1,549	1,629	1,549	1,629
Salaries and cost recovery services	3,447	2,959	3,469	3,248
Sales and service income/publications	1,257	1,922	1,307	1,976
Insurance recoveries	326	342	326	342
Total other income	11,298	10,186	11,709	10,903
Total other revenue and income	11,674	10,495	12,084	11,212

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 9. Employee related expenses

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Employee benefits and on costs				
Academic				
Salaries	31,811	29,994	30,878	29,526
Contributions to superannuation and pension schemes	4,692	4,633	4,608	4,521
Payroll tax	2,607	2,530	2,542	2,479
Worker's compensation	257	268	257	268
Long service leave and annual leave expense	924	853	891	850
Total academic	<u>40,291</u>	<u>38,278</u>	<u>39,176</u>	<u>37,644</u>
Non-academic				
Salaries	33,685	30,776	33,103	30,019
Contributions to superannuation and pension schemes	5,089	4,361	5,031	4,339
Payroll tax	2,311	2,244	2,256	2,200
Worker's compensation	228	238	228	238
Long service leave and annual leave expense	845	882	819	863
Total non-academic	<u>42,158</u>	<u>38,501</u>	<u>41,437</u>	<u>37,659</u>
Total employee benefits and on costs	<u>82,449</u>	<u>76,779</u>	<u>80,613</u>	<u>75,302</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 10. Depreciation and amortisation

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Depreciation				
Buildings	3,235	3,256	3,235	3,256
Plant and equipment	1,135	1,049	1,134	1,048
Computers	2,273	2,532	2,258	2,517
Motor vehicles	176	188	176	188
Infrastructure	480	480	480	480
Total depreciation	<u>7,299</u>	<u>7,505</u>	<u>7,283</u>	<u>7,489</u>
Amortisation				
Computer software	1,303	1,219	1,303	1,219
Total amortisation	<u>1,303</u>	<u>1,219</u>	<u>1,303</u>	<u>1,219</u>
Total depreciation and amortisation	<u>8,602</u>	<u>8,724</u>	<u>8,586</u>	<u>8,708</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 11. Repairs and maintenance

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Repairs and maintenance	878	966	873	966
Renovations and refurbishments	600	728	600	728
Total repairs and maintenance	1,478	1,694	1,473	1,694

Note 12. Finance costs

Interest expense	78	132	78	132
Total finance cost expensed	78	132	78	132

Note 13. Bad and doubtful debts

Bad and doubtful debts	104	-	102	-
Total bad and doubtful debts	104	-	102	-

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 14. Other expenses

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Advertising	1,075	777	1,058	720
Audit	158	127	146	115
Books and publications	1,784	1,891	1,774	1,872
Commissions	583	782	574	828
Conference and facilities hire	618	631	615	629
Consultants fees	5,144	5,089	5,050	5,073
Contract services	3,780	4,373	3,771	4,371
Copyright charges	269	138	269	138
Equipment expensed	1,635	1,740	1,627	1,715
Freight and postage	512	426	500	414
General materials	932	1,008	928	1,005
Insurances	496	477	454	433
Licence fees	1,213	942	1,208	942
Printing and stationery	1,843	1,501	1,799	1,493
Recruitment and staff development	793	510	789	515
Rent	929	890	934	806
Student Scholarship	1,287	680	1,284	680
Other student expenses	2,389	2,020	2,366	2,003
Subscriptions	668	548	666	537
Travel	2,944	3,195	2,840	3,057
Utilities	2,225	2,323	2,216	2,308
Entertainment	509	509	501	501
Fringe benefits tax	304	216	299	210
Rates and taxes	570	592	570	592
Legal fees	281	386	281	386
Agency fees	224	221	224	221
Ceremonial expenses	230	190	228	188
Operating lease charges	198	53	198	52
Other	1,234	1,840	1,169	1,761
Total other expenses	34,827	34,075	34,338	33,565

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 15. Cash and cash equivalents

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash	195	2,580	(381)	2,298
Cash equivalents	4,000	6,002	4,000	6,002
Total cash and cash equivalents	4,195	8,582	3,619	8,300

Note 16. Trade and other receivables

Financial assistance to students	215	220	215	220
Trade receivables	7,103	6,504	7,103	6,504
Less : Provision for bad and doubtful debts	(53)	(79)	(53)	(79)
Other receivables	1,629	2,283	1,597	1,888
OS-HELP Liability to Australian Government (a)	107	-	107	-
Total current receivables	9,001	8,928	8,969	8,533
Total trade and other receivables	9,001	8,928	8,969	8,533

(a) The University receives OS-HELP money from the Australian Government and acts as a transfer agency to forward payments to students. These amounts are not revenue of the University and the balance at the end of the reporting period is disclosed as a receivable (amount received \$147,850 and used \$255,190 leaving balance of \$107,340 receivable from Department of Education, Science and Training).

