



Curtin  
University of Technology

# CURTIN UNIVERSITY OF TECHNOLOGY

Financial statements 2009

# INDEPENDENT AUDITOR'S REPORT



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### CURTIN UNIVERSITY OF TECHNOLOGY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Curtin University of Technology.

The financial statements comprise the Statement of Financial Position as at 31 December 2009, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### University Council's Responsibility for the Financial Statements and Key Performance Indicators

The University Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

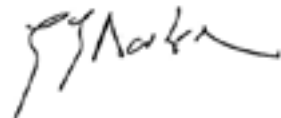
An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Curtin University of Technology**  
**Financial Statements and Key Performance Indicators for the year ended 31 December 2009**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Curtin University of Technology at 31 December 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) the controls exercised by the University provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the University are relevant and appropriate to help users assess the University's performance and fairly represent the indicated performance for the year ended 31 December 2009.



GLEN CLARKE  
ACTING AUDITOR GENERAL  
18 March 2010

# FINANCIAL REPORT 2009

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## Certifications

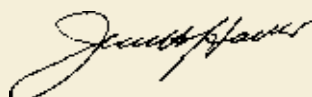
### CERTIFICATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements of Curtin University of Technology have been prepared in compliance with the relevant provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 31 December 2009 and the financial position as at 31 December 2009.

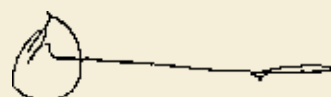
At the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



**James Ian Gill**  
Chancellor



**Jeanette Hackett**  
Vice-Chancellor



**David Menarry**  
Chief Finance Officer

Dated this 17th day of March 2010

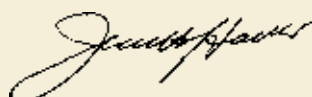
### CERTIFICATION OF THE FINANCIAL STATEMENTS REQUIRED BY THE DEPARTMENT OF EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

We declare that:

- at the time of this certification, there are reasonable grounds to believe that Curtin University of Technology will be able to pay its debts as and when they fall due; and
- the amount of Australian Government financial assistance expended during the financial year ended 31 December 2009 was for the purpose(s) for which it was provided and complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.



**James Ian Gill**  
Chancellor



**Jeanette Hackett**  
Vice-Chancellor

Dated this 17th day of March 2010

## Financial Report 2009 (continued)

**Income Statement**

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>Revenue from continuing operations</b>			
Australian Government financial assistance			
Australian Government grants	4	245,697	215,447
HECS-HELP – Australian Government payments	4	73,693	68,590
FEE-HELP	4	14,525	12,926
State and Local Government financial assistance	5	27,628	26,375
HECS-HELP – student payments		22,751	21,050
Fees and charges	6	182,635	171,182
Investment revenue	7	13,579	23,276
Royalties, trademarks and licences	8	33,402	27,458
Consultancy and contracts	9	32,692	35,041
Other revenue	10	44,824	39,626
<b>Total revenue from continuing operations</b>		<b>691,426</b>	<b>640,971</b>
Deferred Government superannuation contributions		(6,856)	9,206
<b>Total revenue from continuing operations</b>		<b>684,570</b>	<b>650,177</b>
<b>Expenses from continuing operations</b>			
Employee benefits	11(a)	349,671	315,500
Depreciation and amortisation	12	29,074	24,873
Repairs and maintenance	13	14,674	13,435
Borrowing costs	14	2,830	1,765
Impairment of assets	15	8,361	21,011
Losses on disposal of non-current assets	16	1,089	2,015
Other expenses	17	226,064	206,619
		631,763	585,218
Deferred employee benefits for superannuation	11(b)	(6,856)	9,206
<b>Total expenses from continuing operations</b>		<b>624,907</b>	<b>594,424</b>
<b>Net operating result for the year</b>		<b>59,663</b>	<b>55,753</b>

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

## Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
Operating result for the year		59,663	55,753
Net investment gain/(loss) for the year	29(b)	8,688	(3,375)
Realised hedging (gain)/loss	29(c)	-	(29)
<b>Total comprehensive income</b>		<b>68,351</b>	<b>52,349</b>

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

Financial Report 2009 (continued)

