

2 April 2014

File No: 28379/01

Mr John Blair
Chief Financial Officer
Federation University Australia
University Drive
Mount Helen VIC 3350

Dear Mr Blair

I enclose for your information a corrected audit opinion for the University of Ballarat's financial report at 31 December 2012. The original audit opinion inadvertently referenced 30 June 2012 in part of the audit report when it should have referred to 31 December 2012.

Yours sincerely



Tim Loughnan
Sector Director, Financial Audit

Financial Statements

Declaration by the Chancellor, Vice-Chancellor and Chief Financial Officer

We certify that the attached financial report for the University of Ballarat has been prepared in accordance with Standing Direction 4.2 (c) of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards, Business Rules and other mandatory professional reporting requirements.

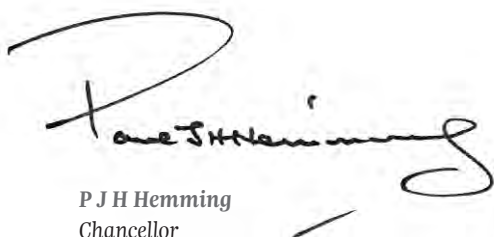
We further state that, in our opinion, the information set out in the operating statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2012 and financial position of the University as at 31 December 2012.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the University will be able to pay its debts as and when they became due and payable.


Government Financial assistance expended during the reporting period was expended in accordance with the purposes for which it was provided. TAFE key performance indicators are presented, in accordance with the responsible Minister's requirements.

This Financial Report was audited by the Victorian Auditor-General's Office.

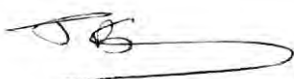
The Chancellor, Vice-Chancellor and Chief Financial Officer sign this declaration as delegates of, and in accordance with a resolution of, the Council of the University of Ballarat.



P J H Hemming
Chancellor



D A Battersby
Vice-Chancellor



J Blair
Director of Finance – Chief Financial Officer

Mt Helen
Dated: 22 February 2013

Establishment of the University of Ballarat

University of Ballarat Act 2010 (the Act)

The University of Ballarat was created by the University of Ballarat Act 1993, an Act of the Victorian Parliament, in 1994, out of the Ballarat College of Advanced Education. It was enlarged in 1998, through mergers with the Ballarat School of Mines and the Wimmera Institute of TAFE.

Although formally created as a University in 1994, the University of Ballarat has a lineage which takes it back to 1870, making it only the third institution of higher learning to be established in Australia and the first to be established in regional Australia. The Ballarat College of Advanced Education was created out of the tertiary division of the School of Mines while the technical division of the School merged with the new University in 1998.

Statutory Functions and Objectives of the University

The University of Ballarat is a corporate entity consisting of a Council, academic, teaching and other staff, and enrolled students.

The objects of the University are fully defined under section 5 of the Act, and include:

- to provide and maintain a teaching and learning environment of excellent quality offering higher education at an international standard;
- to provide vocational education and training, further education and other forms of education determined by the University to support and complement the provision of higher education by the University;
- to undertake scholarship, pure and applied research, invention, innovation, education and consultancy of international standing and to apply those matters to the advancement of knowledge and to the benefit of the well-being of the Victorian, Australian and international communities;
- to equip graduates of the University to excel in their chosen careers and to contribute to the life of the community;
- to serve the Victorian, Australian and international communities and the public interest;
- to use its expertise and resources to involve Aboriginal and Torres Strait Islander people of Australia in its teaching, learning, research and advancement of knowledge activities and thereby contribute to realising Aboriginal and Torres Strait Islander aspirations and the safeguarding of the ancient and rich Aboriginal and Torres Strait Islander cultural heritage;
- to provide programs and services in a way that reflects principles of equity and social justice;
- to confer degrees and grant diplomas, certificates, licences and other awards;
- to utilise or exploit its expertise and resources, whether commercially or otherwise.

Organisational Structure of the University

The Council

Under the provisions of the UB Act, the Council of the University is the governing body of the University and has the general direction and superintendence of the University. The Council is chaired by the Chancellor and has 15 members.

With respect to the appointment of these members of Council the UB Act requires that two must be persons with financial expertise with relevant qualifications and experience in financial management; one must be a person with commercial expertise at a senior level; one must be a person who has substantial knowledge or experience of vocational education and training; two must be persons who live or work in the Ballarat region; one must be a person who lives or works in the Wimmera Region.

The Vice Chancellor is the Chief Executive Officer of the University and has such powers, authorities, duties and functions as prescribed under the UB Act or as delegated by Council.

The Council, by resolution, may constitute and appoint such committees, as it thinks fit. A committee appointed by the Council must report to the Council on its activities at such times and in such manner as the Council directs.

The Academic Board

The principal academic body of the University is the Academic Board. The board comprises 31 members of whom 18 are Ex-Officio members representing senior academic and teaching staff and members of the senior management team and 9 elected members from teaching staff and students across the University. The purposes of Academic Board are to provide:

- academic oversight of prescribed academic programs and courses of study ; and
- advice to the Council on the conduct and content of those programs and courses.

In December 2005, the Board of Technical Studies and the Board of TAFE were disbanded and their responsibilities assumed by the Academic Board or Council as appropriate from January 2006. This represented final actions to bring together the multi-sector academic governance of the University.

Statement of Comprehensive Income for the year ended 31 December 2012

Income	Notes	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2.1	97,759	71,089	97,759	71,089
HELP - Australian Government payments	2.1	27,037	23,808	27,037	23,808
FEE-HELP					
VET FEE HELP					
STUDENT ANENITIES - HELP					
State Government financial assistance	2.2	31,665	37,796	31,665	37,796
HECS-HELP - Student payments		2,340	2,328	2,340	2,328
Course fees and charges	2.3	70,592	67,308	70,592	67,308
Other fees and charges	2.3	14,602	11,330	14,602	11,329
Consultancy and contract research	2.4	5,421	9,476	5,421	9,476
Investment revenue	2.5	15,030	13,726	15,030	13,726
Other revenue	2.6	1,354	1,661	1,354	1,612
Profit on disposal of assets	11	-	-	-	-
Total revenue from continuing operations		265,800	238,522	265,800	238,472
Revaluation increment on investment properties	12	890	-	890	-
Actuarial (gain) / loss of superannuation defined benefit plans	5	18,099	186	18,099	186
Total revenue		284,789	238,708	284,789	238,658
Expenses from continuing operations					
Employee expenses	3.1	107,711	101,137	107,711	101,137
Depreciation and amortisation	3.2	12,463	13,287	12,463	13,287
Repairs and maintenance	3.3	5,068	4,731	5,068	4,731
Bad and doubtful debts	3.4	(65)	1,214	(65)	1,214
Other expenses	3.6	43,257	40,833	43,250	40,792
Losses on disposal of assets	11	91	26	91	26
Finance costs		148	178	148	178
Private providers		38,381	33,897	38,381	33,897
Total expenses from continuing operations		207,054	195,303	207,047	195,262
Revaluation decrement on investment properties	12	-	397	-	397
Actuarial (gain) / loss of superannuation defined benefit plans	5	18,099	186	18,099	186
Total Expenses		225,153	195,886	225,146	195,845
Operating result before income tax for the year		59,636	42,822	59,643	42,813
Income tax expense	3.5	(2)	4	-	-
Operating result after income tax for the year		59,638	42,818	59,643	42,813
Other Comprehensive Income					
Gain on revaluation	11 & 19	14,317	-	14,317	-
Total Comprehensive Income		73 955	42 818	73 960	42 813

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

Statement of Financial Position for the year ended 31 December 2012

		Consolidated		University	
		2012	2011	2012	2011
Notes		\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash and cash equivalents	4	119,389	119,354	119,374	119,329
Receivables	5	12,687	13,580	12,696	13,590
Inventories	6	205	231	205	231
Biological assets	7	3	11	3	11
Other financial assets	8	80,257	36,162	80,257	36,162
Non-current assets held for sale	9	75	-	75	-
Other assets	10	2,115	2,440	2,115	2,440
Total Current Assets		214,731	171,778	214,725	171,763
Non-Current Assets					
Receivables	5	85,347	67,224	85,347	67,224
Other financial assets	8	558	558	519	519
Property, plant and equipment	11	261,383	222,485	261,383	222,485
Investment properties	12	66,070	65,180	66,070	65,180
Intangible Assets	13	4,523	6,215	4,523	6,215
Total Non-Current Assets		417,881	361,662	417,842	361,623
TOTAL ASSETS		632,612	533,440	632,567	533,386
Current Liabilities					
Payables	14	9,546	5,459	9,545	5,460
Borrowings	15	560	527	560	527
Provisions	16	23,459	21,293	23,459	21,293
Other liabilities	17	6,744	5,632	6,744	5,632
Provision for Income Tax	18	(2)	4	-	-
Total Current Liabilities		40,307	32,915	40,308	32,912
Non-Current Liabilities					
Borrowings	15	1,390	1,951	1,390	1,951
Provisions	16	88,340	69,954	88,340	69,954
Total Non-Current Liabilities		89,730	71,905	89,730	71,905
TOTAL LIABILITIES		130,037	104,820	130,038	104,817
Net Assets					
		502,575	428,620	502,529	428,569
EQUITY					
Accumulated Surplus	19	356,264	296,626	356,218	296,575
Reserves	19	146,311	131,994	146,311	131,994
TOTAL EQUITY		502,575	428,620	502,529	428,569

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2012

		Consolidated		University	
		2012	2011	2012	2011
	Notes	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities					
Receipts					
User fees and charges received		92,982	93,011	92,982	93,011
Investment Income received		15,416	13,025	15,416	13,025
Other receipts		1,370	1,664	1,370	1,614
GST recovered from ATO		11,361	10,559	11,361	10,559
Cash flows from Government					
State Government Grants		30,525	39,935	30,525	39,935
State Government contributions - specific projects	2.7	2,434	1,363	2,434	1,363
Commonwealth Government / Grants		80,762	47,719	80,762	47,719
Commonwealth Government - specific projects	2.7	16,981	20,828	16,981	20,828
Higher Education Contribution Scheme:					
Student payments		2,340	2,328	2,340	2,328
HECS-HELP - Commonwealth payments		23,913	22,066	23,913	22,066
STUDENT AMENTTIES - HELP		637	-	637	-
FEE-HELP - Commonwealth payments		1,787	1,263	1,787	1,263
OS - HELP (Net)		(16)	-	(16)	-
Superannuation Supplementation (Net)		(311)	(822)	(311)	(822)
Payments					
Payments to employees		(102,739)	(102,455)	(102,739)	(99,757)
Payments to suppliers (Including GST)		(57,891)	(54,724)	(57,881)	(57,397)
Finance costs		(148)	(178)	(148)	(178)
Payments to private providers		(38,381)	(33,897)	(38,381)	(33,897)
Net decrease (increase) in student loans		(143)	(30)	(143)	(30)
Net cash provided by/(used in) operating activities	20	<u>80,879</u>	<u>61,655</u>	<u>80,889</u>	<u>61,630</u>
Cash Flows from Investing Activities					
Payments for property, plant & equipment		(36,561)	(15,881)	(36,561)	(15,881)
Proceeds from sale of property, plant and equipment	11	341	322	341	322
Payments for Intangible Assets		-	(132)	-	(132)
Sale/ (Purchase) of investments		(44,097)	(19,991)	(44,097)	(19,991)
Proceeds from sale of Investments					
Net cash provided by (used in) investing activities		<u>(80,317)</u>	<u>(35,682)</u>	<u>(80,317)</u>	<u>(35,682)</u>
Cash Flows from Financing Activities					
Repayment of interest bearing liabilities		(527)	(495)	(527)	(495)
Net cash provided for (used in) financing activities		<u>(527)</u>	<u>(495)</u>	<u>(527)</u>	<u>(495)</u>
Net increase / (decrease) in cash and cash equivalents		<u>35</u>	<u>25,478</u>	<u>45</u>	<u>25,453</u>
Cash and cash equivalents at the beginning of the financial year		119,354	93,876	119,329	93,876
Cash and cash equivalents at the end of the financial year	4	<u><u>119,389</u></u>	<u><u>119,354</u></u>	<u><u>119,374</u></u>	<u><u>119,329</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2012

		Reserves	2012 Retained Surplus	Total	Reserves	2011 Retained Surplus	Total
	Note	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
CONSOLIDATED							
Total equity at the beginning of the financial year		131,994	296,626	428,620	132,165	253,637	385,802
Net operating result after income tax for the year		-	59,638	59,638	-	42,818	42,818
Increase in Asset Revaluation Reserve		14,317	-	14,317	-	-	-
Transfer of Reserve		-	-	-	(171)	171	-
Total equity at the end of the financial year	19	146,311	356,264	502,575	131,994	296,626	428,620
UNIVERSITY							
Total equity at the beginning of the financial year		131,994	296,575	428,569	132,165	253,591	385,756
Net operating result after income tax for the year		-	59,643	59,643	-	42,813	42,813
Increase in Asset Revaluation Reserve		14,317	-	14,317	-	-	-
Transfer of Reserve		-	-	-	(171)	171	-
Total equity at the end of the financial year	19	146,311	356,218	502,529	131,994	296,575	428,569

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of University of Ballarat and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of the University of Ballarat as an individual parent entity ('parent entity').