Note 17. Other financial assets

Prepayments	3,088	2,699	3,088	2,666
Advances	145	114	145	114
Total current other financial assets	3,233	2,813	3,233	2,780
(b) Non-current				
Shares at Market Value	17	17	17	17
Total non-current other financial assets	17	17	17	17
Total other financial assets	3,250	2,830	3,250	2,797

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 18. Investments

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
National Centre for Social and Economic Modelling	966	966	966	966
Cooperative Research Centre - eWater	150	50	150	50
Cooperative Research Centre - Invasive Animals	130	65	130	65
Total investments	1,246	1,081	1,246	1,081

Interest in controlled entity

Name of entity	Percentage of equity interest held by the consolidated entity		Investment	
	2006	2005	2006	2005
University of Canberra College Pty Ltd Country of Incorporation - Australia	100%	100%	+	+
UCU Ltd Country of Incorporation - Australia	100%	-	+	-

+ represents amounts less than 500k

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 19. Investment properties

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
At Fair value				
Opening balance at 1 January	4,425	4,425	4,425	4,425
Revaluation	2,078	-	2,078	-
Closing balance at 31 December	<u>6,503</u>	<u>4,425</u>	<u>6,503</u>	<u>4,425</u>

(a) Amounts recognised in profit and loss for investment property

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revaluation increment	2,078	-	2,078	-
	<u>2,078</u>	<u>-</u>	<u>2,078</u>	<u>-</u>

(b) Valuation basis

The investment property at Haydon Drive was revalued by an external valuer to provide an independent assessment of its fair value. The method used to determine fair value was by independent valuation, which is consistent with the prescribed fair value principles in AASB 116. Under the new Australian Accounting Standard for Property, Plant and Equipment (AASB 116 effective from 01 January 2005), if an entity chooses to keep certain classes of assets at fair values, it must regularly revalue those classes of assets to ensure the carrying amount (written down value less any impairment loss) does not differ materially from the fair value at the reporting date. Some property, plant and equipment experience significant volatile changes to its fair value hence warrants annual revaluation. On the other hand, some subject to insignificant changes hence warrant revaluation only every 3 – 5 years.

(c) Leasing arrangements

The investment property at Haydon Drive is occupied by six tenants. As at 31 December 2006 each tenant had varying rental arrangements with the University. Each tenant entered into a lease / licence type arrangement with the University.

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Operating lease income	213	191	213	191
	<u>213</u>	<u>191</u>	<u>213</u>	<u>191</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 20. Property, plant and equipment

	Work in Progress	Leasehold Land	Buildings	Infrastructure	Computer Equipment	Motor Vehicle	Equipment	Library Collection	Works of Art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated										
As at 1 January 2005										
Cost	3,376	-	-	-	10,927	920	11,321	8,305	-	34,849
Valuation	-	18,550	149,733	3,319	-	-	-	-	1,747	173,349
Accumulated depreciation	-	-	(481)	(481)	(6,641)	(473)	(9,069)	-	-	(16,664)
Net book amount	3,376	18,550	149,733	2,838	4,286	447	2,252	8,305	1,747	191,534
Year ended 31 December 2005										
Opening net book amount	3,376	18,550	149,733	2,838	4,286	447	2,252	8,305	1,747	191,534
Revaluation increment	-	-	-	-	-	-	-	-	-	-
Additions	6,926	-	2,206	-	2,052	181	1,321	-	106	12,792
Disposals and transfers out	(3,041)	-	-	-	(11)	(34)	(10)	-	(5)	(3,101)
Depreciation	-	-	(3,255)	(480)	(2,532)	(189)	(1,049)	-	-	(7,505)
Closing net book amount	7,261	18,550	148,684	2,358	3,795	405	2,514	8,305	1,848	193,720
As at 31 December 2005										
Cost	7,261	-	-	-	12,010	940	11,159	8,305	-	39,675
Valuation	-	18,550	155,198	3,319	-	-	-	-	1,848	178,915
Accumulated depreciation	-	-	(6,514)	(961)	(8,215)	(535)	(8,645)	-	-	(24,870)
Net book amount	7,261	18,550	148,684	2,358	3,795	405	2,514	8,305	1,848	193,720
Year ended 31 December 2006										
Opening net book amount	7,261	18,550	148,684	2,358	3,795	405	2,514	8,305	1,848	193,720
Revaluation increment	-	4,690	69,587	4,110	-	-	-	-	-	78,387
Additions	10,602	-	2,787	-	1,080	24	773	-	29	15,295
Disposals and transfers out	(3,621)	-	-	-	(35)	(17)	(3)	-	(3)	(3,679)
Depreciation	-	-	(3,235)	(480)	(2,273)	(176)	(1,135)	-	-	(7,299)
Closing net book amount	14,242	23,240	217,823	5,988	2,567	236	2,149	8,305	1,874	276,424
As at 31 December 2006										
Cost	14,242	18,550	157,985	3,319	11,980	911	11,166	8,305	1,874	228,332
Valuation	-	4,690	69,587	4,110	-	-	-	-	-	78,387
Accumulated depreciation	-	-	(9,749)	(1,441)	(9,413)	(675)	(9,017)	-	-	(30,295)
Net book amount	14,242	23,240	217,823	5,988	2,567	236	2,149	8,305	1,874	276,424

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 20. Property, plant and equipment (continued)