## Statement of Financial Position

as at 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	168,798	129,975
Trade and other receivables	19	33,835	25,621
Inventories	20	1,750	1,029
Other financial assets:			
Unrestricted	21	473	38
Restricted	22	92,408	78,976
Other non-financial assets	23	24,076	20,317
<b>Total Current Assets</b>		<b>321,340</b>	<b>255,956</b>
<b>Non-Current Assets</b>			
Trade and other receivables	19	66,184	72,806
Other financial assets - unrestricted	21	43,966	22,196
Property, plant and equipment	24	677,331	648,159
<b>Total Non-Current Assets</b>		<b>787,481</b>	<b>743,161</b>
<b>Total Assets</b>		<b>1,108,821</b>	<b>999,117</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	25	14,668	6,192
Borrowings	26	5,271	1,189
Provisions	27	59,782	54,588
Other liabilities	28	69,281	53,604
<b>Total Current Liabilities</b>		<b>149,002</b>	<b>115,573</b>
<b>Non-Current Liabilities</b>			
Borrowings	26	66,337	51,898
Provisions	27	82,908	89,423
<b>Total Non-Current Liabilities</b>		<b>149,245</b>	<b>141,321</b>
<b>Total Liabilities</b>		<b>298,247</b>	<b>256,894</b>
<b>Net Assets</b>		<b>810,574</b>	<b>742,223</b>
<b>EQUITY</b>			
Reserves	29	40,142	36,430
Retained surplus	29	770,432	705,793
<b>Total Equity</b>		<b>810,574</b>	<b>742,223</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

for the year ended 31 December 2009

	Note	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
At 1 January 2008		31,545	658,329	689,874
Total comprehensive income for the year		(3,404)	55,753	52,349
Transfers from retained earnings	29(e)	20,112	(20,112)	-
Transfers to retained earnings	29(e)	(11,823)	11,823	-
At 31 December 2008	29	36,430	705,793	742,223
Total comprehensive income for the year		8,688	59,663	68,351
Transfers from retained earnings	29(e)	13,243	(13,243)	-
Transfers to retained earnings	29(e)	(18,219)	18,219	-
At 31 December 2009	29	40,142	770,432	810,574

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

Financial Report 2009 (continued)

## Statement of Cash Flows

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Australian Government grants received	4(g)	332,495	299,030
State and Local Government financial assistance		27,629	26,059
HECS-HELP – student payments		19,926	21,050
Fees and charges		187,746	174,087
Royalties, trademarks and licences		32,659	28,074
Consultancy and contract research		32,692	34,564
Interest received		7,549	12,637
Dividends received		1,132	392
Distributions received		3,395	8,186
Other		33,310	41,336
<b>Payments</b>			
Payments for employee benefits		(353,793)	(311,942)
Payments to suppliers		(208,775)	(220,544)
Interest and other costs of finance paid		(2,830)	(1,764)
<b>Net cash provided by operating activities</b>	38(b)	113,135	111,165
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(66,765)	(107,618)
Proceeds on sale of property, plant and equipment		187	216
Payments for investments		(48,553)	(2,690)
Proceeds on redemption of investments		23,226	1,596
<b>Net cash used in investing activities</b>		(91,905)	(108,496)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,382)	(1,052)
Proceeds from borrowings		18,975	18,248
<b>Cash provided by financing activities</b>		17,593	17,196
Net increase/(decrease) in cash and cash equivalents		38,823	19,865
Cash and cash equivalents at the beginning of the year		129,975	110,110
<b>Cash and cash equivalents at the end of the year</b>	38(a)	168,798	129,975

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for the year ended 31 December 2009

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Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of preparation

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

The financial statements and Notes thereto comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards requirements.

##### Historical cost convention

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are reported at fair value.

##### Accrual basis of accounting

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

##### Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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

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

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

#### (c) Principles of consolidation

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

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

#### (d) Revenue recognition

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

##### Student fees

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

##### Commonwealth supported student income

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### Research income

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

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

Unspent non-reciprocal research grant funds at the end of each financial year are recognised by way of a Research Grants reserve (refer Note 29).

### Other government grants

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

### Consultancy fees

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

### Other contributions revenue

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

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

### (e) Acquisition and disposal of assets

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

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

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

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

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

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

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

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

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

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

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

### Library collections

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

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

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

### (h) Intangible assets

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

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

### (i) Leases

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

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

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

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

### (j) Inventories

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

### (k) Receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off as bad debts. A provision for impaired receivables is raised when there is objective evidence that the University may not be able to collect the debt.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### (l) Investments

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

Any decline in the fair value of previously impaired available-for-sale investments are to be recognised in the Income Statement for the period. Any increase in the fair value of previously impaired available-for-sale debt investments are to be recognised in the Income Statement for the period to the extent of the initial impairment and thereafter taken to the Investments Revaluation Reserve in equity. Any increase in the fair value of previously impaired available-for-sale equity investments are to be recognised in the Investments Revaluation Reserve in equity.

