

AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT

To the Minister for Education and Training

Opinion

In my opinion, the financial statements of the Australian National University and the consolidated entity for the year ended 31 December 2016:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial positions of the Australian National University and the consolidated entity as at 31 December 2016 and their financial performance and cash flows for the year then ended.

The financial statements of the Australian National University and the consolidated entity, which I have audited, comprise the following statements as at 31 December 2016 and for the year then ended:

- Statement by the Council, Chief Executive and Chief Financial Officer;
- Income Statements;
- Statements of Comprehensive Income;
- Statements of Financial Position;
- Statements of Changes in Equity;
- Statements of Cash Flows; and
- Notes to the financial statements comprising a Summary of significant accounting policies and other explanatory information.

The consolidated entity comprises the Australian National University and its subsidiaries.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian National University and the consolidated entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian National University the Council is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian

Accounting Standards and the rules made under that Act. The Council is also responsible for such internal control as the Council determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Australian National University and the consolidated entity's ability to continue as a going concern, disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the Council either intends to liquidate the Australian National University or the consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Australian National University and the consolidated entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Australian National University or the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Australian National University or the consolidated entity's to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the consolidated entity audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Clea Lewis
Executive Director

Delegate of the Auditor-General

Canberra
7 April 2017

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STATEMENT BY THE COUNCIL

7 April 2017

Professor the Hon Gareth Evans AC QC
Chancellor

+61 2 6125 2113
+61 2 6125 8524
chancellor@anu.edu.au

Canberra ACT 0200 Australia
www.anu.edu.au

CRICOS Provider No. 00120C

CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016 STATEMENT BY THE COUNCIL, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

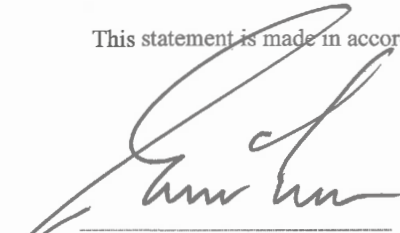
In our opinion, the attached financial statements for the year ended 31 December 2016 are based on properly maintained financial records in accordance with subsection 41(2) of the *Public Governance, Performance and Accountability Act 2013* and comply with the requirements of subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that The Australian National University will be able to pay its debts as and when they become due and payable.

Section 17(7) of the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 provides the University with an exemption from the application of section 17 in that the University may elect not to apply the requirements relating to the valuation of non-financial assets. The University has elected to apply this exemption in respect of 'Plant, equipment and motor vehicles'.

The Finance Minister has granted an exemption from the requirements of section 12 of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*. The University has applied this exemption in the presentation of the Income Statement and the Statement of Comprehensive Income.

This statement is made in accordance with a resolution of the Council.



G J EVANS AC QC
Chancellor



B P SCHMIDT AC
Vice-Chancellor



A P SIMPSON
Chief Financial Officer

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FINANCIAL STATEMENTS

INCOME STATEMENT

for the year ended 31 December 2016

	Notes	Consolidated		University	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
INCOME FROM CONTINUING OPERATIONS					
Revenue					
Australian Government financial assistance	1.1A	545,752	563,119	545,752	563,119
Australian Government grants HELP					
Government payments	1.1A	75,930	74,996	75,930	74,996
HECS-HELP - student payments		11,233	11,254	11,233	11,254
State and Territory Government financial assistance	1.1B	3,367	3,391	3,367	3,434
Fees and charges	1.1C	276,349	221,090	267,440	205,962
Investment revenue	1.1D	78,581	65,803	84,690	70,033
Consultancy and contracts	1.1E	92,711	83,373	69,983	56,785
Other revenue	1.1F	36,632	42,770	37,066	36,314
Gains on disposal of assets	1.2F	52,061	-	54,760	-
Total Revenue		1,172,616	1,065,796	1,150,221	1,021,897
Other Income					
Investment income	1.1G	31,414	89,856	31,414	87,590
Gains on revaluation	1.1G	-	1,915	-	2,823
Total Other Income		31,414	91,771	31,414	90,413
TOTAL INCOME FROM CONTINUING OPERATIONS		1,204,030	1,157,567	1,181,635	1,112,310
EXPENSES FROM CONTINUING OPERATIONS					
Employees	1.2A	564,019	551,839	550,577	535,967
Services	1.2B	382,992	374,981	369,358	356,370
Depreciation and amortisation	1.2C	108,687	90,399	105,443	88,011
Write-down and impairment of assets	1.2D	30,386	13,129	66,592	11,145
Borrowing costs	1.2E	30,036	17,053	22,635	10,832
Losses on disposal of assets	1.2F	-	1,371	-	1,372
TOTAL EXPENSES FROM CONTINUING OPERATIONS		1,116,120	1,048,772	1,114,605	1,003,697
NET SURPLUS BEFORE INCOME TAX		87,910	108,795	67,030	108,613
Income tax (expense)/benefit	1.2G	(13,799)	(1,144)	-	-
NET RESULT FROM CONTINUING OPERATIONS		74,111	107,651	67,030	108,613
NET SURPLUS AFTER INCOME TAX		74,111	107,651	67,030	108,613

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	Consolidated		University	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Other Comprehensive Income					
Net surplus for the period		74,111	107,651	67,030	108,613
Items that may be reclassified to profit or loss					
Net change in fair value of available-for-sale (AFS) financial assets	2.5A	6,789	(11,567)	6,789	(11,566)
Change in fair value of cash flow hedging instruments	2.5A	-	2,817	-	915
Transfers to income from cash flow hedge reserves		18,251	236	11,178	196
Reclassifications to income - derecognition of AFS financial assets	2.5A	(20,543)	(56,940)	(18,721)	(56,940)
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment	2.5A	13,117	(44,878)	11,943	(46,132)
Defined benefit plan actuarial gains/(losses)		(5,350)	51,089	(5,350)	51,089
Other movements		(4,387)	(944)	(1,478)	(789)
Total other comprehensive income before income tax		7,877	(60,187)	4,361	(63,227)
Income tax on other comprehensive income		-	-	-	-
Total comprehensive income after income tax		81,988	47,464	71,391	45,386

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	Consolidated		University	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Financial Assets					
Cash and cash equivalents	2.1A	270,288	241,669	260,878	225,192
Loans and receivables	2.1B	75,853	54,331	76,452	115,209
Investments	2.1C	1,465,388	1,141,623	1,472,588	1,156,799
Investments accounted for using the equity method	2.1D	1,241	12,508	4,534	10,475
Other financial assets	2.1E	476	1,143	476	1,143
Total Financial Assets		1,813,246	1,451,274	1,814,928	1,508,818
Non-Financial Assets					
Land, buildings and infrastructure	2.2A	1,442,830	1,656,407	1,429,355	1,643,731
Plant and equipment	2.2A	154,492	157,775	153,056	155,490
Investment property	2.2B	-	103,979	-	-
Intangibles	2.2C	10,957	40,291	2,601	2,246
Inventories	2.2D	3,174	4,157	1,495	1,543
Other non-financial assets	2.2E	21,171	41,995	20,874	28,481
Total Non-Financial Assets		1,632,624	2,004,604	1,607,381	1,831,491
TOTAL ASSETS		3,445,870	3,455,878	3,422,309	3,340,309
LIABILITIES					
Payables					
Suppliers	2.3A	23,783	29,076	21,556	25,332
Other payables	2.3B	181,185	82,899	175,363	74,179
Total Payables		204,968	111,975	196,919	99,511
Financial Liabilities					
Interest bearing liabilities	2.4A	291,423	477,708	288,919	375,041
Other financial liabilities	2.1E	2,084	945	2,084	945
Total Financial Liabilities		293,507	478,653	291,003	375,986
Provisions					
Employee benefits	4.1A	794,928	796,351	793,262	795,077
Total Provisions		794,928	796,351	793,262	795,077
TOTAL LIABILITIES		1,293,403	1,386,979	1,281,184	1,270,574
NET ASSETS		2,152,467	2,068,899	2,141,125	2,069,735
EQUITY					
Parent Entity Interest					
Reserves	2.5A	939,132	1,033,668	927,375	1,029,915
Retained Surplus		1,213,335	1,035,231	1,213,750	1,039,820
TOTAL EQUITY		2,152,467	2,068,899	2,141,125	2,069,735
CURRENT ASSETS		753,207	595,666	740,806	558,258
NON-CURRENT ASSETS		2,692,663	2,860,212	2,681,503	2,782,051
CURRENT LIABILITIES		324,806	361,211	312,711	247,296
NON-CURRENT LIABILITIES		968,597	1,025,768	968,473	1,023,278

STATEMENT OF CHANGES IN EQUITY

as at 31 December 2016

Consolidated	Accumulated Results		Asset Revaluation Surplus		Special Reserves		Total Equity	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	1,035,231	871,515	982,167	1,103,186	51,501	46,735	2,068,899	2,021,436
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjusted opening balance	1,035,231	871,515	982,167	1,103,186	51,501	46,735	2,068,899	2,021,436
Comprehensive income								
Surplus/(Deficit) for the period	74,111	107,651	-	-	-	-	74,111	107,651
Net revaluation (decrease)/increase	-	-	19,906	(53,628)	-	-	19,906	(53,628)
Utilisation of Reserves	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on employee superannuation liability	(5,350)	51,089	-	-	-	-	(5,350)	51,089
Adjustment for disposal of buildings	118,513	10,686	(118,513)	(10,687)	-	-	-	(1)
Other movements	(4,387)	(944)	1	-	2	-	(4,384)	(944)
Transfers (from)/to reserves	(4,783)	(4,766)	(208)	(56,704)	4,276	4,766	(715)	(56,704)
Total comprehensive income	178,104	163,716	(98,814)	(121,019)	4,278	4,766	83,568	47,463
Closing balance as at 31 December	1,213,335	1,035,231	883,353	982,167	55,779	51,501	2,152,467	2,068,899

University	Accumulated Results		Asset Revaluation Surplus		Special Reserves		Total Equity	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	1,039,820	874,985	978,417	1,102,626	51,499	46,737	2,069,736	2,024,348
Adjusted opening balance	1,039,820	874,985	978,417	1,102,626	51,499	46,737	2,069,736	2,024,348
Comprehensive income								
Surplus/(Deficit) for the period	67,030	108,613	-	-	-	-	67,030	108,613
Net revaluation (decrease)/increase	-	-	18,732	(56,783)	-	-	18,732	(56,783)
Actuarial gains/(losses) on employee superannuation liability	(5,350)	51,089	-	-	-	-	(5,350)	51,089
Adjustment for disposal of buildings	118,513	10,686	(118,513)	(10,684)	-	-	-	2
Other movements	(1,480)	(787)	(2)	2	2	(2)	(1,480)	(787)
Transfers (from)/to reserves	(4,783)	(4,766)	(7,543)	(56,744)	4,783	4,764	(7,543)	(56,746)
Total comprehensive income	173,930	164,835	(107,326)	(124,209)	4,785	4,762	71,389	45,388
Closing balance as at 31 December	1,213,750	1,039,820	871,091	978,417	56,284	51,499	2,141,125	2,069,736

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	Consolidated		University	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES					
Cash received					
Australian Government financial assistance	1.1A	631,597	641,941	631,597	641,941
State Government financial assistance		3,367	3,468	3,367	3,468
HECS-HELP - student payments		11,233	11,254	11,233	11,254
Fees and charges		271,675	218,085	262,766	218,085
Consultancy and contracts		95,520	93,324	62,247	60,833
Interest and other investment earnings		21,418	32,370	25,429	20,697
Dividends received		42,014	46,002	42,014	46,002
Other receipts		53,305	60,141	64,869	61,069
Total cash received		1,130,129	1,106,585	1,103,522	1,063,349
Cash used					
Payments to employees and pensioners		565,617	561,256	552,310	545,318
Borrowing expenses		11,549	15,900	11,549	10,349
Payments for services		426,447	403,256	408,584	385,703
Total cash used		1,003,613	980,412	972,443	941,370
NET CASH FROM OPERATING ACTIVITIES	3.1A	126,516	126,173	131,079	121,979
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		495,283	6,649	495,283	6,511
Repayments of loans receivable		832	461	832	461
Proceeds from sale and maturity of investments		1,065,235	832,883	1,065,235	832,883
Total cash received		1,561,350	839,993	1,561,350	839,855
Cash used					
Loans provided		14,677	-	55,381	37,512
Purchase of property, plant and equipment		113,170	66,562	113,101	65,036
Purchase of investments		1,346,885	958,526	1,402,140	956,599
Total cash used		1,474,732	1,025,088	1,570,622	1,059,147
NET CASH FROM INVESTING ACTIVITIES		86,618	(185,095)	(9,272)	(219,292)
FINANCING ACTIVITIES					
Cash received					
Purchase of hedge		-	-	-	-
Medium term note issue		-	200,000	-	200,000
Total cash received		-	200,000	-	200,000
Cash used					
Repayments of hedge		-	48,014	-	11,146
Repayments of borrowings		184,515	11,131	86,122	9,517
Total cash used		184,515	59,145	86,122	20,663
NET CASH FROM FINANCING ACTIVITIES		(184,515)	140,855	(86,122)	179,337
NET INCREASE IN CASH HELD		28,619	81,933	35,685	82,024
Cash and cash equivalents at 1 January	2.1A	241,669	159,736	225,192	143,168
Cash and cash equivalents at 31 December	2.1A	270,288	241,669	260,878	225,192

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes separate financial statements for The Australian National University ("the University") as an individual entity and the consolidated entity consisting of the University and its subsidiaries (the Group). The term "the University" in this context covers all aspects of total operations of the University excluding subsidiaries (see Note 6.4 Subsidiaries), and includes funds from a number of sources that can only be applied to restricted purposes. These funds are separately identified at Note 2.1C Investments.

Basis of preparation of the Financial Statements

The University is a non-profit Corporate Commonwealth entity and is required under Section 46 of the *Public Governance, Performance and Accountability Act 2013* to provide the responsible Minister with an annual report including annual financial statements. The financial statements are general purpose financial statements.

The statements have been prepared in accordance with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (the Rule) (for reporting periods on or after 1 July 2015), Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and Financial Statements Guidelines for Higher Education Providers for 2016 issued in accordance with Section 19-10(2)(a) of the Higher Education Support Act by the Department of Education.

The University has applied the following exemptions that are permissible under the Rule and granted by the Finance Minister:

(a) The Finance Minister has granted an exemption from the requirements of Section 12 of the Rule. The University has applied this exemption in the presentation of the Income Statement and Statement of Comprehensive Income; and

(b) Section 17(7) of the Rule provides the University with an exemption from the application of Section 17 in that the University may elect not to apply the requirements relating to the valuation of non-financial assets. The University has elected to apply this exemption in respect of 'Plant, equipment and motor vehicles'.

The University applies Tier 1 reporting requirements.

The Financial Statements have been authorised for issue on 7 April 2017.

The Income Statement, Statement of Comprehensive Income and Statement of Financial Position have been prepared on an

accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities, which as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

a. Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Critical accounting estimates and judgements have been exercised in a number of circumstances as detailed below.

b. Compliance with Australian Accounting Standards

The Financial Statements and Notes of the University comply with Australian Accounting Standards, including the Interpretations, some of which contain requirements specific to not-for-profit (NFP) entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements. The main NFP entity provisions, adopted by the parent entity, are in respect of the following:

- Accounting for Government grants. AASB 1004 Contributions requires contributions received or receivable to be recognised immediately as revenue when:

- the entity obtains control of the contribution or the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to the entity; and
- the amount of the contribution can be measured reliably.

- Impairment of assets. Under AASB 136 Impairment of Assets, a NFP entity is entitled to recognise any impairment loss on a revalued asset directly against the available revaluation reserve in respect of the same class of asset; and

- Assets received at nil or nominal value. Under AASB 102 Inventories, AASB 138 Intangible Assets, AASB 140 Investment Properties, and AASB 116 Property, Plant and Equipment, a NFP entity is entitled to recognise an asset, acquired at no cost or nominal cost, at its fair value as at the date of acquisition.

Accounting Policies, Changes in Accounting Estimates

There have been no material adjustments or changes in accounting policies and accounting estimates in 2016.