	Work in Progress	Leasehold Land	Buildings	Infrastructure	Computer Equipment	Motor Vehicle	Equipment	Library Collection	Works of Art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
University										
As at 1 January 2005										
Cost	3,376	-	-	-	10,846	919	11,307	8,305	-	34,753
Valuation	-	18,550	149,734	3,319	-	-	-	-	1,747	173,350
Accumulated depreciation	-	-	-	(481)	(6,572)	(473)	(9,057)	-	-	(16,583)
Net book amount	3,376	18,550	149,734	2,838	4,274	446	2,250	8,305	1,747	191,520
Year ended 31 December 2005										
Opening net book amount	3,376	18,550	149,734	2,838	4,274	446	2,250	8,305	1,747	191,520
Revaluation increment	-	-	-	-	-	-	-	-	-	-
Additions	6,926	-	2,206	-	2,023	181	1,321	-	106	12,763
Disposals and transfers out	(3,041)	-	-	-	(11)	(34)	(10)	-	(5)	(3,101)
Depreciation charge	-	-	(3,256)	(480)	(2,517)	(188)	(1,048)	-	-	(7,489)
Closing net book amount	7,261	18,550	148,684	2,358	3,769	405	2,513	8,305	1,848	193,693
As at 31 December 2005										
Cost	7,261	-	-	-	11,912	940	11,149	8,305	-	39,567
Valuation	-	18,550	155,198	3,319	-	-	-	-	1,848	178,915
Accumulated depreciation	-	-	(6,514)	(961)	(8,143)	(535)	(8,636)	-	-	(24,789)
Net book amount	7,261	18,550	148,684	2,358	3,769	405	2,513	8,305	1,848	193,693
Year ended 31 December 2006										
Opening net book amount	7,261	18,550	148,684	2,358	3,769	405	2,513	8,305	1,848	193,693
Revaluation increment	-	4,690	69,587	4,109	-	-	-	-	-	78,386
Additions	10,603	-	2,787	-	1,072	23	773	-	29	15,287
Disposals and transfers out	(3,621)	-	-	-	(35)	(17)	(3)	-	(3)	(3,679)
Depreciation charge	-	-	(3,235)	(480)	(2,258)	(176)	(1,134)	-	-	(7,283)
Closing net book amount	14,243	23,240	217,823	5,987	2,548	235	2,149	8,305	1,874	276,404
As at 31 December 2006										
Cost	14,243	18,550	157,985	3,319	11,882	910	11,159	8,305	1,874	228,227
Valuation	-	4,690	69,587	4,109	-	-	-	-	-	78,386
Accumulated depreciation	-	-	(9,749)	(1,441)	(9,334)	(675)	(9,010)	-	-	(30,209)
Net book amount	14,243	23,240	217,823	5,987	2,548	235	2,149	8,305	1,874	276,404

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 21. Intangible assets

Computer Software	Consolidated	University
	2006 \$'000	2005 \$'000
As at 1 January 2005		
Cost	5,891	5,891
Accumulated amortisation	<u>(511)</u>	<u>(511)</u>
Net book amount	<u>5,380</u>	<u>5,380</u>
Year ended 31 December 2005		
Opening net book amount	5,380	5,380
Additions	561	561
Amortisation charge	<u>(1,219)</u>	<u>(1,219)</u>
Closing net book amount	<u>4,722</u>	<u>4,722</u>
As at 31 December 2005		
Cost	6,452	6,452
Accumulated amortisation	<u>(1,730)</u>	<u>(1,730)</u>
Net book amount	<u>4,722</u>	<u>4,722</u>
Year ended 31 December 2006		
Opening net book amount	4,722	4,722
Additions	271	271
Amortisation charge	<u>(1,303)</u>	<u>(1,303)</u>
Closing net book amount	<u>3,690</u>	<u>3,690</u>
As at 31 December 2006		
Cost	6,723	6,723
Accumulated amortisation	<u>(3,033)</u>	<u>(3,033)</u>
Net book amount	<u>3,690</u>	<u>3,690</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 22. Trade and other payables

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current				
Payables	6,685	5,317	6,685	5,315
OS-HELP Liability to Australian Government	-	27	-	27
Expenses accrued	306	1,657	295	1,645
Total current trade and other payables	<u>6,991</u>	<u>7,001</u>	<u>6,980</u>	<u>6,987</u>
Total trade and other payables	<u>6,991</u>	<u>7,001</u>	<u>6,980</u>	<u>6,987</u>

Note 23. Interest bearing liabilities

Current				
Unsecured				
Finance lease	45	-	45	-
Fully drawn loan-building	500	850	500	850
Total current unsecured interest bearing liabilities	<u>545</u>	<u>850</u>	<u>545</u>	<u>850</u>
Non-current				
Unsecured				
Finance lease	215	-	215	-
Fully drawn loan-building	-	650	-	650
Total non-current unsecured interest bearing liabilities	<u>215</u>	<u>650</u>	<u>215</u>	<u>650</u>
Total interest bearing liabilities	<u>760</u>	<u>1,500</u>	<u>760</u>	<u>1,500</u>

The University has an unsecured loan of \$0.5 million payable on demand from the Commonwealth Bank of Australia in accordance with approval granted to the University by the Minister Assisting the Treasurer. The loan, which is repayable by 30 June 2007, was acquired to facilitate the construction of student teaching and accommodation facilities.

Borrowings are repayable in the following years:

Within 1 year	Unsecured bank loan	500	850	500	850
1 - 2 years	Unsecured bank loan	-	650	-	650
		<u>500</u>	<u>1,500</u>	<u>500</u>	<u>1,500</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 24. Provisions

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Current - due at reporting date				
Accrued salaries and wages	647	664	635	643
Provision for long service leave	8,100	7,482	8,073	7,460
Provision for annual leave	4,154	4,281	4,071	4,225
Total current provisions	12,901	12,427	12,779	12,328
(b) Non-current - not due at reporting date				
Provision for long service leave	1,927	1,777	1,848	1,708
Total non-current provisions	1,927	1,777	1,848	1,708
Total provisions	14,828	14,204	14,627	14,036
Estimate of leave payable within 12 months				
Accrued salaries and wages	647	664	635	643
Provision for long service leave	1,259	1,069	1,232	1,047
Provision for annual leave	4,154	4,281	4,071	4,225
Total provisions	6,060	6,014	5,938	5,915
Estimate of leave payable after 12 months				
Provision for long service leave	8,768	8,190	8,689	8,121
Total provisions	8,768	8,190	8,689	8,121
Total provisions	14,828	14,204	14,627	14,036