1.01 Basis of preparation

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Financial Management Act 1994, the requirements of the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) and applicable Australian Accounting Standards and Interpretations (AASs), issued by the Australian Accounting Standards Board.

In complying with AASs, the entity has, where relevant, applied those paragraphs applicable to not-for-profit entities.

The financial statements were authorised for issue by the Council of the University of Ballarat, February 2013

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by certain non-financial assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and judgements

The University evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the University.

Estimates

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

Judgements

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2012 and the comparative information presented for the year ended 31 December 2011.

The following is a summary of the material accounting policies adopted by the University in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

1.02 Scope and presentation of financial statements

In keeping with AASB 101 (September 2007) this complete set of financial statements includes the following changes:

- (a) the notion of:
 - 'a complete set of financial statements' rather than using 'financial report';
 - 'changes in equity' rather than 'movements in equity'; and
 - 'transactions with owners in their capacity as owners' rather than 'transactions with owners as owners'.
- (b) references to equity holders as owners.

Comprehensive operating statement

The comprehensive operating statement includes items previously included in the statement of changes in equity.

Statement of Financial Position

Items of assets and liabilities in the statement of financial position are:

- ranked in liquidity order;
- aggregated into financial and non-financial assets;
- classified according to GFS terminology, but retain measurement and disclosure rules under existing accounting standards applicable to the University and;
- current versus non-current assets and liabilities are disclosed in the notes where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash flow statement

The cash flow statement classifies flows by operating, investing and financing activities in accordance with AASB 107 Cash Flow Statements.

1.03 Reporting entity

The financial statements cover the University of Ballarat as an individual reporting entity. The University is a corporate entity, established pursuant to an act made by the State of Victoria under the University of Ballarat Act 1993.

Its principal address is:

University of Ballarat
University Drive
Mt Helen, Victoria, 3350

1.04 Basis of consolidation

The financial statements include all the activities of the University.

A list of controlled entities is contained in the financial statements (refer Note 28 Subsidiaries).

A controlled entity is any entity over which University of Ballarat has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Comprehensive Income.

Associated entities (associates)

The University holds no investment in associates.

Joint ventures

The University is not involved in joint ventures as set out in AASB 131.

1.05 Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the University and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to a condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

1.06 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with receivables or payables in the statement of financial position.

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

Commitments and contingent assets or liabilities are presented on a gross basis.

1.07 Income items

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the University's major activities as follows:

Government contributions

Government contributions are recognised as revenue in the period when the University gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

Fee for service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees is treated as revenue in the year of receipt and the balance as Revenue in Advance.

Revenue from sale of goods

Revenue from sale of goods is recognised by the University when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the University retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be reliably measured;
- (d) it is probable that the economic benefits associated with the transaction will flow to the University and;
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from cash, short-term deposits and investments is brought to account on a time proportional basis taking into account interest rates applicable to the financial assets.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken direct to equity, forming part of the total change in net worth in the comprehensive result.

Other income

Dividend revenue

Dividend revenue is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on a time proportional basis and is brought to account when the University's right to receive the rental is established.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

1.08 Expenses items

Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

Depreciation and amortisation

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation methods and rates used for each class of depreciable assets are

Class of asset	Method	Rate/Rates
Property lease	Straight line	10.00%
Buildings	Straight line	2.00% to 33.33%
Leasehold improvements	Straight line	3.00% to 33.33%
Plant & equipment	Straight line	6.67% to 25.00%
Computer equipment	Straight line	6.67% to 33.33%
Motor vehicles	Straight line	10.00% to 33.33%
Library collections	Straight line	12.5% to 20.00%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis. There has been no change in the methodology and rates for 2012.

Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives (3-7 years). Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite lives are not amortised. The useful life of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the University tests all intangible assets with indefinite lives for impairment by comparing its recoverable amount with its carrying amount:

- (a) annually; or
- (b) whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Other operating expenses

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

1.09 Other economic flows included in net result

Other economic items measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical and intangible assets.

Gain/(loss) arising from fair value changes of biological assets

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

Impairment of assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount and so require write downs). All other assets are assessed annually for indications of impairment, except for:

- Inventories;
- Financial assets;
- Investment property that is measured at fair value;
- Certain biological assets related to agricultural activity; and
- Non-current assets held-for-sale;

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and

reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards. Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

1.10 Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as interest bearing liabilities on the statement of financial position.

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax recoverable. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate of interest method, less any accumulated impairment. A provision for doubtful debts is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Investments, loans and other financial assets

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the University of Ballarat becomes a party to the contractual provisions of the instrument. Trade date accounting (the date on which the University commits to purchase or sell the asset) is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through the statement of comprehensive income. Transaction costs related to instruments classified as at fair value through the statement of comprehensive income are expensed immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the University of Ballarat no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the statement of comprehensive income.

Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

- (i) Financial assets at fair value through profit or loss
- Financial assets are classified at fair value through the statement of comprehensive income when they are held for trading purposes, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in the statement of comprehensive income in the period in which they arise.

Fair value is determined in the manner described in Note 29 Financial Instruments.

- (ii) Loans and receivables
- Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.
- The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

- (iii) Held-to-maturity investments
- Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the University's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method less impairment losses.

- (iv) Available-for-sale financial assets
- Other investments held by the University are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Fair value is determined in the manner described in Note 29 Financial Instruments.

1.11

Leases

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases. At balance date the University holds no finance leases.

University as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

University as lessee

Operating lease payments including any contingent rentals, are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

1.12

Non-Financial Assets

Inventories

Inventories include supplies and consumables and are valued at the lower of cost and net realisable value.

Non-current physical assets classified as held for sale, including disposal group assets

Non-current physical assets (and disposal group) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-current physical assets and disposal groups, related liabilities and financial assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within twelve months from the date of classification.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown initially at cost, then subsequently at their fair value.

Crown land is measured at fair value with regard to its highest and best use after due consideration is made for any legal or constructive restrictions imposed on the land, public announcements or commitments made in relation to the intended use of the land. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

Plant and equipment

Plant and equipment are measured at fair value less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the University to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have

been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the University includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Library collections

Library collections are measured at fair value less accumulated depreciation.

Restrictive nature of cultural and heritage assets, Crown land and infrastructures

During the reporting period, the University held cultural assets, heritage assets, Crown land and infrastructures.

Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The nature of these assets means that there are certain limitations and restrictions imposed on their use and/or disposal.

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRDs issued by the Minister for Finance. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

When revalued assets are sold, it is the University's policy to transfer the amounts included in other reserves in respect of these assets to accumulated funds.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Non-current physical assets constructed by the University

The fair value of non-current assets constructed by the University includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

Biological assets

Bloodstock

Bloodstock is measured at fair value less estimated point of sale costs.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the University.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the University.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as income or expenses in the period in which they arise. The properties are not depreciated.

Rental income from the leasing of investment properties is recognised in the comprehensive operating statement on a straight-line basis, over the lease term.

Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the University.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

Capitalised software development cost 3–7 years
(2011 3–7 Years)

1.13 Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the University prior to the end of the financial year that are unpaid, and arise when the University becomes obliged to make future payments in respect of the purchase of these goods and services.

Interest bearing liabilities

Interest bearing liabilities are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year's period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Provisions

Provisions are recognised when the University has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a

provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability – unconditional LSL representing 7 years service or greater is disclosed as a current liability even though the University does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value – component that is not expected to be settled within 12 months
- nominal value – component that is expected to be settled within 12 months

Non current liability – conditional LSL representing less than 7 years service is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an expense (other economic flow).

The University of Ballarat has used the wage inflation and discount rates as published by the Department of Treasury and Finance, Victoria.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The University recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are included in the provision for employee benefits.

Performance Payments

The University does not have in place performance payments for Executive Officers.

Retirement benefit obligations

(i) Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable.

(ii) Defined benefit plans

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by the University to the superannuation plan in respect of current services of current University staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The University does not recognise any deferred liability in respect of the plans because the University has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

Onerous contracts

An onerous contract is considered to exist where the University has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received. At balance date no onerous contracts apply.

1.14 Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of the GST payable.

1.15 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the statement of financial position, but are disclosed by way of a note (refer note 23) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

As at 31 December 2012 the following standards and interpretations (applicable to the University) had been issued but were not mandatory for financial year ending 31 December 2012. The University has not, and does not intend to, adopt these standards early.

Amending Pronouncements and Errata	Standards Affected	Outline of Amendment	Application date of standard	Impact on financial statements
AASB 9 Financial Instruments.	AASB 139 Financial Instruments: Recognition and Measurement	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement	Reporting periods beginning on 1 January 2015.	The extent of the impact on the university's financial statements has not been determined
AASB 1053 Application of Tiers of Australian Accounting Standards.		This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Reporting periods beginning on 1 July 2013.	The Victorian Government is currently considering the impacts of reduced disclosure requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12	This standard gives effect to consequential changes arising from the issuance of AASB 9.	Reporting periods beginning on 1 January 2013.	Detail of impact is still being assessed.
AASB 2010 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.		These amendments introduce reduced disclosure requirements for application by certain types of entities	Reporting periods beginning on 1 July 2013.	The amendments do not affect financial measurement or recognition and are not expected to have any impact on financial result or position.
AASB 2010 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127	This relates to the introduction of AASB 9 Financial instruments.	Reporting periods beginning on 1 January 2013.	Detail of impact is still being assessed.
AASB 2011 2 Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project – Reduced Disclosure Requirements	AASB 101 and AASB 1054	The objective of this amendment is to include some additional disclosure from the Trans Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (RDRs).	Reporting periods beginning on 1 January 2013.	The Victorian Government is currently considering the impacts of RDRs and has not decided if they will be implemented in the Victorian public sector.
AASB 2011 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	AASB 1049	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures. This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.	Reporting periods beginning on 1 July 2012.	There will be no impact on performance measurement.

Note 2: Revenue from continuing activities

		Consolidated		University	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Notes					
2.1	Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes				
(a) Commonwealth Grants Scheme and Other Grants					
	Commonwealth Grants Scheme	30.1	50,491	43,068	50,491
	Indigenous Support Fund	30.1	158	158	158
	Disability Support Programme	30.1	69	51	69
	Transitional Cost Program	30.1	12	(41)	12
	HE Participation Program	30.1	997	876	997
	HE Partnership Base Funding	30.1	136	356	136
	HE Partnership Project Funding	30.1	529	-	529
	HE Structural Adjustment Fund Program	30.1	20,770	-	20,770
Total Commonwealth Grants Scheme and Other Grants			73,162	44,468	73,162
(b) Higher Education Loan Programmes					
	HECS-HELP	30.2	23,913	22,045	23,913
	FEE-HELP	30.2	1,787	1,263	1,787
	STUDENT AMENTTIES - HELP	30.2	637	-	637
	VET FEE - HELP	30.2	700	500	700
Total Higher Education Loan Programmes			27,037	23,808	27,037
(c) Scholarships					
	Australian Postgraduate Awards	30.3	743	631	743
	International Postgraduate Research Scholarships	30.3	64	62	64
	Commonwealth Education Costs Scholarships	30.3	29	89	29
	Commonwealth Accommodation Scholarships	30.3	-	243	-
	Indigenous Access Scholarships	30.3	46	12	46
	National Priority Scholarships	30.3	-	21	-
	National Accommodation Scholarships	30.3	93	179	93
Total Scholarships			975	1,237	975
(d) DIISRTE - Research					
	Research Training Scheme	30.5	1,877	1,887	1,877
	Research Infrastructure Block Grants	30.5	124	182	124
	Joint Research Engagement Program	30.5	903	882	903
	SRE Base & Threshold 1	30.5	188	205	188
Total DIISRTE - Research			3,092	3,156	3,092
(e) Australian Research Council					
	Discovery Projects	30.6	174	173	174
	Linkages Projects	30.6	376	359	376
Total Australian Research Council			550	532	550
(f) Other Australian Government financial assistance					
Higher Education					
Non Capital					
	National Health & Medical Research Council		106	170	106
	Other Commonwealth Grants		2,893	698	2,893
Capital					
	Science Building		7,621	20,828	7,621
TAFE					
Capital					
	MTTC/ UB Tec Building		9,360	-	9,360
Total Other Australian Government financial assistance			19,980	21,696	19,980
Total Australian Government financial assistance			124,796	94,897	124,796

Note 2: Revenue from continuing activities, continued...