Basis of consolidation

a. Subsidiaries

The consolidated financial report is prepared in accordance with AASB 10 Consolidated Financial Statements. The financial report includes the accounts of the parent entity, the

University, and the accounts of the wholly and beneficially owned subsidiary companies ANU Enterprise Pty Ltd incorporated in Australia (including its wholly owned subsidiaries Australian Scientific Instruments Pty Ltd and the Social Research Centre Pty Ltd), ANU (UK) Foundation incorporated in England and Wales, BRU Holdings Pty Ltd incorporated in Australia (including its wholly owned subsidiary BRU Project Pty Ltd) and SA2 Holdings Pty Ltd incorporated in Australia (including its wholly owned subsidiary SA2 Project Pty Ltd).

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Separate financial reports are also prepared by the University's controlled entities, operational at 31 December 2016 and are audited by the Australian National Audit Office (except for the ANU (UK) Foundation).

The ANU (UK) Foundation is incorporated in the United Kingdom and is entitled to an exemption from the requirement to have an audit in the United Kingdom under the provisions of Section 477 of the *Companies Act (UK) 2006*. The financial report of the Foundation has been prepared in accordance with the Special Provisions relating to companies subject to the small companies regime within Part 15 of the *Companies Act (UK) 2006*. The accounts of the Foundation are not audited by the Auditor-General as the Foundation is not an Australian based entity.

b. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The

Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to Note 2.1D Investments Accounted for Using the Equity Method).

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

c. Joint arrangements

Joint operations

The assets, liabilities and expenses of a joint operation have been incorporated in the financial statements under the appropriate headings.

Joint ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity. Details relating to the entity are set out in Note 2.1D Investments Accounted for Using the Equity Method.

Foreign currency translation

a. Functional and presentation currency

The financial report is presented in Australian dollars.

b. Foreign currency transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. At balance date, amounts receivable and payable in a foreign currency are translated at the exchange rate prevailing at that date and any exchange differences are brought to account in the Income Statement.

Rounding of amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in these financial statements.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations, considered to be applicable to the University, have been issued by the Australian Accounting Standards Board but are effective for future reporting periods.

The adoption of the following pronouncements may have a financial impact on future reporting periods. The quantum is still being assessed by the University.

AASB 9 Financial Instruments (effective date 2018)

This standard will simplify hedge accounting and the rules in relation to the classification and measurement of financial instruments.

AASB 15 Revenue from Contracts with Customers (effective date 2019)

This standard establishes a new revenue recognition model and changes the basis for deciding whether revenue is to be recognised over time or at a point in time.

AASB 16 Leases (effective date 2019)

All leases are to be accounted for 'on balance sheet' by lessees, other than short term and low value asset leases. It will also provide new guidance on the application of the definition of lease and on sale and lease back accounting. Lessor accounting requirements remain relatively unchanged.

AASB 1058 Income of Not-for-Profit Entities (effective date 2019)

This standard will help better match revenue and expenditure for NFP and replaces *AASB 1004 Contributions* for accounting for grants and donations. It will enable income from grants and donations to be deferred until the related services are delivered, provided the conditions attached are enforceable and sufficiently specific. Grants and donations will be recognised immediately where there is discretion about how the donation of the grant is to be used.

Events After the Reporting Period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

1. Financial Performance

This section analyses the financial performance of The Australian National University for the year ended 2016.

1.1 Income

	Notes	University	
		2016 \$'000	2015 \$'000
Note 1.1A: Australian Government Financial Assistance			
The information provided in this note is only relevant to the University - consolidated figures are not provided.			
(a) Commonwealth Grants Scheme and Other Grants	6.5A		
Commonwealth Grants Scheme		79,932	71,829
Access and Participation Programme		391	375
Disability Support Programme		53	67
National Institutes Funding		193,961	190,719
Promotion of Excellence in Learning and Teaching		80	235
Total Commonwealth Grants Scheme and Other Grants		274,417	263,225
(b) Higher Education Loan Programmes	6.5B		
HECS - HELP		51,728	47,100
FEE - HELP		22,806	26,786
SA - HELP		1,396	1,110
Total Higher Education Loan Programmes		75,930	74,996
(c) Scholarships	6.5C		
Australian Postgraduate Awards		15,485	15,165
International Postgraduate Research Scholarships		1,248	1,230
Indigenous Access Scholarships		-	29
Commonwealth Education Costs Scholarships		(40)	41
Commonwealth Accommodation Scholarships		117	13
Total Scholarships		16,810	16,478
(d) Education Research Grants	6.5D		
Joint Research Engagement Programme		23,684	21,376
Research Infrastructure Block Grants		14,453	14,816
Research Training Scheme		37,475	36,573
Sustainable Research Excellence		12,823	13,000
Total Education Research Grants		88,435	85,765
(e) Australian Research Council	6.5E		
(e)(i) Discovery	6.5E(a)		
Project		23,050	25,798
Fellowships		15,061	17,761
Indigenous Researchers Initiatives		547	817
Early Career Researcher Award		7,341	7,461
Total Discovery		45,999	51,837
(e)(ii) Linkages	6.5E(b)		
Infrastructure		3,240	3,620
Projects		4,285	4,798
Total Linkages		7,525	8,418
(e)(iii) Networks and Centres	6.5E(c)		
Centres		7,618	7,491
Total Networks and Centres		7,618	7,491

	Notes	University	
		2016 \$'000	2015 \$'000
Note 1.1A: Australian Government Financial Assistance (continued)			
(f) Other Australian Government Financial Assistance			
Agriculture and Water Resources		679	1,570
Communication and the Arts		2,067	2,355
Defence		3,259	3,393
Education and Training		23,771	40,524
Environment and Energy		3,175	4,222
Social Services		8,509	8,596
Foreign Affairs and Trade		24,388	25,225
Health		18,797	25,570
Infrastructure and Regional Development		6	(4)
Industry, Innovation and Science		16,796	14,439
Prime Minister and Cabinet		1,184	703
Other		2,317	3,312
Total Other Australian Government Financial Assistance		104,948	129,905
Total Australian Government Financial Assistance		621,682	638,115
Reconciliation			
Australian Government Grants [a+c+d+e+f]		545,752	563,119
HECS - HELP - Australian Government Payments	1(b)	51,728	47,100
FEE - HELP	1(b)	22,806	26,786
SA - HELP	1(b)	1,396	1,110
Total Australian Government Financial Assistance		621,682	638,115
Australian Government Grants Received - Cash Basis:			
CGS and Other Department of Education Grants	1(a)	274,417	263,225
Higher Education Loan Programmes	1(b)	75,930	74,996
Scholarships	1(c)	16,810	16,478
Department of Education Research	1(d)	88,435	85,765
ARC Grants - Discovery	1(e)(ii)	45,999	51,837
ARC Grants - Linkages	1(e)(ii)	7,525	8,418
ARC Grants - Networks and Centres	1(e)(iii)	7,618	7,491
Other Australian Government Grants		116,097	133,725
Total Australian Government Grants Received - Cash Basis		632,831	641,935
OS - HELP (Net) *		(1,234)	6
Total Australian Government Funding Received - Cash Basis		631,597	641,941

* OS-HELP receipts from the Australian Government are not included in the Income Statement.

Accounting Policy

The University's operating revenue consists of Australian Government Financial Assistance including Higher Education Funding Act (HEFA), Higher Education Support Act (HESA), Higher Education Contribution Scheme (HECS), Higher Education Loan Programmes (HELP), Australian Research Council grants, ACT Government Financial Assistance, fees and charges, consultancy and contract research, investment income, and sales of goods and services.

The University treats operating grants, research and other income received from Australian Government entities and other funding bodies as income in the year of receipt.

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 1.1B: State and Territory Government Financial Assistance

ACT Government grants were received by the University during the reporting period:

Non-Capital Contributions	3,367	3,391	3,367	3,434
Total Territory Government Financial Assistance	3,367	3,391	3,367	3,434

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 1.1C: Fees and Charges				
Course Fees and Charges				
Continuing education and conferences	8,746	6,290	8,746	6,351
Fee-paying onshore overseas students	187,417	140,514	187,417	140,514
Fee-paying offshore overseas students	1,463	1,419	1,463	1,419
Fee-paying domestic postgraduate students	12,468	8,702	12,468	8,702
Fee-paying domestic undergraduate students	-	7	-	7
Fee-paying domestic non-award students	-	348	-	348
Total Course Fees and Charges	210,094	157,280	210,094	157,341
Other Fees and Charges				
Parking Fees	4,193	3,598	4,193	3,599
Rentals and hire facilities	6,294	5,477	5,944	4,942
Land lease premium	-	117	-	117
Student accommodation	53,013	50,809	44,632	37,689
Student services fees from students	6.5G 3,240	3,241	3,240	3,241
Other student charges and fines	(485)	568	(663)	(967)
Total Other Fees and Charges	66,255	63,810	57,346	48,621
Total Fees and Charges	276,349	221,090	267,440	205,962

Accounting Policy

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

Note 1.1D: Investment Revenue

Interest	21,044	16,995	27,153	21,225
Dividends	57,730	47,770	57,730	47,770
Rentals from investment properties	(193)	1,457	(193)	1,457
Direct investment expenditure	-	(419)	-	(419)
Total Investment Revenue	78,581	65,803	84,690	70,033

Accounting Policy

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Dividend income is recognised when a dividend is declared.

Note 1.1E: Consultancy and Contracts

Consultancy research	386	516	386	532
Contract research	60,415	48,452	60,390	48,471
Consultancy non-research	23,703	27,868	1,000	1,144
Contract non-research	8,207	6,537	8,207	6,638
Total Consultancy and Contracts	92,711	83,373	69,983	56,785

Note 1.1F: Other Revenue

Sundry income	11,745	16,073	12,129	11,065
Income arising from Joint Ventures and Associates	(141)	1,870	-	-
Sales of goods and services	15,780	13,978	15,689	14,400
Workers compensation reimbursements	1,379	850	1,379	850
Scholarships and prizes	892	836	892	836
Donations and bequests	6,977	9,163	6,977	9,163
Total Other Revenue	36,632	42,770	37,066	36,314

Accounting Policy

Revenue from sales of goods and services is recognised when the service is delivered or the goods are delivered.

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 1.1G: Other Income				
Investment Income				
<i>Unrealised Investment Income</i>				
Overseas investments	(544)	511	(544)	511
Forward foreign exchange contracts	1,030	(676)	1,030	(676)
Derivative instrument	-	2,266	-	-
Domestic unlisted investments	7,198	12,474	7,198	12,474
<i>Realised Investment Income</i>				
Interest bearing securities	1,978	(2,622)	1,978	(2,622)
Overseas managed funds	2,617	2,860	2,617	2,860
Domestic unlisted investments	280	19,916	280	19,916
Domestic shares and listed securities	18,855	55,127	18,855	55,127
	<u>31,414</u>	<u>89,856</u>	<u>31,414</u>	<u>87,590</u>
Asset impairment reversal	-	23	-	23
Gains on revaluation of investment property	-	1,892	-	2,800
Total Other Income	<u>31,414</u>	<u>91,771</u>	<u>31,414</u>	<u>90,413</u>

Accounting Policy

Other investment revenue is recognised as it is received, with the exception of unrealised gains and losses which arise from the year end valuation process.

1.2 Expenses

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 1.2A: Employees				
Academic				
Salaries	217,295	211,257	217,295	211,257
Contributions to superannuation and pension schemes	35,600	34,602	35,600	34,602
Long service leave	5,111	1,483	5,111	1,483
Annual leave	14,528	17,519	14,528	17,519
Total Academic	272,534	264,861	272,534	264,861
Non-Academic				
Salaries ¹	216,741	211,674	205,050	197,636
Contributions to superannuation and pension schemes	34,307	33,971	33,112	32,585
Long service leave	3,968	2,413	3,849	2,332
Annual leave	14,115	17,651	13,678	17,284
Total Non-Academic	269,131	265,709	255,689	249,837
Commonwealth Superannuation Account				
Pension payments	35,080	34,825	35,080	34,825
Employee superannuation entitlements expense	(12,726)	(13,556)	(12,726)	(13,556)
Total Commonwealth Superannuation Account	22,354	21,269	22,354	21,269
Total Employees	564,019	551,839	550,577	535,967

1. Non-academic staff salaries comprise:

Administrative staff	162,878	159,217	151,187	145,180
Technical staff	28,912	27,317	28,912	27,317
Research officers	16,777	16,885	16,777	16,885
Service staff including security	4,780	5,282	4,780	5,282
Librarians	396	348	396	348
Trade staff	2,998	2,625	2,998	2,624
Total non-academic Staff Salaries	216,741	211,674	205,050	197,636

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

Note 1.2B: Services

Site maintenance and servicing ¹	57,859	55,457	55,336	51,495
Consumables, research and training materials	140,923	124,201	133,104	113,328
Employee related expenses	45,896	46,247	44,885	44,809
Travel, conferences and fieldwork	33,848	34,150	33,556	33,777
Project contributions	26,296	35,174	26,296	35,202
Scholarships	54,784	58,475	55,584	60,101
Miscellaneous operating expenses ²	23,386	21,277	20,597	17,658
Total Services	382,992	374,981	369,358	356,370

1. Site maintenance and servicing includes:

Electricity and gas	16,263	15,083	15,692	14,135
Cleaning expenses	10,494	10,395	9,998	9,934
Rental expenses	6,451	3,612	5,905	3,306
Municipality charges	4,732	4,513	4,325	4,455
Total Miscellaneous Site Expenses	37,940	33,603	35,920	31,830
Building repairs and maintenance	11,047	12,925	10,814	11,347
Grounds maintenance	1,466	1,452	1,453	1,452
Other site maintenance and servicing expenses	7,406	7,478	7,149	6,866
Total Maintenance Expense	19,919	21,855	19,416	19,665
Total Site Maintenance and Servicing	57,859	55,458	55,336	51,495

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 1.2B: Services (continued)

2. Miscellaneous operating expenses include:

Advertising	4,302	4,111	4,283	4,064
Management fees	5,502	4,951	4,131	2,801
Membership - professional bodies	5,568	3,527	5,498	3,424
Staff development	1,876	1,869	1,800	1,766
Audit expenses, internal and external	738	1,087	675	1,022
Patent, copyright and royalties	1,327	1,346	1,327	1,346
Legal expenses, settlements	513	435	506	373
Other miscellaneous operating expenses	3,560	3,951	2,377	2,862
Total Miscellaneous Operating Expenses	23,386	21,277	20,597	17,658

Leasing Commitments

The Australian National University has property leases in place that have annual rent that have renewal options upon the lease ceasing its term.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

One year or less	1,954	2,005	1,341	1,443
From one to five years	3,283	5,668	1,559	3,795
Greater than five years	-	-	-	-
Total operating lease commitments	5,237	7,673	2,900	5,238

Accounting Policy

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

On 4 August 2016, the University executed the Purpose Built Student Accommodation (PBSA) agreement with an independent third party. The transaction provides the third party with full exposure to the key risk and rewards associated with the PBSA assets and the related PBSA net revenue. The University, as lessor, will account for the transaction as a finance lease. On expiry of the lease (31 December 2046) the assets will revert back to the University based on the expected value of the assets at the end of the 30 year term. The present value of the unguaranteed residual value of the assets has been recognised as a Lease receivable within Loans and Receivables (refer note 2.1B).

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease.

Note 1.2C: Depreciation and Amortisation

Depreciation

Property at cost	3,254	5,959	1,370	5,829
Property at valuation	71,971	41,154	71,575	40,792
Plant, equipment and motor vehicles at cost	29,756	38,828	29,268	38,402
Plant, equipment and motor vehicles at deemed cost	1,498	1,836	1,498	1,836
Leasehold improvements	460	507	460	507

Amortisation

Licence agreement	25	24	25	24
Software licence	1,247	621	1,247	621
Other intangible assets	476	1,470	-	-
Total Depreciation and Amortisation	108,687	90,399	105,443	88,011

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 1.2D: Write-down and Impairment of Assets				
Domestic shares and listed securities	1	4	1	4
Domestic unlisted investments	951	9,987	66,107	9,987
Goodwill	29,213	-	-	-
Overseas managed funds	-	(37)	-	(37)
	<u>30,165</u>	<u>9,954</u>	<u>66,108</u>	<u>9,954</u>
Expenses arising from Joint Ventures and Associates	(2)	2	(2)	2
Impairment losses - inventory	246	2,202	-	-
Allowance for doubtful debts	(831)	743	(322)	743
Bad debts expense	808	228	808	446
Total Write-down and Impairment of Assets	<u>30,386</u>	<u>13,129</u>	<u>66,592</u>	<u>11,145</u>

Note 1.2E: Borrowing Costs

Borrowing cost expense - interest on loans	4,010	6,340	3,776	7,637
Borrowing cost expense - interest on swaps	18,057	5,088	10,890	2,257
Borrowing cost expense - interest on medium term notes	7,963	938	7,963	938
Borrowing cost expense - other expenses	6	4,687	6	-
Total Borrowing Costs	<u>30,036</u>	<u>17,053</u>	<u>22,635</u>	<u>10,832</u>

Accounting Policy

All borrowing costs are expensed as incurred.