Note 25. Other liabilities

Current				
Fees received in advance	2,243	2,104	1,897	1,493
Total current other liabilities	2,243	2,104	1,897	1,493
Total other liabilities	2,243	2,104	1,897	1,493

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 26. Reserves and retained surplus

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Reserves				
Asset revaluation at the beginning of the financial year	133,024	133,024	133,024	133,024
Assets revaluation 2006	<u>78,388</u>	<u>-</u>	<u>78,388</u>	<u>-</u>
Reserves at the end of the financial year	<u>211,412</u>	<u>133,024</u>	<u>211,412</u>	<u>133,024</u>
(b) Retained surplus				
Accumulated funds at the beginning of the financial year	66,455	65,014	66,511	65,097
Operating surplus	<u>1,620</u>	<u>1,441</u>	<u>1,494</u>	<u>1,414</u>
Retained surplus at the end of the financial year	<u>68,075</u>	<u>66,455</u>	<u>68,005</u>	<u>66,511</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 27. Key management personnel disclosures

(a) Section 9 of the University of Canberra Act 1989 states that the governing authority of the University is the Council. The following persons were members of University Council during the year and up to the date of this report.

Member	Date appointed, or term ended if occurring in 2006
Mr Michael Bryce	Reappointed 1 December 2005
Mr Ian Davis	Appointed 1 December 2003
Ms Anne De Salis	Appointed 2 October 2005
Professor Roger Dean	
Ms Stacey Durrell	Appointed 27 September 2005
Mr Marc Emerson	Term expired on 26 September 2006
Mr Hussain Faiz	Appointed 27 September 2006
Mr James Hanratty	Term expired on 19 December 2006
Mr Brand Hoff	Appointed 1 December 2003
Ms Anne Holmes	Appointed 26 March 2004
Mr Daniel Hughes	Term expired on 19 December 2006
Mr John Kalokerinos	Appointed 21 September 2004
Mr Dale Kleeman	Term expired on 19 December 2006
Mr Aaron Matthews	Term expired on 26 September 2006
Mr Lyndon Mayfield	Appointed 27 September 2006
Associate Professor Craig McDonald	Appointed 27 September 2005
Dr Leah Moore	Term expired on 26 September 2006
Professor Ingrid Moses	Appointed 1 January 2006
Ms Jennifer Newman	Term expired on 26 September 2006
Mr Bob Prosser	Appointed 5 October 2005
Ms Marion Reilly	Appointed 26 March 2004
Ms Anne Trimmer	Appointed 12 April 2005
Mr Peter Urban	Appointed 26 August 2004

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

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Provision of design and consultancy services for the Canberra Biennial were provided to the University by Minale Bryce Design Strategy Pty Ltd in which Mr Michael John Bryce has an interest.	-	2	-	2
Provision of annual maintenance and support for the TRIM administrative software application was provided to the University by Tower Software in which Mr Brand John Philip Hoff has an interest.	6	7	6	7
Office services were provided to the University by McCarthy W AO (2005) and McCarthy Management Pty Ltd (2004) in which Ms Wendy Elizabeth McCarthy AO has an interest.	-	11	-	11
Provision of legal services for the proposed student accommodation project was provided to the University by Minter Ellison in which Ms Anne Trimmer has an interest.	-	133	-	133
Provision of consultancy services for the proposed student accommodation project was provided to the University by PricewaterhouseCoopers in which Mr Bob Prosser has an interest.	136	-	136	-

Payments to above officers for services rendered in 2006 to the University were on a commercial basis.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 27. Key management personnel disclosures (continued)

(c) Fees are not payable to members of Council. Employees of the University who serve on Council do not receive remuneration for Council service in addition to their salaries. According to the DEST guidelines (based on AASB 124), key management personnel of Higher Education Providers are persons having authority and responsibility for planning, directing and controlling the activities of the whole of the University. The number of University key management staff whose total remuneration cost to the University falls within the following bands in excess of \$100,000 are:

	Consolidated		University	
	2006	2005	2006	2005
\$130,000 - \$139,999	1	3	1	3
\$140,000 - \$149,999	1	-	1	-
\$210,000 - \$229,999	3	1	3	1
\$230,000 - \$239,999	-	3	-	3
\$240,000 - \$249,999	5	1	5	1
\$290,000 - \$299,999	-	1	-	1
\$300,000 - \$339,999	1	1	1	1
\$400,000 - \$439,999	1	1	1	1
	<u>12</u>	<u>11</u>	<u>12</u>	<u>11</u>
The aggregate of the remuneration for staff included above:	\$2,937,763	\$2,201,239	\$2,937,763	\$2,201,239

Note 28. Remuneration of auditors

	Consolidated		University	
	2006	2005	2006	2005
Amounts paid or payable to the external auditors for auditing the financial report: ACT Auditor - General's Office	<u>128</u>	<u>121</u>	<u>115</u>	<u>109</u>
	<u>128</u>	<u>121</u>	<u>115</u>	<u>109</u>

No other services were provided in 2006 or 2005.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 29. Contingencies

Contingent liabilities

(a) The University had the following legal matters pending as at 31 December 2006:

- A claim made by a student to the ACT Discrimination Tribunal.
- Proceedings issued by a former employee out of the Australian Industrial Relations Commission alleging wrongful termination of employment. At the time of this report, the matter has been resolved.
- A claim made by a former employee of University of Canberra Union relating to an unlawful reprisal under the *Public Interest Disclosure Act 1994*. At the time of this report, the matter has since been resolved.

There are no further matters known which might result in litigation by or against the University.

