

# Financial Report 2007



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## Certification of the Financial Statements

### CERTIFICATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements of Curtin University of Technology have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 31 December 2007 and the financial position as at 31 December 2007.

At the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



**Mr Gordon Martin**  
Chancellor



**Professor Jeanette Hackett**  
Vice-Chancellor



**Mr David Menarry**  
Chief Finance Officer

Dated this 20th day of February 2008

### CERTIFICATION OF THE FINANCIAL STATEMENTS REQUIRED BY THE DEPARTMENT OF EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

We declare that:

- at the time of this certification, there are reasonable grounds to believe that Curtin University of Technology will be able to pay its debts as and when they fall due; and
- the amount of Commonwealth financial assistance expended during the financial year ended 31 December 2007 was for the purpose(s) for which it was provided and complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.



**Mr Gordon Martin**  
Chancellor



**Professor Jeanette Hackett**  
Vice-Chancellor

Dated this 19th day of March 2008

## Income Statement

for the year ended 31 December 2007

		2007	2006
	Note	\$'000	\$'000
<b>Revenue from continuing operations</b>			
Australian Government financial assistance			
Australian Government grants	5	188,260	177,929
HECS-HELP – Australian Government payments	5	63,887	58,284
FEE-HELP	5	12,686	12,801
State and Local Government financial assistance	6	21,923	18,391
HECS-HELP – Student payments		19,363	17,320
Fees and charges	7	152,111	145,357
Investment income	8	22,501	14,713
Royalties, trademarks and licences	9	20,721	11,521
Consultancy and contracts	10	26,729	27,965
Other revenue	11	38,294	36,211
		566,475	520,492
Deferred Government Superannuation Contributions		(4,166)	(5,455)
<b>Total revenue from continuing operations</b>		<b>562,309</b>	<b>515,037</b>
<b>Expenses from continuing operations</b>			
Employee benefits	12(a)	274,312	250,241
Depreciation and amortisation	13	23,725	26,906
Repairs and maintenance	14	12,195	8,273
Finance costs	15	1,813	1,839
Impairment of assets	16	(8)	(919)
Other expenses	17	178,704	151,640
		490,741	437,980
Deferred Employee Benefits for Superannuation	12(b)	(4,166)	(5,455)
<b>Total expenses from continuing operations</b>		<b>486,575</b>	<b>432,525</b>
<b>Net operating result for the year</b>		<b>75,734</b>	<b>82,512</b>

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

## Balance Sheet

as at 31 December 2007

		2007	2006
	Note	\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	19	110,110	76,639
Trade and other receivables	20	25,653	23,634
Inventories	21	1,061	1,509
Other financial assets:			
Unrestricted	22	561	35
Restricted	23	53,149	47,716
Other non financial assets	24	13,949	13,672
<b>Total Current Assets</b>		<b>204,483</b>	<b>163,205</b>
<b>Non-Current Assets</b>			
Trade and other receivables	20	64,383	68,488
Other financial assets – unrestricted	22	72,569	72,383
Property, plant and equipment	25	565,419	524,248
<b>Total Non-Current Assets</b>		<b>702,371</b>	<b>665,119</b>
<b>Total Assets</b>		<b>906,854</b>	<b>828,324</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	26	6,176	1,777
Borrowings	27	627	660
Provisions	28	50,309	48,650
Other liabilities	29	48,202	47,624
<b>Total Current Liabilities</b>		<b>105,314</b>	<b>98,711</b>
<b>Non-Current Liabilities</b>			
Borrowings	27	33,824	24,886
Provisions	28	78,627	82,249
<b>Total Non-Current Liabilities</b>		<b>112,451</b>	<b>107,135</b>
<b>Total Liabilities</b>		<b>217,765</b>	<b>205,846</b>
<b>Net Assets</b>		<b>689,089</b>	<b>622,478</b>
<b>EQUITY</b>			
Reserves	30	31,545	36,566
Retained surplus	30	657,544	585,912
<b>Total Equity</b>		<b>689,089</b>	<b>622,478</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 31 December 2007

	Note	Other reserves	Retained earnings	Total Equity
		\$'000	\$'000	\$'000
At 1 January 2006		5,506	519,039	524,545
Adjustment to opening equity – Assets derecognition	1(v)	–	(6,289)	(6,289)
Adjustment to opening equity – Grant income	1(v)	19,687	–	19,687
Adjustment to opening equity – Library collection	43	–	(2,863)	(2,863)
Unrealised investment gains for the year		4,886	–	4,886
Operating result for the year		–	82,512	82,512
Transferred from retained earnings	30	9,894	(9,894)	–
Transferred to retained earnings	30	(3,407)	3,407	–
At 31 December 2006	30	36,566	585,912	622,478
Unrealised investment gain/(loss) for the year		(8,857)	–	(8,857)
Realised investment gain/(loss)		(295)	–	(295)
Unrealised hedging gain/(loss)		29	–	29
Operating result for the year		–	75,734	75,734
Transferred from retained earnings	30	4,332	(4,332)	–
Transferred to retained earnings	30	(230)	230	–
At 31 December 2007	30	31,545	657,544	689,089

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 2007

Note	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Australian Government grants received	5(g) 265,528	240,489
HECS-HELP – Student payments	19,363	17,320
Fees and charges	154,765	153,237
Royalties, trademarks and licences	20,721	11,521
Consultancy and contracts	28,657	28,324
Interest received	10,373	6,256
Dividends received	111	275
Distributions received	12,017	8,153
Other	37,573	34,676
<b>Payments</b>		
Payments to employees	(272,678)	(251,751)
Payments to suppliers	(192,322)	(155,522)
Interest and other costs of finance paid	(1,813)	(1,839)
<b>Net cash provided by operating activities</b>	38(b) 82,295	91,139
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(64,956)	(45,028)
Proceeds on sale of property, plant and equipment	254	186
Payment for investments	(14,735)	(15,447)
<b>Net cash used in investing activities</b>	(79,437)	(60,289)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(827)	(639)
Proceeds from borrowings	9,517	–
<b>Cash used in financing activities</b>	8,690	(639)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Financial assistance	21,923	17,110
<b>Cash provided by State Government</b>	21,923	17,110
Net increase/ (decrease) in cash and cash equivalents	33,471	47,321
Cash and cash equivalents at the beginning of the year	76,639	29,318
<b>Cash and cash equivalents at the end of the year</b>	38(a) 110,110	76,639

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

## Notes to the Financial Statements

for the year ended 31 December 2007

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# Notes to the Financial Statements

for the year ended 31 December 2007

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the Department of Education, Employment and Workplace Relations, relevant sections of the *Financial Management Act 2006* and relevant Treasurer's Instructions.

The financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

#### Accrual basis of accounting

The financial report, except for cash flow information, is prepared using the accrual basis of accounting.

#### Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards 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 statements, are disclosed in note 3.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

### (b) Not-for-profit status

For the purpose of the application of Accounting Standards and Interpretations, the University is considered to be a not-for-profit entity.

### (c) Principles of consolidation

Consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the University (the parent entity) and any controlled entities, in accordance with AASB 127 "Consolidated and Separate Financial Statements" and modified by Treasurer's Instruction 1105.

Consolidated financial statements are not required this year as there are no controlled entities.

### (d) Revenue recognition

Revenue from sale of goods, disposal of other assets and the rendering of services is recognised when the University has passed control and the significant risks and rewards of ownership to the buyer of the goods or other assets, or it has provided the service to the customer.

#### Student fees

Student fees are recognised when the University has provided the service(s) to the student.

#### Commonwealth supported student income

Income for Commonwealth supported students is recognised when the University has provided the service(s) to the student.

#### Research income

Research grants from government are recognised as revenue when the University obtains control over the asset comprising the contributions. When the University does not have control of the contribution, does not have the right to receive the contribution or, in the case of reciprocal grants, has not fulfilled grant conditions, the grant contribution is treated as a liability in the Balance Sheet as deferred income.



## Notes to the Financial Statements

for the year ended 31 December 2007

Reciprocal research income from other entities is recognised as revenue when the University has provided the service to the customer. Non-reciprocal research income from other entities is recognised as revenue when the University obtains control over the asset comprising the contributions.

### Other government grants

Other grants from government are recognised as revenue when the University obtains control over the asset comprising the contributions. When the University does not have control over the contribution, does not have the right to receive the contribution or, in the case of reciprocal grants, has not fulfilled grant conditions, the grant contribution is treated as a liability in the Balance Sheet as deferred income.

### Consultancy fees

Consultancy fees are recognised when the University has provided the service(s) to the customer.

### Other contributions revenue

Donations, gifts and other non-reciprocal contributions are recognised as revenue when the University obtains control over the assets comprising the contributions.

Contributions of assets are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

### (e) Acquisition and disposal of assets

All property, plant and equipment with a cost greater than \$5,000 (excluding GST) is recorded as a non-current asset at cost, less subsequent depreciation and impairment.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Income Statement.

### (f) Depreciation of non-current assets

All non-current assets having a limited useful life are depreciated or amortised over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on a straight-line basis from the time the asset becomes available for use. Estimated useful lives are as follows:

• Land	Not depreciated
• Buildings	5-50 years
• Leasehold land and improvements	Shorter of 50 years or life of lease
• Computing equipment	3 years
• Other equipment and furniture	8 years
• Motor vehicles	5 years
• Leased plant and equipment	Shorter of 8 years or lease period
• Works of art	Not depreciated

Land and works of art controlled by the University are classified as non-current assets. They are anticipated to have indeterminate useful lives since their service potential is not, in any material sense, consumed. As such, no amount for depreciation is recognised.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

### Library collections

The total cost of the last three years' acquisition of library books and journals is considered to represent an acceptable carrying value of the library collection. In each year, that year's cost of acquisition is added onto the carrying value and the earliest year's cost of acquisition within the carrying value is written off as an acceptable estimate of the depreciation of the library collection for the current year.

# Notes to the Financial Statements

for the year ended 31 December 2007

## (g) Impairment of property, plant and equipment

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount. That reduction is an impairment loss, which is recognised as an expense to the Income Statement. Recoverable amount is based on "value in use" and is determined as the depreciated replacement cost of the asset.

## (h) Intangible assets

An intangible asset shall be recognised if, and only if:

- (a) it is probable that expected future economic benefits are attributable to the asset and will flow to the University; and
- (b) the cost of the asset can be measured reliably.

## (i) Leases

In accordance with AASB 117 "Leases", leased assets classified as "finance leases" are recognised as assets. The amount initially brought to account as an asset is the present value of minimum lease payments. An equivalent finance lease liability is brought to account at the same time.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense in the Income Statement on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

## (j) Inventories

Inventories are valued at the lower of cost and current replacement cost. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a weighted-average cost basis.

## (k) Receivables

Current accounts receivable are recognised at nominal amounts receivable, as they are due for settlement no more than 30 days from the date of recognition. Non-current accounts receivable are recognised at fair value.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off as bad debts. An allowance for impairment of receivables is raised when there is objective evidence that the University may not be able to collect the debts.

## (l) Investments

In accordance with AASB 139 "Financial Instruments: Recognition and Measurement", investments other than unlisted shares are classified as available-for-sale and are measured at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to the Income Statement for the period.

Unlisted shares are stated at historical cost unless there has been a permanent diminution in value, in which event a recoverable amount write-down is made.

Interest revenue and other investment income is recognised when earned.

Details of financial instruments are provided in note 31.

## (m) Payables

Payables, including accruals (expenses incurred but not yet billed), are recognised when the University becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within a 30-day term.

## (n) Interest bearing liabilities

Bank loans and other interest-bearing liabilities are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accruals basis.

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

## Notes to the Financial Statements

for the year ended 31 December 2007

### (o) Employee benefits

#### Annual leave

This benefit is recognised at the reporting date in respect of employees' service up to that date and is measured at nominal amounts expected to be paid when the liabilities are settled, including anniversary increments and anticipated salary increases.

#### Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits as a current liability and is measured at the nominal 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 recognised in the provision for employee benefits as a non-current liability and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

#### Superannuation

The University contributes to a number of superannuation schemes, including both defined contribution and defined benefit schemes.

Payments to defined contribution schemes are charged as an expense as they fall due. The University's obligation is limited to these contributions.

Defined benefit schemes provide a defined lump-sum benefit to scheme members based on years of service and final average salary.