Note 1.2F: Losses / (Gains) on Disposal of Assets

Loss on disposal of property, plant, equipment and motor vehicles	691	1,453	691	1,453
Gain on disposal of property, plant, equipment and motor vehicles	(52,752)	(82)	(55,451)	(81)
Net Losses/(Gains) on Disposal of Assets	<u>(52,061)</u>	<u>1,371</u>	<u>(54,760)</u>	<u>1,372</u>

Accounting Policy

Losses or gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

Note 1.2G: Income Tax (Expense)/Benefit

Recognised in the Income Statement

Current tax income/(expense)

Current year	(952)	34	-	-
Adjustment from prior year	(148)	4	-	-
Recognition of previously unrecognised tax losses	151	(1,191)	-	-
Origination and reversal of temporary differences	(12,850)	9	-	-
Total Income Tax (Expense)/Benefit	<u>(13,799)</u>	<u>(1,144)</u>	<u>-</u>	<u>-</u>

Accounting Policy

The University is exempt from income tax under Commonwealth legislation whilst the controlled entities, ANU Enterprise Pty Ltd, BRU Holdings Pty Ltd and SA2 Holdings Pty Ltd address taxation in the following way:

ANU Enterprise Pty Ltd is endorsed by the Australian Charities and Not-for profits Commission as complying with the requirements to be regarded as a Charitable Institution for taxation purposes and as such has made no provision for income tax.

Australian Scientific Instruments Pty Ltd and the Social Research Centre Pty Ltd (subsidiaries of ANU Enterprise Pty Ltd), BRU Holdings Pty Ltd, BRU Project Pty Ltd (a subsidiary of BRU Holdings Pty Ltd), SA2 Holdings Pty Ltd and SA2 Project Pty Ltd (a subsidiary of SA2 Holdings Pty Ltd) are not exempt from income tax.

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

2. Financial Position

This section analyses The Australian National University's assets used to conduct its operations and the operating liabilities incurred as a result.

Employee related information is disclosed in the People and Relationships section.

2.1 Financial Assets

	Consolidated		University	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Note 2.1A: Cash and Cash Equivalents				
Cash on hand (a)	27	32	27	32
Cash at bank (b)	52,298	34,413	49,851	21,999
Deposits at call (c)	217,963	207,224	211,000	203,161
Total Cash and Cash Equivalents	270,288	241,669	260,878	225,192

(a) Cash on hand

This is non-interest bearing.

(b) Cash at Bank

Cash held at banks is held in interest bearing accounts with rates between 0.0% and 1.5% (2015 - 0.0% and 2.0%). These deposits are at call.

(c) Deposits at call

The deposits are bearing floating interest rates between 0.0% and 2.95% (2015 - 2.5% and 3.55%). These deposits have an average maturity of 31 days.

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Note 2.1B: Loans and Receivables

Current Receivables:

Goods and Services	32,262	36,977	30,775	34,040
Less: Allowance for doubtful debts	(1,175)	(2,134)	(2,204)	(2,524)
	31,087	34,843	28,571	31,516
Income due	5,964	9,912	5,964	12,614
Interest receivable	5,038	3,504	5,021	3,490
GST receivable	6,957	2,188	5,209	1,409
Lease Receivable	727	-	727	-
Loans	100	100	100	100
Restricted cash	27	3,384	-	-
Total Current Receivables	49,900	53,931	45,592	49,129

Non-Current Receivables:

Lease Receivable	10,653	-	10,653	-
Loans	15,300	400	15,300	400
Loans to related party	-	-	4,907	65,680
Total Non-Current Receivables	25,953	400	30,860	66,080

Total Loans and Receivables

	75,853	54,331	76,452	115,209
Ageing of Receivables (gross):				
Not overdue	62,743	33,182	64,371	98,518
Less than 30 days overdue	8,408	15,946	8,408	12,293
30 to 60 days overdue	2,150	2,745	2,150	2,512
61 to 90 days overdue	766	542	766	470
More than 90 days overdue	2,961	4,050	2,961	3,940
	77,028	56,465	78,656	117,733

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 2.1B: Loans and Receivables (continued)				
Ageing of Allowance for Doubtful Debts:				
Not overdue	236	8	398	8
Less than 30 days overdue	8	8	8	8
30 to 60 days overdue	85	212	85	212
61 to 90 days overdue	135	55	135	55
More than 90 days overdue	711	1,851	1,578	2,241
	<u>1,175</u>	<u>2,134</u>	<u>2,204</u>	<u>2,524</u>
Reconciliation of Allowance for Doubtful Debts:				
Opening balance 1 January	2,134	1,786	2,524	1,781
Increase/(decrease) recognised in net surplus	(959)	348	(320)	743
Closing balance 31 December	<u>1,175</u>	<u>2,134</u>	<u>2,204</u>	<u>2,524</u>

Note 2.1C: Investments

Current Investments:

Listed Securities

Interest bearing securities	17,734	51,846	17,734	51,846
Total Listed Securities	<u>17,734</u>	<u>51,846</u>	<u>17,734</u>	<u>51,846</u>

Unlisted Securities

Domestic interest bearing securities	386,062	200,872	386,062	200,872
Overseas interest bearing securities	3,396	3,425	3,396	3,425
Total Unlisted Securities	<u>389,458</u>	<u>204,297</u>	<u>389,458</u>	<u>204,297</u>

Total Current Investments

	<u>407,192</u>	<u>256,143</u>	<u>407,192</u>	<u>256,143</u>
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Non-Current Investments:

Listed Securities

Domestic shares and listed securities	464,534	400,052	464,534	116,316
Interest bearing securities	35,141	46,334	35,141	46,334
Total Listed Securities	<u>499,675</u>	<u>446,386</u>	<u>499,675</u>	<u>162,650</u>

Unlisted Securities

Interest bearing securities	188,463	130,055	188,463	130,055
Overseas managed funds - unlisted investments	262,652	221,961	262,652	221,961
Domestic unlisted investments	107,406	87,078	107,406	363,614
Interests in related parties	-	-	7,200	22,376
Total Unlisted Securities	<u>558,521</u>	<u>439,094</u>	<u>565,721</u>	<u>738,006</u>

Total Non-Current Investments

	<u>1,058,196</u>	<u>885,480</u>	<u>1,065,396</u>	<u>900,656</u>
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Total Investments

	<u>1,465,388</u>	<u>1,141,623</u>	<u>1,472,588</u>	<u>1,156,799</u>
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(a) Restricted Funds

The University holds investments arising from donations and bequests from donors for the purpose of funding scholarships, prizes, foundations and endowments in general. As at 31 December 2016, the University held \$291,434,510 (2015 \$276,128,745) in restricted funds.

(b) Investment in Giant Magellan Telescope

The University has contributed \$37.3 million to date (\$37.3 million in 2015) in the Giant Magellan Telescope project. Funding for this project is provided by the Commonwealth Government under the Education Investment Fund program. Total agreed funding over the life of the project is \$88.4 million with \$65.0 million of this representing the University's \$32.5 million and Astronomy Australia Limited's \$32.5m contribution to the Giant Magellan Telescope Organisation Corporation (GMTO, registered in Pasadena, California) which will construct the Giant Magellan Telescope in Chile. The University, along with Astronomy Australia Limited and eight international Universities have signed a Founders Agreement to undertake the construction of the project. The funds invested

Note 2.1C: Investments (continued)

(b) Investment in Giant Magellan Telescope (continued)

by the University purchases the right to viewing time on the telescope once the facility is finally constructed and available for use. This is currently expected to be in 2023. In June 2015 the GMTO Board officially announced the commencement of construction for the telescope. The investment made by the University to date has been fully impaired as the recoverability of future economic benefits is not considered certain at this point in time. Impairment of this investment is recognised in Note 1.2D (Domestic unlisted investments).

Consolidated		University	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000

Note 2.1D: Investments Accounted for Using the Equity Method

Investments in Associates	1,103	12,508	4,396	10,337
Investments in Joint Ventures	138	-	138	138
Total Investments Accounted for Using the Equity Method	1,241	12,508	4,534	10,475

Reconciliation:

Balance at 1 January	12,508	12,192
Share of profit/(loss) for the year	(45)	1,870
Share of Comprehensive Income for the year	-	(764)
Dividends and distributions	-	(768)
De-recognition of Associates	(7,315)	-
Prior year adjustment	(3,907)	(22)
Balance at 31 December 2016	1,241	12,508

Associates

Details of the University's investments in associates at the end of the reporting period are as follows:

Name of Associate	Principal Activity	Place of Incorporation and Operation	Ownership Interest Held by the University	
			2016	2015
Australian Technology Park Innovations Pty Limited	To facilitate the commercialisation of start-up companies.	Australia	25.00%	25.00%
Pestat Pty Ltd	To commercialise safe, humane and effective solutions for pest control and innovative products for animal management purposes.	Australia	22.02%	22.02%
Beta Therapeutics Pty Limited	To establish proprietary therapeutic compounds for use in Type 1 Diabetes (T1D), Type 2 Diabetes (T2D) therapy and islet transplant applications.	Australia	27.78%	27.78%

From 1 January 2016, the University no longer had significant influence over Vantage Private Equity Growth Limited (VPEG). This investment was de-recognised as an associate and transferred to Domestic Unlisted Investments at that date.

The financial year end date for all associate entities is 30 June which was the reporting date when the companies were incorporated. For the purpose of applying the equity method of accounting, the financial statements of the associate entities for the year ended 30 June 2016 have been used, and no adjustments have been made as there were no significant transactions between that date and 31 December 2016.

Note 2.1D: Investments Accounted for Using the Equity Method (continued)**Associates (continued)**

2016	2015
\$'000	\$'000

Summarised financial information for associates is set out below:

Financial Position

Cash and cash equivalents	951	11,346
Other current assets	5,298	5,513
Non-current assets	690	35,077
Total Assets	6,939	51,936
Current financial liabilities (excl. trade and other payables and provisions)	326	2,737
Other current liabilities	993	2,759
Other non-current liabilities	75	39
Total Liabilities	1,394	5,535
Net Assets	5,545	46,401
Share of associates' net assets	1,398	12,958
Financial Performance		
Total revenue	3,003	11,888
Profit/(loss) from continuing operations before tax	(525)	7,459
Profit/(loss) from continuing operations after tax	(525)	6,215
Other Comprehensive Income	-	(2,464)
Total comprehensive income	(525)	3,751
Share of associates' profit/(loss)	(141)	1,870

Significant Judgements/Assumptions

The University has reviewed Shareholder Agreements and Constitutions of Associate Entities and has determined that we do not have control as defined in AASB 10 Consolidated Financial Statements however, our respective ownership interests in these investments does provide us with the opportunity to participate in the financial and operating policy decisions of the Associate Entities.

Note 2.1D: Investments Accounted for Using the Equity Method (continued)**Joint Ventures**

Details of the University's investments in joint ventures at the end of the reporting period are as follows:

Name of Associate	Principal Activity	Place of Incorporation and Operation	Ownership Interest Held by the University	
			2016	2015
ANU MTAA Super Venture Capital Pty Limited	Provide governance and administration services to ANU MTAA Super Venture Capital Partnership, LP.	Australia	50.00%	50.00%
ANU MTAA Super Venture Capital Partnership, LP	Provide investment in commercialisation, pre-seed and early stage private equity investment.	Australia	50.00%	50.00%

The financial statements of the joint venture entities for the year ended 30 June 2016 have been used, and no adjustments have been made as there were no significant transactions between that date and 31 December 2016.

	2016 \$'000	2015 \$'000
Summarised financial information for joint ventures is set out below:		
Financial Position		
Other current assets	417	478
Non-current assets	7,547	5,211
Total Assets	7,964	5,689
Other current liabilities	99	16
Non-current financial liabilities (excl. trade and other payables and provisions)	-	19
Other non-current liabilities	344	338
Total Liabilities	443	373
Net Assets	7,521	5,316
Share of associates' net assets	3,778	(114)
Financial Performance		
Total revenue	16	92
Profit/(loss) from continuing operations before tax	(1,788)	(1,115)
Profit/(loss) from continuing operations after tax	(1,788)	(1,115)
Other Comprehensive Income	-	-
Total comprehensive income	(1,788)	(1,115)
Share of associates' profit/(loss)	-	-

Significant Judgements/Assumptions

ANU MTAA Super Venture Capital Pty Limited (the Entity) - this Entity acts as the General Partner for the ANU MTAA Super Venture Capital Partnership, LP and is established as a separate legal entity with the University and the Motor Trades Association of Australia Superannuation Fund Pty Limited each holding 50% of the issued share capital. Decisions of the entity must be agreed by a unanimous vote of the two Shareholder Representative Directors. The University has rights to its proportion of the net assets of the Entity. Considering these factors the University has classified the Entity as a Joint Venture in accordance with AASB 11 Joint Arrangements.

ANU MTAA Super Venture Capital Partnership, LP (Limited Partner) - the Limited Partner is established under the Venture Capital Partnership Deed and is registered under the Partnership Act as an Incorporated Limited Partnership. The Partnership Deed evidences that power over the Limited Partner is exercised via joint control of the Limited Partners (University and MTAA Superannuation Fund Pty Limited) where a majority decision on all matters is required. It is the University's determination that the arrangement is structured through a separate vehicle (the Partnership) with investments made by the Limited Partner held in the name of the Limited Partner and not the University or MTAA Superannuation Fund Pty Limited and distributions calculated net of operating costs and overheads that it be defined as a Joint Venture.

Joint Venture Distribution Restrictions

The General Partner may only make in-specie distributions of Investments (i.e. distributions other than cash or other immediately available funds) with approval by Special Majority Resolution. Distributions by the General Partner are subject to requirements regarding order of priority.

Note 2.1D: Investments Accounted for Using the Equity Method (continued)

Joint Ventures (continued)

Accounting Policy

Financial Assets

University Funds are invested in accordance with Section 6(2) of the Australian National University Act 1991 (as amended) using guidelines approved by the Council of the University.

Financial assets are included in non-current assets unless management intends to dispose of the asset within twelve months of the balance sheet date.

The categorisation of financial assets depends on the nature and purpose of the financial asset and is determined at the time of initial recognition in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

Financial assets are recognised and derecognised upon 'trade date'.

a. The University classifies its financial assets in the following categories:

Financial assets as at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets are domestic shares and listed securities or a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part or all of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Investments in Available-for-sale equity instruments which do not have a quoted market price in an active market and where fair value cannot be reliably measured are measured at cost.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' and are included in current assets. Loans and receivables with maturities greater than 12 months after the balance sheet date are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are due for settlement in no more than 30 days.

b. Impairment of financial assets

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'write down of assets' and 'other expenses'. A provision for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against other expense in the Income Statement.

If there is objective evidence that the cost may not be recovered, an available-for-sale investment is considered to be impaired. For available-for-sale equity instruments, objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The University's policy considers a significant decline to be one in which the fair value is below the cost by more than 20% and a prolonged decline to be one in which the fair value is below the cost for greater than 12 months.

If an available-for-sale investment is impaired based on the entity's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognised as impairments. Therefore, at each reporting period, for an available-for-sale investment that is determined to be impaired based upon the entity's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

For debt instruments, where there is a decrease in the impairment loss in a subsequent period which can be related objectively to an event after recognition of the impairment, the previous impairment loss is reversed through the Income Statement. Impairment losses on investments in equity instruments are reversed through equity.