Included within Unlisted shares are investments in a number of unlisted companies which were established to commercialise intellectual property. Unlisted shares are stated at historical cost unless there has been a permanent diminution in value, in which event a recoverable amount write-down is made.

Interest revenue and other investment income is recognised when earned.

### (m) Joint research activities

The University participates in a number of joint research activities, such as Cooperative Research Centres. The University recognises within its financial statements the assets that it controls and the liabilities that it incurs; and the expenses that it incurs and its share of the income that it earns from the joint research activities.

### (n) Payables

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

### (o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (p) Employee benefits

#### Annual leave

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

#### Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the provision for employee benefits as a current liability and is measured at the nominal amounts expected to be paid when the liability is settled.

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

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### Superannuation

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

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

Defined benefit schemes provide a defined lump sum benefit to scheme members based on years of service and final average salary. A defined benefit liability is included in the Statement of Financial Position equal to the present value of the defined benefit obligation at the reporting date (less any past service costs not yet recognised) less the fair value of scheme assets at the reporting date.

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

### Unfunded superannuation

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

### Accrued or prepaid salaries

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

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

### (q) Employee benefits on-costs

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

### (r) Foreign currency

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

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



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### (s) Reserves

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

### (t) Taxes

#### Income tax

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

#### Goods and services tax (GST)

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

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

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

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

#### Fringe benefits tax

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

#### Payroll tax

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

### (u) Other expenses

#### Finance costs

Finance (or borrowing) costs expense is recognised on an accrual basis.

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

#### Repairs and maintenance

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

#### Research and development

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

### (v) Comparative figures

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

The comparative figures for Financial Instruments (refer Note 30) have been reclassified to reflect changes in Interest Rate Risk and Price Risk Sensitivity. No change has been made to the Interest Rate Risk Sensitivity at +/- 200 basis points, however, a change in the methodology in calculating the impacts has been adopted. The change reflects more accurately the significant cash and cash equivalent holdings of the University throughout the year. The Price Risk Sensitivity has been retained at +/- 15% to reflect continued uncertainty in the financial economy.

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### (w) Externally operated campuses

The University provides its educational services through a number of campuses and other locations. The three campuses outside of Western Australia are managed and operated by third parties through contractual arrangements with the University. The University has no ownership or financial interest in these third party companies other than by way of the contractual arrangements.

#### Operator

Colleges of Business and Technology (NSW) Pty Ltd  
(100% subsidiary of Navitas Limited)  
Curtin (Malaysia) Sdn Bhd  
Navitas Singapore Sdn Bhd  
(100% subsidiary of Navitas Limited)

#### Campus

Sydney, New South Wales, Australia  
Miri, Sarawak, Malaysia  
Singapore

### (x) Prior year adjustments

During 2009, land belonging to the University with a value of \$0.785 million was brought to account with effect from 1 January 2008, increasing the value of land and retained surplus by \$0.785 million. There was no impact to the 2009 and 2008 Income Statements.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### (a) Critical accounting estimates and assumptions

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

- Provision for impairment of receivables – (refer Notes 1(k) and 19);
- Superannuation benefits and associated assets/liabilities (refer Note 1(p));
- Discount rates used in estimating non-current provisions – discount rates are based on market yields on government bonds;
- Assessing impairment of assets including receivables, property, plant and equipment and investments (refer Notes 1(g), 1(k) and 1(l)); and
- Estimating useful lives of non-current assets – the useful life reflects the consumption of the assets' future economic benefits (refer Note 1(f)).