A defined benefit liability is included in the Balance Sheet equal to the present value of the defined benefit obligation at the reporting date (less any past service costs not yet recognised) less the fair value of scheme assets at the reporting date.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out on an annual basis. Actuarial gains and losses are recognised as an income or an expense in the period in which they occur. Where appropriate, the University has adopted the multi-employer provisions of AASB 119 "Employee Benefits" paragraph 30. This is currently relevant to the UniSuper Defined Benefit scheme.

#### Unfunded superannuation

An arrangement exists between the Commonwealth Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Schemes on an emerging cost basis. The unfunded liabilities have been recognised in the Balance Sheet under Provisions, with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability consequently does not affect the year-end net asset position of the University. The liability and equivalent receivable are measured actuarially on an annual basis.

#### Accrued or prepaid salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial period, as the end of the last pay period for that financial year does not always coincide with the end of the financial period. The University considers that the nominal carrying amount approximates net fair value.

If the payroll is paid on a date prior to the end of the financial year, the amount prepaid which overlaps the year end is treated as a current asset.

### (p) Employee benefits on-costs

Annual leave and long service leave on-costs are not categorised as employee benefit costs but are recognised and disclosed separately in accordance with AASB 119 "Employee Benefits".

### (q) Foreign currency

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency monetary items which include cash, receivables and payables are translated at exchange rates current at the reporting date. Exchange gains and losses are brought to account in the Income Statement.

The University enters into foreign exchange forward contracts to manage its exposure to foreign exchange risk to material transactions denominated in foreign currency. Hedges of foreign exchange risk on highly probable or firm commitments are recognised as cash-flow hedges. The University reviews the effectiveness of the hedging instrument in offsetting the changes in the cash flows of the hedged transaction, with the effective portion being recognised directly in Equity. The gain or loss on any ineffective portion is recognised immediately in the Income Statement and amounts recognised in Equity are transferred to the Income Statement in the period(s) that the hedged transaction is recognised. Hedge accounting is discontinued by the University when the hedge instrument expires, is terminated, exercised, or no longer qualifies for hedge accounting. At this point, the cumulative gain or loss recognised in Equity is immediately recognised in the Income Statement.

# Notes to the Financial Statements

for the year ended 31 December 2007

## (r) Reserves

Reserves are created for funds that are retained and set aside for expenditure on specified items in future periods.

## (s) Taxes

### Income tax

Curtin University of Technology is exempt from income tax as per Subdivision 50-B of the *Income Tax Assessment Act 1997*.

### Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

### Fringe benefits tax

The University is liable to pay Fringe Benefits Tax, and it is included in "Other Expenses" in the Income Statement.

### Payroll tax

The University is liable to pay Payroll Tax, and it is included in "Other Expenses" in the Income Statement.

## (t) Other expenses

### Borrowing costs

Bank loans and other interest-bearing liabilities are recorded in the Balance Sheet at an amount equal to the net proceeds received.

### Repairs and maintenance

All repairs and maintenance expenditure is charged to the Income Statement during the financial period in which it is incurred.

### Research and development

Research and development costs are expensed to the Income Statement as incurred.

## (u) Comparative figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

## (v) Changes in accounting policy

### Asset capitalisation threshold

With retrospective effect from 1 January 2006, the University's asset capitalisation threshold was increased to \$5,000 from the previous amount of \$1,000. Property, plant and equipment with cost below the capitalisation threshold is expensed in the year of purchase.

The increase in threshold was introduced in order to simplify administration of the University's assets, enabling, in particular, more reliable and relevant information from fixed asset stock takes.

The net book value of assets purchased in 2006 and now de-registered amounted to \$2.057 million, with the 2006 operating result adjusted for assets cost expensed at \$4.547 million and depreciation written back by \$2.490 million.

The net book value of assets purchased prior to 1 January 2006 and now de-registered amounted to \$6.289 million (Asset cost expensed \$19.066 million; Depreciation written back \$12.777 million). This amount reduced retained earnings as at 1 January 2006.

The 2006 comparatives have been adjusted to reflect the financial impact of the new accounting treatment.

# Notes to the Financial Statements

for the year ended 31 December 2007

## Grant policy change

With retrospective effect from 1 January 2006, the University changed its accounting policy in relation to the recognition of research income and other government grant monies. The new policy requires all non-reciprocal grants that have been received by the University to be recognised as income in the year the grants are received. Previously, grants were recognised as deferred income if they were received in advance of the year in which they were expended.

The net effect of the change in the accounting treatment for non-reciprocal grants which were received in 2006 but had not been recognised as income in that year was to increase the net operating result for 2006 by \$9.768 million.

The net effect of the change in accounting treatment for non-reciprocal grants which were received prior to 2006 but had not been recognised as income was to increase net assets by \$19.687 million as at 1 January 2006.

The 2006 comparatives have been adjusted to reflect the financial impact of the new accounting treatment.

Unspent research grant funds at the end of each financial year are now recognised by way of a Research grants reserve (refer note 30).

## 2 FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks. The financial risks include market risk, credit risk, liquidity risk, and cash-flow interest rate risk.

### (a) Market risk

The University has exposure to movements in interest rates and foreign exchange rates. For example, movements in interest rates and foreign exchange rates can affect the fair value of the University's investments. In order to mitigate this risk, the University seeks to conduct its business in Australian dollars where it is commercially practical to do so and to hedge any material foreign currency transactions. Furthermore, interest rate risk is managed by ensuring that the majority of the University's borrowings are at fixed interest rates. The University also engages the services of reputable and experienced fund managers together with a recognised investment adviser and ensures that the performance of the investment portfolio is reviewed regularly.

### (b) Liquidity risk

The University maintains sufficient cash and marketable securities in order to manage liquidity risk.

### (c) Cash-flow interest rate risk

The majority of the University's borrowings are currently at fixed rates of interest in order to manage the effect of adverse interest rate movements.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The key assumptions made concerning the future, and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- Allowances for impairment of receivables – (refer notes 1(k) and 20).
- Deferred Government superannuation contribution / Deferred employee benefits for superannuation (refer note 1(o))
- Discount rates used in estimating provisions – discount rates are based on market yields on government bonds.
- Estimating useful life of key assets – the useful life reflects the consumption of the key assets' future economic benefits (refer note 1(f)).

### (b) Critical judgements in applying the University's accounting policies

The judgements that have been made in the process of applying accounting policies which have the most significant effect on the amounts recognised in the financial report include:

- Estimating the useful life of key assets;
- Impairment of property, plant and equipment; and
- Impairment of receivables.

## Notes to the Financial Statements

for the year ended 31 December 2007

## 4 DISAGGREGATED INFORMATION

## (a) Industry – Dual Sector Providers

	2007			2006		
	Higher Education	VET <sup>1</sup>	Total University	Higher Education	VET	Total University
Income Statement	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from continuing operations</b>						
Australian Government financial assistance:						
Australian Government grants	187,974	286	188,260	177,627	302	177,929
HECS-HELP – Australian Government payments	63,887	–	63,887	58,284	–	58,284
FEE-HELP	12,686	–	12,686	12,801	–	12,801
State and Local Government financial assistance	9,941	11,982	21,923	8,434	9,957	18,391
HECS-HELP – Student payments	19,363	–	19,363	17,320	–	17,320
Fees and charges	151,184	927	152,111	144,548	809	145,357
Investment income	22,355	146	22,501	14,636	77	14,713
Royalties, trademarks and licences	20,721	–	20,721	11,521	–	11,521
Consultancy and contracts	26,729	–	26,729	27,965	–	27,965
Other revenue	35,475	2,819	38,294	33,361	2,850	36,211
	550,315	16,160	566,475	506,497	13,995	520,492
Deferred Government Superannuation Contributions	(4,166)	–	(4,166)	(5,455)	–	(5,455)
<b>Total revenue from continuing operations</b>	<b>546,149</b>	<b>16,160</b>	<b>562,309</b>	<b>501,042</b>	<b>13,995</b>	<b>515,037</b>
<b>Expenses from continuing operations</b>						
Employee benefits	266,782	7,530	274,312	244,281	5,960	250,241
Depreciation and amortisation	22,540	1,185	23,725	25,958	948	26,906
Repairs and maintenance	11,817	378	12,195	7,596	677	8,273
Finance costs	1,538	275	1,813	1,518	321	1,839
Impairment of assets	(8)	–	(8)	(920)	1	(919)
Other expenses	173,368	5,336	178,704	146,335	5,305	151,640
	476,037	14,704	490,741	424,768	13,212	437,980
Deferred employee benefits for superannuation	(4,166)	–	(4,166)	(5,455)	–	(5,455)
<b>Total expenses from continuing operations</b>	<b>471,871</b>	<b>14,704</b>	<b>486,575</b>	<b>419,313</b>	<b>13,212</b>	<b>432,525</b>
<b>Net operating result for the year</b>	<b>74,278</b>	<b>1,456</b>	<b>75,734</b>	<b>81,729</b>	<b>783</b>	<b>82,512</b>

1 Vocational Education and Training

## Notes to the Financial Statements

for the year ended 31 December 2007

## 4 DISAGGREGATED INFORMATION (CONTINUED)

## (a) Industry – Dual Sector Providers (continued)

	2007			2006		
	Higher Education	VET <sup>1</sup>	Total University	Higher Education	VET	Total University
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance Sheet</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	112,925	(2,815)	110,110	79,695	(3,056)	76,639
Trade and other receivables	24,783	870	25,653	23,253	381	23,634
Inventories	1,061	–	1,061	1,498	11	1,509
Other financial assets:						
Unrestricted	561	–	561	35	–	35
Restricted	53,149	–	53,149	47,716	–	47,716
Other non-financial assets	13,933	16	13,949	13,654	18	13,672
<b>Total Current Assets</b>	<b>206,412</b>	<b>(1,929)</b>	<b>204,483</b>	<b>165,851</b>	<b>(2,646)</b>	<b>163,205</b>
<b>Non-Current Assets</b>						
Trade and other receivables	63,843	540	64,383	67,948	540	68,488
Other financial assets (unrestricted)	72,569	–	72,569	72,383	–	72,383
Property, plant and equipment	531,692	33,727	565,419	489,428	34,820	524,248
<b>Total Non-Current Assets</b>	<b>668,104</b>	<b>34,267</b>	<b>702,371</b>	<b>629,759</b>	<b>35,360</b>	<b>665,119</b>
<b>Total Assets</b>	<b>874,516</b>	<b>32,338</b>	<b>906,854</b>	<b>795,610</b>	<b>32,714</b>	<b>828,324</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	5,924	252	6,176	1,777	–	1,777
Borrowings	132	495	627	294	366	660
Provisions	49,926	383	50,309	47,650	1,000	48,650
Other liabilities	47,480	722	48,202	46,060	1,564	47,624
<b>Total Current Liabilities</b>	<b>103,462</b>	<b>1,852</b>	<b>105,314</b>	<b>95,781</b>	<b>2,930</b>	<b>98,711</b>
<b>Non-Current Liabilities</b>						
Borrowings	29,945	3,879	33,824	20,263	4,623	24,886
Provisions	78,030	597	78,627	81,642	607	82,249
<b>Total Non-Current Liabilities</b>	<b>107,975</b>	<b>4,476</b>	<b>112,451</b>	<b>101,905</b>	<b>5,230</b>	<b>107,135</b>
<b>Total Liabilities</b>	<b>211,437</b>	<b>6,328</b>	<b>217,765</b>	<b>197,686</b>	<b>8,160</b>	<b>205,846</b>
<b>Net Assets</b>	<b>663,079</b>	<b>26,010</b>	<b>689,089</b>	<b>597,924</b>	<b>24,554</b>	<b>622,478</b>
<b>EQUITY</b>						
Reserves	31,545	–	31,545	36,566	–	36,566
Retained surplus	631,534	26,010	657,544	561,358	24,554	585,912
<b>Total Equity</b>	<b>663,079</b>	<b>26,010</b>	<b>689,089</b>	<b>597,924</b>	<b>24,554</b>	<b>622,478</b>