	Consolidated		University	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000

Note 2.1E: Other Financial Assets and Liabilities

Other Financial Assets

Current asset:

Financial derivative asset	476	664	476	664
Financial derivative asset	-	479	-	479
Total Other Financial Assets	476	1,143	476	1,143

Other Financial Liabilities

Current liability:

Financial derivative liability	2,084	484	2,084	484
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Non-current liability:

Financial derivative liability	-	461	-	461
Total Other Financial liabilities	2,084	945	2,084	945

Accounting Policy

Derivatives

The Group enters into a variety of derivative instruments to manage its exposure to interest rate and foreign currency risk, including interest rate swaps and forward foreign exchange contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in the profit and loss unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of the fair value of recognised assets, liabilities or firm commitments ("fair value hedges"), or hedges of highly probable forecast transactions ("cash flow hedges").

Hedge Accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The note above contains details of the fair values of the derivative instruments used for hedging purposes.

(a) Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit and loss from that date.

(b) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in the hedging reserve recorded in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the Income Statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

2.2 Non-Financial Assets

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 2.2A: Land, Buildings and Infrastructure, Plant and Equipment				
Land, Buildings and Infrastructure				
Buildings under construction	89,801	24,016	89,801	24,016
Site infrastructure at cost	5,588	-	5,588	-
Accumulated depreciation	(33)	-	(33)	-
Campus buildings at cost	18,888	-	18,888	-
Accumulated depreciation	(227)	-	(227)	-
Total Land, Buildings and Infrastructure at Cost	24,216	-	24,216	-
Site infrastructure at valuation	77,061	77,119	77,061	77,119
Accumulated depreciation	(4,401)	-	(4,401)	-
Land at valuation	103,665	90,495	90,190	89,820
Dwellings at valuation	9,952	9,952	9,952	9,952
Accumulated depreciation	(528)	-	(528)	-
Campus buildings at valuation	1,193,410	1,466,765	1,193,410	1,454,765
Accumulated depreciation	(62,688)	(17,742)	(62,688)	(17,742)
Total Land, Buildings and Infrastructure at Valuation	1,316,471	1,626,589	1,302,996	1,613,914
Crown lease at valuation	10,500	10,500	10,500	10,500
Accumulated amortisation	-	(7,000)	-	(7,000)
Amortised Crown Lease	10,500	3,500	10,500	3,500
Leasehold improvements at valuation	2,302	2,302	2,302	2,301
Accumulated depreciation	(460)	-	(460)	-
Total Leasehold Improvements at Valuation	1,842	2,302	1,842	2,301
Total Land, Buildings and Infrastructure	1,442,830	1,656,407	1,429,355	1,643,731
Plant and Equipment				
Plant and equipment under construction	7,267	2,138	7,267	2,138
Plant, equipment and motor vehicles at cost	339,105	328,675	335,273	323,262
Accumulated depreciation	(247,375)	(229,183)	(244,979)	(226,055)
Plant, equipment and motor vehicles at deemed cost	41,583	46,589	41,583	46,589
Accumulated depreciation	(38,456)	(41,675)	(38,456)	(41,675)
Total Plant and Equipment at Cost	94,857	104,406	93,421	102,121
Works of art at cost	239	173	239	173
Works of art at valuation	21,635	21,636	21,635	21,636
Total Works of Art	21,874	21,809	21,874	21,809
Rare library materials at valuation	30,494	29,422	30,494	29,422
Total Plant and Equipment	154,492	157,775	153,056	155,490
Acquired Software				
Acquired Software	2,030	-	2,030	-
Accumulated Amortisation	(2,030)	-	(2,030)	-
Total Acquired Software	-	-	-	-
Total Land, Buildings and Infrastructure, Plant and Equipment	1,597,322	1,814,182	1,582,411	1,799,221

Note 2.2A: Land, Buildings and Infrastructure, Plant and Equipment (continued)

Table A: Reconciliation of the Opening and Closing Balances of Land, Building and Infrastructure, Plant and Equipment (Consolidated Only)

	Land \$'000	Buildings \$'000	Infrastructure & Crown Lease \$'000	Total Land, Buildings and Infrastructure \$'000	Plant & Equipment \$'000	Software \$'000	Total \$'000
Gross Value							
As at 1 January 2016	90,495	1,503,034	87,619	1,681,148	428,633	-	2,109,781
Additions	-	189,708	5,588	195,296	28,905	-	224,201
Reclassification	-	-	-	-	(2,030)	2,030	-
Revaluations	370	800	-	1,170	1,151	-	2,321
Disposals	-	(366,389)	(58)	(366,447)	(16,337)	-	(382,784)
As at 31 December 2016	90,865	1,327,153	93,149	1,511,167	440,322	2,030	1,953,519
Accumulated Depreciation							
As at 1 January 2016	-	17,741	7,000	24,741	270,858	-	295,599
Charge for the reporting period	-	67,993	7,937	75,930	30,217	-	106,147
Reclassification	-	-	-	-	(2,030)	2,030	-
Revaluations	-	(395)	(10,500)	(10,895)	-	-	(10,895)
Disposals	-	(21,437)	(3)	(21,440)	(13,214)	-	(34,654)
As at 31 December 2016	-	63,902	4,434	68,336	285,831	2,030	356,197
Net book value as at 31 December 2016	90,865	1,263,251	88,715	1,442,831	154,491	-	1,597,322
Net book value as at 1 January 2016	90,495	1,485,293	80,619	1,656,407	157,775	-	1,814,182

Table B: Reconciliation of the Opening and Closing Balances of Land, Building and Infrastructure, Plant and Equipment (University Only)

	Land \$'000	Buildings \$'000	Infrastructure & Crown Lease \$'000	Total Land, Buildings and Infrastructure \$'000	Plant & Equipment \$'000	Software \$'000	Total \$'000
Gross Value							
As at 1 January 2016	89,820	1,491,034	87,619	1,668,473	423,220	-	2,091,693
Additions	-	189,708	5,588	195,296	28,655	-	223,951
Revaluations	370	-	-	370	1,072	-	1,442
Disposals	-	(366,389)	(58)	(366,447)	(14,426)	-	(380,873)
Reclassification	-	-	-	-	(2,030)	2,030	-
As at 31 December 2016	90,190	1,314,353	93,149	1,497,692	436,491	2,030	1,936,213
Accumulated Depreciation							
As at 1 January 2016	-	17,742	7,000	24,742	267,730	-	292,472
Charge for the reporting period	-	67,598	7,937	75,535	30,590	-	106,125
Reclassification	-	-	-	-	(2,030)	2,030	-
Revaluations	-	-	(10,500)	(10,500)	-	-	(10,500)
Disposals	-	(21,437)	(3)	(21,440)	(12,855)	-	(34,295)
As at 31 December 2016	-	63,903	4,434	68,337	283,435	2,030	353,802
Net book value as at 31 December 2016	90,190	1,250,450	88,715	1,429,355	153,056	-	1,582,411
Net book value as at 1 January 2016	89,820	1,473,292	80,619	1,643,731	155,490	-	1,799,221

Note 2.2A: Land, Buildings and Infrastructure, Plant and Equipment (continued)

Table C: Reconciliation of the Opening and Closing Balances of Land, Building and Infrastructure, Plant and Equipment at Valuation (Consolidated Only)

	Land \$'000	Buildings \$'000	Infrastructure & Crown Lease \$'000	Total Land, Buildings and Infrastructure \$'000	Plant & Equipment \$'000	Software \$'000	Total \$'000
Gross Value							
As at 1 January 2016	90,495	1,479,019	87,619	1,657,133	51,058	-	1,708,191
Adjusted opening balance as at 1 January 2016	90,495	1,479,019	87,619	1,657,133	51,058	-	1,708,191
Additions	-	-	-	-	-	-	-
Revaluations	370	800	-	1,170	1,072	-	2,242
Disposals	-	(261,353)	(58)	(261,411)	(1)	-	(261,412)
As at 31 December 2016	90,865	1,218,466	87,561	1,396,892	52,129	-	1,449,021
Accumulated Depreciation							
As at 1 January 2016	-	17,742	7,000	24,742	-	-	24,742
Adjusted opening balance as at 1 January 2016	-	17,742	7,000	24,742	-	-	24,742
Charge for the reporting period	-	64,527	7,904	72,431	-	-	72,431
Revaluations	-	(395)	(10,500)	(10,895)	-	-	(10,895)
Disposals	-	(18,197)	(3)	(18,200)	-	-	(18,200)
As at 31 December 2016	-	63,677	4,401	68,078	-	-	68,078
Net book value as at 31 December 2016	90,865	1,154,789	83,160	1,328,814	52,129	-	1,380,943
Net book value as at 1 January 2016	90,495	1,461,277	80,619	1,632,391	51,058	-	1,683,449

Table D: Assets Under Construction (Consolidated Only)

	Land \$'000	Buildings \$'000	Infrastructure & Crown Lease \$'000	Total Land, Buildings and Infrastructure \$'000	Plant & Equipment \$'000	Total \$'000
As at 31 December 2016						
Gross value	-	89,801	-	89,801	7,267	97,068
Net book value	-	89,801	-	89,801	7,267	97,068
As at 31 December 2015						
Gross value	-	24,016	-	24,016	2,138	26,154
Net book value	-	24,016	-	24,016	2,138	26,154

	Consolidated		University	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contractual commitments for the acquisition of property, plant, equipment and intangible assets				
One year or less	26,975	66,910	26,975	66,458
From one to five years	5,756	30,655	5,756	28,672
Greater than five years	-	-	-	-
Total Capital Commitments	32,731	97,565	32,731	95,130

Note 2.2A: Land, Buildings and Infrastructure, Plant and Equipment (continued)

Land

Australian Capital Territory

The major teaching and research facilities of the University are located on the Acton Campus site of 148 hectares and the Mt Stromlo site of 81 hectares. These sites are provided free of charge and held on lease in perpetuity. The use of this land is restricted to Australian National University activities. The University occupies other sites of 224 hectares within the Australian Capital Territory on varying leasehold terms and conditions. The value of land in the Australian Capital Territory has been assessed and brought to account.

New South Wales

The University owns 148 hectares of freehold land at Coonabarabran on which is located the Siding Spring Observatory and a further 3 hectares is held by the University at Coonabarabran under permissive occupancy. The University owns 349 hectares of freehold land at Kioloa. The value of land in New South Wales has been assessed and brought to account.

Northern Territory

The University occupies 26,500 hectares near Tennant Creek held on lease in perpetuity on which is located the Warramunga Seismic Station. The University owns 4 hectares of freehold land at Darwin on which is located field research headquarters. The value of land in the Northern Territory has been assessed and brought to account.

Accounting Policy

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of similar items which are significant in total).

Property, plant and equipment

Land and buildings (excluding investment properties) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at either deemed or historical cost less depreciation. Plant and Equipment (P&E) are valued at historical cost which includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Increases or decreases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are also recognised in Other Comprehensive Income to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the Income Statement.

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual value over their estimated remaining useful lives to the University using, in all cases, the straight line method of depreciation. Depreciation of property, plant and equipment commences when the asset is available for use.

Land, heritage, cultural assets and works of art are assessed as having an indefinite useful life and are not depreciated.

The aggregate amount of depreciation allocated for each class of assets during the reporting period is disclosed in Note 1.2C.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>At Acquisition</u>	<u>At Revaluation</u>
	<u>Years</u>	<u>Years</u>
Buildings, Dwellings & Infrastructure	40	1 to 76
Plant and Equipment		
Motor vehicles	7	-
Computing equipment	5	-
Research / teaching equipment	7	-
Supercomputer	3	-
Other	10	1 to 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 2.2A: Land, Buildings and Infrastructure, Plant and Equipment (continued)

Valuation

Land as identified above, has been brought to account. Substantially all of the land in the Australian Capital Territory, New South Wales and the Northern Territory was revalued in 2016. The valuation was completed by independent valuers, Aon Valuation Services. The valuation was on the basis of Fair Value for financial reporting purposes, in accordance with the requirements of AASB 13 Fair Value Measurement and 116 – Property, Plant and Equipment. These sites are provided free of charge by lease in perpetuity and the resultant valuation increment has been credited directly to the asset revaluation reserve. These assets are revalued every three years.

Substantially all of the campus buildings and dwellings were revalued in 2015. The valuations were completed by independent valuers, Asset Val Pty Ltd. The Depreciated Replacement Cost approach was used to establish the Market Value for the Existing Use of the properties. The net revaluation decrement was debited directly to the asset revaluation reserve. Campus buildings completed subsequent to the valuation are disclosed at cost. These assets are revalued every three years.

The initial costs of developing major administrative systems were initially captured and recognised within plant and equipment and are being amortised. Ongoing maintenance and development costs are expensed as incurred.

Rare library materials, including the Noel Butlin Archives, were revalued in 2016. The basis of the valuation was based on research of recent records of Australian and international sales, purchases and other forms of acquisition. The valuation was completed by an independent qualified valuer, Mr Peter Tinslay. These assets are revalued every three years.

Works of art were revalued in 2014. The valuation was completed by independent qualified valuers, Aon Risk Services Australia Ltd. Works of art purchased subsequent to the valuation are disclosed at cost.

Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs, are also recognised as expenses as incurred.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Impairment of Non-Financial Assets

The University assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the University makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the Income Statement in Impairment Loss expense unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Reversals of Impairment

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

An impairment loss recognised for Goodwill cannot be reversed in a subsequent period.

Research and Development Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Income Statement when incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the University and/or its related entities intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Income Statement when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

Note 2.2B: Investment Property

Properties at fair value	-	103,979	-	-
	-	103,979	-	-

Table A: Reconciliation of the opening and closing balances of investment property

Balance as at 1 January 2016	103,979	134,831	-	30,000
Additions	-	544	-	544
Net gain from fair value adjustment	-	1,948	-	2,800
Disposals	(103,979)	(33,344)	-	(33,344)
Balance as at 31 December 2016	-	103,979	-	-

The consolidated entity:

Rental and student accommodation income from the investment properties was \$9,989,928 in 2016 (\$13,649,951 in 2015).

Operating expenses before finance costs in relation to these properties were \$1,331,197 in 2016 (\$1,827,198 in 2015).

No indicators of impairment were found for investment properties.

Accounting Policy

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the property. If this information is not available or appropriate, the valuer uses alternative valuation methods such as recent prices in less active markets, discounted cash flow projections or original cost plus a cost escalation factor. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise.

The University revalued its student accommodation investment property as at 31 December 2015 in accordance with the valuation conducted by Blak Box Pty Ltd trading under licence as Knight Frank Valuations Canberra. The valuation assessment is based on the cost approach which considers the cost of actual construction with cost escalation factors applied from the date of construction through to the date of valuation.

Note 2.2C: Intangibles

Non-Current Assets

Software licence	2,601	2,246	2,601	2,246
Customer lists and relationships	2,657	3,133	-	-
Goodwill	5,699	34,912	-	-
Total Non-Current Assets	10,957	40,291	2,601	2,246

Table A: Reconciliation of the opening and closing balances of intangibles

Cost as at 1 January	40,291	43,451	2,246	2,867
Additions of intangibles	252	-	252	-
Impairment recognised in the operating result	(29,213)	(1,069)	-	-
Amortisation charge	(373)	(2,091)	103	(621)
Balance as at 31 December	10,957	40,291	2,601	2,246

Accounting Policy

Intellectual property developed internally has not been brought to account as it cannot be reliably measured.

Goodwill in relation to ANU Enterprise Pty Limited, BRU Holdings Pty Limited and SA2 Holdings Pty Limited relates to goodwill arising on the acquisition of a subsidiary and represents the excess of the cost of the investment over the fair value of the net assets acquired at the date of the exchange. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis.

In July 2016, the University issued a notice of variation to BRU Holdings Pty Limited and SA2 Holdings Pty Limited of its intention to terminate the leases between the University and the companies. Termination occurred on 1 August 2016 and the buildings owned by the companies transferred to the ownership of the University from that date. Upon transfer of the buildings Goodwill in relation to BRU Holdings Pty Limited and SA2 Holdings Pty Limited was assessed for impairment and it was determined that Goodwill was impaired. The impairment has been recognised in the profit and loss in accordance with the University's accounting policy.