(b) The University has approved credit facilities with the Commonwealth Bank of Australia for corporate credit cards (maximum limit \$400,000) and an overdraft on the operating account (maximum limit \$1.5 million).

Guarantees

The University has guaranteed repayment of a \$140,000 Commonwealth Government grant made to the Crèche in 1998. The grant is not repayable by the Crèche if the renovated building continues to be used as a childcare centre for 10 years.

The University has undertaken to guarantee the financial obligations of the University of Canberra College Pty Ltd. At the date of this report no amounts were expected to be paid under this guarantee.

The University has undertaken to guarantee the financial obligations of the UCU Pty Ltd (the company limited by guarantee incorporated on 18th May 2006 not trading until 2007). At the date of this report, no amounts were expected to be paid under this guarantee.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 30. Commitments

The University has commitments which have not been provided for in this financial report as they are not liabilities. These amounts relate to :

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Capital expenditure commitments				
Commitments Payable:				
- within twelve months	2,922	8,033	2,922	8,033
- twelve months or longer and not longer than five years	-	3,825	-	3,825
	<u>2,922</u>	<u>11,858</u>	<u>2,922</u>	<u>11,858</u>
(b) Joint venture and associate operations expenditure commitments				
Commitments Payable:				
- within twelve months	574	574	574	574
- twelve months or longer and not longer than five years	2,040	2,169	2,040	2,169
- longer than five years	223	669	223	669
	<u>2,837</u>	<u>3,412</u>	<u>2,837</u>	<u>3,412</u>
(c) Other expenditure commitments				
Commitments payable:				
- within twelve months	999	1,305	999	1,305
- twelve months or longer and not longer than five years	-	89	-	89
	<u>999</u>	<u>1,394</u>	<u>999</u>	<u>1,394</u>
(d) Lease commitments				
Operating leases				
Commitments payable:				
- within twelve months	433	-	433	-
- twelve months or longer and not longer than five years	927	-	927	-
	<u>1,360</u>	<u>-</u>	<u>1,360</u>	<u>-</u>
Finance leases				
Commitments payable:				
- within twelve months	70	-	70	-
- twelve months or longer and not longer than five years	262	-	262	-
	<u>332</u>	<u>-</u>	<u>332</u>	<u>-</u>

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note: 31 Joint ventures and associates

Joint Ventures

The University participates in the following Cooperative Research Centres (CRC):

Name of Entity	Principal Activity	Output Interest	
		2006 %	2005 %
CRC for eWater	Research	3.10	3.10
CRC for Invasive Animals	Research	4.27	4.27
CRC for Sustainable Tourism	Research	5.89	5.89

eWater

The eWater CRC (ACN 115422903) is a partnership between private and public water businesses and research groups across eastern Australia. The eWater CRC seeks to produce practical products that bring economic, commercial and environmental benefits from the smart management of water.

The eWater CRC builds on the knowledge, end-user networks and business systems of two successful water CRC's: Catchment Hydrology and Freshwater Ecology. The eWater CRC has a strong market-orientation and commercial focus.

The eWater CRC commenced operation on 1 July 2005. The University's cash and in-kind contributions in the form of funds and staff resources will have an approximate value of \$1,820,000 over seven years from 1 July 2005. In each year the University contributes \$100,000 in cash and 1.6 full time equivalent staff in kind.

Invasive Animals

The Invasive Animals CRC (ACN 114965276) was funded by the Commonwealth Government in the 2004 CRC selection round and builds on the strong foundation provided by the previous Pest Animal Control CRC. The centre aims to counteract the impact of invasive animals through the development and application of new technologies and by integrating approaches across agencies and jurisdictions. It is the first time that research, industry, environmental, commercial and government agencies will work together to create and apply solutions for invasive animal threats.

The Invasive Animals CRC commenced operation on 1 July 2005. The University's cash and in-kind contributions in the form of funds and staff resources will have an approximate value of \$1,300,000 over seven years from 1 July 2005. In each year the University contributes \$130,000 in cash and 1.0 full time equivalent staff in kind.

Sustainable Tourism

The University is a joint participant with Australian Capital Tourism Corporation as members of the CRC for Sustainable Tourism. The CRC for Sustainable Tourism Pty Limited (ACN 007 407 286) is a company incorporated in the Australian Capital Territory. The company has been established for the purposes of advancing and encouraging scientific knowledge and research into economic, social, cultural and ecological sustainability of the travel and tourism industry. The University does not share in the assets and liabilities or operating result of the venture. The University's cash and in-kind contributions in the form of funds and staff resources will have an approximate value of \$900,000 over seven years from 2003, that is a cost of about \$128,000 per year.

Associates

National Centre for Social and Economic Modelling (NATSEM)

The University holds a 50% share interest, with no present ability of control, in National Centre for Social and Economic Modelling Pty Ltd (ACN 095 483 686), trading as NATSEM.

NATSEM operates for the purpose of developing micro simulation models and in undertaking a wide range of social and economic research.

Centre for Customs and Excise Studies (CCES)

The University holds a 50% share interest, with no present ability of control, in the Centre for Customs and Excise Studies Pty Ltd (ACN 106 153 271). The ownership arrangements are currently under review with the possible outcome that the University will move to a lesser holding during 2007. This company was established to deliver training in customs studies and to research and publish customs knowledge.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 32. Events occurring after the balance sheet date

Significant or subsequent events

At the time of signing the University's Financial report there are no significant or subsequent events of a material nature to report. However the UCU Ltd, limited by guarantee and incorporated in May 2006 will not be trading until 2007. The consolidated accounts for the year 2007 will comprise the accounts of the University of Canberra, UCU Ltd and the University of Canberra College Pty Ltd.