1 Vocational Education and Training

## Notes to the Financial Statements

for the year ended 31 December 2007

## 4 DISAGGREGATED INFORMATION (CONTINUED)

## (a) Industry – Dual Sector Providers (continued)

Statement of Changes in Equity	Higher Education			VET			University
	Other reserves	Retained earnings	Total Equity	Other reserves	Retained earnings	Total Equity	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2006	5,506	494,770	500,276	–	24,269	24,269	524,545
Adjustment to opening equity – Assets de-recognition	–	(5,791)	(5,791)	–	(498)	(498)	(6,289)
Adjustment to opening equity – Grant income	19,687	–	19,687	–	–	–	19,687
Adjustment to opening equity – Library Collection	–	(2,863)	(2,863)	–	–	–	(2,863)
Unrealised investment gains for the year	4,886	–	4,886	–	–	–	4,886
Operating result for the year	–	81,729	81,729	–	783	783	82,512
Transferred from retained earnings	9,894	(9,894)	–	–	–	–	–
Transferred to retained earnings	(3,407)	3,407	–	–	–	–	–
At 31 December 2006	36,566	561,358	597,924	–	24,554	24,554	622,478
Unrealised investment gains for the year	(8,857)	–	(8,857)	–	–	–	(8,857)
Realised investment gain/(loss)	(295)	–	(295)	–	–	–	(295)
Unrealised hedging gain/(loss)	29	–	29	–	–	–	29
Operating result for the year	–	74,278	74,278	–	1,456	1,456	75,734
Transferred from retained earnings	4,332	(4,332)	–	–	–	–	–
Transferred to retained earnings	(230)	230	–	–	–	–	–
At 31 December 2007	31,545	631,534	663,079	–	26,010	26,010	689,089



## Notes to the Financial Statements

for the year ended 31 December 2007

## 4 DISAGGREGATED INFORMATION (CONTINUED)

## (a) Industry – Dual Sector Providers (continued)

	2007			2006		
	Higher Education	VET	Total University	Higher Education	VET	Total University
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flow Statement</b>						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Australian Government grants received	265,242	286	265,528	240,187	302	240,489
HECS-HELP – Student payments	19,363	–	19,363	17,320	–	17,320
Fees and charges	155,170	(405)	154,765	152,071	1,166	153,237
Royalties, trademarks and licences	20,721	–	20,721	11,521	–	11,521
Consultancy and contracts	28,657	–	28,657	28,324	–	28,324
Interest received	10,227	146	10,373	6,179	77	6,256
Dividends received	111	–	111	275	–	275
Distributions received	12,017	–	12,017	8,153	–	8,153
Other	34,765	2,808	37,573	31,826	2,850	34,676
<b>Payments</b>						
Payments to employees	(264,521)	(8,157)	(272,678)	(246,210)	(5,541)	(251,751)
Payments to suppliers	(186,892)	(5,430)	(192,322)	(149,890)	(5,632)	(155,522)
Interest and other costs of finance paid	(1,538)	(275)	(1,813)	(1,518)	(321)	(1,839)
<b>Net cash provided by operating activities</b>	<b>93,322</b>	<b>(11,027)</b>	<b>82,295</b>	<b>98,238</b>	<b>(7,099)</b>	<b>91,139</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payment for property, plant and equipment	(64,834)	(122)	(64,956)	(44,000)	(1,028)	(45,028)
Proceeds on sale of property, plant and equipment	231	23	254	186	–	186
Payment for investments	(14,735)	–	(14,735)	(15,447)	–	(15,447)
<b>Net cash used in investing activities</b>	<b>(79,338)</b>	<b>(99)</b>	<b>(79,437)</b>	<b>(59,261)</b>	<b>(1,028)</b>	<b>(60,289)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings	(212)	(615)	(827)	(164)	(475)	(639)
Proceeds from borrowings	9,517	–	9,517	–	–	–
<b>Cash used in financing activities</b>	<b>9,305</b>	<b>(615)</b>	<b>8,690</b>	<b>(164)</b>	<b>(475)</b>	<b>(639)</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Financial assistance	9,941	11,982	21,923	7,153	9,957	17,110
<b>Cash provided by State Government</b>	<b>9,941</b>	<b>11,982</b>	<b>21,923</b>	<b>7,153</b>	<b>9,957</b>	<b>17,110</b>
Net increase/(decrease) in cash and cash equivalents held	33,230	241	33,471	45,966	1,355	47,321
Cash and cash equivalents at the beginning of the year	79,695	(3,056)	76,639	33,729	(4,411)	29,318
<b>Cash and cash equivalents at the end of the year</b>	<b>112,925</b>	<b>(2,815)</b>	<b>110,110</b>	<b>79,695</b>	<b>(3,056)</b>	<b>76,639</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

## 4 DISAGGREGATED INFORMATION (CONTINUED)

## (b) Geographical

Geographical	Revenue		Operating Result		Assets	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	540,959	493,563	70,934	77,662	901,942	818,748
Asia	20,411	21,129	4,447	4,547	4,518	8,924
Other	939	345	353	303	394	652
	562,309	515,037	75,734	82,512	906,854	828,324

## 5 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMS

	Note	2007	2006
		\$'000	\$'000
<b>(a) Commonwealth Grants Scheme and Other Grants</b>	45(a)		
Commonwealth Grants Scheme		119,977	115,438
Indigenous Support Fund		2,133	1,718
Workplace Reform Program		1,581	1,503
Workplace Productivity Program		2,813	1,059
Disability Support Program		154	139
Superannuation Program		6,424	6,216
Capital Development Pool		–	–
Equity Programs		241	332
Learning & Teaching Performance Fund		500	–
<b>Total Commonwealth Grants Scheme &amp; Other Grants</b>		<b>133,823</b>	<b>126,405</b>
<b>(b) Higher Education Loan Programs</b>	45(b)		
HECS-HELP		63,887	58,284
FEE-HELP		12,686	12,801
<b>Total Higher Education Loan Programs</b>		<b>76,573</b>	<b>71,085</b>
<b>(c) Scholarships</b>	45(c)		
Australian Postgraduate Awards		2,347	2,230
Indigenous Staff Scholarships		21	22
International Postgraduate Research Scholarships		455	463
Commonwealth Education Costs Scholarships		1,158	817
Commonwealth Accommodation Scholarships		1,665	1,354
<b>Total Scholarships</b>		<b>5,646</b>	<b>4,886</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

## 5 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMS (CONTINUED)

		2007	2006
	Note	\$'000	\$'000
<b>(d) DEEWR – Research</b>	45(d)		
Institutional Grants Scheme		6,178	6,071
Research Training Scheme		12,919	12,364
Systemic Infrastructure Initiative		–	10
Research Infrastructure Block Grants		2,109	2,021
Commercialisation Training Scheme		128	–
Implementation Assistance Program		61	–
Australian Scheme for Higher Education Repositories		118	–
<b>Total DEEWR – Research Grants</b>		<b>21,513</b>	<b>20,466</b>
<b>(e) Australian Research Council</b>			
<b>(i) Discovery</b>	45(e)(i)		
Project		3,866	3,921
Indigenous Researchers Development		–	(5)
Fellowships		–	–
<b>Total Discovery</b>		<b>3,866</b>	<b>3,916</b>
<b>(ii) Linkages</b>	45(e)(ii)		
Special Research Initiatives		–	26
Infrastructure		500	290
International		217	31
Projects		1,936	2,392
<b>Total Linkages</b>		<b>2,653</b>	<b>2,739</b>
<b>(f) Other Australian Government financial assistance</b>			
Other (includes Co-operative Research Centre funding)		20,759	19,517
<b>Total Australian Government Financial Assistance</b>		<b>264,833</b>	<b>249,014</b>
<b>Reconciliation</b>			
Australian Government grants [a+c+d+e+f]		188,260	177,929
HECS-HELP – Australian Government payments		63,887	58,284
Other Australian Government loan programs (FEE-HELP)		12,686	12,801
<b>Total Australian Government Financial Assistance</b>		<b>264,833</b>	<b>249,014</b>
<b>(g) Australian Government Grants Received – cash basis</b>			
CGS and Other DEEWR grants	45 (a)	133,371	123,378
Higher Education Loan Programs	45 (b)	75,680	68,746
Scholarships	45 (c)	6,598	5,503
DEEWR Research	45 (d)	21,513	20,456
ARC grants – Discovery	45 (e)(i)	3,852	3,908
ARC grants – Linkages	45 (e)(ii)	2,547	2,739
Other Government grants		21,671	16,352
<b>Total Australian Government Grants Received – cash basis</b>		<b>265,232</b>	<b>241,082</b>
OS-Help (Net)		296	(593)
<b>Total Australian Government Funding Received – cash basis</b>		<b>265,528</b>	<b>240,489</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

**6 STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE**

	Note	2007	2006
		\$'000	\$'000
WA State Department of Education and Training		11,444	9,648
WA State Government – other		10,466	8,715
WA Local Government		13	28
<b>Total State and Local Government Financial Assistance</b>		<b>21,923</b>	<b>18,391</b>

**7 FEES AND CHARGES**

<b>Course Fees and Charges</b>			
Fee-paying overseas students		121,746	115,832
Continuing education		6,227	6,254
Fee-paying domestic postgraduate students		9,463	8,441
Fee-paying domestic undergraduate students		387	40
<b>Total Course Fees and Charges</b>		<b>137,823</b>	<b>130,567</b>
<b>Other Non-Course Fees and Charges</b>			
Amenities and service fees		(1)	2,347
Examination fees		1,955	1,625
Late fees		355	414
Library fines		161	112
Parking fees		1,755	1,278
Registration fees		582	960
Incidental fees		446	248
Ancillary fees		479	269
Student accommodation		6,692	5,902
Other fees and charges		1,864	1,635
<b>Total Other Non-Course Fees and Charges</b>		<b>14,288</b>	<b>14,790</b>
<b>Total Fees and Charges</b>		<b>152,111</b>	<b>145,357</b>

**8 INVESTMENT INCOME**

Dividends from investment shares		111	275
Distributions from managed funds		12,017	8,153
Realised movement in value of investments sold		295	–
Interest received		10,078	6,285
<b>Total Investment Income</b>		<b>22,501</b>	<b>14,713</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

**9 ROYALTIES, TRADEMARKS AND LICENCES**

	Note	2007	2006
		\$'000	\$'000
Royalties		20,721	11,521
<b>Total Royalties, Trademarks and Licences</b>		<b>20,721</b>	<b>11,521</b>

**10 CONSULTANCY AND CONTRACTS**

<b>Research</b>			
Consultancy		8,147	9,096
Contract research		18,582	18,869
<b>Total Consultancy and Contracts</b>		<b>26,729</b>	<b>27,965</b>

**11 OTHER REVENUE**

Trading income <sup>1</sup>		15,298	13,548
Donations		2,517	2,153
Rental income		2,349	2,091
Sundry income from Australian businesses		4,706	3,945
Sundry income from Australian non-profit organisations		7,181	5,251
Sundry income from overseas sources		1,780	1,888
Insurance claims		43	640
Staff salary recoveries		1,314	1,328
Proceeds from sale of minor equipment		147	103
Conference income		686	607
Exchange rate gains		–	109
Other		2,273	4,548
<b>Total Other Revenue</b>		<b>38,294</b>	<b>36,211</b>
<b><sup>1</sup> Revenue from sale of goods included under trading income</b>			
Sales		8,226	7,532
Cost of sales:			
Opening inventory		552	912
Purchases		6,769	5,683
		7,321	6,595
Closing inventory		(600)	(552)
Cost of Goods Sold		6,721	6,043
<b>Gross margin before selling and administrative expenses</b>		<b>1,505</b>	<b>1,489</b>

Inventory purchases are included under "Other Expenses – Inventory used and sold" (See note 17)

## Notes to the Financial Statements

for the year ended 31 December 2007

**12 EMPLOYEE BENEFITS**

	2007	2006
Note	\$'000	\$'000
<b>(a) Employee Benefits</b>		
<b>Academic</b>		
Salaries	115,071	104,313
Contribution to funded superannuation and pension schemes	22,404	19,173
Long service leave expense	2,915	3,698
Annual leave	8,270	7,504
<b>Total Academic</b>	<b>148,660</b>	<b>134,688</b>
<b>Non-academic</b>		
Salaries	99,180	88,975
Contribution to funded superannuation and pension schemes	16,340	16,486
Long service leave expense	2,734	3,316
Annual leave	7,398	6,776
<b>Total Non-academic</b>	<b>125,652</b>	<b>115,553</b>
<b>Total Academic and Non-academic Employee Benefits</b>	<b>274,312</b>	<b>250,241</b>
<b>(b) Unfunded Superannuation</b>		
Deferred government employee benefits for unfunded superannuation schemes	(4,166)	(5,455)