		Consolidated		University	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
	Notes				
Note 2.1 Reconciliation Accrual basis					
Commonwealth Government grants	30.1	73,162	44,468	73,162	44,468
HECS-HELP - Commonwealth payments	30.2	23,913	22,045	23,913	22,045
FEE-HELP - Commonwealth payments	30.2	1,787	1,263	1,787	1,263
VET Fee Help	30.2	700	500	700	500
STUDENT AMENTTIES - HELP	30.2	637	-	637	-
Learning Scholarships	30.3	975	1,237	975	1,237
DIISRTE Research	30.5	3,092	3,156	3,092	3,156
Australian Research Council	30.6	550	532	550	532
Other Commonwealth Government		19,980	21,696	19,980	21,696
Total Australian Government financial assistance		124,796	94,897	124,796	94,897

Note 2.1 Reconciliation Cash Basis

Commonwealth Government grants	30.1	72,777	41,304	72,777	41,304
HECS-HELP - Commonwealth payments	30.2	23,913	22,066	23,913	22,066
FEE-HELP - Commonwealth payments	30.2	1,787	1,263	1,787	1,263
STUDENT AMENTTIES - HELP	30.2	637	-	637	-
VET Fee Help	30.2	-	-	-	-
Learning Scholarships	30.3	1,344	1,890	1,344	1,890
DIISRTE Research	30.5	3,092	3,156	3,092	3,156
ARC grants - Discovery	30.6	174	173	174	173
ARC grants - Linkage	30.6	376	359	376	359
Other Commonwealth Government		19,980	21,696	19,980	21,665
Australian Government Grants Received - Cash Basis		124,080	91,907	124,080	91,876
Superannuation Supplementation	30.7	4,777	3,703	4,777	3,703
OS-HELP - Commonwealth payments	30.7	(1)	6	(1)	6
Total Australian Government Funding Received - Cash Basis		128,856	95,616	128,856	95,585

2.2 State and Local Government Financial Assistance

TAFE

Non Capital

TAFE recurrent and competitive grants	22,942	30,494	22,942	30,494
Other state grants	6,289	5,939	6,289	5,939

Capital

State capital grants	2,434	1,363	2,434	1,363
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Total State and Local Government assistance	31,665	37,796	31,665	37,796
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2.3 Fees and Charges

Course fees and charges

Continuing Education	146	223	146	222
Fee paying overseas students	57,959	53,316	57,959	53,317
Fee paying overseas students (Offshore)	2,144	1,471	2,144	1,471
Fee paying domestic postgraduate students	4,118	1,094	4,118	1,094
Fee paying domestic non-award students	181	187	181	187
Other student fees	1,642	3,496	1,642	3,497
Fee for service - Government	967	683	967	682
Fee for service - non Government	3,067	6,376	3,067	6,376
Fee for service - International operations	368	462	368	462
	70,592	67,308	70,592	67,308

Other fees and charges

Rental Residences	5,068	4,907	5,068	4,907
Rental Other	796	570	796	570
Catering and bar	2,769	2,595	2,769	2,594
Sports facilities	462	465	462	465
Parking fees	113	98	113	98
Student Services Fees from students	494	-	494	-
Other	4,900	2,695	4,900	2,695
	14,602	11,330	14,602	11,329
	85,194	78,638	85,194	78,637

Note 2: Revenue from continuing activities, continued...

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes				
2.4 Consultancy and Contract Research				
Consultancy	1,750	1,655	1,750	1,655
Contract research	3,671	7,821	3,671	7,821
	<u>5,421</u>	<u>9,476</u>	<u>5,421</u>	<u>9,476</u>
2.5 Investment Revenue				
Dividends	9	133	9	133
Interest received	9,337	8,035	9,337	8,035
Rental from Investment Properties	5,687	5,567	5,687	5,567
Total Investment Revenue	<u>15,033</u>	<u>13,735</u>	<u>15,033</u>	<u>13,735</u>
Change in fair value of financial assets through profit & loss	(3)	(9)	(3)	(9)
Net Investment Revenue	<u>15,030</u>	<u>13,726</u>	<u>15,030</u>	<u>13,726</u>
2.6 Other Revenue				
Donations and bequests	127	259	127	260
Scholarships and prizes	26	102	26	102
Other	1,201	1,300	1,201	1,250
	<u>1,354</u>	<u>1,661</u>	<u>1,354</u>	<u>1,612</u>
2.7 Government Contributions - Specific Projects				
Figures in notes 2.1 and 2.2 relating to Government contributions - capital are included in the cash flow statement as follows:				
Higher Education				
DEEWR Capital Funding - Science & Engineering Building	7,621	20,828	7,621	20,828
Total Higher Education	<u>7,621</u>	<u>20,828</u>	<u>7,621</u>	<u>20,828</u>
TAFE				
State capital grants	2,434	1,363	2,434	1,363
DEEWR- Manufacturing Technology & Training Centre	9,360	-	9,360	-
Total TAFE	<u>11,794</u>	<u>1,363</u>	<u>11,794</u>	<u>1,363</u>
Total Grants for Specific Projects	<u>19,415</u>	<u>22,191</u>	<u>19,415</u>	<u>22,191</u>

Note 3: Expenses from Continuing Activities

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes				
3.1 Employee Expenses				
Academic				
Salaries	50,134	46,522	50,134	46,523
Contributions to superannuation and pension schemes				
Emerging cost	-	-	-	-
Funded	6,233	5,886	6,233	5,886
Payroll tax	2,658	2,479	2,658	2,479
Work Cover	433	495	433	495
Movement in provisions:				
Annual leave	263	93	263	93
Long service leave	706	1,202	706	1,202
Other employee entitlements	(10)	(92)	(10)	(92)
Total academic	60,417	56,585	60,417	56,586
Non Academic				
Salaries	37,775	36,590	37,775	36,590
Contributions to superannuation and pension schemes				
Emerging cost	-	2	-	2
Funded	5,495	4,925	5,495	4,925
Payroll tax	2,161	1,894	2,161	1,894
Work Cover	368	382	368	382
Movement in provisions:				
Annual leave	207	79	207	79
Long service leave	1,119	761	1,119	761
Other employee entitlements	169	(82)	169	(82)
Total non-academic	47,294	44,551	47,294	44,551
Total employee expenses	107,711	101,136	107,711	101,137
Deferred employee expenses for superannuation	18,099	186	18,099	186
	125,810	101,322	125,810	101,323
3.2 Depreciation and Amortisation				
Buildings	6,272	7,146	6,272	7,146
Buildings Leasehold	138	79	138	79
Plant & Equipment	3,347	3,272	3,347	3,272
Motor Vehicles	334	265	334	265
Library Collection	784	915	784	915
Depreciation Property, Plant and Equipment	10,875	11,677	10,875	11,677
Amortisation of Intangible Assets	1,588	1,610	1,588	1,610
Total depreciation & amortisation	12,463	13,287	12,463	13,287
3.3 Repairs and Maintenance				
Buildings and grounds - maintenance and repairs	4,565	4,198	4,565	4,198
Plant, Equipment - maintenance and repairs	503	533	503	533
Total repairs and maintenance	5,068	4,731	5,068	4,731
3.4 Bad and Doubtful Debts				
Bad debts written off:				
Students	553	455	553	455
Other	82	27	82	27
	635	482	635	482
Provision for doubtful debts expense:				
Students	-	510	-	510
Other	(700)	222	(700)	222
	(700)	732	(700)	732
Net movement in doubtful debt provision	(65)	1,214	(65)	1,214
3.5 Income Tax				
Income tax expense	(2)	4	-	-
	(2)	4	-	-

Note 3: Expenses from Continuing Activities, continued...

Notes	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
3.6 Other Expenses				
Scholarships, grants and prizes	3,785	3,734	3,785	3,734
Telecommunications	745	919	745	919
Equipment (below capitalisation threshold)	4,316	3,513	4,316	3,513
Independent Contractors	3,275	2,698	3,275	2,698
Advertising, marketing and promotional expenses	1,169	1,301	1,169	1,301
Audit fees, bank charges, legal costs, insurance and taxes	1,733	1,558	1,733	1,558
Travel, staff development and entitlements	3,025	2,744	3,027	2,744
Cost of sale of goods including ancillary trading	1,421	1,413	1,421	1,413
Subscriptions, library materials & licence fees	3,055	3,712	3,055	3,712
Operating lease & rental expenses	361	227	361	227
Contract and other services	9,893	8,571	9,887	8,560
Printing and photocopying	2,332	1,585	2,332	1,585
Utilities	2,548	2,500	2,548	2,500
Motor vehicle running costs	402	329	402	329
Recruitment costs	527	114	527	114
Work experience scheme	583	621	583	621
Other expenses	4,087	5,294	4,084	5,264
Total other expenses	43,257	40,833	43,250	40,792

Note 4: Cash and Cash Equivalents

Cash at bank and on hand	4,703	2,505	4,688	2,480
Deposits at call	27,666	13,099	27,666	13,099
Short term fixed interest bearing bills, bonds/term deposits	83,100	100,500	83,100	100,500
Short term fixed interest bearing bills, bonds/term deposits with TCv	3,920	3,250	3,920	3,250
Total cash and cash equivalent assets	119,389	119,354	119,374	119,329

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement .

Cash at bank and on hand:

These are non interest bearing except for bank accounts which receive standard bank interest rates.

The effective interest rate on short term deposits at call was 3.11% & 6.0% (2011, 4.96% & 5.30%).

These deposits have an average maturity of 37 days. (2011, 29 days)

Note 5: Receivables

Current

Debtors	4,187	5,474	4,196	5,484
Provision for impaired receivables	(1,414)	(2,114)	(1,414)	(2,114)
Revenue receivable	3,683	4,176	3,683	4,176
GST receivable from ATO	859	791	859	791
Student loans	657	514	657	514
	7,972	8,841	7,981	8,851
Deferred government contributions for superannuation	4,715	4,739	4,715	4,739
	12,687	13,580	12,696	13,590

Non-current

Deferred government contributions for superannuation	85,347	67,224	85,347	67,224
Total Receivables	98,034	80,804	98,043	80,814

Movement in Impaired Receivables

3.4

Balance at 1 January	(2,114)	(1,382)	(2,114)	(1,382)
less amounts written off as bad debts during the year	635	482	635	482
plus provision for the year	65	(1,214)	65	(1,214)
Balance at 31 December	(1,414)	(2,114)	(1,414)	(2,114)

Note 5: Receivables, continued...

The creation and release of the provision for impaired receivables has been included in 'bad and doubtful debts' in the income statement. Amounts charged to the provision 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. Based on credit history, it is expected that these amounts will be received when due.

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes				
Impaired receivables				
As of December 2012, trade receivables of \$0.384m (2011, \$0.427m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:				
3 to 6 months	132	279	132	279
Over 6 months	252	148	252	148
	<u>384</u>	<u>427</u>	<u>384</u>	<u>427</u>

Note 6: Inventories

Current

Business activities supplies

	205	231	205	231
	<u>205</u>	<u>231</u>	<u>205</u>	<u>231</u>

Note 7: Biological Assets

Current

Sheep

	3	11	3	11
	<u>3</u>	<u>11</u>	<u>3</u>	<u>11</u>

Number of animals - Sheep

	45	178	45	178
--	----	-----	----	-----

Reconciliation of the carrying amounts for each class of biological asset between the beginning of the year and end of the current financial year.

Sheep:

Carrying amount at start of year	11	11	11	11
Increases due to:				
plus natural increases - births	-	6		6
Decreases attributable to:				
Changes in fair Value	1	3	1	3
Sales	(9)	(9)	(9)	(9)
Carrying amount at end of year.	<u>3</u>	<u>11</u>	<u>3</u>	<u>11</u>

Note 8: Other Financial Assets

Current

Available for sale financial assets

Shares - listed, at fair value	22	18	22	18
Other investments - at fair value	235	244	235	244

Held to maturity

Term Deposits	80,000	30,900	80,000	30,900
Floating rate note (WAVES)	-	5,000	-	5,000

Total current other financial assets	<u>80,257</u>	<u>36,162</u>	<u>80,257</u>	<u>36,162</u>
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Available for sale financial assets

Shares - Unlisted, at cost	558	558	519	519
Total available for sale financial assets	<u>558</u>	<u>558</u>	<u>519</u>	<u>519</u>

Total non-current financial assets

	<u>558</u>	<u>558</u>	<u>519</u>	<u>519</u>
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Market value of investments listed on stock exchange	257	262	257	262
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Available for sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The effective interest rate on short term deposits was 4.31% & 4.65% (2011, 5.05% & 6.26%).