	Consolidated		University	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Note 2.2D: Inventories				
Inventory held for sale	390	993	345	368
Consumables in store	544	546	511	546
WIP equipment for sale	2,240	2,618	639	629
Total Inventory	3,174	4,157	1,495	1,543

Accounting Policy

Inventories held for resale are valued at the lower of cost or net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential. Costs are assigned to inventories using last purchase cost including costs incurred in bringing each product to its present location and condition. Equipment being constructed for on sale to third parties is held as work in progress at the cost of construction as at balance date.

Note 2.2E: Other Non-Financial Assets

Current Assets:

Advance payments and prepaid expenditure	20,910	25,968	20,613	25,562
Licence agreement	26	25	26	25
Deferred tax asset	-	13,109	-	-
Total Current Assets	20,936	39,102	20,639	25,587

Non-Current Assets:

Licence agreement	110	135	110	135
Non-current prepaid expenditure	125	2,758	125	2,759
Total Non-Current Assets	235	2,893	235	2,894
Total Other Non-Financial Assets	21,171	41,995	20,874	28,481

No indicators of impairment were found for other non-financial assets.

2.3 Payables

	Consolidated		University	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Note 2.3A: Suppliers				
Current Liability:				
Suppliers	23,783	29,076	21,556	25,332
Total Current Liability	23,783	29,076	21,556	25,332
Total Suppliers	23,783	29,076	21,556	25,332

Supplier payables are current. Settlement is usually made within supplier terms of trade which is net 30 days.

Note 2.3B: Other Payables

Other Current Payables:				
Income in advance	120,163	56,083	117,256	52,519
Other creditors	20,319	18,416	20,319	16,972
Income tax expense	515	757	-	-
Deferred tax liability	715	1,127	-	-
Construction project liability	881	1,012	-	-
Provision for warranty	193	232	-	-
Incomplete project revenue	611	584	-	-
Total Current Other Payables	143,397	78,211	137,575	69,491
Other Non-Current Payables:				
Income in advance	115	4,688	115	4,688
Other creditors	37,673	-	37,673	-
Total Non-Current Other Payables	37,788	4,688	37,788	4,688
Total Other Payables	181,185	82,899	175,363	74,179

Accounting Policy

Suppliers and other payables

Trade creditors and accruals are recognised at their nominal amounts, being amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the University expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.4 Interest Bearing Liabilities

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 2.4A: Interest Bearing Liabilities				
Current Liability:				
Bank loans	-	104,143	-	5,750
Indexed Annuity Bonds	3,734	3,788	3,734	3,788
Deferred consideration	2,504	1,927	-	-
Total Current Liability	6,238	109,858	3,734	9,538
Non-Current Liability:				
Bank loans	-	76,000	-	76,000
Indexed Annuity Bonds	85,185	89,503	85,185	89,503
Medium Term Notes	200,000	200,000	200,000	200,000
Deferred Consideration	-	2,347	-	-
Total Non-Current Liability	285,185	367,850	285,185	365,503
Total Interest Bearing Liabilities	291,423	477,708	288,919	375,041

The University issued unsecured Indexed Annuity Bonds in October 2004 with a maturity of 25 years. The bonds are repayable by quarterly instalments of principal and interest that are indexed in alignment with the Australian Consumer Price Index (CPI). The real yield payable on the Bonds is 3.235% with an effective CPI base of 30 June 2004.

The University entered into an unsecured loan agreement in June 2010 for a term of 10 years. The loan was repayable by quarterly instalments of interest and half-yearly instalments of principal. On 11 August 2016 the University repaid the loan in full.

BRU Holdings Pty Limited entered into a loan agreement in August 2005 for a term of 32 years to finance building and construction costs. A first charge over the building secures the loan. The loan is repayable by half-yearly instalment of principal and interest. On 12 January 2016 the loan was repaid in full.

SA2 Holdings Pty Limited entered into a loan agreement in January 2009 for a term of 30 years to finance building and construction costs. A first charge over the building secures the loan. The loan is repayable by quarterly instalment of principal and interest. On 5 February 2016 the loan was repaid in full.

In November 2015 the University issued \$200,000,000 Fixed Rate Medium Term Notes with a maturity of 10 years. Interest is payable semi-annually at a rate of 3.98% per annum.

The carrying amount of the borrowings are denominated in Australian dollars.

The deferred consideration relates to the acquisition of the Social Research Centre Pty Ltd by ANU Enterprise Pty Ltd.

2.5 Equity

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 2.5A: Reserves				
Asset Revaluation Surplus:				
Asset revaluation - Property	687,139	802,024	674,877	793,019
Asset revaluation - Plant, Equipment and Artwork	16,268	16,268	16,268	16,268
Asset revaluation - Investments	122,011	135,765	122,011	133,943
Asset revaluation - Crown Lease	30,001	19,501	30,001	19,501
Asset revaluation - Rare Library Materials	27,934	26,862	27,934	26,861
Asset revaluation - Cashflow Hedge Reserves	-	(18,251)	-	(11,178)
Total Asset Revaluation Surplus	883,353	982,169	871,091	978,414
Special Reserves				
Building	24,453	23,485	24,453	23,485
Equipment	23,806	19,972	24,311	19,974
Self-insurance	7,520	8,042	7,520	8,042
Total Special Reserves	55,779	51,499	56,284	51,501
Total Reserves	939,132	1,033,668	927,375	1,029,915
Summary of movement in reserves during the year ended 31 December 2016				
Balance at beginning of year	1,033,668	1,149,921	1,029,916	1,149,363
Transfer (to)/from income	(210)	(56,704)	(7,543)	(56,744)
Increments/(decrements) to revaluation	19,906	(53,627)	18,732	(56,783)
Transfer (to)/from retained surplus	(114,232)	(5,922)	(113,730)	(5,920)
Balance at end of year	939,132	1,033,668	927,375	1,029,916
Movements in reserves				
Asset Revaluation - Property				
Balance at beginning of year	802,024	857,587	793,019	849,836
Transfer (to)/from income	2,082	-	-	-
Transfer (to)/from retained surpluses	(118,512)	(10,685)	(118,512)	(10,685)
Increments/(decrements) on revaluation of				
Land	370	(750)	370	-
Buildings	1,175	(44,128)	-	(46,132)
Balance at end of year	687,139	802,024	674,877	793,019
Asset Revaluation - Artwork				
Balance at beginning of year	16,268	16,268	16,268	16,268
Balance at end of year	16,268	16,268	16,268	16,268
Asset Revaluation - Investments				
Balance at beginning of year	135,765	204,272	133,943	202,449
Transfer (to)/from income	(20,543)	(56,940)	(18,721)	(56,940)
Increments/(decrements) on revaluation	6,789	(11,567)	6,789	(11,566)
Balance at end of year	122,011	135,765	122,011	133,943
Asset Revaluation - Crown Lease				
Balance at beginning of year	19,501	19,501	19,501	19,501
Increments/(decrements) on revaluation	10,500	-	10,500	-
Balance at end of year	30,001	19,501	30,001	19,501

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 2.5A: Reserves (continued)				
Asset Revaluation - Rare Library Materials				
Balance at beginning of year	26,862	26,862	26,861	26,861
Increments/(decrements) on revaluation	1,072	-	1,073	-
Balance at end of year	27,934	26,862	27,934	26,861
Asset Revaluation - Cashflow Hedge				
Balance at beginning of year	(18,251)	(21,305)	(11,178)	(12,289)
Increments/(decrements) on revaluation	-	2,818	-	915
Transfer (to)/from income	18,251	236	11,178	196
Balance at end of year	-	(18,251)	-	(11,178)
Special Reserve - Building				
Balance at beginning of year	23,486	20,635	23,485	20,634
Transfer (to)/from retained surpluses	967	2,851	968	2,851
Balance at end of year	24,453	23,486	24,453	23,485
Special Reserve - Equipment				
Balance at beginning of year	19,972	18,285	19,974	18,287
Transfer (to)/from retained surpluses	3,834	1,687	4,337	1,687
Balance at end of year	23,806	19,972	24,311	19,974
Special Reserve - Self Insurance				
Balance at beginning of year	8,042	7,816	8,042	7,816
Transfer (to)/from retained surpluses	(522)	226	(522)	226
Balance at end of year	7,520	8,042	7,520	8,042

Accounting Policy

The University has the following reserves:

Asset revaluation reserves

These reserves are used to account for the increases or decreases in the value of assets as a result of valuations.

Increases in the value of reserves are in accordance with valuation of assets policies stated in Note 2.2A. Decrements in reserves are either on disposal of assets where the disposed asset had previously been revalued and a reserve existed or on impairment of assets in accordance with AASB 136 Impairment of Assets where a revaluation reserve had existed for that asset class.

Special Reserves

These reserves are maintained to cover a range of special purposes:

Building – is maintained by the University, from amounts set aside out of profits primarily from the operation of University Halls of Residences and other trading activities to fund significant and unplanned maintenance requirements.

Equipment and Equipment replacement – is maintained by the University to meet unforeseen purchases of significant specialist research equipment.

Self-insurance – is maintained by the University to meet the deductible component that may arise in regard to possible future claims under the University's insurance policies.

3. Funding

This section identifies The Australian National University's funding structure.

3.1 Cash Flow Reconciliation

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 3.1A: Cash Flow Reconciliation				
Net result from ordinary activities	74,111	107,651	67,030	108,613
Depreciation and amortisation of property, plant and equipment	108,687	90,398	105,443	88,011
Impairment losses	30,165	12,156	66,108	9,954
Net (gain)/loss on disposal of assets	(52,061)	1,372	(54,760)	1,372
Net (gain) on revaluation of investment property	-	(1,891)	-	(2,800)
Proceeds from investments	21,021	-	28,094	-
Expenses arising from joint venture interests	-	-	-	-
Share of profit from equity accounted investments	141	(1,870)	-	-
Bad debts expense	808	228	808	446
Provision for doubtful debts	(831)	743	(322)	743
Expenditure from life cycle reserve	-	(775)	-	(773)
Interest earned on life cycle and ramp up reserve balances	-	(64)	-	-
Unrealised (gain)/loss on investments	(7,684)	(19,916)	(7,684)	(19,916)
Realised (gain)/loss on investment sales	(23,730)	(68,010)	(23,730)	(68,010)
Acquisition (gain)/loss	-	233	-	-
Reclassification of cash flow hedge reserve movements	18,251	40	11,178	-
<u>(Increase)/decrease in operating assets</u>				
Receivables	4,031	(711)	3,537	(1,217)
Advanced payments and prepaid expenditure	5,058	(5,028)	4,949	(4,868)
Inventories	983	841	48	884
Other	13,799	549	1	-
<u>(Increase)/decrease in operating liabilities</u>				
Provision for employee entitlements	(5,722)	(10,304)	(5,311)	(10,237)
Income in advance	(64,080)	15,834	(64,737)	15,834
Fair value of derivatives	-	(2,267)	-	-
Trade creditors	5,293	1,531	3,776	(361)
Other payables	(1,724)	5,433	(3,347)	4,304
Net cash flows from operating activities	126,516	126,173	131,081	121,979

3.2 Special Accounts

The University processes Comcare receipts and payments through a distinct location and account code combination in the ledger. The monies are not available for other purposes of the University.

	University	
	2016 \$'000	2015 \$'000
Balance carried forward	-	-
Receipts during the year	965	1,025
Available for payments	965	1,025
Less payments made	965	1,025
Balance carried forward to next year	-	-

4. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

4.1 Employee Provisions

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 4.1A: Employee Benefits				
Current Liability:				
Accrued salary and related expenses	6,382	6,846	6,382	6,846
Superannuation levy	526	292	526	292
Employee superannuation entitlements	35,177	33,730	35,177	33,730
Annual leave entitlements	49,784	47,445	48,901	46,883
Long Service Leave entitlements	57,435	55,269	56,776	54,700
Total Current Liability	149,304	143,582	147,762	142,451
Non-Current Liability:				
Employee superannuation entitlements	629,609	638,431	629,609	638,431
Long Service Leave entitlements	16,015	14,338	15,891	14,195
Total Non-Current Liability	645,624	652,769	645,500	652,626
Total Employee Benefits	794,928	796,351	793,262	795,077

Accounting Policy

Employee Entitlements

Short-term obligations

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in employee benefits. Liabilities for non-accumulating personal leave are recognised when the leave is taken and measured at the rates payable.

Other long-term obligations

Provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability. Other long-term employee benefits include such things as annual leave and long service leave liabilities, which are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The liability for Long Service Leave as at 31 December 2016 has been determined as permitted under Section 24(i)(b) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. In accordance with AASB 119 Employee Benefits, the University has adopted the market yields on the longest dated 10 year Commonwealth bonds on issue as at valuation date for the purpose of calculating present values of future cash flows.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 Provisions, Contingent Liabilities & Contingent Assets that involves the payment of 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 not expected to be settled wholly before 12 months after the end of the reporting period are discounted to present value.

Provisions

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken by employees is less than the annual entitlement for personal leave.

Pensions and Other Post-Employment Benefits

The University participates in a defined benefit plan (Commonwealth Superannuation Scheme) which requires contributions to be made to the separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in Other Comprehensive Income, in accordance with AASB119 Employee Benefits.

In addition the University contributes to the Superannuation Scheme for Australian Universities which is a defined benefit plan under Superannuation Law but, as a result of amendments to Clause 34 of UniSuper, is a defined contribution plan under Accounting Standard AASB119.

4.2 Directors' Remuneration

	Consolidated		University	
	2016 Number	2015 Number	2016 Number	2015 Number
Note 4.2A: Directors' Remuneration				
Less than \$195,000	6	7	1	1
	\$'000	\$'000	\$'000	\$'000
Total Remuneration received or due and receivable by Directors of the Consolidated Entity	242	211	35	35

Employees of the University who are members of Council do not receive remuneration for Council service.

4.3 Key Management Personnel Disclosures

Table A: Remuneration of Executive Officers

		Consolidated		University	
		2016 Senior Executive No.	2015 Senior Executive No.	2016 Senior Executive No.	2015 Senior Executive No.
\$	\$				
145,000	to	159,999	-	1	-
160,000	to	174,999	2	-	-
175,000	to	189,999	-	2	-
190,000	to	204,999	1	1	-
205,000	to	219,999	2	1	-
220,000	to	234,999	1	-	-
235,000	to	249,999	-	-	-
250,000	to	264,999	1	1	-
265,000	to	279,999	-	-	-
280,000	to	294,999	1	1	-
295,000	to	309,999	-	-	-
310,000	to	324,999	2	1	-
325,000	to	339,999	1	1	1
340,000	to	354,999	1	-	-
355,000	to	369,999	-	-	-
370,000	to	384,999	-	1	-
415,000	to	429,999	-	-	-
460,000	to	474,999	-	-	-
535,000	to	549,999	-	1	1
550,000	to	564,999	1	-	1
565,000	to	579,999	-	2	-
580,000	to	594,999	2	-	2
610,000	to	624,999	1	-	1
970,000	to	984,999	-	1	-
Total			16	14	5

Table B: Key Management Personnel Compensation

	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	4,394	4,183	2,074	2,125
Post-employment benefits	481	499	282	308
Other long-term benefits	391	476	195	216
Termination Benefits	135	-	135	-
Total Key Management Personnel Compensation	5,401	5,158	2,686	2,649

4.4 Related Party Disclosures

	University	
	2016	2015
	\$'000	\$'000
Note 4.4A: Related Party Disclosures		
Value of services (provided to)/purchased from subsidiary entities	(1,151)	296
Value of distributions received from investment in associates	-	(1,860)
Loan to Subsidiaries		
BRU non-current	-	19,470
Total BRU Holdings Pty Ltd	-	19,470
SA2 non-current	-	40,571
Total SA2 Holdings Pty Ltd	-	40,571
ANU Enterprise current	777	732
ANU Enterprise non-current	4,130	4,907
Total ANU Enterprise Pty Ltd	4,907	5,639
Interest revenue included in operating result from loans to subsidiary companies	6,403	5,793

The University enters into a number of transactions for the provision of goods and services and receipt of goods and services under normal commercial terms with ANU Enterprise Pty Limited and its subsidiaries Australian Scientific Instruments Pty Limited and the Social Research Council Pty Limited.