**13 DEPRECIATION AND AMORTISATION**

Buildings	13,931	13,587
Leasehold land and improvements	48	47
Computing equipment	1,864	2,710
Other equipment and furniture	4,300	4,252
Motor vehicles	285	260
Library collections	3,297	6,050
<b>Total Depreciation Expense</b>	<b>23,725</b>	<b>26,906</b>

**14 REPAIRS AND MAINTENANCE**

Property	5,113	2,726
Minor new works	6,380	5,044
Grounds maintenance	702	503
<b>Total Repairs and Maintenance</b>	<b>12,195</b>	<b>8,273</b>

**15 FINANCE COSTS**

Interest paid	1,813	1,839
<b>Total Finance Costs</b>	<b>1,813</b>	<b>1,839</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

**16 IMPAIRMENT OF ASSETS**

	Note	2007	2006
		\$'000	\$'000
Bad debts written off		1,529	698
Movement in allowance for impaired debts		(1,537)	(1,617)
<b>Total Impairment of Assets</b>		<b>(8)</b>	<b>(919)</b>

**17 OTHER EXPENSES**

Payroll tax		14,621	13,377
Workers' compensation		664	446
Scholarships, grants and prizes		19,285	15,104
Non-capitalised equipment		4,936	7,282
Advertising, marketing and promotional expenses		5,387	3,545
Telecommunications		2,288	1,673
Travel		13,446	14,134
Staff development and training		3,436	3,407
Inventory used and sold		8,142	7,121
Lease and rental expenses		3,765	3,574
Exchange rate losses		28	-
Contract work		34,939	23,154
Amenities and service expense		778	2,284
Offshore partner fee share		5,091	5,463
Utilities and cleaning		9,477	9,164
Fees and commissions		7,040	6,007
Books		2,251	2,105
Computer peripherals and parts		15,194	8,800
Consumables		11,672	9,577
Net loss on disposal of non-current assets	18	21	581
Hospitality		2,036	1,073
Postage and courier		1,374	1,392
Subscriptions		3,635	3,182
Publications		777	833
Staff recruitment		745	554
Graduations		1,149	860
Financial assistance provided/research support		4,001	4,414
Security		270	146
Insurance		1,496	1,748
Occupational health safety and welfare		323	166
Other		437	474
<b>Total Other Expenses</b>		<b>178,704</b>	<b>151,640</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

**18 NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS**

	Note	2007	2006
		\$'000	\$'000
Carrying amount for Disposal of Non-current Assets			
Property, plant and equipment		275	767
Proceeds from Disposal of Non-current Assets			
Property, plant and equipment		(254)	(186)
<b>Net Loss on Disposal of Non-current Assets</b>		<b>21</b>	<b>581</b>

**19 CASH AND CASH EQUIVALENTS – UNRESTRICTED**

Cash at bank and on hand <sup>1</sup>		19,934	40,482
Deposits <sup>2</sup>			
– At call		176	1,157
– Fixed term		90,000	35,000
<b>Total Cash and Cash Equivalents – unrestricted</b>		<b>110,110</b>	<b>76,639</b>

1 Cash on hand is non-interest bearing and cash at bank is subject to variable interest rates (refer to note 31).

2 Deposits are interest bearing at variable interest rates (refer to note 31).

**20 TRADE AND OTHER RECEIVABLES**

	Note	2007	2006
		\$'000	\$'000
<b>Current</b>			
Student receivables		3,613	6,018
Less: Allowance for impairment of receivables		(250)	(2,034)
		3,363	3,984
General receivables		23,894	21,405
Less: Allowance for impairment of receivables		(4,057)	(4,269)
		19,837	17,136
Deferred Government Contribution for Superannuation		2,453	2,514
<b>Total Current</b>		<b>25,653</b>	<b>23,634</b>
<b>Non-current</b>			
Deferred Government Contribution for Superannuation		64,383	68,488
<b>Total Receivables</b>		<b>90,036</b>	<b>92,122</b>

**Impaired receivables**

The creation and release of the allowance for impaired receivables has been included in "Impairment of Assets" in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due date. Based on historical trends, it is expected that these amounts will be received when due.

As at 31 December 2007 current receivables for student fees of the University with a nominal value of \$0.250 million (2006: \$2.034 million) were impaired. The amount of the allowance was \$0.250 million (2006: \$2.034 million).



## Notes to the Financial Statements

for the year ended 31 December 2007

## 20 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note	2007	2006
	\$'000	\$'000
The ageing of these receivables is as follows:		
Less than 12 months	42	709
Greater than 12 months	208	1,325
	250	2,034
As at 31 December 2007, current receivables for student fees of \$2.092 million (2006: \$2.207million) were past due date but not impaired. The ageing analysis of these receivables is as follows:		
Less than 12 months	1,971	1,902
Greater than 12 months	121	305
	2,092	2,207
As at 31 December 2007 current general receivables with a nominal value of \$4.057million (2006: \$4.269 million) were impaired. The ageing of these receivables is as follows:		
Less than 12 months	865	1,076
Greater than 12 months	3,192	3,193
	4,057	4,269
As at 31 December 2007, current general receivables of \$10.667 million (2006: \$9.218 million) were past due date but not impaired. The ageing analysis of these receivables is as follows:		
Less than 12 months	10,667	9,218
Greater than 12 months	–	–
	10,667	9,218
Movements in the allowance for impaired student fees receivables are as follows:		
Balance at start of year	2,034	4,000
Allowance for impairment recognised during the year	42	709
Receivables written off during the year as uncollectable	(840)	(648)
Unused amount reversed	(986)	(2,027)
Balance at end of year	250	2,034
Movements in the allowance for impaired general receivables are as follows:		
Balance at start of year	4,269	3,906
Allowance for impairment recognised during the year	936	721
Receivables written off during the year as uncollectable	(689)	(50)
Unused amount reversed <sup>1</sup>	(459)	(308)
Balance at end of year	4,057	4,269

<sup>1</sup> Represents foreign exchange gains offset against exchange rate losses within "Other Expenses".

## Notes to the Financial Statements

for the year ended 31 December 2007

**21 INVENTORIES**

Note	2007	2006
	\$'000	\$'000
<b>Inventories held for resale:</b>		
Merchandise (at cost)	694	1,179
<b>Inventories not held for resale:</b>		
General stores (at cost)	118	106
Farming stores (at current replacement cost)	249	224
<b>Total Inventories Not Held for Resale</b>	<b>367</b>	<b>330</b>
<b>Total Inventories</b>	<b>1,061</b>	<b>1,509</b>

**22 OTHER FINANCIAL ASSETS – UNRESTRICTED**

<b>Current</b>		
Interest-bearing loans advanced		
– Sundry loans	27	35
Foreign currency forward contract	534	–
	561	35
<b>Non-Current</b>		
<b>Available for Sale</b>		
– Listed shares (at fair value)	–	66
– Funds under management (at fair value)	69,898	71,442
	69,898	71,508
<b>Unlisted shares and warrants (at cost)</b>	<b>2,389</b>	<b>548</b>
<b>Interest-bearing loans advanced</b>		
Sundry loans	282	327
<b>Total Non-Current Other Financial Assets</b>	<b>72,569</b>	<b>72,383</b>
<b>Total Other Financial Assets – unrestricted</b>	<b>73,130</b>	<b>72,418</b>

**23 OTHER FINANCIAL ASSETS – RESTRICTED**

<b>Non-Current Available for Sale</b>		
<b>Restricted funds under management</b>		
– Research activities	33,637	29,347
– Donations and prizes	15,793	14,696
– Trusts	3,719	3,673
<b>Total Restricted Funds Under Management</b>	<b>53,149</b>	<b>47,716</b>
<b>Total Restricted Other Financial Assets</b>	<b>53,149</b>	<b>47,716</b>

Restricted funds are invested as managed funds.

All available for sale financial assets are denominated in Australian currency. For an analysis of the credit risk and sensitivity of available for sale financial assets to price and interest rate risk, refer to note 31.

## Notes to the Financial Statements

for the year ended 31 December 2007

**24 OTHER NON-FINANCIAL ASSETS**

	Note	2007	2006
		\$'000	\$'000
<b>Current</b>			
Prepayments		9,025	7,220
Accrued income		4,924	6,452
<b>Total Other Non-Financial Assets</b>		<b>13,949</b>	<b>13,672</b>

**25 PROPERTY, PLANT AND EQUIPMENT**

<b>Land<sup>1</sup></b>			
At cost		83,437	82,437
<b>Buildings</b>			
At cost		438,834	425,885
Accumulated depreciation		(72,795)	(58,868)
		366,039	367,017
<b>Leasehold land and improvements</b>			
At cost		4,655	4,655
Accumulated depreciation		(754)	(706)
		3,901	3,949
<b>Work in progress</b>			
Capital projects (at cost)		66,712	26,643
<b>Computing equipment</b>			
At cost		18,990	19,543
Accumulated depreciation and impairment		(17,130)	(16,740)
		1,860	2,803
<b>Other equipment and furniture</b>			
At cost		60,963	58,061
Accumulated depreciation and impairment		(40,999)	(38,379)
		19,964	19,682
<b>Motor vehicles</b>			
At cost		2,225	2,134
Accumulated depreciation and impairment		(1,456)	(1,352)
		769	782
<b>Library collections</b>			
At cost		15,807	17,150
Depreciation		(3,297)	(6,050)
		12,510	11,100
<b>Works of art</b>			
At cost		10,227	9,835
<b>Total Property, Plant and Equipment</b>		<b>565,419</b>	<b>524,248</b>

<sup>1</sup> Part of the site upon which the University is located, namely the Bentley campus, Western Australia, is held in trust, in perpetuity.

## Notes to the Financial Statements

for the year ended 31 December 2007

### 25 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Land	Buildings	Leasehold land and improvements	Work in progress	Computing equipment	Other equipment and furniture	Motor vehicles	Library collections	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2007</b>										
Carrying amount at start of year	82,437	367,017	3,949	26,643	2,803	19,682	782	11,100	9,835	524,246
Additions <sup>1</sup>	-	1,366	-	52,684	937	4,772	313	4,707	392	65,171
Cost of disposals	-	(32)	-	-	(1,485)	(1,873)	(221)	-	-	(3,611)
Accumulated depreciation on disposals	-	4	-	-	1,469	1,683	180	-	-	3,336
Transfers in/out	1,000	11,615	-	(12,615)	-	-	-	-	-	-
Depreciation charge	-	(13,931)	(48)	-	(1,864)	(4,300)	(285)	(3,297)	-	(23,725)
Carrying amount at end of year	83,437	366,039	3,901	66,712	1,860	19,964	769	12,510	10,227	565,419
<b>2006</b>										
Carrying amount at start of year	82,436	363,874	3,996	11,792	6,690	20,950	773	15,864	9,671	516,046
Adjustment to opening retained earnings <sup>2</sup>	-	-	-	-	(2,652)	(3,659)	(9)	-	-	(6,289)
Adjustment to Library books 2006 <sup>3</sup>	-	-	-	-	-	-	-	(2,863)	-	(2,863)
Additions	94	900	-	31,556	1,436	6,325	409	4,149	164	45,033
Cost of disposals	(93)	(439)	-	-	(9,707)	(2,339)	(385)	-	-	(12,963)
Accumulated depreciation on disposals	-	76	-	-	9,719	2,148	253	-	-	12,196
Cost of write-offs during the year	-	-	-	-	(13)	(12)	-	-	-	(25)
Accumulated depreciation on write-offs	-	-	-	-	10	9	-	-	-	19
Transfers in/out	-	16,193	-	(16,705)	-	512	-	-	-	-
Depreciation charge	-	(13,587)	(47)	-	(2,710)	(4,252)	(260)	(6,050)	-	(26,906)
Carrying amount at end of year	82,437	367,017	3,949	26,643	2,803	19,682	782	11,100	9,835	524,248

<sup>1</sup> Includes capitalised interest of \$0.215 million (2006: nil)

<sup>2</sup> Refer note 1(v)

<sup>3</sup> Refer note 43

## Notes to the Financial Statements

for the year ended 31 December 2007

## 26 TRADE AND OTHER PAYABLES

	2007	2006
	\$'000	\$'000
<b>Current</b>		
Trade payables	6,176	1,777

## 27 BORROWINGS

<b>Current</b>		
Treasury loans	627	660
<b>Non-Current</b>		
Treasury loans	33,824	24,886
<b>Total Borrowings</b>	<b>34,451</b>	<b>25,546</b>

## Treasury Loans

The University has the following loans with the WA Treasury Corporation (WATC):

	Principal outstanding		Average interest rate	Maturity date
	2007	2006		
Treasury Loans	\$'000	\$'000		
<b>Capital works</b>				
– quarterly principal and variable rate interest repayments	310	353	6.38%	15.10.2017
<b>Muresk campus housing</b>				
– fixed-rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	2,050	2,050	6.50%	15.07.2018
<b>Bentley campus housing</b>				
– fixed-rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	16,800	16,800	7.05%	15.01.2018
– quarterly principal and variable rate interest repayments	1,184	1,353	6.38%	15.10.2017
<b>Kalgoorlie Arts Centre</b>				
– quarterly principal and variable rate interest repayments	4,375	4,990	6.40%	15.10.2014
<b>Chemistry Centre of WA building</b>				
– fixed-rate interest and principal repayment at maturity <sup>1</sup>	9,732	–	7.08%	03.11.2008
<b>Total Treasury Loans</b>	<b>34,451</b>	<b>25,546</b>		

	2007	2006
	\$'000	\$'000
<b>Financing facilities available</b>		
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities:		
– Treasury Loans <sup>1</sup>	114,119	114,946
Facilities used at reporting date:		
– Treasury Loans	34,451	25,546
Facilities unused at reporting date:		
– Treasury Loans	79,668	89,400

<sup>1</sup> The financing facilities include an amount for construction of the University's Resources and Chemistry Research and Education Precinct which includes the Chemistry Centre of WA building. At reporting date, \$9.732 million had been drawn down (2006: nil).