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

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

- Estimating the useful life of key assets;
- Impairment of property, plant and equipment;
- Impairment of receivables; and
- Impairment of other financial assets (including investments).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 3 DISAGGREGATED INFORMATION

#### (a) Industry

	2009			2008		
	Higher Education \$'000	VET <sup>1</sup> \$'000	Total University \$'000	Higher Education \$'000	VET \$'000	Total University \$'000
<b>Income Statement</b>						
<b>Revenue from continuing operations</b>						
Australian Government financial assistance						
Australian Government grants	245,583	114	245,697	215,247	200	215,447
HECS-HELP – Australian Government payments	73,693	–	73,693	68,590	–	68,590
FEE-HELP	14,525	–	14,525	12,926	–	12,926
State and Local Government financial assistance	13,487	14,141	27,628	15,343	11,032	26,375
HECS-HELP – Student payments	22,751	–	22,751	21,050	–	21,050
Fees and charges	181,576	1,059	182,635	170,160	1,022	171,182
Investment income	13,523	56	13,579	23,143	133	23,276
Royalties, trademarks and licences	33,402	–	33,402	27,458	–	27,458
Consultancy and contracts	32,692	–	32,692	35,037	4	35,041
Other revenue	42,020	2,804	44,824	36,795	2,831	39,626
	673,252	18,174	691,426	625,749	15,222	640,971
Deferred Government superannuation contributions	(6,856)	–	(6,856)	9,206	–	9,206
<b>Total revenue from continuing operations</b>	<b>666,396</b>	<b>18,174</b>	<b>684,570</b>	<b>634,955</b>	<b>15,222</b>	<b>650,177</b>
<b>Expenses from continuing operations</b>						
Employee benefits	341,638	8,033	349,671	307,893	7,607	315,500
Depreciation and amortisation	27,872	1,202	29,074	23,740	1,133	24,873
Repairs and maintenance	13,846	828	14,674	12,655	780	13,435
Borrowing costs	2,634	196	2,830	1,489	276	1,765
Impairment of assets	8,345	16	8,361	21,011	–	21,011
Losses on disposal of non-current assets	1,041	48	1,089	1,796	219	2,015
Other expenses	220,617	5,447	226,064	201,845	4,774	206,619
	615,993	15,770	631,763	570,429	14,789	585,218
Deferred employee benefits for superannuation	(6,856)	–	(6,856)	9,206	–	9,206
<b>Total expenses from continuing operations</b>	<b>609,137</b>	<b>15,770</b>	<b>624,907</b>	<b>579,635</b>	<b>14,789</b>	<b>594,424</b>
<b>Net operating result for the year</b>	<b>57,259</b>	<b>2,404</b>	<b>59,663</b>	<b>55,320</b>	<b>433</b>	<b>55,753</b>

<sup>1</sup> Vocational Education and Training

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**3 DISAGGREGATED INFORMATION (continued)****(a) Industry (continued)**

	2009			2008		
	Higher Education \$'000	VET \$'000	Total University \$'000	Higher Education \$'000	VET \$'000	Total University \$'000
<b>Statement of Financial Position</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	167,409	1,389	168,798	132,508	(2,533)	129,975
Trade and other receivables	33,688	147	33,835	24,800	821	25,621
Inventories	1,750	-	1,750	1,029	-	1,029
Other financial assets:						
Unrestricted	473	-	473	38	-	38
Restricted	92,408	-	92,408	78,717	259	78,976
Other non-financial assets	24,019	57	24,076	20,317	-	20,317
<b>Total Current Assets</b>	<b>319,747</b>	<b>1,593</b>	<b>321,340</b>	<b>257,409</b>	<b>(1,453)</b>	<b>255,956</b>
<b>Non-Current Assets</b>						
Trade and other receivables	65,644	540	66,184	72,266	540	72,806
Other financial assets (unrestricted)	43,966	-	43,966	22,196	-	22,196
Property, plant and equipment	645,346	31,985	677,331	615,588	32,571	648,159
<b>Total Non-Current Assets</b>	<b>754,956</b>	<b>32,525</b>	<b>787,481</b>	<b>710,050</b>	<b>33,111</b>	<b>743,161</b>
<b>Total Assets</b>	<b>1,074,703</b>	<b>34,118</b>	<b>1,108,821</b>	<b>967,459</b>	<b>31,658</b>	<b>999,117</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	14,603	65	14,668	6,149	43	6,192
Borrowings	4,611	660	5,271	694	495	1,189
Provisions	59,193	589	59,782	54,149	439	54,588
Other liabilities	68,529	752	69,281	53,223	381	53,604
<b>Total Current Liabilities</b>	<b>146,936</b>	<b>2,066</b>	<b>149,002</b>	<b>114,215</b>	<b>1,358</b>	<b>115,573</b>
<b>Non-Current Liabilities</b>						
Borrowings	63,777	2,560	66,337	48,678	3,220	51,898
Provisions	82,288	620	82,908	88,811	612	89,423
<b>Total Non-Current Liabilities</b>	<b>146,065</b>	<b>3,180</b>	<b>149,245</b>	<b>137,489</b>	<b>3,832</b>	<b>141,321</b>
<b>Total Liabilities</b>	<b>293,001</b>	<b>5,246</b>	<b>298,247</b>	<b>251,704</b>	<b>5,190</b>	<b>256,894</b>
<b>Net Assets</b>	<b>781,702</b>	<b>28,872</b>	<b>810,574</b>	<b>715,755</b>	<b>26,468</b>	<b>742,223</b>
<b>EQUITY</b>						
Reserves	40,142	-	40,142	36,430	-	36,430
Retained surplus	741,560	28,872	770,432	679,325	26,468	705,793
<b>Total Equity</b>	<b>781,702</b>	<b>28,872</b>	<b>810,574</b>	<b>715,755</b>	<b>26,468</b>	<b>742,223</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 3 DISAGGREGATED INFORMATION (continued)