These deposits have an average maturity of 179 days. (2011, 112 days)

Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes				

Note 9: Non Current Assets Held for Sale

Land held for resale	75	-	75	-
	<u>75</u>	<u>-</u>	<u>75</u>	<u>-</u>

Note 10: Other Assets

Current

Prepayments	2,115	2,440	2,115	2,440
	<u>2,115</u>	<u>2,440</u>	<u>2,115</u>	<u>2,440</u>

Note 11: Non Current: Property, Plant and Equipment

LAND				
At independent valuation 2012	41,915	34,008	41,915	34,008
At fair value	-	803	-	803
	<u>41,915</u>	<u>34,811</u>	<u>41,915</u>	<u>34,811</u>
BUILDINGS				
At independent valuation 2012	146,653	159,946	146,653	159,946
At fair value	-	9,583	-	9,583
Accumulated depreciation	-	(26,481)	-	(26,481)
Provision for impairment	-	(346)	-	(346)
	<u>146,653</u>	<u>142,702</u>	<u>146,653</u>	<u>142,702</u>
CONSTRUCTION IN PROGRESS				
Construction in progress	<u>48,366</u>	<u>17,694</u>	<u>48,366</u>	<u>17,694</u>
LEASE of LAND				
At Valuation	545	290	545	290
Accumulated amortisation	-	-	-	-
	<u>545</u>	<u>290</u>	<u>545</u>	<u>290</u>
LEASEHOLD IMPROVEMENTS				
At fair value	2,165	3,374	2,165	3,374
Accumulated amortisation	-	(459)	-	(459)
	<u>2,165</u>	<u>2,915</u>	<u>2,165</u>	<u>2,915</u>
EQUIPMENT AND FURNITURE				
At fair value	37,857	47,207	37,857	47,207
Accumulated depreciation	(23,213)	(29,673)	(23,213)	(29,673)
	<u>14,644</u>	<u>17,534</u>	<u>14,644</u>	<u>17,534</u>
MOTOR VEHICLES				
At fair value	3,141	3,141	3,141	3,141
Accumulated depreciation	(1,061)	(1,087)	(1,061)	(1,087)
	<u>2,080</u>	<u>2,054</u>	<u>2,080</u>	<u>2,054</u>
LIBRARY HOLDINGS				
At fair value	11,880	14,736	11,880	14,736
Accumulated depreciation	(8,142)	(11,527)	(8,142)	(11,527)
	<u>3,738</u>	<u>3,209</u>	<u>3,738</u>	<u>3,209</u>
ART COLLECTION				
At independent valuation 2010	1,277	1,276	1,277	1,276
	<u>1,277</u>	<u>1,276</u>	<u>1,277</u>	<u>1,276</u>
Net Book amount	<u>261,383</u>	<u>222,485</u>	<u>261,383</u>	<u>222,485</u>

Note 11: Non Current: Property, Plant and Equipment, continued...

MOVEMENTS IN CARRYING AMOUNTS

	Balance at beginning of year	Additions	Disposals	Depreciation expense	Impairment / adjustment & transfers	Revaluation	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012							
Consolidated & University							
Land	34,811	-	-	-	(75)	7 179	41,915
Buildings	142,702	-	-	(6,272)	2,727	7 496	146,653
Construction in progress	17,694	34,083	-	-	(3,411)	-	48,366
Leasehold improvements	2,915	-	-	(138)	1	(613)	2,165
Lease of Land	290	-	-	-	-	255	545
Equipment and furniture	17,534	472	-	(3,347)	(15)	-	14,644
Motor vehicles	2,054	778	(432)	(334)	14	-	2,080
Library holdings	3,209	1,227	-	(784)	86	-	3,738
Artworks	1,276	1	-	-	-	-	1,277
	<u>222,485</u>	<u>36,561</u>	<u>(432)</u>	<u>(10,875)</u>	<u>(673)</u>	<u>14,317</u>	<u>261,383</u>

	Balance at beginning of year	Additions	Disposals	Depreciation expense	Impairment / adjustment & transfers	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011						
Consolidated & University						
Land	34,540	271	-	-	-	34,811
Buildings	149,246	512	-	(7,146)	90	142,702
Construction in progress	7,388	11,560	-	-	(1,254)	17,694
Leasehold improvements	3,053	-	-	(137)	(1)	2,915
Lease of Land	232	-	-	58	-	290
Equipment and furniture	17,411	2,207	-	(3,272)	1,188	17,534
Motor vehicles	2,081	580	(342)	(265)	-	2,054
Library holdings	3,396	751	-	(915)	(23)	3,209
Artworks	1,277	-	-	-	(1)	1,276
	<u>218,624</u>	<u>15,881</u>	<u>(342)</u>	<u>(11,677)</u>	<u>(1)</u>	<u>222,485</u>

Valuation

The valuation of land and buildings is fair market value based on existing use. The 2012 valuations were carried out at all campuses by The Leader Property Group, acting on behalf of the Office of the Valuer General, Victoria, as at 31 December 2012.

The 2010 valuation of the Art collection was carried out by Deutscher Menzies, Fine Art Auctioneers and Valuers as at 31 December 2010. The Valuation was carried out on the basis of replacement value.

Property owned by the Crown

The University is carrying property in its accounts where the title to the property is in the name of the Minister for Education and Training. As at 31 December 2012, the value of land and buildings at written down value in the University's books attributed to the Crown amounts to \$44.65 m.

	2012 \$'000	2011 \$'000
Profit and/or loss on Sale of Non Current Assets		
Proceeds on sale of property, plant & equipment	341	322
Less written down value	432	348
Net Profit/(Loss) on disposal	<u>(91)</u>	<u>(26)</u>

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000

Notes

Note 12: Investment Properties

At Fair value opening balance at 1 January

Revaluation increment / (decrement)

Closing Balance at 31 December

65,180	65,577	65,180	65,577
890	(397)	890	(397)
66,070	65,180	66,070	65,180

Amounts recognised in profit and loss for investment properties

Rental Income	5,687	5,567	5,687	5,567
Movement in fair value of investment properties	890	(397)	890	(397)
Total Income	6,577	5,170	6,577	5,170
Direct Operating Expenses	(995)	(922)	(995)	(922)
Total Recognised in profit and loss	5,582	4,248	5,582	4,248

LEASED ASSETS

As at the reporting date the following properties were recognised as investment properties

IBM Gear Avenue	16,560	16,180	16,560	16,180
New IBM	8,420	8,480	8,420	8,480
Greenhill Enterprise Centre	6,270	6,260	6,270	6,260
State Revenue Office	8,270	8,210	8,270	8,210
Global Innovation Centre	3,710	3,830	3,710	3,830
Rural Ambulance Victoria	6,920	6,710	6,920	6,710
Advanced Display Technology	1,580	1,560	1,580	1,560
Emergency Services Telecommunication Authority	8,060	7,670	8,060	7,670
Vacant Land	6,280	6,280	6,280	6,280
Carrying amount of investment properties	66,070	65,180	66,070	65,180

Operating Lease Receivables

Amounts due	- one year or less	6,516	5,798	6,516	5,798
	- two to five years	20,509	20,626	20,509	20,626
	- over five years	4,665	3,978	4,665	3,978
		31,690	30,402	31,690	30,402

The valuation of investment properties is fair market value based on the amount for which the asset could be exchanged between knowledgeable willing parties in an arms length transaction. The 2012 valuations were carried out at The Technology Park on the Mt Helen campus by Leader Property Practice, acting on behalf of the Office of the Valuer General, Victoria, as at 31 December 2012.

Note 13: Intangible Assets

CONSOLIDATED

Year ended 31 December 2011

Opening net book amount 1 January 2011

Additions

Amortisation charge

Closing net book amount 31 December 2011

Assets	Work in Progress	Total Net value
7,639	54	7,693
82	50	132
(1,610)	-	(1,610)
6,111	104	6,215

CONSOLIDATED

Year ended December 2012

Opening net book amount 1 December 2012

Written off

Amortisation charge

Closing net book amount December 2012

Assets	Work in Progress	Total Net value
6,111	104	6,215
-	(104)	(104)
(1,588)	-	(1,588)
4,523	-	4,523

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Note 14: Payables				
Current				
Creditors and non salary accruals	8,815	5,305	8,814	5,306
Accrued salaries, wages and costs	732	154	732	154
OS-Help Liability to Australian Government	(1)	-	(1)	-
	<u>9,546</u>	<u>5,459</u>	<u>9,545</u>	<u>5,460</u>

Foreign currency risk

The carrying amounts of the group and parent entity's trade and other payables are denominated in Australian dollars.

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 29.4 Financial Instruments - Summarised Sensitivity Analysis.

Note 15: Borrowings

CURRENT

Unsecured

Bills payable - National Australia Bank

	560	527	560	527
	<u>560</u>	<u>527</u>	<u>560</u>	<u>527</u>

NON CURRENT

Unsecured

Bills payable - National Australia Bank

	1,390	1,951	1,390	1,951
	<u>1,390</u>	<u>1,951</u>	<u>1,390</u>	<u>1,951</u>

Financing Arrangements

Credit standby arrangements

Total facilities

Bank overdrafts

Other - credit card facilities

	150	150	150	150
	3,000	3,000	3,000	3,000

Used at reporting date

Bank overdrafts

Other - credit card facilities

	-	-	-	-
	276	234	276	234

Unused at reporting date

Bank overdrafts

Other - credit card facilities

	150	150	150	150
	2,724	2,766	2,724	2,766

Note 16: Provisions

Current provisions expected to be settled within 12 months

Annual leave

Long service leave

Deferred benefits for superannuation

Other employee benefits

	6,910	6,441	6,910	6,441
	11,618	10,056	11,618	10,056
	4,715	4,739	4,715	4,739
	216	57	216	57
	<u>23,459</u>	<u>21,293</u>	<u>23,459</u>	<u>21,293</u>

Non-current

Long service leave

Deferred benefits for superannuation

	2,993	2,730	2,993	2,730
	85,347	67,224	85,347	67,224
	<u>88,340</u>	<u>69,954</u>	<u>88,340</u>	<u>69,954</u>
	<u>111,799</u>	<u>91,247</u>	<u>111,799</u>	<u>91,247</u>

Note 16: Provisions, continued...

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Notes				
Classification of employee benefits as current or non-current				
Current				
minimum of 7 years continuous service :				
Short term employee benefits that fall within 12 months after the end of the period, measured at nominal value.	15,530	13,839	15 530	13,839
Current annual leave provision expected to be settled after more than 12 months, measured at present value.	2,998	2,658	2 998	2,658
	<u>18,528</u>	<u>16,497</u>	<u>18,528</u>	<u>16,497</u>
Non-current				
Long service leave representing less than 7 years of continuous service measured at present value.	<u>2,993</u>	<u>2,730</u>	<u>2,993</u>	<u>2,730</u>

Movement in provisions: Consolidated and University

Annual leave:

Carrying amount at start of year	6,441	6,269	6,441	6,269
Additional provisions recognised/ (amounts used)	<u>469</u>	<u>172</u>	<u>469</u>	<u>172</u>
Carrying amount at end of year	<u>6,910</u>	<u>6,441</u>	<u>6,910</u>	<u>6,441</u>

Long service leave:

Carrying amount at start of year	12,786	10,825	12,786	10,825
Additional provisions recognised/ (amounts used)	<u>1,825</u>	<u>1,961</u>	<u>1,825</u>	<u>1,961</u>
Carrying amount at end of year	<u>14,611</u>	<u>12,786</u>	<u>14,611</u>	<u>12,786</u>

Other employee benefits:

Carrying amount at start of year	57	231	57	231
Additional provisions recognised/ (amounts used)	<u>159</u>	<u>(174)</u>	<u>159</u>	<u>(174)</u>
Carrying amount at end of year	<u>216</u>	<u>57</u>	<u>216</u>	<u>57</u>

Deferred benefits for superannuation

Carrying amount at start of year	71,963	71,777	71,963	71,777
Movement in actuarial valuation	<u>18,099</u>	<u>186</u>	<u>18,099</u>	<u>186</u>
Carrying amount at end of year	<u>90,062</u>	<u>71,963</u>	<u>90,062</u>	<u>71,963</u>

Total Entitlements	<u>111,799</u>	<u>91,247</u>	<u>111,799</u>	<u>91,247</u>
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Note 17: Other Liabilities

Funds received in advance	<u>6,744</u>	<u>5,632</u>	<u>6,744</u>	<u>5,632</u>
	<u>6,744</u>	<u>5,632</u>	<u>6,744</u>	<u>5,632</u>