The loan is subject to a fixed interest rate and the loan principal is to be repaid at maturity. The carrying amount includes capitalised interest and guarantee fees of \$0.215 million. The University has an agreement to re-finance the loan into a 20-year fixed interest rate loan with the WATC at maturity.

## Notes to the Financial Statements

for the year ended 31 December 2007

## 28 PROVISIONS

	2007	2006
	\$'000	\$'000
<b>Current</b>		
<b>Employee benefits provisions</b>		
Annual leave <sup>1</sup>	22,117	20,083
Long service leave <sup>2</sup>	21,788	21,563
Superannuation:		
Deferred Government benefits for superannuation	36(b) 2,453	2,514
Other University pension liabilities	36(a) 102	60
<b>Total Employee Benefits Provisions</b>	<b>46,460</b>	<b>44,220</b>
<b>Other provisions</b>		
Employment on-costs	2,634	2,506
Redundancy costs	1,215	1,924
<b>Total Other Provisions</b>	<b>3,849</b>	<b>4,430</b>
<b>Total Current Provisions</b>	<b>50,309</b>	<b>48,650</b>
<b>Non-Current</b>		
<b>Employee benefits provisions</b>		
Long service leave	12,813	12,105
Superannuation:		
Deferred Government benefits for superannuation	36(b) 64,383	68,488
Other University pension liabilities	36(a) 721	869
<b>Total Employee Benefits Provisions</b>	<b>77,917</b>	<b>81,462</b>
<b>Other provisions</b>		
Employment on-costs	710	787
<b>Total Non-Current Provisions</b>	<b>78,627</b>	<b>82,249</b>
<b>Total Provisions</b>	<b>128,936</b>	<b>130,899</b>
<b>Movements in Other Provisions</b>		
Movements in each class of provision during the financial year, other than employee benefits, are set out below:		
<i>Employment on-costs provision</i>		
Balance at beginning of year	3,293	2,842
Addition/(reduction) in provisions recognised	937	1,413
Reduction arising from payments	(886)	(962)
Balance at end of year	3,344	3,293
<i>Redundancy costs provision</i>		
Balance at beginning of year	1,924	3,657
Addition/(reduction) in provisions recognised	650	566
Reduction arising from payments	(1,359)	(2,299)
Balance at end of year	1,215	1,924
<b><sup>1</sup> Annual leave (including employment on-costs)</b>		
Annual leave liabilities (including employment on-costs) have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Actual settlement of the current liabilities is expected to occur as follows:		
Within 12 months of balance sheet date	12,991	14,306
More than 12 months after balance sheet date	10,453	6,881
	23,444	21,187
<b><sup>2</sup> Long service leave (including employment on-costs)</b>		
Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Actual settlement of the current liabilities is expected to occur as follows:		
Within 12 months of balance sheet date	5,111	9,121
More than 12 months after balance sheet date	17,984	13,844
	23,095	22,965

## Notes to the Financial Statements

for the year ended 31 December 2007

## 29 OTHER LIABILITIES

	2007	2006
	\$'000	\$'000
<b>Current</b>		
Income received in advance	24,240	21,041
Accrued expenses	15,175	20,308
Foreign currency forward contract	505	–
Research activities	–	94
Trusts	8,282	6,181
<b>Total Other Liabilities</b>	<b>48,202</b>	<b>47,624</b>

## 30 RESERVES AND RETAINED SURPLUS

<b>Reserves</b>			
Bookshop future development	30(a)	826	676
General	30(b)	–	230
Investments revaluation reserve	30(c)	(2,947)	6,205
Hedging reserve	30(d)	29	–
Research grants reserve	30(e)	33,637	29,455
<b>Total Reserves</b>		<b>31,545</b>	<b>36,566</b>
<b>Retained surplus</b>	30(f)	<b>657,544</b>	<b>585,912</b>
<b>(a) Bookshop future development</b>			
The Bookshop Future Development reserve is used to fund special projects or other capital spending undertaken by the Bookshop.			
<i>Movement in reserve</i>			
Balance at beginning of year		676	550
Transfer to reserve		150	126
Transfer from reserve		–	–
Balance at end of year		<b>826</b>	<b>676</b>
<b>(b) General</b>			
The General Reserve represents funding set aside for the ongoing development of University infrastructure and special initiatives.			
<i>Movement in reserve</i>			
Balance at beginning of year		230	3,637
Transfer to reserve		–	–
Transfer from reserve		(230)	(3,407)
Balance at end of year		<b>–</b>	<b>230</b>

## Notes to the Financial Statements

for the year ended 31 December 2007

## 30 RESERVES AND RETAINED SURPLUS (CONTINUED)

	2007	2006
	\$'000	\$'000
<b>(c) Investments revaluation reserve</b>		
The Investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in the Income Statement. Where a revalued financial asset is impaired, the portion of the reserve which relates to that financial asset is transferred to the Income Statement.		
<i>Movement in reserve</i>		
Balance at beginning of year	6,205	1,319
Unrealised valuation gain/(loss) recognised	(8,857)	4,886
Cumulative gain/(loss) transferred to the Income Statement on sale of financial assets	(295)	–
Balance at end of year	(2,947)	6,205
<b>(d) Hedging reserve</b>		
The Hedging reserve represents hedging gains and losses recognised on the effective portion of foreign currency cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement when the hedged transaction is considered to be ineffective or when the hedge is settled.		
Balance at beginning of financial year	–	–
Gain/(loss) recognised	–	–
Forward exchange contracts	29	–
Balance at end of financial year	29	–
<b>(e) Research grants reserve</b>		
Non-reciprocal research grants are recognised as income when received. This reserve is provided for the balance of unspent research grants at the end of each financial year.		
Balance at beginning of financial year	29,455	–
Adjustment to opening reserves – grant income	–	19,687
Transfer to reserve	4,182	9,768
Balance at end of financial year	33,637	29,455
<b>(f) Retained surplus</b>		
Balance at beginning of year	585,912	519,039
Adjustment to opening retained earnings – Assets de-recognition	–	(6,289)
Adjustment to opening retained earnings – Library collection	–	(2,863)
Net operating result	75,734	82,512
Transfer to reserve	(4,332)	(9,894)
Transfer from reserve	230	3,407
Balance at end of year	657,544	585,912



# Notes to the Financial Statements

for the year ended 31 December 2007

## 31 FINANCIAL INSTRUMENTS

	Weighted Average Effective Interest Rate %	Non-interest bearing \$'000	Variable interest rate \$'000	Fixed Interest Rate Maturity		Foreign Exchange Risk Sensitivity <sup>2</sup>				Interest Rate Risk Sensitivity				Price Risk Sensitivity <sup>3</sup>				Credit Risk Carrying Amount \$'000	Fair Value <sup>4</sup> \$'000
				Less than 1 year \$'000	More than 5 years \$'000	-10%		+10%		-1%		+1%		-5%		+5%			
					Total \$'000	Income Statement \$'000	Equity \$'000	Income Statement \$'000	Equity \$'000	Income Statement \$'000	Equity \$'000	Income Statement \$'000	Equity \$'000	Income Statement \$'000	Equity \$'000	Income Statement \$'000	Equity \$'000		
<b>2007</b>																			
<b>Financial Assets</b>																			
Cash and cash equivalents	7.18%	46	20,065	90,000	110,110													110,110	
Receivables		90,036			90,036			(87)										90,036	
Accrued income		4,923			4,923													4,923	
Foreign currency hedge receivable		534			534													534	
Unrestricted investments:																			
– Unlisted securities		1,472			1,472													1,472	
– Interest-bearing loans advanced	6.44%	309			309			(2)										309	
– Pre-seed funds		917			917													917	
– Funds under management <sup>1,5</sup>	1.15%	51,596	13,767	4,535	69,898			(6)										69,898	
Restricted other financial assets <sup>5</sup>		53,149			53,149			(6)										53,149	
<b>Total Financial Assets</b>		202,673	34,141	94,535	331,349			(101)										331,349	
<b>Financial Liabilities</b>																			
Payables		6,176			6,176													6,176	
Borrowings	6.93%	128,936	5,868	28,582	34,451			(3)										34,451	
Employee benefits		505			505													505	
Foreign currency hedge payable		47,698			47,698													47,698	
Other liabilities																			
<b>Total Financial Liabilities</b>		183,314	5,868	28,582	217,765			(3)										217,765	

<sup>1</sup> Funds under management mainly comprises investments in unit based funds. Credit risk exposure relates only on funds under management not in unit based funds.

<sup>2</sup> A positive number indicates an increase in operating surplus and equity where the Australian dollar weakens against the foreign currency.

<sup>3</sup> Operating result would not be affected as the equity investments are classified as available for sale and no investments were impaired.

<sup>4</sup> The Fair value of financial assets and financial liabilities are determined based on either quoted market prices at balance date or cost.

<sup>5</sup> Funds under management in unit based funds receive income by way of distributions and do not attract interest.

## Notes to the Financial Statements

for the year ended 31 December 2007

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

	Weighted Average Effective Interest Rate %		Non-interest bearing		Variable interest rate		Less than 1 year		More than 5 years		Fixed Interest Rate Maturity		Foreign Exchange Risk Sensitivity <sup>2</sup>				Interest Rate Risk Sensitivity				Price Risk Sensitivity <sup>3</sup>				Credit Risk Carrying Amount	Fair Value <sup>4</sup>		
	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		-10%		+10%		-1%		+1%		-5%		+5%				\$'000	\$'000
	Rate %	\$'000	Rate %	\$'000	Rate %	\$'000	Rate %	\$'000	Rate %	\$'000	Income Stmt	Equity	Income Stmt	Equity	Income Stmt	Equity	Income Stmt	Equity	Income Stmt	Equity	Income Stmt	Equity	Income Stmt	Equity				
<b>2006</b>																												
<b>Financial Assets</b>																												
Cash and cash equivalents	6.11%	46	41,593	35,000																								
Receivables		92,122																								76,639		
Accrued income		6,452																								92,122		
Unrestricted investments:																										6,452		
– Listed securities		66																								66		
– Unlisted securities		447																								447		
– Interest-bearing loans advanced	6.18%	362	362																							362		
– Non-interest-bearing loans advanced		–																								–		
– Pre-seed funds		101																								101		
– Funds under management <sup>1</sup>	1.04%	53,689	15,750	2,003																						71,442		
Restricted other financial assets		47,716																								47,716		
<b>Total Financial Assets</b>		200,639	57,705	37,003																						295,347		
<b>Financial Liabilities</b>																												
Payables		1,777																								1,777		
Borrowings	6.78%	130,899	6,696	18,850																						25,546		
Employee benefits		47,624																								130,899		
Foreign currency hedge payable		–																								–		
Other liabilities		180,300	6,696	18,850																						47,624		
<b>Total Financial Liabilities</b>		180,300	6,696	18,850																						205,846		

<sup>1</sup> Funds under management mainly comprises investments in unit based funds. Credit risk exposure relates only on funds under management not in unit based funds.