The University enters into a number of transactions for the provision of goods and services under normal commercial terms and conditions with student organisations based on campus.

Private Sector Participation in the provision of Student Accommodation

The University entered into two agreements where, under long term lease arrangements of its land, purpose built student accommodation facilities have been constructed and are owned by subsidiary companies, BRU Holdings Pty Ltd and SA2 Holdings Pty Ltd, and operated by UniLodge Australia Pty Ltd. The University moved to full ownership of BRU Holdings Pty Ltd and SA2 Holdings Pty Ltd on 4 April 2012.

In July 2016, the University issued a notice of variation to BRU Holdings Pty Limited and SA2 Holdings Pty Limited of its intention to terminate the leases between the University and the companies. Termination occurred on 1 August 2016 and the buildings owned by the companies transferred to the ownership of the University from that date. Upon transfer of the buildings Goodwill in relation to BRU Holdings Pty Limited and SA2 Holdings Pty Limited was assessed for impairment and it was determined that Goodwill was impaired. The impairment has been recognised in the profit and loss in accordance with the University's accounting policy.

5. Managing Uncertainties

This section analyses how The Australian National University manages financial risks within its operating environment.

5.1 Contingent Assets and Liabilities

		Consolidated		University	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Note 5.1A: Contingent Assets					
Guarantee	Purpose				
BRU Holdings Pty Limited	Beneficiary of security guarantee for a service agreement	-	200	-	-
SA2 Holdings Pty Limited	Beneficiary of security guarantee for a service agreement	-	300	-	-
UniLodge Australia Pty Ltd	Beneficiary of security guarantee for a service agreement	500	-	500	-
		<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>

Note 5.1B: Contingent Liabilities

The following guarantees have been provided:

Guarantee	Purpose				
ANZ Bank	To support financing arrangements entered into by Burgmann College for building development	6,931	8,915	6,931	8,915
Service One Members Bank	To support financing arrangements entered into by needy students	-	4	-	4
Land Development Agency	To support financing arrangements entered into by the University for the development of Block 6 Section 21 Division of City in the ACT	695	695	695	695
National Bank	To support export projects	-	361	-	-
Unlisted Investments	Uncalled Capital relating to investment activities at the University	2,044	5,637	2,044	5,637
		<u>9,670</u>	<u>15,612</u>	<u>9,670</u>	<u>15,251</u>

Unquantifiable contingencies

The University is currently involved in a number of legal matters in the ordinary course of business. The liability of the University in respect of these matters cannot be reliably estimated at this time.

Accounting Policy

Unrecognised Financial Liabilities

Guarantees, not recognised in the Statement of Financial Position are disclosed in Contingent Liabilities above. At the time of completion of the financial statements, there was no reason to believe that these guarantees would be called upon, and recognition of a liability was therefore not required.

5.2 Financial Instruments

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Categories of Financial Instruments				
Financial Assets				
<i>Available-for-sale financial assets</i>				
Australian cash deposits and short-term securities	257,813	229,711	248,405	213,234
Overseas denominated cash deposits and short-term securities	12,475	11,958	12,475	11,958
Domestic interest bearing securities	627,398	429,107	627,398	429,107
Overseas interest bearing securities	3,396	3,425	3,396	3,425
Domestic shares and listed securities	147,186	116,316	147,186	116,316
Domestic unlisted investments	107,406	87,078	114,606	102,254
Overseas managed funds	262,652	221,961	262,652	221,961
<i>Loans and receivables at amortised cost</i>				
Loans and receivables	80,989	54,331	76,452	115,209
<i>Fair value through statement of other comprehensive income</i>				
Receivables derivative instruments	476	1,143	476	1,143
<i>Fair value through profit or loss</i>				
Domestic unlisted securities	-	283,736	-	283,736
Domestic listed securities	317,347	-	317,347	-
Carrying Amount of Financial Assets	1,817,138	1,438,766	1,810,393	1,498,343
Financial Liabilities				
<i>At amortised cost</i>				
Payables	204,968	111,975	196,919	99,511
Loans payable	291,423	477,708	288,919	375,041
<i>Fair value through statement of other comprehensive income</i>				
Payables derivative instruments	2,084	945	2,084	945
Carrying Amount of Financial Liabilities	498,475	590,628	487,922	475,497

Accounting Policy

The following classes have been identified by the University in accordance with AASB 7 Financial Instrument Disclosure:

Financial assets at fair value through profit or loss

Receivables – Derivative instruments
Investments – Domestic shares and listed securities

Available-for-sale financial assets

Australian cash deposits and short term securities
Overseas denominated cash deposits and short term securities
Investments – Interest bearing securities
Investments – Domestic unlisted securities
Investments – Overseas managed funds

Loans and receivables

Loans and receivables

Effective interest method

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. Income is recognised on an effective interest rate basis.

Fair Value

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques, that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(b) Net Income and Expense from Financial Assets				
<i>Available-for-sale</i>				
Interest revenue	21,044	16,995	27,153	21,225
Dividend revenue	57,730	47,770	57,730	47,770
Exchange gains/(loss)	(544)	511	(544)	511
Gain/(loss) recognised in equity	6,789	(11,567)	6,789	(11,566)
Impairment expense	953	9,954	953	9,954
Gains/(loss) on disposal	23,730	75,281	23,730	75,281
<i>Fair value through profit or loss</i>				
Gain on revaluation	7,198	12,474	7,198	12,474
Net gain from financial assets	116,900	151,418	123,009	155,649

(c) Net Income and Expense from Financial Liabilities

<i>Financial liabilities at amortised cost</i>				
Borrowing expense	(30,036)	(17,053)	(22,635)	(10,832)
<i>Fair value through profit or loss</i>				
Exchange gains/(loss)	1,030	(676)	1,030	(676)
Derivatives	-	2,266	-	-
Net (loss) from financial liabilities	(29,006)	(15,463)	(21,605)	(11,508)

(d) Fair Value

Valuation method used for determining the fair value of financial instruments

The following table identifies for those assets and liabilities carried at fair value (above), as to whether fair value was obtained by reference to market prices (Level 1) or by valuation technique that employs observable market transactions (Level 2), or by using non-observable market inputs to determine fair value (Level 3).

University

2016	Valuation technique utilising			Total \$'000
	Market Values (Level 1) \$'000	Market Inputs (Level 2) \$'000	Non-Market Inputs (Level 3) \$'000	
Financial Assets				
<i>Available-for-sale financial assets</i>				
Australian cash deposits and short-term securities	248,405	-	-	248,405
Overseas denominated cash deposits and short-term securities	12,475	-	-	12,475
Domestic interest bearing securities	627,398	-	-	627,398
Overseas interest bearing securities	3,396	-	-	3,396
Domestic shares and listed securities	147,186	-	-	147,186
Domestic unlisted investments	-	-	114,606	114,606
Overseas managed funds	-	-	262,652	262,652
<i>Fair value through statement of other comprehensive income</i>				
Receivables derivative instruments	-	476	-	476
<i>Fair value through profit or loss</i>				
Domestic listed securities	317,347	-	-	317,347
Total	1,356,207	476	377,258	1,733,941
Financial Liabilities				
<i>Fair value through statement of other comprehensive income</i>				
Payables derivative instruments	-	2,084	-	2,084
Total	-	2,084	-	2,084

University

2015	Valuation technique utilising			Total \$'000
	Market Values (Level 1) \$'000	Market Inputs (Level 2) \$'000	Non- Market Inputs (Level 3) \$'000	
Financial Assets				
<i>Available-for-sale financial assets</i>				
Australian cash deposits and short-term securities	213,234	-	-	213,234
Overseas denominated cash deposits and short-term securities	11,958	-	-	11,958
Domestic interest bearing securities	429,107	-	-	429,107
Overseas interest bearing securities	3,425	-	-	3,425
Domestic shares and listed securities	116,316	-	-	116,316
Domestic unlisted investments	-	-	102,254	102,254
Overseas managed funds	-	-	221,961	221,961
<i>Fair value through statement of other comprehensive income</i>				
Receivables derivative instruments	-	1,143	-	1,143
<i>Fair value through profit or loss</i>				
Domestic listed securities	-	-	283,736	283,736
Total	774,040	1,143	607,951	1,383,134
Financial Liabilities				
<i>Fair value through statement of other comprehensive income</i>				
Payables derivative instruments	-	945	-	945
Total	-	945	-	945

Consolidated

2016	Valuation technique utilising			Total \$'000
	Market Values (Level 1) \$'000	Market Inputs (Level 2) \$'000	Non- Market Inputs (Level 3) \$'000	
Financial Assets				
<i>Available-for-sale financial assets</i>				
Australian cash deposits and short-term securities	257,815	-	-	257,815
Overseas denominated cash deposits and short-term securities	12,475	-	-	12,475
Domestic interest bearing securities	627,398	-	-	627,398
Overseas interest bearing securities	3,396	-	-	3,396
Domestic shares and listed securities	147,186	-	-	147,186
Domestic unlisted investments	-	-	107,406	107,406
Overseas managed funds	-	-	262,652	262,652
<i>Fair value through statement of other comprehensive income</i>				
Receivables derivative instruments	-	-	-	-
<i>Fair value through profit or loss</i>				
Domestic listed securities	317,347	-	-	317,347
Total	1,365,617	-	370,058	1,735,675
Financial Liabilities				
<i>Fair value through statement of other comprehensive income</i>				
Payables derivative instruments	-	2,084	-	2,084
Total	-	2,084	-	2,084

Consolidated

2015

	Valuation technique utilising			Total \$'000
	Market Values (Level 1) \$'000	Market Inputs (Level 2) \$'000	Non-Market Inputs (Level 3) \$'000	
Financial Assets				
<i>Available-for-sale financial assets</i>				
Australian cash deposits and short-term securities	229,711	-	-	229,711
Overseas denominated cash deposits and short-term securities	11,958	-	-	11,958
Domestic interest bearing securities	429,107	-	-	429,107
Overseas interest bearing securities	3,425	-	-	3,425
Domestic shares and listed securities	116,316	-	-	116,316
Domestic unlisted investments	-	-	87,078	87,078
Overseas managed funds	-	-	221,961	221,961
<i>Fair value through statement of other comprehensive income</i>				
Receivables derivative instruments	-	1,143	-	1,143
<i>Fair value through profit or loss</i>				
Domestic listed securities	-	-	283,736	283,736
Total	790,517	1,143	592,775	1,384,435
Financial Liabilities				
<i>Fair value through statement of other comprehensive income</i>				
Payables derivative instruments	-	945	-	945
Total	-	945	-	945

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(e) Reconciliation of Financial Assets Categorised as Level 3				
Level 3 Financial Assets				
Opening balance	370,813	97,631	385,988	112,806
Total gains or losses				
Through profit or loss	(12,474)	(8,946)	(12,474)	(8,946)
Through Statement of Comprehensive Income	16,622	14,245	16,622	14,245
Reclassification	262,652	-	262,652	-
Purchases	55,193	290,806	77,722	290,806
Sales	(322,748)	(22,923)	(353,252)	(22,923)
Closing balance	370,058	370,813	377,258	385,988
Gain/(loss) for assets held 31 December	4,148	5,299	4,148	5,299

(f) Credit Risk

Credit risk is defined as "the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation."

Loans and Receivables balances are monitored on an ongoing basis with the result that the University's exposure to bad debts is not significant. The ageing for Loans and Receivables is identified in Note 2.1B.

With respect to credit risk arising from the other financial assets of the University, which comprise cash and cash equivalents and available-for-sale financial investments, the University's maximum exposure to credit risk is equal to the carrying amount of these instruments.

The University is party to guarantees as identified in Note 5.1 'Contingent Assets and Liabilities'. The maximum exposure to credit risk, if the University was called upon to meet the obligations, is the amount disclosed in Note 5.1.

The University does not hold any collateral or other credit enhancement facilities against these assets or contingent liabilities.

(f) Credit Risk (continued)

There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(g) Liquidity Risk

The following tables illustrate the maturities for financial liabilities:

Consolidated

	On Demand	Within 1 Year	1 - 5 Years	Greater than 5	Total
	\$'000	\$'000	\$'000	Years \$'000	\$'000
2016					
Suppliers and payables		167,180	37,788	-	204,968
Loans payable	-	6,238	-	285,185	291,423
Total	-	173,418	37,788	285,185	496,391
2015					
Suppliers and payables	1,534	128,483	5,491	-	135,508
Loans payable	-	117,249	170,546	314,663	602,458
Total	1,534	245,732	176,037	314,663	737,966

Liquidity risk is defined as the risk that the Group would not be able to settle or meet those obligations that are settled by delivering cash or another financial asset, on time or at a reasonable price. The University adopts an active cash management strategy.

The University's investment portfolio allocation profile is determined by the Finance Committee and is structured to ensure sufficient funds are held in investments that can be converted to cash to meet its obligations as they fall due. Equities, other Listed Securities, Cash and Short-term debt securities constitute the significant component of the Group's financial instruments. The liquidity risk of Unlisted Securities is managed through holding a diversified portfolio of assets with known investment horizons, different expected exit dates, and ensuring the total exposure of this class is maintained at a level whereby forced sales will not be required.

The University Investment Office is responsible for liquidity funding as well as settlement management.

(h) Market Risk

Market risk is defined as "the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices" and includes interest rate risk, foreign currency risk and "other price risks." Other price risks are further defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market."

(h)(i) Foreign Exchange Risk

The University derives its revenue streams principally in Australian dollars. Payments to overseas denominated currency sources for the supply of goods and services provided to the University is considered immaterial and as such foreign exchange risk in these transactions is considered insignificant.

The University holds investments in most major overseas markets and as such has exposure to the major currencies. The mix and weighting of currency holdings approximates those utilized in the Trade Weighted Index/AUD calculation and as such the Trade Weighted Index is considered an appropriate measurement for Currency Risk. The University monitors the value of the Australian dollar relative to other major currencies and when the value is considered to be out of alignment with fundamental value common risk management approaches, including forward currency contracts are adopted.

The impact of a weakening/(strengthening) of the AUD by 11.5% (2015: 11.5%) with all other variables held constant, profit for the year would have been \$27,535,000 higher/(lower) (2015: \$27,535,000), as a result of foreign gains/(losses) on translation of foreign currency bank account balances. Equity would have been \$27,535,000 higher/(lower) (2015: \$27,535,000), had the AUD weakened/(strengthened) by 11.5% (2015: 11.5%) against the Trade Weighted Index, arising from the Available-for-sale investments.

The following table, (iv), demonstrates the sensitivity to a reasonably possible change in the AUD/Trade Weighted Index with all other variables held constant, on the Entity's Profit or Loss and the Entity's Equity.

(h)(ii) Interest Rate Risk

Interest rate risk is the risk that the realisable value of a financial instrument will fluctuate due to the changes in market interest rates. The entity's exposure to the risk of changes in market interest relates primarily to long-term investments and bank loans with variable interest rates. The University's outstanding Indexed Annuity Bonds is linked to Consumer Price Index movements.

(h) Market Risk (continued)

(h)(ii) Interest Rate Risk (continued)

The University's interest rate risk arises from the investment in cash, fixed and floating interest and short term money market securities. The portfolio consists of a combination of fixed coupon interest payments with repayment of principal on maturity, discounted securities with principal repaid upon maturity and floating rate notes. The portfolio is fully invested in AUD denominated securities. All counterparties are rated as investment grade.

At 31 December 2016, if interest rates increased/(decreased) by 0.6%, with all other variables held constant, operating result and equity would have been \$3,860,000 increase/(decrease) (2015: \$4,046,000).

The following table (iv), demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

(h)(iii) Other Price Risk

The University Loans payable 'Indexed Annuity Bond' is repayable by quarterly instalments that are indexed in alignment with the Australian Consumer Price Index (CPI). The real yield payable on the Bonds is 3.235% with an effective CPI base of 30 September 2004. The calculation of the outstanding liability is based on the historic movement in CPI from the base period to 30 September of the reporting year (3.35% per annum).

The following table, (iv), demonstrates the sensitivity to a reasonably possible change in CPI annual rates, with all other variables held constant.

A majority of the University's equity investments are denominated in AUD, and are either publicly traded and included in the ASX200 index or not publicly traded.