Note 18: Current Tax Liabilities

Income Tax	<u>(2)</u>	<u>4</u>	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>4</u>	<u>-</u>	<u>-</u>

Notes	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000

Note 19: Equity and Movements in Equity

Composition of Reserves

Asset Revaluation Reserve	146,311	131,994	146,311	131,994
Total Reserves	146,311	131,994	146,311	131,994

Asset Revaluation Reserve

Land	38,062	30,627	38,062	30,627
Buildings	107,275	100,393	107,275	100,393
Works of art	974	974	974	974
	146,311	131,994	146,311	131,994

Movement in Carrying Amounts

Consolidated

	Balance at beginning of year	Revaluation Increment	Carrying amount at end of year
Asset Revaluation Reserve			
Land	30,627	7,435	38,062
Buildings	100,393	6,882	107,275
Works of art	974	-	974
	131,994	14,317	146,311

University

Asset Revaluation Reserve			
Land	30,627	7,435	38,062
Buildings	100,393	6,882	107,275
Works of art	974	-	974
	131,994	14,317	146,311

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000

Movement in Accumulated Surplus

Balance 1 January	296,626	253,637	296,575	253,591
Net operating surplus for the reporting period	59,638	42,818	59,643	42,813
Transfer of reserve	-	171	-	171
Balance 31 December	356,264	296,626	356,218	296,575

Reconciliation to Statement of Changes in Equity:

Asset Revaluation Reserve	146,311	131,994	146,311	131,994
Accumulated Surplus	356,264	296,626	356,218	296,575
Total Equity at the end of the financial year	502,575	428,620	502,529	428,569

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Note 20: Cash Flow Information				
a) Reconciliation of operating result to net cash provided by/(used in) operating activities				
Net operating result for the year	59,638	42,818	59,643	42,813
Non-cash flows in operating result				
Depreciation and amortisation of non-current assets	12,463	13,287	12,463	13,287
Movement in doubtful debts provision	(700)	732	(700)	732
Other non Cash Items				
Expense of previously capitalised assets	621	-	621	-
(Gain)/ loss on revaluation of Investment Properties	(890)	397	(890)	397
Net (profit)/loss on sale of non-current assets	91	25	91	25
Net gain/(loss) on investments	(3)	9	(3)	9
Decrease/(increase) in:				
Current assets				
Decrease / (Increase) in Trade Receivables	1,712	4,031	1,713	4,026
Decrease / (Increase) in Inventories	26	89	26	89
Decrease / (Increase) in Biological assets	8	-	8	-
Decrease / (increase) in Other assets	182	301	182	301
Non-Current Assets				
Decrease / (Increase) in Receivables	-	46	-	46
Current Liabilities				
Increase/ (Decrease) in Payables	4,087	(4,481)	4,085	(4,479)
Increase/ (Decrease) in Employee entitlements	2,453	1,959	2,453	1,959
Increase / (Decrease) in Other liabilities	1,197	2,453	1,197	2,425
Increase / (Decrease) in Provision for income tax	(6)	(11)	-	-
Net cash provided by operating activities	80,879	61,655	80,889	61,630

b) Non-cash financing and investing activities

There is no acquisition of plant and equipment by means of finance leases.

c) Credit standby arrangements with banks 15

Note 21: Leases

LEASE COMMITMENTS		Notes			
Operating Lease Commitment					
Payments due	- one year or less	667	544	667	544
	- one to five years	986	968	986	968
	- over five years	12	22	12	22
		1,665	1,534	1,665	1,534
LEASED ASSETS					
As at the reporting date the University leased out the following assets:					
Albert Coates Building (part)		128	-	128	-
Camp Street		1,692	205	1,692	205
Horsham Cafeteria		158	-	158	-
ESTA Building		8,060	7,670	8,060	7,670
Global Innovation Centre		3,710	3,830	3,710	3,830
Greenhill Enterprise Centre		6,270	6,260	6,270	6,260
Advanced Display Technology Building		1,580	1,560	1,580	1,560
IBM Centre		16,560	16,180	16,560	16,180
IBM Internet Laboratory Building		8,420	8,480	8,420	8,480
IBM Regional Software Centre		3,123	3,909	3,123	3,909
Rural Ambulance Victoria Building		6,920	6,710	6,920	6,710
State Library of Victoria (Land only)		126	124	126	124
State Revenue Office Building		8,270	8,210	8,270	8,210
Student Residences		35,424	24,161	35,424	24,161
Carrying amount of leased assets		100,441	87,299	100,441	87,299
Operating Lease Receivables					
Amounts due	- one year or less	12,252	11,350	12,252	11,350
	- one to five years	47,516	47,932	47,516	47,932
	- over five years	11,034	10,684	11,034	10,684
		70,802	69,966	70,802	69,966

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000

Notes

Note 22: Commitments for Expenditure

Capital Commitments

As at the reporting date the University had the following outstanding Capital Commitments:

Building projects	21,501	60,825	21,501	60,825
Information technology development	-	354	-	354
	<u>21,501</u>	<u>61,179</u>	<u>21,501</u>	<u>61,179</u>

Outstanding Capital Commitments are payable as follows

Payments Due:

- not later than one year	21,501	19,060	21,501	19,060
- beyond one year	-	42,119	-	42,119
	<u>21,501</u>	<u>61,179</u>	<u>21,501</u>	<u>61,179</u>

Note 23: Contingent Liabilities

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:

In respect of Other Persons

HIH Insurance related liability claims - In 2011 the University potentially had five active public liability claims relating to incidents occurring prior to 31 December 2000. The University's liability insurance program had been placed with HIH Insurance up to this date. The University has been advised that all claims are eligible for assistance under the HIH Claims have been closed.

	-	191	-	191
	<u>-</u>	<u>191</u>	<u>-</u>	<u>191</u>

Contingent Assets: There are no contingent assets.

Note 24: Superannuation

The University contributes to both defined benefit and defined contribution plans. Contributions are included as part of employee benefits in the Operating Statement. The name and details of the major superannuation funds and contributions made by the University are as follows:

Government Superannuation Office				
SERB Scheme	14	10	14	10
Revised Scheme	114	161	114	161
New Scheme	174	194	174	195
Victorian Superannuation Fund				
Vic Super Scheme	1,337	1,523	1,337	1,523
Other Superannuation Schemes				
Unisuper - Superannuation Scheme for Australian Universities	8,235	7,115	8,235	7,115
Unisuper - Tertiary Education Superannuation Scheme	1,591	1,517	1,591	1,517
Other Superannuation Schemes	264	292	264	292
Total Contributions to all Funds	<u>11,729</u>	<u>10,812</u>	<u>11,729</u>	<u>10,813</u>
Outstanding contributions	576	463	576	463

As at the reporting date there were no loans to the University from any fund.

Note 24: Superannuation, continued...

Contribution Details

The University made contributions for employees who contribute to the funds, as follows:

	2012	2011
Government Superannuation Office		
Revised Scheme (TAFE)	17.30%	17.30%
New Scheme	7.30% to 10.20%	7.30% to 10.20%
State Employees Retirement Benefits Fund	nil contributors	nil contributors
Victorian Superannuation Fund		
Vic Super Scheme - Academic Staff	9.00%	9.00%
Vic Super Scheme - Non Academic Staff	11.00%	11.00%
Other Superannuation Schemes		
Unisuper - Superannuation Scheme for Australian Universities	14.00%	14.00%
Unisuper - Award Plus Plan #	3.00%	3.00%
# Superannuation guarantee levy	9.00%	9.00%

Government Superannuation Office (GSO)

For the year ended December 2012 Emergency Services Superannuation Board, which includes the GSO, provided the following information in relation to the University of Ballarat's AASB 119 liability as at 30 June 2012

	30 June 2012	30 June 2011
	\$ million	\$ million
Assets	15.407	16.249
Accrued benefit liability	91.960	77.677
Net liability before contributions tax	76.553	61.428
Tax liability on future contributions	13.509	10.535
Net liability	90.062	71.963

The following figures were used to disclose liabilities and movements in liabilities for the dates nominated

Date	Estimated liability \$ million	Movement \$ million
31/12/2011	71.963	0.186
31/12/2012	90.062	18.099

UniSuper Defined Benefit Ltd.

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of Clause 34 of the UniSuper Trust Deed, a defined contribution plan under Accounting Standard AASB 119.

Financial Position

As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$2010.8 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.

As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$906.8million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

	Vested Benefits Per Annum	Accrued Benefits Per Annum
Gross of tax investment return - DBD pensions	5.85%	7.50%
Gross of tax investment return - commercial rate indexed pensions	3.40%	3.40%
Net of tax investment return - non pensioner members	5.25%	6.70%
Consumer Price Index	2.75%	2.75%
Inflationary salary increases short term (1 year)	5.00%	5.00%
Inflationary salary increases long term	3.75%	3.75%

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

The Defined Benefit Division as at 30 June 2012 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

Clause 34 was initiated following both the 31 December 2008 and 30 June 2011 actuarial investigation and it has again been initiated following the 30 June 2012 actuarial investigation.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2011, together with current contribution rates, are not expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions or the more conservative "funding" assumptions.

	Notes	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Note 25: Auditors' Remuneration					
Victorian Auditor General's Office					
Audit and review of the Financial Statements		85	80	85	80
Other audit fees					
Internal Audit		169	167	169	167
Other audit services		14	13	14	13
		<u>268</u>	<u>260</u>	<u>268</u>	<u>260</u>

Note 26: Key Management Personnel Disclosures

RESPONSIBLE PERSONS

Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

(i) Minister

The relevant Minister is the Hon. Peter Hall, MLC, Minister for Higher Education and Skills. Remuneration of the Minister is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of Parliament.

(ii) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of University of Ballarat during the year.

The Hon. Peter Hall, MLC Minister for Higher Education and Skills 1/1 - 31/12/2012

Council members during 2012 were:

Emeritus Professor Robert Henry Tufrey Smith AM (Chancellor to 30/6/2012)	1/1 - 30/6/2012
Dr Paul John Harry Hemming (Chancellor from 1/7/2012)	1/1 - 31/12/2012
Professor David Arthur Battersby (Vice Chancellor)	1/1 - 31/12/2012
Ms Karen Suzanne Douglas	1/1 - 31/12/2012
Dr Meredith Doig	1/1 - 31/12/2012
Mr George Fong	1/7 - 31/12/2012
Ms Monica Heim	1/1 - 31/12/2012
Mrs Dianne Maree Hobday	1/1 - 31/12/2012
Mrs Tracey Leanne Holmes	1/1 - 30/6/2012
Ms Kay Macaulay	1/1 - 30/6/2012
Mr John Martin McQuilten MLC (Retired)	1/1 - 31/12/2012
Mr Michael Ryan	1/7 - 31/12/2012
Ms Jodie Sizer	1/1 - 30/6/2012
Mr Greg Simmons	1/1 - 31/12/2012
Mr Warwick Spargo	1/1 - 31/12/2012
Ms Deborah Spring	1/7 - 31/12/2012
Mr Emilio Viegas	1/1 - 31/12/2012
Professor Todd Walker	1/1 - 31/12/2012
Mr Peter Russell Wilson	1/1 - 31/12/2012
Ministerial Appointee	Vacant

(iii) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of University of Ballarat during the financial year:

Professor Terry Lloyd	(Senior Deputy Vice Chancellor to 6th July 2012)
Ms Rowena Coutts	(Senior Deputy Vice Chancellor)
Professor Andy Smith	(Deputy Vice Chancellor, Schools and Programs)
Professor Frank Stagnetti	(Deputy Vice Chancellor, Research)
Professor Todd Walker	(Deputy Vice Chancellor, Learning & Quality)
Mr Darren Holland	(Deputy Vice Chancellor, Student Support and Services)

All of the above persons were also key management persons during the year ended 31 December 2012

Note 26: Key Management Personnel Disclosures, continued...

Remuneration of responsible persons

The numbers of responsible persons, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of responsible persons is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent responsible persons over the reporting period.

A resignation in the past year has had a significant impact on total remuneration figures due to the inclusion of annual leave, long-service leave and retrenchment payments.