<sup>2</sup> A positive number indicates an increase in operating surplus and equity where the Australian dollar weakens against the foreign currency.

<sup>3</sup> Operating result would not be affected as the equity investments are classified as available for sale and no investments were impaired.

<sup>4</sup> The Fair value of financial assets and financial liabilities are determined based on either quoted market prices at balance date or cost.

<sup>5</sup> Funds under management in unit based funds receive income by way of distributions and do not attract interest.

## Notes to the Financial Statements

for the year ended 31 December 2007

### 32 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

#### (a) Remuneration of Members of the Accountable Authority and Senior Officers

##### Names of persons who were members of the Accountable Authority during the financial year

For the purposes of the *Financial Management Act 2006*, the University Council is the Accountable Authority of the University.

##### Chancellor

Mr Gordon Martin

##### Members Appointed by Governor in Council

Mr Mark Ashley

Mr Chris Bennett

Ms Michele Dolin, Pro-Chancellor

Mr Keith Spence

Mr Ian Fletcher (appointed 1/04/2007)

Ms Georgina Carnegie (retired 31/03/2007)

Dr David Karpin (retired 31/03/2007)

##### Member Nominated by the Minister for Education and Training

The Honourable Dr John Cowdell

##### Member who is the Chief Executive Officer

Professor Jeanette Hackett, Vice-Chancellor

##### Members Elected by Full-time Academic Staff

Associate Professor David Charnock (re-elected 1/04/2007)

Dr Jan Sinclair-Jones

##### Member Elected by Full-time General Staff

Mr Liam McGinniss (appointed 18/06/2007)

Ms Lyn Marks (retired 31/03/2007)

##### Co-opted Members

Mr Don Humphreys

Ms Zelinda Bafle (re-appointed 1/04/2007)

Mr Daniel Tucker (appointed 1/08/2007)

Dr Ruth Shean (retired 9/05/2007)

##### Members who are members of bodies that represent the interests of the University in places other than the University's principal campus

The Honourable Datuk Patinggi Tan Sri Dr George Chan Hong Nam

Adjunct Professor Peter Browne, nominee of the Board, Muresk Institute (retired 31/03/2007)

##### Member who is a member of the Academic Board elected by and from the Academic Board

Professor Jo Ward (elected 11/06/2007)

Associate Professor Doug Yorke (retired 31/03/2007)

##### Members Elected by Students

Mr Lennard Bailey (Postgraduate) (appointed 7/03/2007)

Ms Collette Swindells (Undergraduate) (appointed 7/03/2007 and resigned 31/12/2007)

Ms Wendy Chan She Ping-Delfos (Postgraduate) (retired 6/03/2007)

Ms Kate Meenan (Undergraduate) (retired 6/03/2007)

## Notes to the Financial Statements

for the year ended 31 December 2007

**32 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS (CONTINUED)****Remuneration of Members of the Accountable Authority**

Total remuneration relates to Members' executive or contracted roles at the University. No remuneration was paid or is payable to Members for their role as members of Council. The number of members of the Accountable Authority, whose total fees, salaries, superannuation and other benefits for the financial year fall within the following bands, are:

	2007	2006
	Number	Number
Nil – \$10,000 <sup>1</sup>	19	18
\$50,001 – \$60,000	1	–
\$90,001 – \$100,000	–	1
\$100,001 – \$110,000	–	1
\$110,001 – \$120,000	1	1
\$120,001 – \$130,000	1	1
\$130,001 – \$140,000	1	–
\$180,001 – \$190,000	2	1
\$330,001 – \$340,000	–	1
\$480,001 – \$490,000	1	–

<sup>1</sup> All these members received nil remuneration

	2007	2006
	\$'000	\$'000
<b>Aggregate Remuneration of Members of the Accountable Authority</b>	1,273	970

## Notes to the Financial Statements

for the year ended 31 December 2007

**32 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS (CONTINUED)****(b) Remuneration of Senior Officers**

The number of Senior Officers other than Senior Officers reported as Members of the Accountable Authority, whose total fees, salaries, superannuation and other benefits for the financial year fall within the following bands, are:

	2007	2006
	Number	Number
Nil – \$10,000	–	1
\$20,001 – \$30,000	–	2
\$30,001 – \$40,000	–	2
\$50,001 – \$60,000	–	1
\$70,001 – \$80,000	2	1
\$80,001 – \$90,000	1	1
\$90,001 – \$100,000	1	1
\$110,001 – \$120,000	–	1
\$120,001 – \$130,000	–	1
\$130,001 – \$140,000	–	1
\$140,001 – \$150,000	2	2
\$150,001 – \$160,000	1	–
\$160,001 – \$170,000	–	2
\$180,001 – \$190,000	1	–
\$190,001 – \$200,000	–	1
\$200,001 – \$210,000	–	1
\$210,001 – \$220,000	1	–
\$230,001 – \$240,000	1	3
\$240,001 – \$250,000	2	1
\$250,001 – \$260,000	2	–
\$260,001 – \$270,000	–	1
\$270,001 – \$280,000	1	–
\$290,001 – \$300,000	–	1
\$300,001 – \$310,000	1	–
\$340,001 – \$350,000	1	–
	2007	2006
	\$'000	\$'000
<b>Aggregate Remuneration of Senior Officers</b>	3,343	3,336

## Notes to the Financial Statements

for the year ended 31 December 2007

### 33 REMUNERATION OF AUDITORS

During the year the following fees (excluding GST) were paid for services provided by the auditor of the parent entity and non-related audit firms:

	2007	2006
	\$'000	\$'000
<b>(a) Auditor of the University</b>		
Auditing the financial report	199	189
Other audit services	17	10
	216	199
<b>(b) Other auditors</b>		
Other audit services	39	26
<b>Total Remuneration of Auditors</b>	255	225

### 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Contingent Liabilities

##### [a] Legal Actions

The University is exposed to a number of contingent liabilities as a result of legal actions that have arisen in the normal course of business and which are being defended by the University. While the amounts cannot be reliably quantified, the University does not believe that these legal actions would result in material loss to the University.

##### [b] Native Title Claims

Native Title claims have been lodged with the National Native Title Tribunal in respect of a portion of land, being Crown land vested in the University, including the Kalgoorlie and Bentley campuses. The University is unable to reasonably estimate the financial impact if the claims were to be successful.

#### Contingent Assets

##### Inheritance Property

As at 31 December 2007, the University expects to receive approximately \$1.5 million from the proceeds of sale of a property bequeathed to the University. The amount will be a restricted asset to be used in accordance with the bequest.

## Notes to the Financial Statements

for the year ended 31 December 2007

**35 COMMITMENTS FOR EXPENDITURE****(a) Capital expenditure commitments**

Capital expenditure commitments, being contracted future capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2007	2006
	\$'000	\$'000
Within one year	96,600	60,356
After one year but not more than five years	902	40,553
<b>Total Capital Expenditure Commitments</b>	<b>97,502</b>	<b>100,909</b>
The capital commitments include amounts for:		
Buildings	97,502	100,909

**(b) Non-cancellable operating lease commitments**

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within one year	5,836	3,826
After one year but not more than five years	7,194	5,176
More than five years	26,454	26,871
<b>Total Non-cancellable Operating Lease Commitments</b>	<b>39,484</b>	<b>35,873</b>
Representing:		
Non-cancellable operating leases	39,484	35,873
<b>(c) Other expenditure commitments</b>		
Commitments in relation to purchase orders are payable as follows:		
Within one year	9,454	9,832

All the above commitments are inclusive of GST.

## Notes to the Financial Statements

for the year ended 31 December 2007

**36 DEFINED BENEFIT SUPERANNUATION PLANS****(a) Curtin University of Technology Superannuation Scheme 1968-1993**

Until 30 June 2006, a group of former employees was entitled, on retirement, death or disablement, to defined benefits under the Curtin University of Technology Superannuation Scheme. In some circumstances the Scheme provided pension benefits. All members of the Scheme had retired, and had either received a pension or were entitled to receive a pension at a future date under certain circumstances. The Scheme was wound up on 30 June 2006. From 1 July 2006 some former members of the wound-up Scheme entered into a contractual relationship direct with the University. The University now provides benefits to those individuals, consistent with their entitlements under the wound-up Scheme. The University meets the benefits directly as they fall due.

	2007	2006
	\$'000	\$'000
<b>Reconciliation of the Present Value of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	929	2,741
Current service cost	–	–
Interest cost	52	78
Actuarial loss/(gain)	(58)	(64)
Benefits paid	(100)	(1,826)
Present value of defined benefit obligations at end of the year	823	929
These defined benefit obligations are wholly unfunded, such that there are no assets. The employer contributes, as required, to meet the benefits paid.		
<b>Reconciliation of the Fair Value of Assets</b>		
Fair value of assets at beginning of the year	–	62
Employer contributions	100	1,764
Benefits paid	(100)	(1,826)
Fair value of assets at end of the year	–	–
<b>Reconciliation of the Assets and Liabilities Recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	823	929
Fair value of assets	–	–
Net liability	823	929
Liability recognised in the Balance Sheet as:		
Current	102	60
Non-current	721	869
	823	929
<b>Expense Recognised in the Income Statement</b>		
Interest cost	52	78
Actuarial loss/(gain)	(58)	(64)
Superannuation expense/(benefit)	(6)	14

**Assets**

There are no assets held specifically to meet the University's obligations with regard to this liability.

**Nature of asset/liability**

The University has recognised a liability in the Balance Sheet under Provisions in respect of its defined benefit superannuation arrangements. The University has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. The University intends to continue to meet the cost of the benefits as they fall due.



## Notes to the Financial Statements

for the year ended 31 December 2007

## 36 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

## (b) Government Employees Superannuation Board (GESB)

## Scheme Information

Pension Scheme members receive pension benefits on retirement, death or invalidity. The Fund Share of the pension benefit, which is based on the member's contributions plus investment earnings, may be commuted to a lump-sum benefit. The employers do not bear the cost associated with indexation of any pension arising from the Fund Share. The State share of the pension benefit, which is fully employer-financed, cannot be commuted to a lump-sum benefit.

Some former Pension Scheme members have transferred to Gold State Super Scheme. In respect of their transferred benefit, the members receive a lump-sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed.

The following disclosures are in respect of the employer-financed benefits only. The Pension Scheme and Gold State Super have been combined in the note disclosure below.

	2007	2006
	\$'000	\$'000
<b>Reconciliation of the Present Value of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	71,002	76,457
Current service cost	84	38
Interest cost	4,048	3,759
Actuarial (gain)/loss	(1,610)	(3,283)
Benefits paid	(6,688)	(5,969)
Present value of defined benefit obligations at end of the year	66,836	71,002
These defined benefit obligations are wholly unfunded, such that there are no assets. The employer contributes, as required, to meet the benefits paid.		
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
Fair value of Scheme assets at beginning of the year	–	–
Employer contributions	6,688	5,969
Benefits paid	(6,688)	(5,969)
Fair value of Scheme assets at end of the year	–	–
<b>Reconciliation of the Assets and Liabilities Recognised in the Balance Sheet</b>		
Present value of defined benefit obligations	66,836	71,002
Fair value of the Scheme assets	–	–
Net deficit	66,836	71,002
Net deficit is recognised as a liability in the Balance Sheet as follows:		
Current	2,453	2,514
Non-current	64,383	68,488
	66,836	71,002
<b>Expense Recognised in Income Statement</b>		
Service cost	84	38
Interest cost	4,048	3,759
Actuarial (gain)/loss	(1,610)	(3,283)
Superannuation expense	2,522	514

## Notes to the Financial Statements

for the year ended 31 December 2007

## 36 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)

## (b) Government Employees Superannuation Board (GESB) (continued)

## Scheme Assets

There are no assets in the Pension Scheme to support the State Share of the Benefit or in the Gold State Super Scheme for current employees to support the transferred benefits. Hence, there is:

- No fair value of Scheme assets
- No asset allocation of Scheme assets
- No assets used by the employer
- No expected return of Scheme assets
- No actual return on Scheme assets.

## Principal Actuarial Assumptions Used

	2007	2006
Discount rate (active members)	6.08% p.a.	5.98% p.a.
Discount rate (pensioners)	6.08% p.a.	5.98% p.a.
Expected salary increase rate	4.50% p.a.	4.50% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.