Note 33. Reconciliation of the operating surplus to net cash flows provided by operating activities

(a) Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank, deposits held at call with a bank and money market investments which can be readily converted to cash and are subject to an insignificant risk of changes in value. Cash at the end of the reporting period in the Cash Flow Statement is reconciled to the related item in the Balance Sheet.

	Note	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash	15	195	2,580	(381)	2,298
Cash equivalents	15	4,000	6,002	4,000	6,002
Total		4,195	8,582	3,619	8,300

(b) Reconciliation of the operating surplus to net cash flows provided by operating activities

	Note	Consolidated		University	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Operating surplus		1,620	1,441	1,494	1,414
Add/(deduct) expenses not from external transactions					
Revaluation increment	19	(2,078)	-	(2,078)	-
Depreciation and amortisation	10	8,602	8,724	8,586	8,708
Doubtful debts		-	(217)	-	(213)
		6,524	8,507	6,508	8,495
Add/(deduct) the effect of accruals					
(Decrease) in annual leave provision		(127)	(208)	(154)	(190)
Increase in long service leave provision-current		618	10	613	16
Increase/(decrease) in long service leave provision-non current		150	(19)	140	(46)
(Decrease) in accrued salaries and wages		(17)	(135)	(8)	(135)
Decrease/(increase) in receivables		(72)	(3,138)	(434)	(2,820)
(Increase) in non financial assets		(420)	(506)	(453)	(535)
(Decrease)/increase in payables		(10)	3,734	(8)	3,730
Increase/(decrease) in other liabilities		139	69	404	(156)
		261	(193)	100	(136)
Net cash provided by operating activities		8,405	9,755	8,102	9,773

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 34. Non-cash investing and financing activities

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Finance lease liability current	45	-	45	-
Finance lease liability non-current	215	-	215	-
Total non-cash investing and financing activities	260	-	260	-

Note 35. Assets and liabilities of trusts for which University of Canberra is a Trustee

Endowments are received by the University to fund scholarships, prizes and certain research activities. The balances of these funds as at 31 December were as follows:

	Consolidated		University	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance of funds at beginning of the year	1,304	1,262	1,304	1,262
Income				
Donations and gifts received	-	10	-	10
Interest	77	70	77	70
Total income	77	80	77	80
Total funds available	1,381	1,342	1,381	1,342
Expenditure				
Prize awards	27	38	27	38
Total expenditure	27	38	27	38
Balance of funds at end of the year	1,354	1,304	1,354	1,304
Comprises :				
WJ Weeden Family Trust - Scholarship	1,197	1,152	1,197	1,152
Mulanggarri - Scholarship	71	67	71	67
Public administration - Scholarship	86	85	86	85
	1,354	1,304	1,354	1,304

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 36. Financial instruments

(a) Fair value of financial assets and liabilities

Financial instrument	Note	Accounting policies and methods	Terms and conditions	Consolidated	
				Total carrying amount \$'000	Fair value \$'000
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.			
Cash	15	Cash represents deposits which are recognised at their nominal amounts. Interest on bank account is credited to revenue as it accrues. (Average interest is calculated on a monthly basis).	An average rate of 3.00% was earned on the University's bank account. (2.67% for 2005).	4,195	4,195
Receivables	16	Receivables represent trade receivables, student loans and accrued income less provision for doubtful debts. Collectability of debts has been reviewed at balance date.	All debts are incurred in Australian currency and are due within 30 days other than student loans which are due within the current semester. No interest is charged on overdue debts.	9,001	9,001
Other financial assets at fair value	17(b)&18	Investments represent Bills of Exchange, Negotiable Certificates of Deposit and Equities (Average interest is based on the average annual investment balance).	An average rate of 5.76% was earned on investments (5.94% in 2005). Bills of Exchange and Negotiable Certificates of Deposit are negotiated up to 90 days. With Floating Rate Notes negotiated up to a period of 5 years. Equities refer to educational institutions who deal with the University.	1,263	1,263

Financial instrument	Note	Accounting policies and methods	Terms and conditions	Consolidated	
				Total carrying amount \$'000	Fair value \$'000
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is established into and the amount of the liability can be reliably measured.			
Payables	22	Payables have been recognised at their nominal amounts, being at the amount due for settlement. Accrued expenses are recognised at the time of delivery and to the extent the debt has been incurred.	Payables are paid on a 30 day cycle.	6,991	6,991
Interest bearing liabilities	23	Borrowings are an unsecured loan of \$0.5m, payable on demand. The loan is repayable by 30 June 2007 and was acquired to facilitate the construction of student teaching and administration facilities.	Balance of borrowing \$0.5m repayable over the next 6 months until the year 2007. (\$1million repaid in 2006) An average rate of 6.54% was paid on borrowings (6.21% in 2005).	760	760

(b) Net fair values of assets and liabilities

Financial assets

The net fair values of cash and non interest bearing financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of trade payables, borrowings and other liabilities are short term in nature and approximate their carrying amounts.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 36. Financial instruments (continued)

(c) Interest rate exposure

2006 Consolidated

Financial instrument	Note	Average interest rate %	Less than one year \$'000	One to five years \$'000	Five to ten years \$'000	Total \$'000
Financial assets						
Cash	15	3.00%	4,195	-	-	4,195
Receivables	16		9,001	-	-	9,001
Other financial assets	17(b),18	5.76%	-	1,263	-	1,263
Financial liabilities						
Payables	22		6,991	-	-	6,991
Interest bearing liabilities	23	6.54%	545	215	-	760
Net financial assets / (liabilities)			5,660	1,048	-	6,708