Income Band	Consolidated			
	Total Remuneration		Base Remuneration	
	2012	2011	2012	2011
Less than \$10,000	8	6	8	6
\$10,000 to \$19,999	3	3	3	3
\$20,000 to \$29,999	2	-	2	-
\$30,000 to \$39,999	1	-	1	-
\$40,000 to \$49,999	-	1	-	1
\$50,000 to \$59,999	-	-	1	1
\$60,000 to \$69,999	-	1	-	-
\$70,000 to \$79,999	1	-	-	-
\$80,000 to \$89,999	-	-	-	1
\$90,000 to \$99,999	-	-	1	-
\$100,000 to \$109,999	-	1	-	-
\$110,000 to \$119,999	-	-	-	-
\$120,000 to \$129,999	-	-	-	-
\$130,000 to \$139,999	-	-	-	-
\$140,000 to \$149,999	-	-	-	-
\$150,000 to \$159,999	1	-	-	-
\$160,000 to \$169,999	-	-	1	-
\$170,000 to \$179,999	-	-	-	2
\$180,000 to \$189,999	-	-	1	-
\$190,000 to \$199,999	-	1	-	-
\$200,000 to \$209,999	-	-	1	2
\$210,000 to \$219,999	-	-	1	-
\$220,000 to \$229,999	-	-	-	-
\$230,000 to \$239,999	-	-	1	-
\$240,000 to \$249,999	-	-	1	-
\$250,000 to \$259,999	1	-	1	1
\$260,000 to \$269,999	-	1	-	-
\$270,000 to \$279,999	1	-	-	1
\$280,000 to \$289,999	-	1	-	-
\$290,000 to \$299,999	1	-	-	-
\$300,000 to \$309,999	-	-	-	-
\$310,000 to \$319,999	-	-	1	-
\$320,000 to \$329,999	1	-	-	-
\$330,000 to \$339,999	-	2	-	-
\$340,000 to \$349,999	1	-	-	-
\$350,000 to \$359,999	-	-	-	1
\$360,000 to \$369,999	1	-	1	-
\$370,000 to \$379,999	-	1	-	-
\$380,000 to \$389,999	1	-	-	-
\$390,000 to \$399,999	-	-	-	-
\$400,000 to \$409,999	-	-	-	-
\$410,000 to \$419,999	-	-	-	-
\$420,000 to \$429,999	-	-	-	-
\$430,000 to \$439,999	-	-	-	-
\$440,000 to \$449,999	-	-	-	-
\$450,000 to \$459,999	-	-	-	-
\$460,000 to \$469,999	-	-	-	-
\$470,000 to \$479,999	-	-	-	-
\$480,000 to \$489,999	-	-	-	-
\$490,000 to \$499,999	-	-	-	-
\$500,000 to \$509,999	-	-	-	-
\$510,000 to \$519,999	-	-	-	-
\$520,000 to \$529,999	-	-	-	-
\$530,000 to \$539,999	-	-	-	-
\$540,000 to \$549,999	-	-	-	-
\$550,000 to \$559,999	-	-	-	-
\$560,000 to \$569,999	-	-	-	-
\$570,000 to \$579,999	-	-	-	-
\$580,000 to \$589,999	-	-	-	-
\$590,000 to \$599,999	-	-	-	-
\$600,000 to \$609,999	-	-	-	-
\$610,000 to \$619,999	-	-	-	-
\$620,000 to \$629,999	-	-	-	-
\$630,000 to \$639,999	-	-	-	-
Total number of responsible persons	23	19	23	19
Total annualised employee equivalent	19	19	19	19
Total Amount	3,130	2,693	2,354	2,190

Note 26: Key Management Personnel Disclosures, continued...

Remuneration of executive officers

The numbers of executive officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Resignations and retirements in the past year have had a significant impact on total remuneration figures due to the inclusion of annual leave, long-service leave and retrenchment payments.

Income Band	Consolidated			
	Total Remuneration		Base Remuneration	
	2012	2011	2012	2011
\$70,000 to \$79,999	-	-	1	-
\$80,000 to \$89,999	-	-	1	1
\$100,000 to \$109,999	-	-	2	3
\$110,000 to \$119,999	-	4	1	3
\$120,000 to \$129,999	1	1	2	1
\$130,000 to \$139,999	1	2	6	5
\$140,000 to \$149,999	3	2	5	3
\$150,000 to \$159,999	4	4	3	3
\$160,000 to \$169,999	5	2	1	3
\$170,000 to \$179,999	3	3	2	4
\$180,000 to \$189,999	3	1	1	-
\$190,000 to \$199,999	1	1	3	1
\$200,000 to \$209,999	-	5	-	-
\$210,000 to \$219,999	2	1	-	-
\$220,000 to \$229,999	1	1	-	-
\$230,000 to \$239,999	3	-	-	-
\$260,000 to \$269,999	1	-	-	-
Total number of executive officers	28	27	28	27
Total annualised employee equivalent	27	27	27	27
Total Amount	5,031	4,457	3,999	3,788

Income Band	University			
	Total Remuneration		Base Remuneration	
	2012	2011	2012	2011
\$70,000 to \$79,999	-	-	1	-
\$80,000 to \$89,999	-	-	1	1
\$100,000 to \$109,999	-	-	2	3
\$110,000 to \$119,999	-	4	1	3
\$120,000 to \$129,999	1	1	2	1
\$130,000 to \$139,999	1	2	6	5
\$140,000 to \$149,999	3	2	5	3
\$150,000 to \$159,999	4	4	3	3
\$160,000 to \$169,999	5	2	1	3
\$170,000 to \$179,999	3	3	2	4
\$180,000 to \$189,999	3	1	1	-
\$190,000 to \$199,999	1	1	3	1
\$200,000 to \$209,999	-	5	-	-
\$210,000 to \$219,999	2	1	-	-
\$220,000 to \$229,999	1	1	-	-
\$230,000 to \$239,999	3	-	-	-
\$260,000 to \$269,999	1	-	-	-
Total number of executive officers	28	27	28	27
Total annualised employee equivalent	27	27	27	27
Total Amount	5,031	4,457	3,999	3,788

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 26: Key Management Personnel Disclosures, continued...

Related parties

Transactions with related parties

The University of Ballarat entered into the following transactions and has current receivable amounts which are insignificant in amount, with responsible persons and responsible persons related parties in their domestic dealings and within normal customer or employee relationships on terms and conditions no more favourable than those available in similar arm's length dealings:

Professor D Battersby is a member of the Board of Directors of the Committee for Ballarat and is a member of the Board of Directors of Education Australia Limited and IDP. These organisations have relationships with the University of Ballarat.

Note 27: Disaggregation Information

Industry	Revenue		Results		Assets	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Higher Education	230,769	187,595	55,118	42,229	505,058	407,707
TAFE	54,020	51,063	4,525	584	127,509	125,677
	284,789	238,658	59,643	42,813	632,567	533,384

Geographic	Revenue		Results		Assets	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	282,313	237,016	57,786	42,047	632,567	533,384
Asia	2,476	1,642	1,857	766	-	-
	284,789	238,658	59,643	42,813	632,567	533,384

Note 28: Subsidiaries

The Ballarat University Act 1993, Section 37 permits the University to form limited liability companies.

The consolidated financial statements of the University incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.04.

Entity	Country of incorp.	Ownership interest	Ownership interest
		2012	2011
Inskill Pty Ltd	Australia	100%	100%
The School of Mines and Industries Ballarat Ltd	Australia	100%	100%
Datascreen Pty Ltd (a subsidiary of Inskill)	Australia	82.6%	82.6%
UB Housing Pty Ltd	Australia	100%	100%

The financial statements of the subsidiaries have been audited by the Auditor-General of Victoria.

Income Statement

Entity	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Inskill Pty Ltd	-	50	4	41	(4)	9
The School of Mines and Industries Ballarat Ltd	-	-	-	-	-	-
Datascreen Pty Ltd (a subsidiary of Inskill)	-	-	-	-	-	-
UB Housing Pty Ltd	-	-	-	-	-	-
	-	50	4	41	(4)	9

Balance Sheet

(a) Assets

Entity	Current Assets		Non-Current Assets		Total Assets	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Inskill Pty Ltd	15	25	39	38	54	63
The School of Mines and Industries Ballarat Ltd	-	-	-	-	-	-
Datascreen Pty Ltd (a subsidiary of Inskill)	1	1	-	-	1	1
UB Housing Pty Ltd	-	-	-	-	-	-
	16	26	39	38	55	64

(b) Liabilities

Entity	Current Liabilities		Non-Current Liabilities		Total Liabilities	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Inskill Pty Ltd	-	5	-	-	-	5
The School of Mines and Industries Ballarat Ltd	-	-	-	-	-	-
Datascreen Pty Ltd (a subsidiary of Inskill)	-	-	-	-	-	-
UB Housing Pty Ltd	-	-	-	-	-	-
	-	5	-	-	-	5

(c) Equity and Borrowings

Entity	External Borrowings		Internal Borrowings		Equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Inskill Pty Ltd	-	-	-	1	54	57
The School of Mines and Industries Ballarat Ltd	-	-	-	-	-	-
Datascreen Pty Ltd (a subsidiary of Inskill)	-	-	-	-	1	1
UB Housing Pty Ltd	-	-	-	-	-	-
	-	-	-	1	55	58

Note 29: Financial Instruments

29.1 Terms, Conditions and Accounting Policies

The University's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Financial Assets			
Cash and cash equivalents Cash at bank	4	Cash at Bank is carried at the nominal amount.	Interest on Cash at Bank is at 1.28% (2011, 3.01%) with surplus Cash invested as funds permit at varying interest rates between 3.11% & 6.0%. (2011 4.96% & 5.30%)
Cash and cash equivalents Deposits at call	4	Deposits at call are carried at their principal amounts. Interest revenue is recognised in the operating statement when it is earned.	Deposits at call are available at 24 hour call at effective interest rates of 2.97% & 4.40% (2011, 6.30% to 4.98%)
Cash and cash equivalents Term deposits	4	Term Deposits are carried at their principal amounts. Interest revenue is recognised in the operating statement when it is earned	Term deposits have an average maturity of 37 days and effective interest rates of 3.11% & 6.0%. (2011, 4.96% & 5.30%)
Receivables Debtors	5	Trade receivables are carried at amortised cost less any provision for doubtful debts. An allowance for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms
Receivables Other debtors	5	No Other Debtors were carried during the 2012 year.	N/A
Other Financial Assets Short Term Deposits	4	Deposits at call are carried at their principal amounts. Interest revenue is recognised in the operating statement when it is earned.	Term deposits have an average maturity of 179 days and effective interest rates of 4.31% & 4.65%
Other Financial Assets Unlisted Shares	8	Unlisted shares are carried at fair value, with provision for diminution. Dividends, when declared by the investee, will be recognised in the operating statement.	N/A
Other Financial Assets Listed Shares	8	Listed Shares are carried at fair value. Dividends declared by the investee, are recognised in the operating statement at the time they are earned.	Market value of listed shares is \$21,850 (2011, \$18,158)
Other Financial Assets Income Securities	8	Income securities are carried at fair value. Distributions declared by the investee, are recognised in the operating statement at the time they are earned.	Market value of income securities shares is \$234,950 (2011, \$244,057)
Other Financial Assets Held to maturity investments	8	Held to maturity investments are carried at cost. The University intends to hold this investment to maturity, has the financial resources to do so and is under no legal or other constraint that would prevent holding to maturity.	Floating rate notes (WAVES) issued by the ANZ Bank matured during 2012.
Financial Liabilities			
Payables Creditors and Accruals	13	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the University.	Trade liabilities are settled as required
Payables Non-interest bearing liabilities	13	N/A	N/A
Payables Unlisted Shares	15	Deferred superannuation benefits are recognised for amounts to be paid in the future for employee entitlements as per actuarial advice from the Government Superannuation Office.	N/A
Interest Bearing Liabilities Bank Overdraft	14	Bank overdrafts are carried at amortised cost Bank interest is charged as an expense as it accrues. The amount of the standby credit arrangement is \$150,000	Interest is charged at the bank's ruling overdraft rate. Bank overdraft amount - Nil, (2011 - Nil). The amount of unused credit is \$150,000
Interest Bearing Liabilities Bills Payable	14	Bank loans are carried at amortised cost. Interest is charged as an expense as it accrues. National Australia Bank - Commercial Bill Fixed Rate	N/A The commercial bill facility is repayable in equal instalments over 5 years, to be paid out by 29 March 2016. Interest rate is 6.40%.