The discount rate is based on the 10-year Government bond rate at the relevant date. The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation for the Schemes, as at 31 December 2007.

## Historical Information

	2007	2006
	\$'000	\$'000
Present value of defined benefit obligation	66,836	71,002
Fair value of Scheme assets	–	–
Deficit in Scheme	66,836	71,002
Experience adjustments (gain)/loss – Scheme assets	–	–
Experience adjustments (gain)/loss – Scheme liabilities	2,648	1,739

The experience adjustment for Scheme liabilities represents the actuarial loss/(gain) due to a change in the liabilities arising from the Scheme's experience (e.g. membership movements, unit entitlements) but excludes the effect of the changes in assumptions (e.g. movements in the bond rate and changes in pensioner mortality assumptions).

## Expected Contributions

	2008
	\$'000
Expected employer contributions	5,901

## Notes to the Financial Statements

for the year ended 31 December 2007

**36 DEFINED BENEFIT SUPERANNUATION PLANS (CONTINUED)****(b) Government Employees Superannuation Board (GESB) (continued)****Funding arrangements for employer contributions****(i) Deficit**

The following is a summary of the most recent financial position of the Pension Scheme and the Gold State Super Scheme calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans". Note that the figures below relate to the Pension Scheme and Gold State Super Scheme as a whole and are therefore not restricted to Curtin employees.

	30 June 07
	\$'000
Accrued benefits	7,219
Net market value of Scheme assets	2,679
Net deficit	4,540

**(ii) Contribution recommendations**

Curtin contributes as required to pay benefits, when they fall due.

**(iii) Funding method**

The funding method used by Curtin and other organisations, whose employees are members of the Pension Scheme and the Gold State Super Scheme, is the Pay-As-You-Go method. This method affects the timing of the cost to Curtin. However, unfunded liabilities and the associated expenses are offset by equivalent receivables and income from the Commonwealth Government.

**(iv) Economic assumptions**

The economic assumptions adopted for the last actuarial review as at 30 June 2007 of the Schemes were:

Expected rate of return on assets (discount rate)	7.50% pa
Expected salary increase rate	4.50% pa

**Nature of asset/liability**

The University has recognised a liability in the Balance Sheet under Provisions in respect of its defined benefit superannuation arrangements (refer note 28). The GESB does not impose a legal liability on the University to cover any deficit that exists in the Schemes.

An arrangement exists between the Australian Government and the Western Australian State Government to meet the unfunded liability for beneficiaries of the State Superannuation Schemes on an emerging cost basis. Accordingly, a corresponding asset is recognised under Receivables (refer note 20).

The recognition of both the asset and the liability consequently do not affect the year-end net asset position of the University.

**(c) UniSuper Defined Benefit Plan****Scheme information**

The UniSuper Defined Benefit Plan (DBP) is a multi-employer defined benefit plan under superannuation law. However, as a result of an amendment to Clause 34 of the UniSuper trust deed, with effect from 31 December 2006, it is considered to be a multi-employer defined contribution plan under the Accounting Standard AASB 119 – Employee Benefits. This is because, where there is or may be insufficient funds to provide benefits payable under the Deed, the Trustee must reduce the benefits payable on a fair and equitable basis. The employer's legal or constructive obligation is limited to the amount that it agrees to contribute to the funds and the actuarial and investment risks rest with the employee.

Employer contributions for all superannuation plans of \$38.744 million (2006: \$35.608 million) were charged as an expense under employee benefits (note 12) as they fell due.

## Notes to the Financial Statements

for the year ended 31 December 2007

### 37 EVENTS OCCURRING AFTER REPORTING DATE

No events have occurred since balance date that are likely to have a material impact on the financial report of the University.

### 38 NOTES TO THE CASH FLOW STATEMENT

#### (a) Reconciliation to cash

Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2007	2006
	\$'000	\$'000
Cash and cash equivalents (note 19)	110,110	76,639
Balance as per Cash Flow Statement	110,110	76,639
<b>(b) Reconciliation of operating result from ordinary activities to net cash inflow from operating activities</b>		
Net operating result	75,734	82,512
Depreciation expense	23,725	26,906
Movement in allowance for impairment of receivables	(1,995)	(1,617)
Net loss on disposal of non-current assets	21	581
Financial assistance receipts from WA Government	(21,923)	(17,110)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	4,082	3,456
(Increase)/decrease in inventories	448	66
(Increase)/decrease in other current assets	(811)	(480)
Increase/(decrease) in trade and other payables	4,399	(2,225)
Increase/(decrease) in provisions	(1,963)	(6,413)
Increase/(decrease) in other current liabilities	578	5,463
<b>Net Cash provided by Operating Activities</b>	<b>82,295</b>	<b>91,139</b>

### 39 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the financial year, the University incurred \$0.215 million in interest and guarantee fee costs relating to the draw down of \$9.517 million for the construction of the Chemistry Centre of WA building, which is not reflected in the Cash Flow Statement (2006: Nil). These costs were capitalised as part of the building cost and the associated borrowings.

There were no other significant non-cash financing or investing activities not reflected in the Cash Flow Statement.

## Notes to the Financial Statements

for the year ended 31 December 2007

## 40 EXPLANATORY STATEMENT

## (a) Significant variances between current year actual and prior year actual revenues and expenditures

	2007	2006	Variance	
	Actual	Actual		
	\$'000	\$'000	\$'000	%
<b>Revenue</b>				
[1] Australian Government grants	188,260	177,929	10,331	6%
[2] HECS-HELP Australian Government payments	63,887	58,284	5,603	10%
[3] HECS-HELP Student payments	19,363	17,320	2,043	12%
[4] State and Local Government financial assistance	21,923	18,391	3,532	19%
[5] Investment income	22,501	14,713	7,788	53%
[6] Royalties, trademarks and licences	20,721	11,521	9,200	80%
[7] Other revenue	38,294	36,211	2,083	0%
[8] Deferred Government superannuation contributions	(4,166)	(5,455)	1,289	-24%
<b>Expenses</b>				
[9] Employee benefits	274,312	250,241	24,071	10%
[10] Depreciation and amortisation	23,725	26,906	(3,181)	-12%
[11] Repairs and maintenance	12,195	8,273	3,922	47%
[12] Impairment of assets	(8)	(919)	911	-99%
[13] Other expenses	178,704	151,640	27,064	18%
[14] Deferred employee benefits for superannuation	(4,166)	(5,455)	1,289	-24%

This disclosure is required by Treasurer's Instruction 945.

**Note Commentary**

- [1] The increase in Australian Government grants reflects an increase in student numbers and an increase in unit fees offset by changes in mix.
- [2/3] Items [2] and [3] should be considered together. The increase reflects an increase in student numbers and an average increase in student contribution amounts of 2%.
- [4] The increase in State and Local Government financial assistance is mainly due to an increase in the number of research grants awarded and received by the University in 2007.
- [5] The increase in investment income reflects strong investment returns as well as increased cash and investment balances.
- [6] The increase in Royalties, trademarks and licences is largely due to the increase in student numbers at the Curtin Sydney campus which has completed its second full year of operations. The increase is partially offset by higher expenditure within "Other Expenses".
- [7] The increase in Other revenue is due to higher levels of trading activity, including the University Bookshop. The increase is partially offset by increased expenditure within "Other Expenses".
- [8/14] The revenue movement is the result of an annual actuarial revaluation. It is offset by an equal movement in the equivalent expense category.
- [9] The increase in employee benefits is a result of higher average salary rates due to contractual increases and promotions during the year.
- [10] In 2006 a prior period error was adjusted for the capitalisation of Library collections within Property, Plant & Equipment. It was impracticable to apply the adjustment retrospectively and therefore depreciation expense on the Library collection was not adjusted in 2006 (refer note 43). Depreciation expense for 2007 has reduced accordingly.
- [11] The increase in Repairs and maintenance expense is due to the increased level of non-capital refurbishment work undertaken during 2007.
- [12] In 2006, the allowance for impaired student fee receivables was significantly reduced due to improvements in debt management. In 2007, a lesser reduction was required.
- [13] The increase in Other expenses occurs across a number of expenditure categories and is related to the increases noted in income. In particular, Contract work, Scholarships and Non-capital equipment expenditure have increased as more resources have been required.

## Notes to the Financial Statements

for the year ended 31 December 2007

## 40 EXPLANATORY STATEMENT (CONTINUED)

## (b) Significant variations between budgeted and actual results for the financial year (continued)

	2007	2007	Variance	
	Actual	Budget		
	\$'000	\$'000	\$'000	%
<b>Revenue</b>				
[1] Australian Government grants	188,260	181,463	6,797	4%
[2] State and Local Government financial assistance	21,923	19,033	2,890	15%
[3] Investment income	22,501	12,131	10,370	85%
[4] Other revenue	38,294	30,264	8,030	27%
<b>Expenses</b>				
[5] Employee benefits	274,312	287,767	(13,455)	(5%)
[6] Depreciation and amortisation	23,725	27,848	(4,123)	(15%)
[7] Repairs and maintenance	12,195	13,350	(1,155)	(9%)
[8] Other expenses	178,704	165,913	12,791	8%

This disclosure is required by Treasurer's Instruction 945.

**Note Commentary**

- [1] The higher than budgeted Australian Government grants is due to the change in accounting policy for research grant income (refer note 1(v)). The budget was prepared on an accruals basis whereas the 2007 Actual is recognised on a cash received basis and does not reflect unspent monies which will be utilised in future years.
- [2] The higher than budgeted State and Local Government financial assistance is due to the change in accounting policy for research grant income. The budget was prepared on an accruals basis whereas the 2007 Actual is on a cash received basis and does not reflect unspent monies which will be utilised in future years.
- [3] The variance to budget reflects better than budgeted investment returns achieved through the year and larger than budgeted cash and investment balances from operations and from delays in significant capital projects.
- [4] The variance to budget in each of these categories mainly reflects under budgeting of trading and sundry income.
- [5] Employee benefits is lower than budget due to difficulties in recruiting new staff due to the current employment market conditions in Western Australia.
- [6] The budget for depreciation and amortisation was set based on an asset capitalisation level of \$1,000. During 2007, the capitalisation limit was increased to \$5,000 (refer note 1(v)) which reduced the number, and value, of depreciable assets compared to budget. This has resulted in a lower than budgeted expense.
- [7] The budget for repairs and maintenance includes internal refurbishment charges which are eliminated from the 2007 actual expense. Taking this into account, the budget is comparable to the actual expenditure.
- [8] Other expenses are higher than budget due to a number of factors. Significant variances were noted in Contract work as a result of the use of agency staff to fill vacant positions (see [5]) and for the additional research grants won. Expenditure was also higher for non-capitalised equipment (including Computing costs) as a result of the increase in capitalisation limit for Property, Plant & Equipment which was not factored into the budget.

## Notes to the Financial Statements

for the year ended 31 December 2007

**41 RELATED PARTIES****1. Transactions with specified accountable authority and senior officers****1.1 Accountable authority and senior officers' remuneration and retirement benefits**

Details of remuneration and retirement benefits are disclosed in note 32 to the financial statements.

**1.2 Other transactions with specified accountable authority and senior officers**

University Council members, or their related entities, conduct transactions with the University that occur within a normal employee, customer or supplier relationship on terms and conditions that are no more favourable than those with which it is reasonable to expect the University to adopt if it was dealing at arm's length in similar circumstances.

These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of these financial statements:

		2007	2006
		\$'000	\$'000
<b>Transaction Type</b>	<b>Related party</b>		
Purchase consulting services	Peter Browne Consulting <sup>1</sup>	–	34
Purchases	Curtin Student Guild <sup>2</sup>	1,098	3,000
Revenue	Curtin Student Guild <sup>2</sup>	618	531
Receivable at 31 December	Curtin Student Guild <sup>2</sup>	142	155
Payable at 31 December	Curtin Student Guild <sup>2</sup>	–	4

<sup>1</sup> Fees charged to the University during the year for consultancy services provided by a related party, Peter Browne Consulting, of which Adjunct Professor Peter Browne is the principal, totalled \$nil [2006: \$33,638]. There was no outstanding balance at reporting date [2006: \$nil].