2005 Consolidated

Financial assets						
Cash	15	2.67%	8,582	-	-	8,582
Receivables	16		8,928	-	-	8,928
Other financial assets	17(b),18	5.94%	-	1,098	-	1,098
Financial liabilities						
Payables	22		7,001	-	-	7,001
Interest bearing liabilities	23	6.21%	850	650	-	1,500
Net financial assets / (liabilities)			9,659	448	-	10,107

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 36. Financial instruments (continued)

Reconciliation of net financial assets to net assets

	Notes	Consolidated	
		2006 \$'000	2005 \$'000
Net financial assets as above		6,708	10,107
Non financial assets and liabilities			
Prepayments and advances	17(a)	3,233	2,813
Fees in advance	25	(2,243)	(2,104)
Property, plant and equipment and intangibles	19,20,21	286,617	202,867
Provisions current - Due at Reporting Date	24(a)	(12,901)	(12,427)
Provisions non-current -Not due at Reporting Date	24(b)	(1,927)	(1,777)
Net assets per Balance Sheet		<u>279,487</u>	<u>199,479</u>

(d) Credit risk exposure

The University's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of the financial assets as indicated in the Balance Sheet.

(e) Unrecognised financial instruments

There were no unrecognised financial assets or liabilities for the University.

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 37. Acquittal of Australian Government financial assistance

As indicated in Note 1(e) to the financial report, the following information is provided to meet the DEST disclosure requirements. As the information is only relevant to the University, no consolidated figures are provided.

Note that some DEST payments are based in part on student enrolment estimates made early in the previous year and actual enrolments may differ. In 2006 there was an under enrolment of about 490 EFTSL compared to the estimates made in 2005. There is no liability to repay amounts received in 2006. While there is a possibility that grants in future years may be reduced, no reduction has yet been advised or agreed. Revenue has been recognised in accordance with note 1(e).

37.1 DEST - Commonwealth Grant Schemes and Other DEST Grants

Note	Commonwealth Grants Scheme		Indigenous Support Fund		Learning and Teaching Performance Fund	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	39,090	36,116	333	333	1,898	55
Net accrual adjustment	-	1,295	-	-	-	-
Revenue for the period	39,090	37,411	333	333	1,898	55
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	39,090	37,411	333	333	1,898	55
Less expenses including accrued expenses	-	-	-	-	-	-
Surplus / (deficit)	39,090	37,411	333	333	1,898	55
	Capital Development Pool					
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	-	-	126	93	608	558
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	170	672	126	93	608	558
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	170	672	126	93	608	558
Less expenses including accrued expenses	-	-	126	93	608	558
Surplus / (deficit)	170	170	-	-	-	-
	Equity Programmes					
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	-	-	126	93	608	558
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	170	672	126	93	608	558
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	170	672	126	93	608	558
Less expenses including accrued expenses	-	-	126	93	608	558
Surplus / (deficit)	170	170	-	-	-	-
	Workplace Reform Programmes					
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	-	-	126	93	608	558
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	170	672	126	93	608	558
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	170	672	126	93	608	558
Less expenses including accrued expenses	-	-	126	93	608	558
Surplus / (deficit)	170	170	-	-	-	-

Note	Superannuation Programme		Collaboration and Structural Reform Programme		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	345	440	133	68	42,533	37,663
Net accrual adjustment	-	-	-	-	-	1,295
Revenue for the period	345	440	133	68	42,533	38,958
Surplus / (deficit) from the previous year	-	-	-	-	170	672
Total revenue including accrued revenue	345	440	133	68	42,703	39,630
Less expenses including accrued expenses	345	440	133	68	42,533	39,460
Surplus / (deficit)	-	-	-	-	170	170
	HECS-Help (Australian Government payments Only)					
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	23,450	21,682	3,665	3,159	27,115	24,841
Net accrual adjustment	(11,076)	-	284	-	(792)	-
Revenue for the period	22,374	21,682	3,949	3,159	26,323	24,841
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	22,374	21,682	3,949	3,159	26,323	24,841
Less expenses including accrued expenses	22,374	21,682	3,949	3,159	26,323	24,841
Surplus / (deficit)	-	-	-	-	-	-

37.2 Higher Education Loan Programmes

Note	HECS-Help (Australian Government payments Only)		FEE-HELP		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	23,450	21,682	3,665	3,159	27,115	24,841
Net accrual adjustment	(11,076)	-	284	-	(792)	-
Revenue for the period	22,374	21,682	3,949	3,159	26,323	24,841
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	22,374	21,682	3,949	3,159	26,323	24,841
Less expenses including accrued expenses	22,374	21,682	3,949	3,159	26,323	24,841
Surplus / (deficit)	-	-	-	-	-	-

Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 37. Acquittal of Australian Government financial assistance (continued)

37.3 Scholarships

Note	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Total
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	564	490	33	38	
Net Australian Government repayment	564	490	(39)	38	
Net accrual adjustment	-	-	9	-	
Revenue for the period	564	490	3	38	
Surplus / (deficit) from the previous year	94	138	96	129	
Total revenue including accrued revenue	658	628	99	167	
Less expenses including accrued expenses	537	534	71	71	
Surplus / (deficit)	121	94	99	96	
Note	Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Total
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	181	108	349	221	857
Net accrual adjustment	-	-	-	-	-
Revenue for the period	181	108	349	221	857
Surplus / (deficit) from the previous year	11	-	58	-	267
Total revenue including accrued revenue	192	108	407	221	1,124
Less expenses including accrued expenses	134	97	236	163	865
Surplus / (deficit)	58	11	171	58	259