The impact of an increase/(decrease) of the ASX200 Index on the University's publicly traded equity would be an increase/(decrease) of \$14,719,000 (2015: \$11,632,000). The analysis is based on the assumption that the ASX200 Index increased/(decreased) by 10%, with all other variables held constant, and the University's equity portfolio moves according to the historical correlation with the index.

The impact of an increase/(decrease) of the market value of the University's non-publicly traded equity would be an increase/(decrease) of \$10,741,000 (2015: \$37,081,000). The analysis is based on the assumption that the market value of the non-publicly traded equity increased/(decreased) by 10%, with all other variables held constant.

The University also has a number of equity investments denominated in foreign currencies in overseas markets. If these markets were to increase/(decrease) by 10% the impact on the Economic Entity's equity would be an increase/(decrease) of \$26,265,000 (2015: \$22,196,000).

(h) Market Risk (continued)
(h) (iv) Summarised Sensitivity Analysis – Consolidated

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

	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk				Market risk				Australian CPI risk			
		-0.6%		+0.6%		-11.5%		+11.5%		-10.0%		+10.0%		-10.0%		+10.0%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2016																	
Financial Assets																	
Australian cash deposits and short-term securities	257,815	(1,546)	1,546	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas denominated cash deposits and short-term securities	12,475	(75)	75	1,435	(1,435)	-	-	-	-	-	-	-	-	-	-	-	-
Domestic interest bearing securities	627,398	(3,764)	3,764	20	20	391	(391)	-	-	-	-	-	-	-	-	-	-
Overseas interest bearing securities	3,396	(20)	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic shares and listed securities	147,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic unlisted investments	107,406	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas managed funds	262,652	-	-	-	-	30,206	(30,206)	(30,206)	(30,206)	(10,741)	10,741	(26,265)	26,265	-	-	-	-
Receivable derivative instruments	476	-	-	-	-	55	(55)	(55)	(55)	-	-	-	-	-	-	-	-
Financial Liabilities																	
Loans payable	291,423	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables derivative instrument	2,084	-	-	-	-	240	(240)	(240)	(240)	-	-	-	-	-	-	-	-
Total Increase / (decrease)		(5,406)	5,406	5,406	(5,406)	32,326	(32,326)	(32,326)	(32,326)	(51,725)	51,725	(119)	119	(119)	119	(119)	119

	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk				Market risk				Australian CPI risk			
		-0.6%		+0.6%		-11.5%		+11.5%		-10.0%		+10.0%		-10.0%		+10.0%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2015																	
Financial Assets																	
Australian cash deposits and short-term securities	229,711	(1,378)	1,378	1,378	(1,378)	-	-	-	-	-	-	-	-	-	-	-	-
Overseas denominated cash deposits and short-term securities	11,958	(72)	72	72	(72)	1,375	(1,375)	(1,375)	(1,375)	-	-	-	-	-	-	-	-
Domestic interest bearing securities	429,107	(2,575)	2,575	2,575	(2,575)	-	-	-	-	-	-	-	-	-	-	-	-
Overseas interest bearing securities	3,425	(21)	21	21	(21)	394	(394)	(394)	(394)	-	-	-	-	-	-	-	-
Domestic shares and listed securities	116,316	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic unlisted investments	370,814	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas managed funds	221,961	-	-	-	-	25,526	(25,526)	(25,526)	(25,526)	(37,081)	37,081	(22,196)	22,196	-	-	-	-
Receivable derivative instruments	1,143	-	-	-	-	131	(131)	(131)	(131)	-	-	-	-	-	-	-	-
Financial Liabilities																	
Loans payable	477,708	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables derivative instrument	945	-	-	-	-	109	(109)	(109)	(109)	-	-	-	-	-	-	-	-
Total Increase / (decrease)		(4,046)	4,046	4,046	(4,046)	27,535	(27,535)	(27,535)	(27,535)	(70,909)	70,909	(158)	158	(158)	158	(158)	158

(h) Market Risk (continued)
(h) (v) Summarised Sensitivity Analysis – University

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

	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk				Market risk				Australian CPI risk			
		-0.6%		+0.6%		-11.5%		+11.5%		-10.0%		+10.0%		-10.0%		+10.0%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2016																	
Financial Assets																	
Australian cash deposits and short-term securities	248,405	(1,490)	1,490	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas denominated cash deposits and short-term securities	12,475	(75)	75	1,435	1,435	(1,435)	(1,435)	-	-	-	-	-	-	-	-	-	-
Domestic interest bearing securities	627,398	(3,764)	3,764	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas interest bearing securities	3,396	(20)	20	391	391	(391)	(391)	-	-	-	-	-	-	-	-	-	-
Domestic shares and listed securities	147,186	-	-	-	-	-	-	-	-	(14,719)	(14,719)	14,719	14,719	-	-	-	-
Domestic unlisted investments	431,953	-	-	-	-	-	-	-	-	(43,195)	(43,195)	43,195	43,195	-	-	-	-
Overseas managed funds	262,652	-	-	-	-	30,205	(30,205)	(30,205)	(30,205)	(26,265)	(26,265)	26,265	26,265	-	-	-	-
Receivable derivative instruments	476	-	-	-	-	55	(55)	(55)	(55)	-	-	-	-	-	-	-	-
Financial Liabilities																	
Loans payable	288,919	-	-	-	-	240	(240)	(240)	(240)	-	-	-	-	-	-	-	-
Payables derivative instrument	2,084	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total increase / (decrease)		(5,350)	(5,350)	5,350	5,350	32,325	(32,325)	(32,325)	(32,325)	(84,179)	(84,179)	84,179	84,179	(119)	(119)	119	119

	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk				Market risk				Australian CPI risk			
		-0.6%		+0.6%		-11.5%		+11.5%		-10.0%		+10.0%		-10.0%		+10.0%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2015																	
Financial Assets																	
Australian cash deposits and short-term securities	213,234	(1,279)	1,279	1,279	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas denominated cash deposits and short-term securities	11,958	(72)	72	72	1,375	1,375	(1,375)	(1,375)	-	-	-	-	-	-	-	-	-
Domestic interest bearing securities	429,107	(2,575)	2,575	2,575	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas interest bearing securities	3,425	(21)	21	394	394	(394)	(394)	-	-	-	-	-	-	-	-	-	-
Domestic shares and listed securities	116,316	-	-	-	-	-	-	-	-	(11,632)	(11,632)	11,632	11,632	-	-	-	-
Domestic unlisted investments	385,990	-	-	-	-	-	-	-	-	(38,599)	(38,599)	38,599	38,599	-	-	-	-
Overseas managed funds	221,961	-	-	-	-	25,526	(25,526)	(25,526)	(25,526)	(22,196)	(22,196)	22,196	22,196	-	-	-	-
Receivable derivative instruments	1,143	-	-	-	-	131	(131)	(131)	(131)	-	-	-	-	-	-	-	-
Financial Liabilities																	
Loans payable	375,041	-	-	-	-	109	(109)	(109)	(109)	-	-	-	-	-	-	-	-
Payables derivative instrument	945	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total increase / (decrease)		(3,947)	(3,947)	3,947	3,947	27,535	(27,535)	(27,535)	(27,535)	(72,427)	(72,427)	72,427	72,427	(158)	(158)	158	158

5.3 Fair Value Measurement

5.3.1 Fair Value Measurements

The University measures and recognises the following assets and liabilities at fair value on a recurring basis:

Financial assets at fair value through profit or loss;	Land, buildings and infrastructure;
Derivative financial instruments;	Plant and equipment (Artworks and Rare Library Materials only); and
Available-for-sale financial assets;	Investment properties.

Fair value disclosures relating to financial assets and liabilities at fair value through profit or loss, derivative financial instruments and available-for-sale financial assets are provided in Note 5.2 Financial Instruments.

Accounting Policy

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices or dealer quotes for identical assets or liabilities at the end of the reporting period (level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group 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 assets and liabilities. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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.

5.3.2 Fair Value Hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quotes prices within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

Fair value measurements recognised in the Balance Sheet are categorised into the following levels:

Consolidated figures at 31 December 2016 and 31 December 2015

Consolidated	Total 2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	1,328,813	-	101,366	1,227,448
Plant and Equipment	52,129	-	52,129	-
Investment Properties	-	-	-	-
Total Non-Financial Assets	1,380,942	-	153,495	1,227,448
Consolidated	Total 2015 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	1,632,391	-	11,600	1,620,791
Plant and Equipment	51,058	-	51,058	-
Investment Properties	103,979	-	-	103,979
Total Non-Financial Assets	1,787,428	-	62,658	1,724,770

5.3.2 Fair Value Hierarchy (continued)

(i) Recognised fair value measurements (continued)

University only figures at 31 December 2016 and 31 December 2015

University Only	Total 2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	1,315,338	-	100,691	1,214,648
Plant and Equipment	52,129	-	52,129	-
Total Non-Financial Assets	1,367,467	-	152,820	1,214,648

University Only	Total 2015 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	1,619,715	-	11,600	1,608,115
Plant and Equipment	51,058	-	51,058	-
Total Non-Financial Assets	1,670,773	-	62,658	1,608,115

(ii) Reconciliation of fair value items to balance sheet

Consolidated figures at 31 December 2016 and 31 December 2015

Consolidated	Notes	2016 \$'000	Recognised at Cost \$'000	Recognised at Fair Value \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	2.2A	1,442,830	114,017	1,328,813
Plant and Equipment	2.2A	154,492	102,363	52,129
Total Non-Financial Assets		1,597,322	216,380	1,380,942

Consolidated		2015 \$'000	Recognised at Cost \$'000	Recognised at Fair Value \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	2.2A	1,656,407	24,016	1,632,391
Plant and Equipment	2.2A	157,775	106,717	51,058
Investment Properties	2.2B	103,979	-	103,979
Total Non-Financial Assets		1,918,161	130,733	1,787,428

University only figures at 31 December 2016 and 31 December 2015

University Only	Notes	2016 \$'000	Recognised at Cost \$'000	Recognised at Fair Value \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	2.2A	1,429,355	114,017	1,315,338
Plant and Equipment	2.2A	153,056	100,926	52,129
Total Non-Financial Assets		1,582,411	214,943	1,367,467

University Only		2015 \$'000	Recognised at Cost \$'000	Recognised at Fair Value \$'000
Recurring Fair Value Measurements				
Non-Financial Assets				
Land, Buildings and Infrastructure	2.2A	1,643,731	24,016	1,619,715
Plant and Equipment	2.2A	155,490	104,432	51,058
Total Non-Financial Assets		1,799,221	128,448	1,670,773

5.3.2 Fair Value Hierarchy (continued)

(i) Recognised fair value measurements (continued)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

For transfers in and out of level 3 measurements see table below.

The University's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

5.3.3 Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of the consolidated level 3 items for the period ended 31 December 2016:

Level 3 Fair Value Measurements 2016	Land, Buildings and Infrastructure	Plant and Equipment	Investment Properties	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance	1,620,791	-	103,979	1,724,770
Total gains/(losses) on revaluation	800	-	(103,979)	(103,179)
Disposals	(261,411)	-	-	(261,411)
Reclassification	(82,395)	-	-	(82,395)
Closing balance	1,277,785	-	-	1,277,785

(i) Valuation inputs, processes and relationships to fair value for items categorised in Level 2 & Level 3

Buildings and infrastructure

Buildings and infrastructure (Level 3)

The buildings and infrastructure of the University are considered specialised assets for which there is no active and liquid market and as such have been valued using the cost approach (depreciated replacement cost). This is based on the current construction costs per square metre to replace the asset.

Key unobservable inputs:

Replacement cost per square metre of a modern equivalent asset using published construction data such as Rawlinsons Australia Construction Handbook 2016 encompassing Civil Works and Building costs. AssetVal also has a database built up from research of building and site improvement costs. Actual costs of improvements identified during valuation exercises and also through research and contact with suppliers and builders have also been collated.

Interrelationship between key unobservable inputs and fair value measurement:

The estimated fair value increases (decreases) as the estimated replacement cost per square metre increases (decreases).

Land

Land (Level 2)

The land of the University has been classified as level 2. The valuation of these parcels of land was based on the condition, location, land area and restrictions on sale or use of the asset if any. Sale of asset takes place in principle market or in absence of a principle market in the most advantageous market for the asset.

Key unobservable inputs:

Prices of comparable assets sold within a reasonable timeframe of 31 December 2015.

Interrelationship between key unobservable inputs and fair value measurement:

The estimated fair value increases (decreases) as the value of comparable assets increases (decreases).

Investment property

Student accommodation (Level 3)

The student accommodation properties are considered specialised assets for which there is no active and liquid market. They have been valued using the cost approach. This is based on the actual construction cost for the buildings with cost escalation factors applied through to the date of the valuation.

Key unobservable inputs:

Cost escalation factor of 14.54% for Davey Lodge and 10.34% for Kinloch Lodge.

Interrelationship between key unobservable inputs and fair value measurement:

The estimated fair value increases (decreases) as the cost escalation factor increases (decreases).

5.3.3 Fair value measurements using significant unobservable inputs (level 3) (continued)

(i) Valuation inputs, processes and relationships to fair value for items categorised in Level 2 & Level 3 (continued)

Commercial property (*Level 2*)

The commercial property has been valued using the market approach. The valuation model is based on a price per square metre for buildings derived from observable market data in active and transparent market.

Key observable inputs:

Prices per square metre.

Premium (discount) on the quality of the building and lease terms.

Plant and equipment

Artworks (Level 2)

The artwork collection has been valued using the market approach. The valuation model looks at specifically comparable sales or sales information including sales of works by artists with a similar standing.

Key observable inputs:

Prices of identical works sold in the market where multiple prints exist.

Prices of similar works or works by artists of a similar standing sold in the market where the items are one off pieces.

Rare Library Materials (Level 2)

The rare library collection has been valued using the market approach. The valuation model looks at Australian and international sales information.

Key observable inputs:

Prices of identical items sold in the market where multiple copies exist.

Prices of similar items sold in the market where the item is a one off.

6. Other Information

6.1 Remuneration of Auditors

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Note 6.1A: Remuneration of Auditors				
Remuneration to the Auditor-General for auditing the financial statements for the reporting period ¹	403	389	250	250
Other Services Performed by RSM Australia (ANAO Contractor)	43	-	43	-
Total Remuneration of Auditors	446	389	293	250

1. Amounts shown exclude GST paid on these services.

No other services were provided by the Auditor-General during the reporting period.

6.2 Superannuation Commitments

Commonwealth Superannuation Account

Since 1949, the University has maintained an account, on conditions approved by the Treasurer of the Commonwealth, to meet the emerging costs of the employer's liability under the Commonwealth Superannuation Scheme - a Defined Benefit Scheme. The Commonwealth Government has now closed this Scheme.

The Commonwealth Superannuation Account maintained by the University is not a superannuation fund as defined in AASB 119, the assets supporting the liability are maintained as a component of the overall University investment portfolio. As far as practical, the University has adopted the accounting treatment and disclosure requirements of AASB 119. The University is recognising actuarial gains and losses in the period in which they occur outside the profit and loss as permitted under the Standard and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015, Section 25(4) (FRR), and as such are disclosed in the Statement of Comprehensive Income 2016 loss of \$5,350,293 (2015 gain \$51,088,580) resulting in a cumulative amount of actuarial losses recognised in equity of \$274,009,698.

Transfers are made to the account each fortnight in accordance with advice from ComSuper. The University's contribution rate in 2016 was 14 per cent of eligible employee superannuable salaries (equivalent to the contribution rate the University is required to make for all employees who are members of UniSuper). Pensions are met on an emerging cost basis and paid to the Commonwealth Superannuation Administration.

The following have been recognised in the Income Statement in Employee expenses; Current Service Cost \$436,072 (2015 \$1,103,978) and Interest Cost \$21,614,724 (2015 \$20,165,463).

Section 25(2) of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* requires the market yield on Government bonds be used to discount post-employment benefit obligations, in compliance with AASB 119. One consequence of this requirement is that the value of the CSS liability could be expected to fluctuate significantly from year to year as government bond rates change.

The present value of the obligations of the Commonwealth Superannuation Account has decreased by \$7,375,480 in 2016 as a result of the movement in the 13 year Commonwealth Government bond rate from 3.3% to 3.2%.