#### (a) Industry (continued)

Statement of Changes in Equity	Higher Education			VET		University	
	Other reserves \$'000	Retained earnings \$'000	Total Equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total Equity \$'000	Total Equity \$'000
At 1 January 2008	31,545	632,294	663,839	-	26,035	26,035	689,874
Total Comprehensive Income for the year	(3,404)	55,320	51,916	-	433	433	52,349
Transferred from retained earnings	20,112	(20,112)	-	-	-	-	-
Transferred to retained earnings	(11,823)	11,823	-	-	-	-	-
At 31 December 2008	36,430	679,325	715,755	-	26,468	26,468	742,223
Total Comprehensive Income for the year	8,688	57,259	65,947	-	2,404	2,404	68,351
Transferred from retained earnings	13,243	(13,243)	-	-	-	-	-
Transferred to retained earnings	(18,219)	18,219	-	-	-	-	-
At 31 December 2009	40,142	741,560	781,702	-	28,872	28,872	810,574

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**3 DISAGGREGATED INFORMATION (continued)****(a) Industry (continued)**

	2009			2008		
	Higher Education \$'000	VET \$'000	Total University \$'000	Higher Education \$'000	VET \$'000	Total University \$'000
<b>Statement of Cash Flows</b>						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Australian Government grants received	332,381	114	332,495	298,830	200	299,030
State and Local Government financial assistance	13,488	14,141	27,629	15,027	11,032	26,059
HECS-HELP – Student payments	19,926	–	19,926	21,050	–	21,050
Fees and charges	186,687	1,059	187,746	173,065	1,022	174,087
Royalties, trademarks and licences	32,659	–	32,659	28,074	–	28,074
Consultancy and contract research	32,692	–	32,692	34,560	4	34,564
Interest received	7,493	56	7,549	12,504	133	12,637
Dividends received	1,132	–	1,132	392	–	392
Distributions received	3,395	–	3,395	8,186	–	8,186
Other	29,589	3,721	33,310	38,456	2,880	41,336
<b>Payments</b>						
Payments for employee benefits	(345,918)	(7,875)	(353,793)	(304,401)	(7,541)	(311,942)
Payments to suppliers	(202,836)	(5,939)	(208,775)	(214,201)	(6,343)	(220,544)
Interest and other costs of finance paid	(2,634)	(196)	(2,830)	(1,488)	(276)	(1,764)
<b>Net cash provided by operating activities</b>	<b>108,054</b>	<b>5,081</b>	<b>113,135</b>	<b>110,054</b>	<b>1,111</b>	<b>111,165</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for property, plant and equipment	(66,101)	(664)	(66,765)	(107,423)	(195)	(107,618)
Proceeds on sale of property, plant and equipment	187	–	187	216	–	216
Payments for investments	(48,553)	–	(48,553)	(2,690)	–	(2,690)
Proceeds on redemption of investments	23,226	–	23,226	1,596	–	1,596
<b>Net cash used in investing activities</b>	<b>(91,241)</b>	<b>(664)</b>	<b>(91,905)</b>	<b>(108,301)</b>	<b>(195)</b>	<b>(108,496)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of borrowings	(887)	(495)	(1,382)	(392)	(660)	(1,052)
Proceeds from borrowings	18,975	–	18,975	18,248	–	18,248
<b>Cash provided by financing activities</b>	<b>18,088</b>	<b>(495)</b>	<b>17,593</b>	<b>17,856</b>	<b>(660)</b>	<b>17,196</b>
Net increase/(decrease) in cash and cash equivalents held	34,901	3,922	38,823	19,609	256	19,865
Cash and cash equivalents at the beginning of the year	132,508	(2,533)	129,975	112,899	(2,789)	110,110
<b>Cash and cash equivalents at the end of the year</b>	<b>167,409</b>	<b>1,389</b>	<b>168,798</b>	<b>132,508</b>	<b>(2,533)</b>	<b>129,975</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 3 DISAGGREGATED INFORMATION (continued)