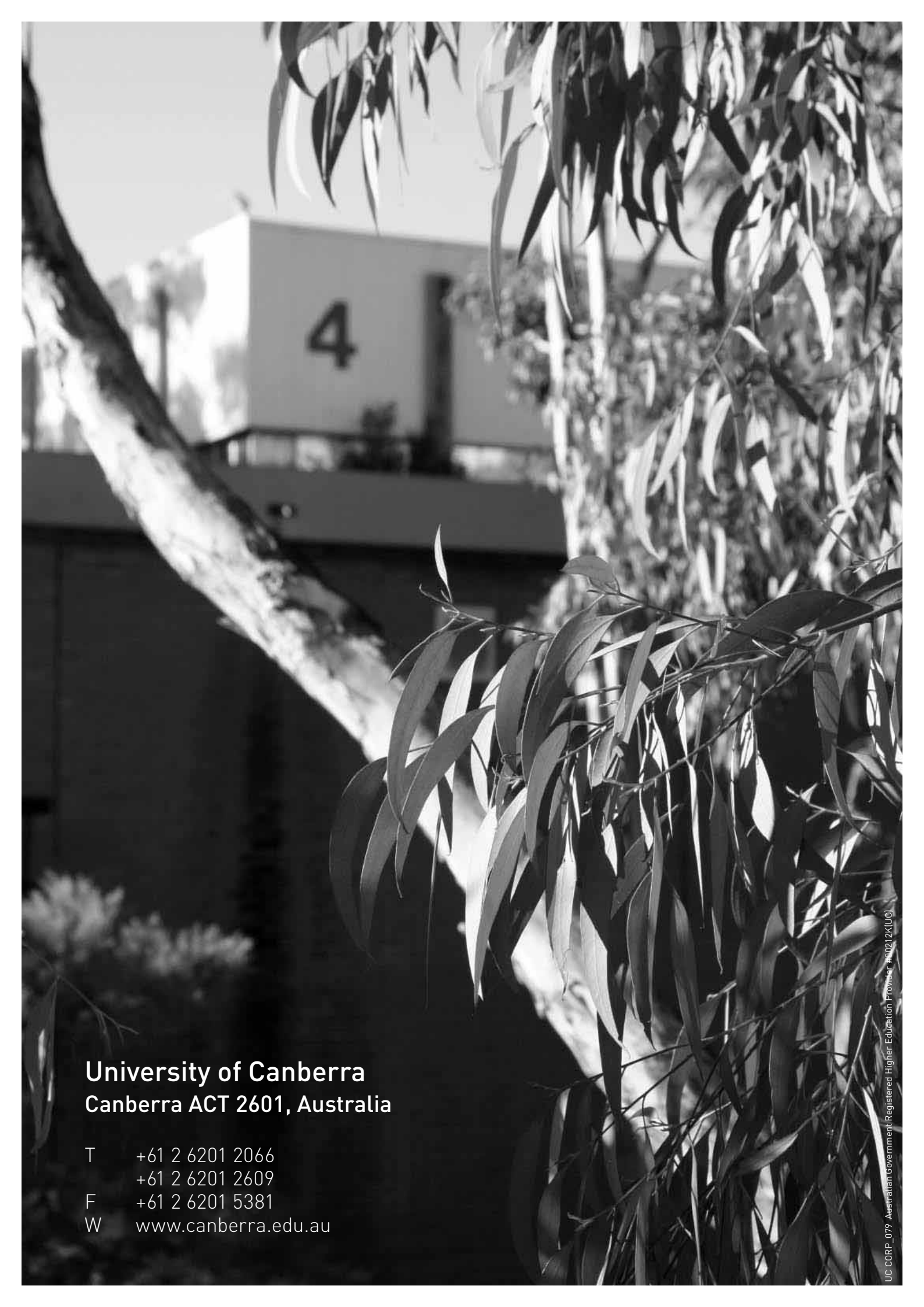
Notes to and forming part of the financial report

For the year ended 31 December 2006

Note 37. Acquittal of Australian Government financial assistance (continued)

37.4 DEST Research	Note	Institutional Grants Scheme		Research Training Scheme		Research Infrastructure Block Grant		Total	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	3(d)	1,709	1,766	2,740	2,797	435	355	4,884	4,918
Net accrual adjustment		-	-	-	-	(84)	-	(84)	-
Revenue for the period		1,709	1,766	2,740	2,797	351	290	4,800	4,918
Surplus / (deficit) from the previous year		-	-	-	-	293	290	293	290
Total revenue including accrued revenue		1,709	1,766	2,740	2,797	644	645	5,093	5,208
Less expenses including accrued expenses		1,709	1,766	2,740	2,797	271	352	4,720	4,915
Surplus / (deficit)		-	-	-	-	373	293	373	293

37.5 Australian Research Council Grants	Note	(a) Discovery Projects		(b) Linkage Projects		(c) Networks and Centres		Total	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government)	3(e)	415	290	559	597	-	55	974	942
Net accrual adjustment		-	-	-	-	-	-	-	-
Revenue for the period		415	290	559	597	-	55	974	942
Surplus / (deficit) from the previous year		228	178	191	(406)	55	-	474	(228)
Total revenue including accrued revenue		643	468	750	191	55	55	1,448	714
Less expenses including accrued expenses		-	240	-	-	-	-	-	240
Surplus / (deficit)		643	228	750	191	55	55	1,448	474



University of Canberra
Canberra ACT 2601, Australia

T +61 2 6201 2066
+61 2 6201 2609
F +61 2 6201 5381
W www.canberra.edu.au