The Australian Government Actuary (AGA) completed a formal review of the Account at 30 June 2015 and applied the traditional 6% interest rate when assessing obligations of the fund. The surplus at that date was \$24.880 million. The next formal review is due on 30 June 2017.

The following principal actuarial assumptions have been adopted as at reporting date (values are expressed as weighted averages):

	2016	2015
Discount rate as at 31 December	3.20%	3.30%
Expected return on plan assets at 31 December	3.30%	2.80%
Future salary increases	4.00%	4.00%
Future pension increases	2.50%	2.50%

6.2 Superannuation Commitments (continued)

The following principal actuarial assumptions have been adopted as at reporting date (values are expressed as weighted averages):

	Consolidated		University	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Reconciliation of the Present Value of the Obligation				
Previous year closing balance	672,162	736,806	672,162	736,806
Current service cost	436	1,104	436	1,104
Interest cost	21,615	20,166	21,615	20,166
Actuarial (gains)/losses	5,350	(51,089)	5,350	(51,089)
Benefit payments	(34,777)	(34,825)	(34,777)	(34,825)
Current Year Closing Balance	664,786	672,162	664,786	672,162
Reconciliation of the Fair Value of Plan Assets				
Opening fair value of plan assets	535,399	526,045	535,399	526,045
Expected return on plan assets	17,101	14,248	17,101	14,248
Contributions	370	472	370	472
Benefits paid	(34,777)	(34,825)	(34,777)	(34,825)
Actuarial gain	24,098	29,459	24,098	29,459
Current Year Closing Balance	542,191	535,399	542,191	535,399
Reconciliation of the present value of the obligation and the fair value of the plan assets to the assets and liabilities recognised in the Balance Sheet				
Present value of funded obligation	664,786	672,162	664,786	672,162
Fair value of plan assets	542,191	535,399	542,191	535,399
Net Liability in Balance Sheet	122,595	136,763	122,595	136,763
Amounts in Balance Sheet				
Liabilities	664,786	672,162	664,786	672,162
Assets	542,191	535,399	542,191	535,399
Net Liability in Balance Sheet	122,595	136,763	122,595	136,763

Superannuation Scheme for Australian Universities

New continuing staff members employed by the University since 1 April 1983 have been required to join the Superannuation Scheme for Australian Universities (SSAU) until 30 September 2000. From 1 October 2000, SSAU and the Tertiary Education Superannuation Scheme merged to become a single scheme, UniSuper. This merged scheme continues to have a defined benefits component which is managed independently of the University. The University contributes to the Scheme at the rate equivalent to 14 per cent of members' salaries. The University's contributions in 2016 were \$56,113,515 (2015 \$55,202,153).

Subsequent to changes enacted to the UniSuper Trust Deed by the Trustees during 2007 the previously described UniSuper Defined Benefit Plan (DBP) is now compliant with the requirements of AASB 119 applicable to a Defined Contribution Fund (DCF). Although the DCF is a defined contribution fund under AASB 119, it does remain a defined benefit fund for other purposes and continues to require actuarial oversight.

Public Sector Superannuation Scheme

The University has a small number of employees who are members of the Public Sector Superannuation Scheme to which the University contributes at the rate of 11.9 per cent of members' salaries. During 2016, the University's contributions amounted to \$165,627 (2015 \$194,932). This scheme is closed to new members of the University's staff.

Employee Non Contributory Productivity Superannuation Schemes

The University's contributions for employees who are contributors to the Commonwealth Superannuation and Public Sector Superannuation Schemes are paid to the Commonwealth Superannuation Administration. The University contributes to the Schemes between 2 to 3 per cent of members' salaries. During 2016, the University's contributions were \$59,546 (2015 \$80,863) and \$21,951 (2015 \$26,567) respectively.

The University paid contributions for eligible employees, other than employees who are contributors to the Commonwealth Superannuation and Public Sector Superannuation Schemes, to the Tertiary Education Superannuation Scheme until 30 September 2000, and since then to the newly established UniSuper. The new scheme continues to offer a cash accumulation component. The University contributes to the Scheme at a rate of 3 per cent of members' salaries for full-time University employees. The University's contributions in 2016 were \$11,789,098 (2015 \$11,654,908).

6.3 Cooperative Research Centres

The University received Commonwealth Funding under the Cooperative Research Centres Program for the establishment of the following Cooperative Research Centres:

Automotive Australia 2020 CRC - a cooperative research centre with participants including thirteen vehicle and component manufacturers, twelve research institutions including the Australian National University, and five international collaborators with a total investment of approximately \$51 million over five years. The CRC was established in July 2012 with funding for five years. The key challenge of the Centre is to tackle complex problems that currently impede the uptake of low emission vehicles worldwide, with innovation specifically in the areas of vehicle electrification, gaseous fuels and clean manufacturing. The University's financial contribution is \$100,000 per annum.

Bushfire and Natural Hazards CRC - a cooperative research centre with the core participants including multiple State Fire and Emergency Services organisations, Bureau of Meteorology, State Government departments, seventeen Universities and research institutes including The Australian National University and the Red Cross. Total investment for the Centre is \$70.8 million. The University's contribution is in-kind on a project basis, with the total contribution being identified at the Centre end date. The research agenda will focus on the following broad areas of work: (i) Economics, Policy and Decision Making; (ii) Resilient People, Infrastructure, Institutions and Landscapes; and (iii) Bushfire and Natural Hazard risks. On 1 July 2013, the Bushfire and Natural Hazards CRC was established for a period of 8 years.

Space Environment Management CRC - a cooperative research centre with the core participants including the Australian National University, EOS Space Systems Pty Ltd, RMIT University and three international collaborations with a total investment of approximately \$57 million over five years. The University's total contribution will be \$5.795 million over five years. The research agenda will focus on the following broad areas of work: (i) tracking, characterising and identifying objects in orbit; (ii) orbit determination and predicting behaviours of space objects; (iii) space asset management; and (iv) preservation of the space environment. The Centre was established on 1 July 2014 for a period of five years.

Young and Well CRC - a cooperative research centre with seventy partner organisations across the not-for-profit, academic, government and corporate sectors including the Australian National University. The CRC was established in July 2011 for an initial period of five years. The Australian National University's cash contribution is \$250,000 and in-kind contribution is \$6,343,000 over the life of the project. The purpose of the CRC is to explore the role of technology in young people's lives and how technology can be used to improve the mental health and wellbeing of young people aged 12 to 25. This funding concluded at 30 June 2016.

Costs for all Cooperative Research Centres are expensed as incurred except where future benefits are expected beyond reasonable doubt to exceed those costs. In 2016 all costs were expensed.

Accounting Policy

Interest in Co-operative Research Centres (CRC's)

The University also has interests in a number of CRC joint venture operations, contributions to which are expensed. Details of the CRC joint ventures are provided above.

6.4 Subsidiaries

Name of Entity	Principal Activity	Place of Incorporation and Operation	Ownership Interest Held by the University	
			2016	2015
ANU Enterprise Pty Limited (ANUE) was incorporated in 1979 as a company limited by shares*	Activities include the undertaking of research and experimental work and the promotion and exploitation of techniques and processes derived or developed from research and experimental work.	Australia	100%	100%
ANU (UK) Foundation was incorporated in 2007 as a private limited company limited by guarantee	Principal activity is to facilitate the advancement of education through the establishment of a registered charity.	England & Wales	100%	100%
BRU Holdings Pty Limited was incorporated in 2005 as a company limited by shares	Principal activity is participating in the construction and operation of a student accommodation facility on Section 30 Block 4 of the City West Precinct.	Australia	100%	100%
SA2 Holdings Pty Limited was incorporated in 2007 as a company limited by shares	Principal activity is participating in the construction and operation of a student accommodation facility on part of Section 21 Block 4 of the City West Precinct.	Australia	100%	100%

* ANU Enterprise Pty Limited is the 100% owner of Australian Scientific Instruments Pty Limited and The Social Research Centre which was acquired in 2014.

Composition of the Entity

Principal Activity	Place of Incorporation and Operation	Number of Wholly-owned Subsidiaries	
		2016	2015
Research & experimental works	Australia	1	1
Charity	England & Wales	1	1
Provision of student accommodation	Australia	2	2
		4	4

Financial support

The University has provided ANU Enterprise Pty Limited a loan to assist in the acquisition of The Social Research Centre. Details of the loan are: principal \$6,000,000; interest rate 6.00% per annum or at such other rate as may be agreed by the parties from time to time; term 7 years; and principal repayments of \$250,000 per quarter commencing 30 September 2015. Repayment of the loan is not subject to the financial performance of The Social Research Centre.

In July 2016 BRU Holdings Pty Limited and SA2 Holdings Pty Limited each entered into a variation of lease pursuant to which the University would be able to give a notice to SA2 Project Pty Limited and BRU Project Pty Limited that the sublease between the project companies and the University will expire at the end of the notice period.

Notice was issued to each company on 14 July 2016 and the leases expired on 1 August 2016. Upon expiry the buildings and the other non-tax assets and liabilities were transferred to the University. From 1 August 2016, the assets, liabilities, revenues and expenses are reported in the University's results.

6.5 Acquittal of Australian Government Financial Assistance

Note 6.5A: Education - CGS and Other Education Grants

Notes	Commonwealth Grants Scheme ^{#1}		Access & Participation Programme ^{#2}		Disability Support Programme		National Institutes Funding		Promotion of Excellence in Learning & Teaching		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	79,932	71,829	391	375	53	67	193,961	190,719	80	235	274,417
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-
Revenue for the Period	79,932	71,829	391	375	53	67	193,961	190,719	80	235	274,417
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-	-	-	-
Total Revenue including Accrued Revenue	79,932	71,829	391	375	53	67	193,961	190,719	80	235	274,417
Less expenses including accrued expenses	79,932	71,829	391	375	53	67	193,961	190,719	80	235	263,225
Surplus/(Deficit) for Reporting Period	-	-	-	-	-	-	-	-	-	-	-

#1 Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading.

#2 Includes Higher Education Equity Support Programme.

Note 6.5B: Higher Education Loan Programs (excl OS-HELP)

Notes	HECS - HELP		FEE - HELPS ^{#3}		SA - HELP		Total
	2016	2015	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	51,726	47,100	22,807	26,786	1,397	1,110	74,996
Net accrual adjustments	-	-	-	-	-	-	-
Revenue for the Period	51,726	47,100	22,807	26,786	1,397	1,110	74,996
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-
Total Revenue including Accrued Revenue	51,726	47,100	22,807	26,786	1,397	1,110	74,996
Less expenses including accrued expenses	51,726	47,100	22,807	26,786	1,397	1,110	74,996
Surplus/(Deficit) for Reporting Period	-	-	-	-	-	-	-

#3 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

Note 6.5C: Scholarships

Notes	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships ^{#4}		Commonwealth Accommodation Scholarships	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	15,485	15,165	1,248	1,230	(40)	41	117	13
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the Period	15,485	15,165	1,248	1,230	(40)	41	117	13
Surplus/(deficit) from the previous year	1,994	2,054	(682)	(886)	207	197	(28)	(38)
Total Revenue Including Accrued Revenue	17,479	17,219	566	344	167	238	89	(25)
Less expenses including accrued expenses	15,662	15,225	817	1,026	(18)	31	25	3
Surplus/(Deficit) for Reporting Period	1,817	1,994	(251)	(682)	185	207	64	(28)

^{#4} Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

Note 6.5C: Scholarships (continued)

Notes	Indigenous Staff Scholarships		Indigenous Access Scholarships		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	-	-	-	29	16,810	16,478
Net accrual adjustments	-	-	-	-	-	-
Revenue for the Period	-	-	-	29	16,810	16,478
Surplus/(deficit) from the previous year	-	-	(43)	(43)	1,448	1,283
Total Revenue Including Accrued Revenue	-	-	(43)	(14)	18,258	17,762
Less expenses including accrued expenses	-	-	-	29	16,486	16,313
Surplus/(Deficit) for Reporting Period	-	-	(43)	(43)	1,772	1,449

Note 6.5D: Education Research

Notes	Joint Research Engagement Programme [#]		Research Infrastructure Block Grants		Research Training Scheme		Sustainable Research Excellence	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes) Net accrual adjustments	23,684	21,376	14,453	14,816	37,475	36,573	12,823	13,000
Revenue for the Period	23,684	21,376	14,453	14,816	37,475	36,573	12,823	13,000
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
Total Revenue Including Accrued Revenue	23,684	21,376	14,453	14,816	37,475	36,573	12,823	13,000
Less expenses including accrued expenses	23,684	21,376	14,453	14,816	37,475	36,573	12,823	13,000
Surplus/(Deficit) for Reporting Period	-	-	-	-	-	-	-	-

#5 Includes Institutional Grants Scheme.

Note 6.5D: Education Research (continued)

Notes	Commercialisation Training Scheme		Diversity and Structural Adjustment Fund		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes) Net accrual adjustments	-	-	-	-	88,435	85,765
Revenue for the Period	-	-	-	-	88,435	85,765
Surplus/(deficit) from the previous year	-	-	-	990	-	990
Total Revenue Including Accrued Revenue	-	-	-	990	88,435	86,755
Less expenses including accrued expenses	-	-	-	990	88,435	86,755
Surplus/(Deficit) for Reporting Period	-	-	-	-	-	-

1.1(d)

Note 6.5E: Australian Research Council Grants
(a) Discovery

Notes	Projects		Fellowships		Indigenous Research Development		Early Career Research Award		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes) Net accrual adjustments	23,050	25,798	15,061	17,761	547	817	7,341	7,461	45,999	51,837
1.1(e)(i) Revenue for the Period	23,050	25,798	15,061	17,761	547	817	7,341	7,461	45,999	51,837
Surplus/(deficit) from the previous year	21,091	22,787	18,218	21,802	517	322	5,052	5,560	44,878	50,472
Total Revenue including Accrued Revenue	44,141	48,585	33,279	39,563	1,064	1,139	12,393	13,021	90,877	102,309
Less expenses including accrued expenses	23,793	27,494	19,628	21,345	419	622	8,144	7,969	51,984	57,429
Surplus/(Deficit) for Reporting Period	20,348	21,091	13,651	18,218	645	517	4,249	5,052	38,893	44,878

Note 6.5E: Australian Research Council Grants (continued)
(b) Linkages

Notes	Infrastructure		Projects		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes) Net accrual adjustments	3,240	3,620	4,285	4,798	7,525	8,418
1.1(e)(ii) Revenue for the Period	3,240	3,620	4,285	4,798	7,525	8,418
Surplus/(deficit) from the previous year	1,778	564	3,961	4,013	5,739	4,577
Total Revenue including Accrued Revenue	5,018	4,184	8,246	8,811	13,264	12,995
Less expenses including accrued expenses	4,651	2,406	4,173	4,850	8,824	7,257
Surplus/(Deficit) for Reporting Period	367	1,778	4,073	3,961	4,440	5,739

Note 6.5E: Australian Research Council Grants (continued)
(c) Networks and Centres

	Notes	Centres		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)		7,618	7,491	7,618	7,491
Net accrual adjustments		-	-	-	-
Revenue for the Period	1.1(e)(iii)	7,618	7,491	7,618	7,491
Surplus/(deficit) from the previous year		4,514	3,028	4,514	3,028
Total Revenue Including Accrued Revenue		12,132	10,519	12,132	10,519
Less expenses including accrued expenses		7,937	6,005	7,937	6,005
Surplus/(Deficit) for Reporting Period		4,195	4,514	4,195	4,514

Note 6.5F: OS-HELP

	2016 \$'000	2015 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	1,749	1,666
Less expenses including accrued expenses	2,284	1,200
Net accrual adjustments	699	460
Revenue for the Period	(1,234)	6
Surplus/(deficit) from the previous year	-	(6)
Surplus/(Deficit) for Reporting Period	(1,234)	-

Note 6.5G: Student Services and Amenities Fee

	Notes	2016 \$'000	2015 \$'000
Unspent/(overspent) revenue from previous period		1,919	1,693
SA-HELP revenue earned	1.1A	1,396	1,110
Student services fees direct from Students	1.1C	3,240	3,241
Total Revenue Expendable in the Period		6,555	6,044
Student services expenses during period		4,088	4,125
Surplus/(Deficit) for Reporting Period		2,467	1,919