<sup>2</sup> Purchases from the Curtin Student Guild, a related party, aggregated \$1.098 million [2006: \$3.0 million]. At reporting date \$nil [2006: \$3,728] remained outstanding. Sales of \$0.618 million [2006: \$0.531 million] were made during the year. At reporting date \$0.142 million remained outstanding [2006: \$0.155 million].

**42 SUPPLEMENTARY FINANCIAL INFORMATION**

		2007	2006
		\$'000	\$'000
<b>Write-Offs</b>			
Public property written off by the Minister during the financial year		653	–
<b>Losses through Theft, Defaults and Other Causes</b>			
Losses of public moneys and public and other property through theft or default		2	3
Amounts recovered		–	–
		2	3

**43 PRIOR PERIOD ERROR**

The University capitalises its library collections within Property, Plant and Equipment (refer note 1(f)). In 2006 it was identified that in 2005 and prior years, electronic journal subscriptions with a useful economic life of one year or less were incorrectly capitalised. It was impracticable to adjust for this error retrospectively and so an adjustment of \$2.863 million was made to the carrying value of Property, Plant and Equipment as at 1 January 2006 to correct the error. This adjustment was recognised against opening retained earnings for 2006 in accordance with Accounting Standard AASB 1008 "Accounting Policies, Changes in Accounting Estimates and Errors".

## Notes to the Financial Statements

for the year ended 31 December 2007

### 44 FINANCIAL RISK MANAGEMENT

#### Foreign Currency Risk Management

The University undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The University manages this risk by conducting its contracts and business in Australian dollars where it is commercially practical to do so. Furthermore, the University seeks to hedge any material, highly probable foreign currency transactions by way of permitted instruments with appropriate counterparties. The University does not undertake speculative positions on movements in foreign currency exchange rates.

	2007	2006
	\$'000	\$'000
Foreign currency cash as at year end comprised:		
US Dollar bank account	–	1,496
	–	1,496

The University does not have any significant exposure to foreign currency assets or liabilities at the reporting date.

Note 31 details the University's sensitivity to a 10% increase and decrease in the Australian dollar against the Euro. A positive number indicates an increase in operating surplus and equity where the Australian dollar weakens against the Euro.

The impact to Equity is the result of changes in the fair value of derivative instruments designated as cash flow hedges. The University's sensitivity to foreign currency has decreased during the current period due to the disposal of US dollar cash deposits. The sensitivity analysis in Note 31 is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year relating to material US dollar transactions which are hedged and settled before year end.

#### Forward foreign exchange contracts

The University enters into forward foreign exchange contracts to cover material, highly probable foreign currency transactions. The table below details the forward foreign currency contracts outstanding at reporting date:

	2007	2006
<b>Outstanding Contracts</b>		
Buy Euro – less than 3 months		
Exchange Rate	0.6302	–
Foreign Currency (EUR'000)	318	–
Contract Value (AUD'000)	505	–
Fair Value (AUD'000)	29	–

The University has entered into a contract to purchase plant and equipment in Euros. A forward foreign currency exchange contract has been entered into (maturing Feb 2008) to hedge the exchange rate risk arising from the anticipated future purchase, and is designated as a cash flow hedge.

As at reporting date, the amount of unrealised gains under the forward foreign exchange contracts deferred in the hedging reserve is \$0.029 million. It is anticipated that the purchase of plant and equipment will be completed by February 2008.



## Notes to the Financial Statements

for the year ended 31 December 2007

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Interest Rate Risk

The University is exposed to interest rate risk as the University borrows funds at both fixed and floating interest rates (refer note 27). It also holds Cash & cash equivalents earning interest at variable and fixed rates. The University manages its interest rate risk by ensuring that the majority of its borrowings are at fixed interest rates.

Note 31 details the University's sensitivity to a 1% increase or decrease in interest rates assuming the change took place at the beginning of the financial year and held constant throughout the reporting period. The University's sensitivity to interest rate risk has increased over the period due to the increase in Cash & cash equivalents held.

During the period, the University increased its borrowings by \$9.732 million including the capitalisation of interest and guarantee fee of \$0.215 million in relation to the construction of the Chemistry Centre of WA building. The loan is currently at fixed interest rates maturing in November 2008. The University has an agreement to refinance this loan into a 20-year loan at a fixed rate which has yet to be determined. The uncertainty of the interest rate to be charged is mitigated by the repayment of the loan by way of rent payable from the State Government to the University.

#### Price Risk

The University is exposed to equity price risks arising from equity investments (which are held for strategic investment purposes rather than trading purposes).

Note 31 details the University's sensitivity to a 5% increase or decrease in equity prices at reporting date on its funds under management.

At reporting date, if the inputs to valuation of funds under management had been 5% higher or lower, with all other variables held constant, operating surplus would not be affected as the equity investments are classified as available-for-sale and investments would not be considered as impaired.

Equity reserves would increase or decrease by \$5.200 million (2006: \$3.000 million) mainly as a result of changes in the fair value of available-for-sale funds under management.

#### Credit Risk

The University has exposure to financial loss that would be experienced were a counterparty to default. The University has adopted the policy of only dealing with creditworthy counterparties where this is possible. The credit risk on funds under management and derivative financial instruments is limited as the counterparties are either with banks or investment grade fund managers. For an analysis of credit risk of the University refer to Note 31.

#### Liquidity Risk

The University manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Fair Value Estimation

The fair values of financial assets and financial liabilities shown in Note 31 are determined as follows:

Funds under management are traded on the active market. Hence, the fair value of these investments is based on quoted market prices at the reporting date.

The fair value of Forward Exchange contracts is determined by calculating the forward rate expected, based on the closing mid-point spot rate, interest rates differential between currencies and days to maturity.

Equity shares and other investments are measured at cost as their fair value cannot be measured reliably. This includes unlisted shares and pre-seed capital which are not traded on the active market. The University currently has no intention to dispose of these financial instruments.

The fair value of borrowings equals the carrying amount based on cash flows discounted using borrowing rates provided by the Western Australian Treasury Corporation. The rates vary between 6% to 7% depending on the purpose of the borrowing (2006: 6% to 7%).

## Notes to the Financial Statements

for the year ended 31 December 2007

## 45 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

## (a) DEEWR – CGS and Other DEEWR Grants

	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Support Program		Disability Support Program		Workplace Reform Program		Workplace Productivity Program	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	118,453	111,389	2,133	1,718	241	332	126	139	1,581	1,503	2,154	1,718
Net accrual adjustments	1,524	4,049	–	–	–	–	28	–	–	–	659	(659)
Revenue for the period	119,977	115,438	2,133	1,718	241	332	154	139	1,581	1,503	2,813	1,059
Surplus / (deficit) from the previous year	–	–	–	–	237	–	151	44	–	–	–	–
Total revenue including accrual revenue	119,977	115,438	2,133	1,718	478	332	305	183	1,581	1,503	2,813	1,059
Less expenses including accrual expenses	(119,977)	(115,438)	(2,133)	(1,718)	(108)	(95)	(270)	(32)	(1,581)	(1,503)	(2,813)	(1,059)
Surplus / (deficit) for reporting period	–	–	–	–	370	237	35	151	–	–	–	–

  

	Learning & Teaching Performance Fund		Capital Development Pool		Superannuation Program		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	500	–	1,327	–	6,856	6,579	133,371	123,378
Net accrual adjustments	–	–	(1,327)	–	(432)	(363)	452	3,027
Revenue for the period	500	–	–	–	6,424	6,216	133,823	126,405
Surplus / (deficit) from the previous year	–	–	–	89	–	–	388	133
Total revenue including accrual revenue	500	–	–	89	6,424	6,216	134,211	126,538
Less expenses including accrual expenses	(500)	–	–	(89)	(6,424)	(6,216)	(133,806)	(126,150)
Surplus / (deficit) for reporting period	–	–	–	–	–	–	405	388

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for the year ended 31 December 2007

45 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

(b) Higher Education Loan Programs

	HECS-HELP (Australian Government payments only)		FEE-HELP		OS-HELP	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	62,253	55,845	13,427	12,901	296	(593)
Net accrual adjustments	1,634	2,439	(741)	(100)	(296)	593
Revenue for the period	63,887	58,284	12,686	12,801	-	-
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrual revenue	63,887	58,284	12,686	12,801	-	-
Less expenses including accrual expenses	(63,887)	(58,284)	(12,686)	(12,801)	-	-
Surplus / (deficit) for reporting period	-	-	-	-	-	-

(c) Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Staff Scholarships		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	2,347	2,230	455	463	1,518	1,096	2,256	1,681	22	33	6,598	5,503
Net accrual adjustments	-	-	-	-	(360)	(279)	(591)	(327)	(1)	(11)	(952)	(617)
Revenue for the period	2,347	2,230	455	463	1,158	817	1,665	1,354	21	22	5,646	4,886
Surplus / (deficit) from the previous year	482	172	(408)	(306)	7	8	24	24	1	-	106	(102)
Total revenue including accrual revenue	2,829	2,402	47	157	1,165	825	1,689	1,378	22	22	5,752	4,784
Less expenses including accrual expenses	(1,924)	(1,920)	(605)	(565)	(1,165)	(818)	(1,689)	(1,354)	(22)	(21)	(5,405)	(4,678)
Surplus / (deficit) for reporting period	905	482	(558)	(408)	-	7	-	24	-	1	347	106

## Notes to the Financial Statements

for the year ended 31 December 2007

### 45 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

#### (d) DEEWR Research

	Institutional Grants Scheme		Research Training Scheme		Systemic Infrastructure Initiative		Research Infrastructure Block Grants		Implementation Assistance Program	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	6,178	6,071	12,919	12,364	-	-	2,109	2,021	61	-
Net accrual adjustments	-	-	-	-	-	10	-	-	-	-
Revenue for the period	6,178	6,071	12,919	12,364	-	10	2,109	2,021	61	-
Surplus / (deficit) from the previous year	-	-	-	-	(13)	(13)	962	580	-	-
Total revenue including accrual revenue	6,178	6,071	12,919	12,364	(13)	(3)	3,071	2,601	61	-
Less expenses including accrual expenses	(6,178)	(6,071)	(12,919)	(12,364)	-	(10)	(3,071)	(1,639)	(63)	-
Surplus / (deficit) for reporting period	-	-	-	-	(13)	(13)	-	962	(2)	-

	Australian Scheme for Higher Education Repositories		Commercialisation Training Scheme		Total	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	118	-	128	-	21,513	20,456
Net accrual adjustments	-	-	-	-	-	10
Revenue for the period	118	-	128	-	21,513	20,466
Surplus / (deficit) from the previous year	-	-	-	-	949	567
Total revenue including accrual revenue	118	-	128	-	22,462	21,033
Less expenses including accrual expenses	(125)	-	(95)	-	(22,451)	(20,084)
Surplus / (deficit) for reporting period	(7)	-	33	-	11	949

## Notes to the Financial Statements

for the year ended 31 December 2007

### 45 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

#### (e) Australian Research Council Grants

##### (i) Discovery

	Projects		Fellowships		Indigenous Researchers Development		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	3,852	3,913	-	-	-	(5)	3,852	3,908
Net accrual adjustments	14	8	-	-	-	-	14	8
Revenue for the period	3,866	3,921	-	-	-	(5)	3,866	3,916
Surplus / (deficit) from the previous year	(256)	(352)	20	20	(540)	(535)	(776)	(867)
Total revenue including accrual revenue	3,610	3,569	20	20	(540)	(540)	3,090	3,049
Less expenses including accrual expenses	(4,602)	(3,825)	-	-	-	-	(4,602)	(3,825)
Surplus / (deficit) for reporting period	(992)	(256)	20	20	(540)	(540)	(1,512)	(776)

##### (ii) Linkages

	Special Research Initiatives		Infrastructure		International		Projects		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period	-	26	500	290	217	31	1,830	2,392	2,547	2,739
Net accrual adjustments	-	-	-	-	-	-	106	-	106	-
Revenue for the period	-	26	500	290	217	31	1,936	2,392	2,653	2,739
Surplus / (deficit) from the previous year	50	26	1,553	1,602	20	57	1,387	1,890	3,010	3,575
Total revenue including accrual revenue	50	52	2,053	1,892	237	88	3,323	4,282	5,663	6,314
Less expenses including accrual expenses	(24)	(2)	(492)	(339)	(228)	(68)	(3,460)	(2,895)	(4,204)	(3,304)
Surplus / (deficit) for reporting period	26	50	1,561	1,553	9	20	(137)	1,387	1,459	3,010