Note 29: Financial Instruments, continued

29.2 Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

FINANCIAL INSTRUMENTS	Weighted average effective rate	Floating interest rate	Within 1 year	1 - 5 years	More than 5 years	Non interest bearing	Total carrying amount per balance sheet
Consolidated - 2012		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS							
• Cash and cash equivalents - Cash at Bank	1.28%	4,703	-	-	-	-	4,703
• Cash and cash equivalents - Deposits at Call	3.69%	27,666	-	-	-	-	27,666
• Receivables-Debtors	-	-	-	-	-	2,773	2,773
• Receivables-Other Debtors	-	-	-	-	-	95,261	95,261
• Other Financial Assets: Short Term Deposits	4.56%	-	87,020	-	-	-	87,020
• Other Financial Assets: Unlisted Shares	-	-	-	-	-	558	558
• Other Financial Assets: Listed Shares	-	-	-	-	-	22	22
• Other Financial Assets: Term Deposits	-	80,000	-	-	-	-	80,000
Income Securities	-	235	-	-	-	-	235
Total Financial Assets		112,604	87,020	-	-	98,614	298,238
FINANCIAL LIABILITIES							
• Payables: Creditors & Accruals	-	-	-	-	-	9,546	9,546
• Payables: Unfunded superannuation	-	-	-	-	-	90,062	90,062
• Interest Bearing Liabilities: Bills Payable	6.40%	-	560	1,390	-	-	1,950
Total Financial Liabilities		-	560	1,390	-	99,608	101,558

FINANCIAL INSTRUMENTS	Weighted average effective rate	Floating interest rate	Within 1 year	1 - 5 years	More than 5 years	Non interest bearing	Total carrying amount per balance sheet
Consolidated - 2011		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS							
• Cash and cash equivalents - Cash at Bank	3.01%	2,505	-	-	-	-	2,505
• Cash and cash equivalents - Deposits at Call	4.47%	13,099	-	-	-	-	13,099
• Receivables-Debtors	-	-	-	-	-	7,588	7,588
• Receivables-Other Debtors	-	-	-	-	-	73,216	73,216
• Other Financial Assets: Short Term Deposits	5.63%	-	100,500	-	-	-	100,500
• Other Financial Assets: Unlisted Shares	-	-	-	-	-	558	558
• Other Financial Assets: Listed Shares	-	-	-	-	-	18	18
• Other Financial Assets: Floating rate notes	-	-	-	-	-	-	-
Term Deposits	5.66%	30,900	-	-	-	-	30,900
Held to maturity floating rate Note (WAVES)	-	5,000	-	-	-	-	5,000
Income Securities	-	244	-	-	-	5,000	5,244
Total Financial Assets		51,748	100,500	-	-	86,380	238,628
FINANCIAL LIABILITIES							
• Payables: Creditors & Accruals	-	-	-	-	-	5,459	5,459
• Payables: Unfunded superannuation	-	-	-	-	-	71,963	71,963
• Interest Bearing Liabilities: Bills Payable	6.40%	-	527	1,951	-	-	2,478
Total Financial Liabilities		-	527	1,951	-	77,422	79,900

29.3 Financial Risk Management

i) Financial risk management objectives

The University's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University by adhering to principles, interest rate risk, credit risk, the use of financial derivatives and non derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The University uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and data analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the University's finance division under policies approved by the University Council. The Council provides written principles for overall risk management, as well as policies covering specific areas, interest rate risk, credit risk, and investment of excess liquidity.

ii) Financial risk exposures and management

The University's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payables.

The main risks the University can be exposed to through its financial instruments are market risk, price risk, funding risk, interest rate risk, credit risk and liquidity risk.

Market Risk

The University in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and/or net worth of the University e.g. an adverse movement in interest rates.

The Council ensures that all market risk exposure is consistent with the University's business strategy and within the risk tolerance of the University. Regular risk reports are presented to the Council.

There has been no significant change in the University's exposure, or its objectives, policies and processes for managing market risk from the previous reporting period.

Foreign Currency Risk

The University is not exposed to foreign currency risk.

Price Risk

The University is exposed to price risk in respect of fee for service, various business operations and contract services which are subject to open market competition.

There has been no significant change in the University's exposure, or its objectives, policies and processes for managing price risk or the methods used to measure this risk from the previous reporting period.

Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years. Similarly, interest rate risk also arises from the potential for a change in interest rates to cause a fluctuation in the fair value of the financial instruments.

The objective is to manage the rate risk to achieve stable and sustainable net earnings in the long term. This is managed predominately through a mixture of short term and longer term investments according to the University's Investment policy.

Downward movements in interest rates during 2012 have had an impact on the University's year end result. It is estimated that the decrease in interest rates from 2.97% & 4.40% have decreased earnings by \$1.858m for 2012.

The University's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are set out in the financial instrument composition and maturity analysis table.

Funding Risk

Funding risk is the risk of over reliance on a funding source to the extent that a change in that funding source could impact on the operating result for the current year and future years.

The University manages funding risk by continuing to diversify and increase funding from commercial activities both domestically and off shore.

There has been no significant change in the University's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

Concentrations of Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at December 2012.

Credit risk is managed on a group basis and reviewed regularly by the Finance Committee. It arises from exposures to customers as well as through certain financial instruments and deposits with financial institutions.

Management monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

Only banking institutions with an A rating are utilised.

All potential customers are rated for credit worthiness taking into account their size, market position and financial standing.

Customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

Note 29: Financial Instruments, continued

The University does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the University.

The trade receivables balance at 31 December 2012 and 31 December 2011 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The University minimises credit risk in relation to student loans receivable in the following ways:

Specific loan conditions have been established which are applicable to all loans.

The loan terms and conditions are evidenced in a contract signed by both parties.

The maximum loan available is \$2,000.

A schedule of repayments is agreed with the student at the time of making application

There has been no significant change in the University's exposure, or its objectives, policies and processes for managing credit risk or the methods used to measure this risk from the previous reporting period.

Liquidity risk

Credit risk is managed on a group basis and reviewed regularly by the Finance Committee. It arises from exposures to customers as well as through certain financial instruments and deposits with financial institutions.

The University has a standby facility of \$150,000 to provide short term cash.

There has been no significant change in the University's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

29.4 Financial Instruments – Summarised Sensitivity Analysis

The following table summarises the sensitivity of the University's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2012	Carrying amount	Interest rate risk			
		-0.5%		1.0%	
		Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
• Cash and cash equivalents - Cash at Bank	4,703	(24)	(24)	47	47
• Cash and cash equivalents - Deposits at Call	27,666	(138)	(138)	277	277
• Other Financial Assets:					
Short Term Deposits	83,100	(416)	(416)	831	831
• Other Financial Assets:					
Income Securities	235	(1)	(1)	2	2
Long term fixed interest bearing bills, bonds/term deposits	-	-	-	-	-
Financial liabilities					
• Interest Bearing Liabilities:					
Bills Payable	1,390	(7)	(7)	14	14
Total increase/(decrease)		(586)	(586)	1,171	1,171

31 December 2011	Carrying amount	Interest rate risk			
		-0.5%		1.0%	
		Result	Equity	Result	Equity
		\$'000	\$'000	\$'000	\$'000
Financial assets					
• Cash and cash equivalents - Cash at Bank	2,505	(13)	(13)	25	25
• Cash and cash equivalents - Deposits at Call	13,099	(65)	(65)	131	131
• Other Financial Assets:					
Short Term Deposits	100,500	(503)	(503)	1,005	1,005
• Other Financial Assets:					
Floating rate notes	5,000	(25)	(25)	50	50
Income Securities	244	(1)	(1)	2	2
Financial liabilities	-	-	-	-	-
• Interest Bearing Liabilities:					
Bills Payable	1,951	(10)	(10)	20	20
Total Increase/(decrease)		(617)	(617)	1,233	1,233

Note 29: Financial Instruments, continued

29.5 Fair Value Estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the University is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The University uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The University is not active in interest rate swaps or forward exchange contracts.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair value due to the short term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due. For other assets and other liabilities the fair value approximates their carrying value. Where the carrying amount of financial assets exceeds fair values there has been no write down as the University intends to hold these assets to maturity.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date are:

	2012		2011	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	119 389	119 389	119 354	119 354
Receivables	98 034	98 034	80 805	80 805
Other financial assets				
Available for sale financial assets				
Shares - listed at cost	22	22	18	18
Other investments - at cost	235	235	244	244
Held to maturity floating rate note (WAVES) at cost	-	-	5 000	4 779
Shares - unlisted at cost	558	558	557	557
Total financial assets	218 238	218 238	205 978	205 757
Financial liabilities				
Payables	9 546	9 546	5 459	5 459
Borrowings				
Bank bills secured	1 950	1 950	2 478	2 478
Total financial liabilities	11 496	11 496	7 937	7 937

Fair values are materially in line with carrying values. The Held to Maturity investment (2011) had been valued by the ANZ Banking Corporation as at December 2011, a discount rate of 3.285% was applied.

Note 29: Financial Instruments, continued

29.5 Fair Value Estimation, continued...

Fair value measurements recognised in the balance sheet are categorised into the following levels:

Total financial assets

	31/12/2012 \$'000	Level 1 \$'000	Level 3 \$'000
Financial assets			
Other financial assets			
Available for sale financial assets			
Shares - listed at cost	22	22	-
Other investments - at cost	235	-	235
Shares - unlisted at cost	558	-	558
Total financial assets	815	22	793

	31/12/2011 \$'000	Level 1 \$'000	Level 3 \$'000
Financial assets			
Other financial assets			
Available for sale financial assets			
Shares - listed at cost	18	18	-
Other investments - at cost	244	-	244
Shares - unlisted at cost	557	-	557
Held to maturity floating rate notes	4,779	4,779	-
Total financial assets	5,598	4,797	801

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance sheet date (Level 1). The quoted market price used for financial assets held by the University is the current bid price.

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

Reconciliation of Financial Assets categorised as Level 3

	2012 \$'000	2011 \$'000
Level 3 Financial Assets		
Unlisted equity securities		
Opening balance	801	842
Disposal	-	-
Additions	(8)	(41)
Closing balance	793	801

Note 30: Acquittal of Commonwealth Government Financial Assistance

30.1 DEEWR - CGS and Other DEEWR Grants

	Commonwealth Grants Scheme		Indigenous Support Fund		Learning & Teaching Performance		Capital Development Pool	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	49,952	43,607	158	158	-	-	-	-
Net accrual adjustments	539	(539)	-	-	-	-	-	-
Revenue for the reporting period	50,491	43,068	158	158	-	-	-	-
Surplus/(deficit) from the previous year	-	-	-	-	-	657	1,405	1,405
Total revenue including accrued revenue	50,491	43,068	158	158	-	657	1,405	1,405
Less expenses including accrued expenses	(50,491)	(43,068)	(158)	(158)	-	(657)	-	-
Surplus / (deficit) for reporting period	-	-	-	-	-	-	1,405	1,405

	HE Partnership Project Funding		HE Structural Adjustment Fund Program		HE Participation Program		HE Partnership Base Funding	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	529	-	20,770	-	1,151	876	136	356
Net accrual adjustments	-	-	-	-	(154)	-	-	-
Revenue for the reporting period	529	-	20,770	-	997	876	136	356
Surplus/(deficit) from the previous year	-	-	-	-	573	-	114	111
Total revenue including accrued revenue	529	-	20,770	-	1,570	876	250	467
Less expenses including accrued expenses	(479)	-	(3,108)	-	(1,570)	(303)	(250)	(353)
Surplus / (deficit) for reporting period	50	-	17,662	-	-	573	-	114

	Disability Support Programme		Transitional Cost Program		Diversity & Structural Adjustment Fund		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	69	51	12	(41)	-	-	72,777	45,007
Net accrual adjustments	-	-	-	-	-	-	385	(539)
Revenue for the reporting period	69	51	12	(41)	-	-	73,162	44,468
Surplus/(deficit) from the previous year	-	-	-	-	102	501	2,194	2,674
Total revenue including accrued revenue	69	51	12	(41)	102	501	75,356	47,142
Surplus/(deficit) from the previous year	(69)	(51)	(12)	41	(50)	(399)	(56,187)	(44,948)
Surplus / (deficit) for reporting period	-	-	-	-	52	102	19,169	2,194

Note 30: Acquittal of Commonwealth Government Financial Assistance, continued

30.2 Higher Education Loan Program

	HECS - HELP (Australian Government payments only)		FEE - HELP		VET FEE - HELP		STUD AMEN - HELP		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period in respect of current year	23,174	22,066	1,435	1,232	-	-	637	-	25,246	23,298
Cash received in respect of previous years	739	1,174	352	31	-	-	-	-	1,091	1,205
Net accrual adjustments	-	(1,195)	-	-	700	500	-	-	700	(695)
Cash Available for period	23,913	22,045	1,787	1,263	700	500	637	-	27,037	23,808
Revenue earned	(24,485)	(22,045)	(2,123)	(1,263)	(700)	(500)	(730)	-	(28,038)	(23,808)
Cash Payable/ (Receivable) at end of year	(572)	-	(336)	-	-	-	(93)	-	(1,001)	-

NOTE 30.3 Learning Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	743	631	64	62	24	74	-	883
Net accrual adjustments	-	-	-	-	5	15	-	(640)
Revenue for the reporting period	743	631	64	62	29	89	-	243
Surplus/(deficit) from the previous year	199	114	(17)	(6)	-	-	-	-
Total revenue including accrued revenue	942	745	47	56	29	89	-	243
Less expenses including accrued expenses	(687)	(546)	(75)	(73)	(29)	(89)	-	(243)
Surplus / (deficit) for reporting period	255	199	(28)	(17)	-	-	-	-

* Includes program deficit from prior year

	National Priority Scholarships		National Accommodation Scholarships		Indigenous Access		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	458	21	33	176	22	43	1,344	1,890
Net accrual adjustments	(458)	-	60	3	24	(31)	(369)	(653)
Revenue for the reporting period	-	21	93	179	46	12	975	1,237
Surplus/(deficit) from the previous year	-	-	-	-	-	-	182	108
Total revenue including accrued revenue	-	21	93	179	46	12	1,157	1,345
Less expenses including accrued expenses	-	(21)	(93)	(179)	(46)	(12)	(930)	(1,163)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	227	182

* Includes program deficit from prior year

30.4 Voluntary Student Unionism and Better Universities Renewal Funding

	VSU Transition Fund		Better Universities Renewal Funding		Total	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	-	-	-	-	-	-
Net accrual adjustments	-	-	-	-	-	-
Revenue for the reporting period	-	-	-	-	-	-
Surplus/(deficit) from the previous year	2,915	3,000	-	2,684	2,915	5,684
Total revenue including accrued revenue	2,915	3,000	-	2,684	2,915	5,684
Less expenses including accrued expenses	(2,349)	(85)	-	(2,684)	(2,349)	(2,769)
Surplus / (deficit) for reporting period	566	2,915	-	-	566	2,915

Note 30: Acquittal of Commonwealth Government Financial Assistance, continued

30.5 DIISRTE Research

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the reporting period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Research Training Scheme	2012 \$'000	2011 \$'000	Research Infrastructure Block Grants		Joint Research Engagement Program	
			2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	1,877	1,887	124	182	903	882
	-	-	-	-	-	-
Revenue for the reporting period	1,877	1,887	124	182	903	882
	-	-	49	109	-	-
Total revenue including accrued revenue	1,877	1,887	173	291	903	882
	(1,877)	(1,887)	(118)	(242)	(779)	(882)
Surplus / (deficit) for reporting period	-	-	55	49	124	-

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the reporting period

Surplus/(deficit) from the previous year

Total revenue including brought forward from prior year

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Commercialisation Training Scheme	2012 \$'000	2011 \$'000	SRE Base & Threshold 1		Total	
			2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
	-	-	188	205	3,092	3,156
	-	-	-	-	-	-
Revenue for the reporting period	-	-	188	205	3,092	3,156
	-	47	-	-	49	109
Total revenue including brought forward from prior year	-	47	188	205	3,141	3,265
	-	(47)	(184)	(205)	(2,958)	(3,216)
Surplus / (deficit) for reporting period	-	-	4	-	183	49

30.6 Australian Research Council Grants

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the reporting period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Discovery Projects		Linkages Projects		Total	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
174	173	376	359	550	532
-	-	-	-	-	-
Revenue for the reporting period	174	173	376	359	532
84	-	260	172	344	172
Total revenue including accrued revenue	258	173	636	531	894
(144)	(89)	(470)	(271)	(614)	(360)
Surplus / (deficit) for reporting period	114	84	166	260	344

30.7 Other Australian Government Grants received

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the reporting period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Superannuation		OS - HELP		Total	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
4,777	3,703	(1)	6	4,776	3,709
455	822	-	-	455	822
Revenue for the reporting period	5,232	4,525	(1)	6	5,231
-	-	-	-	-	-
Total revenue including accrued revenue	5,232	4,525	(1)	6	5,231
(5,088)	(4,525)	(15)	(6)	(5,103)	(4,531)
Surplus / (deficit) for reporting period	144	-	(16)	-	-

Note 31: Higher Education, TAFE Results

31.1 Statement of Comprehensive Income : Higher Education & TAFE

OPERATING RESULTS: HIGHER EDUCATION AND TAFE

Operating revenues and operating expenses for Higher Education and TAFE Divisions of the University are shown in the following tables. The figures refer only to the University - consolidated totals are not included. Discrete sets of accounts are maintained for the two divisions for the recording of their separate revenues and expenses. Some central administrative expenses are proportioned between them on bases agreed at the time of establishing budgets. Depreciation is distributed in accordance with relative asset values.

	Higher Education		TAFE	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue from continuing operations				
Australian Government financial assistance				
Australian Government grants	88,399	71,061	9,360	28
HECS-HELP - Australian Government payments	26,337	22,045	-	-
FEE-HELP	-	1,263	-	-
VET FEE HELP	-	-	700	500
STUDENT ANENITIES - HELP	-	-	-	-
State Government financial assistance	125	-	31,540	37,796
HECS-HELP - Student payments	2,340	2,328	-	-
Course fees and charges	62,925	57,043	7,667	10,265
Other fees and charges	11,774	10,040	2,828	1,289
Consultancy and contract research	4,931	9,241	490	235
Investment revenue	13,743	12,922	1,287	804
Other revenue	1,234	1,466	120	146
Profit on disposal of assets	(119)	-	28	-
Total revenue from continuing operations	211,689	187,409	54,020	51,063
Revaluation increment on investment properties	890	-	-	-
Deferred Government superannuation contributions	18,099	186	-	-
Total revenue and income from continuing operations	230,678	187,595	54,020	51,063
Expenses from continuing operations				
Employee benefits	73,589	66,821	34,122	34,316
Depreciation and amortisation	8,456	9,119	4,007	4,168
Repairs and maintenance	3,702	3,513	1,366	1,218
Bad and doubtful debts	(167)	1,238	102	(24)
Other expenses	33,357	30,080	9,893	10,712
Losses on disposal of assets	-	(54)	-	80
Finance costs	148	178	-	-
Private providers	38,376	33,888	5	9
Total expenses from continuing operations	157,461	144,783	49,495	50,479
Revaluation decrement on investment properties	-	397	-	-
Actuarial gain(loss) of superannuation defined benefit plans	18,099	186	-	-
Total Expenses	175,560	145,366	49,495	50,479
Operating result before income tax for the year	55,118	42,229	4,525	584

Note 31: Higher Education, TAFE Results, continued...

31.2 Balance Sheet: Higher Education & TAFE Statement of Financial Position as at 31 December 2012

	Higher Education		TAFE	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and cash equivalents	97,690	102,253	21,684	17,076
Receivables	10,691	9,048	2,005	4,542
Inventories	162	125	43	106
Biological assets	-	-	3	11
Other financial assets	80,257	36,162	-	-
Assets held for resale	75	-	-	-
Other assets	1,809	2,206	306	234
Total Current Assets	190,684	149,794	24,041	21,969
Non-Current Assets				
Receivables	85,347	67,224	-	-
Other financial assets	519	519	-	-
Property, plant and equipment	158,554	119,591	102,829	102,894
Investment Properties	66,070	65,180	-	-
Intangible Assets	3,884	5,407	639	808
Total Non-Current Assets	314,374	257,921	103,468	103,702
TOTAL ASSETS	505,058	407,715	127,509	125,671
Current Liabilities				
Payables	7,676	4,996	1,869	464
Borrowings	560	527	-	-
Provisions	18,472	16,185	4,987	5,108
Other liabilities	6,744	5,632	-	-
Total Current Liabilities	33,452	27,340	6,856	5,572
Non-Current Liabilities				
Borrowings	1,390	1,951	-	-
Provisions	87,474	69,140	866	814
Total Non-Current Liabilities	88,864	71,091	866	814
TOTAL LIABILITIES	122,316	98,431	7,722	6,386
NET ASSETS	382,742	309,284	119,787	119,285
EQUITY				
Accumulated Surplus	265,591	210,474	90,627	86,101
Reserves	117,151	98,810	29,160	33,184
TOTAL EQUITY	382,742	309,284	119,787	119,285

Note 31: Higher Education, TAFE Results, continued...

31.3 Statement of Cash Flows for the year ended 31 December 2012

	Higher Education		TAFE	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities				
Receipts				
User fees and charges received	80,475	80,453	12,507	12,558
Investment Income received	13,977	12,378	1,439	647
Other receipts	1,250	1,468	120	146
GST recovered from ATO	9,089	8,447	2,272	2,112
Cash flows from Government				
State Government Grants	125	-	30,400	37,288
State Government contributions - specific projects	-	1,363	2,434	-
Commonwealth Government / Grants	80,762	49,024	-	-
Government contributions - specific projects	7,621	22,191	9,360	-
Higher Education Contribution Scheme:	-	0	-	-
Student payments	2,340	2,328	-	-
HELP SCHEMES	23,913	22,045	-	-
STUDENT AMENTITIES - HELP	637	0	-	-
FEE-HELP - Commonwealth payments	1,787	1,263	-	-
VET FEE - HELP	-	-	-	-
OS - HELP (Net)	(16)	0	-	-
Superannuation Supplementation	(311)	(822)	-	-
Payments				
Payments to employees	(69,413)	(64,584)	(33,326)	(35,173)
Payments to suppliers (Including GST)	(45,608)	(43,383)	(12,273)	(14,014)
Finance costs	(148)	(178)	-	-
Payments to private providers	(38,376)	(33,888)	(5)	(9)
Net decrease (increase) in student loans	49	(42)	(192)	12
Net cash provided by/(used in) operating activities	68,153	58,063	12,736	3,567
Cash Flows from Investing Activities				
Payments for property, plant & equipment	(27,503)	(11,270)	(9,058)	(4,611)
Proceeds from sale of property, plant and equipment	(589)	214	930	108
Payments for Intangible Assets	-	(132)	-	-
Proceeds/(purchase) of investments	(44,097)	(21,093)	-	1,102
Net cash provided by (used in) investing activities	(72,189)	(32,281)	(8,128)	(3,401)
Cash Flows from Financing Activities				
Repayment of interest bearing liabilities	(527)	(495)	-	-
Net cash provided for (used in) financing activities	(527)	(495)	-	-
Net increase / (decrease) in cash and cash equivalents	(4,563)	25,287	4,608	166
Cash and cash equivalents at the beginning of the financial year	102,253	76,966	17,076	16,910
Cash and cash equivalents at the end of the financial year	97,690	102,253	21,684	17,076

31.4 Statement of Changes in Equity for the year ended 31 December 2012

	TAFE					
	2012			2011		
	Reserves \$'000	Retained Surplus \$'000	Total \$'000	Reserves \$'000	Retained Surplus \$'000	Total \$'000
Total equity at the beginning of the financial year	33,184	86,101	119,285	33,184	85,517	118,701
Net operating result after income tax for the year	-	4,526	4,526	-	584	584
Movement in Revaluation Reserve	(4,024)	-	(4,024)	-	-	-
Total equity at the end of the financial year	29,160	90,627	119,787	33,184	86,101	119,285

	Higher Education					
	2012			2011		
	Reserves \$'000	Retained Surplus \$'000	Total \$'000	Reserves \$'000	Retained Surplus \$'000	Total \$'000
Total equity at the beginning of the financial year	98,810	210,474	309,284	98,981	168,074	267,055
Net operating result after income tax for the year	-	55,117	55,117	-	42,229	42,229
Movement in Revaluation Reserve	18,341	-	18,341	-	-	-
Transfer of reserves	-	-	-	(171)	171	-
Total equity at the end of the financial year	117,151	265,591	382,742	98,810	210,474	309,284

Note 32: Ex Gratia Payments

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
The University has made no ex-gratia payments	-	-	-	-

Note 33: Events Occuring after Reporting Date

Other than mentioned herein, at the date of this report there is no matter or circumstance that has arisen since 31 December 2012 which has or may significantly affect:

- (a) The operation of the economic entity;
- (b) The results of those operations; or
- (c) The state of affairs of the economic entity in the financial years subsequent to 31 December 2012

INDEPENDENT AUDITOR'S REPORT

To the Council, University of Ballarat

The Financial Report

The accompanying financial report for the year ended 31 December 2012 of the University of Ballarat which comprises statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, notes comprising a summary of significant accounting policies and other explanatory information, and the Chancellor, Vice-Chancellor and Chief Finance Officers' declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising the University of Ballarat and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 28 to the financial statements.

The Council Members' Responsibility for the Financial Report

The Council Members of University of Ballarat are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act 1994* and for such internal control as the Council Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Ballarat and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

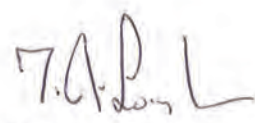
Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of University of Ballarat and the economic entity as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the University of Ballarat for the year ended 31 December 2012 included both in the University of Ballarat's annual report and on the website. The Council Members of the University of Ballarat are responsible for the integrity of the University of Ballarat's website. I have not been engaged to report on the integrity of the University of Ballarat's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
22 February 2013


Dr Peter Frost
Acting Auditor-General