#### (b) Geographical

Geographical	Revenue		Results		Assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	662,266	629,967	51,578	50,730	1,099,918	993,180
Asia	21,265	18,318	7,792	4,208	8,610	5,122
Other	1,039	1,892	293	815	293	815
	684,570	650,177	59,663	55,753	1,108,821	999,117

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

<b>4 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND FEE-HELP</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>(a) Commonwealth Grants Scheme (CGS) and Other Grants</b>	43(a)		
Commonwealth Grants Scheme		141,146	128,175
Indigenous Support Fund		2,151	2,478
Workplace Reform Programme		1,585	1,573
Disability Support Programme		83	9
Superannuation Programme		7,176	5,991
Capital Development Pool		2,042	5,202
Equity Programmes		239	270
Learning & Teaching Performance Fund		738	500
Collaboration & Structural Reform Programme		350	249
Improving the Practical Component of Teacher Education Initiative		105	308
Transitional Cost Programme		1,473	1,865
<b>Total Commonwealth Grants Scheme &amp; Other Grants</b>		<b>157,088</b>	<b>146,620</b>
<b>(b) Higher Education Loan Programmes</b>	43(b)		
HECS-HELP		73,693	68,590
FEE-HELP		14,525	12,926
<b>Total Higher Education Loan Programmes</b>		<b>88,218</b>	<b>81,516</b>
<b>(c) Scholarships</b>	43(c)		
Australian Postgraduate Awards		3,043	2,405
Indigenous Staff Scholarships		-	12
Indigenous Access Scholarships		225	174
International Postgraduate Research Scholarships		498	457
Commonwealth Education Costs Scholarships		1,963	1,451
Commonwealth Accommodation Scholarships		2,691	2,178
<b>Total Scholarships</b>		<b>8,420</b>	<b>6,677</b>
<b>(d) DIISR Research</b>	43(d)		
Institutional Grants Scheme		6,941	6,438
Research Training Scheme		13,960	13,291
Research Infrastructure Block Grants		2,624	2,366
Commercialisation Training Scheme		142	127
Implementation Assistance Programme		141	124
Australian Scheme for Higher Education Repositories		246	221
<b>Total DIISR Research Grants</b>		<b>24,054</b>	<b>22,567</b>



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

<b>4 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND FEE-HELP (continued)</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>(e) Australian Research Council</b>			
<b>(i) Discovery</b>			
Project	43(e)(i)	3,837	4,054
Fellowships		586	356
<b>Total Discovery</b>		<b>4,423</b>	<b>4,410</b>
<b>(ii) Linkages</b>			
Infrastructure	43(e)(ii)	372	160
International		75	35
Projects		2,317	2,248
<b>Total Linkages</b>		<b>2,764</b>	<b>2,443</b>
<b>(f) Other Australian Government financial assistance</b>			
Other (includes Cooperative Research Centre funding)		48,948	32,730
<b>Total Australian Government Financial Assistance</b>		<b>333,915</b>	<b>296,963</b>
<b>Reconciliation</b>			
Australian Government grants [a+c+d+e+f]		245,697	215,447
HECS-HELP – Australian Government payments		73,693	68,590
Other Australian Government loan programmes (FEE-HELP)		14,525	12,926
<b>Total Australian Government Financial Assistance</b>		<b>333,915</b>	<b>296,963</b>
<b>(g) Australian Government grants received – cash basis</b>			
CGS and Other DEEWR Grants	43 (a)	150,415	146,942
Higher Education Loan Programmes	43 (b)	83,475	83,130
Scholarships	43 (c)	8,957	7,818
DIISR Research	43 (d)	24,026	22,567
ARC grants – Discovery	43 (e)(i)	4,423	4,111
ARC grants – Linkages	43 (e)(ii)	2,764	2,072
Other Government Grants		58,246	32,194
<b>Total Australian Government grants received – cash basis</b>		<b>332,306</b>	<b>298,834</b>
OS-Help (Net)		189	196
<b>Total Australian Government funding received – cash basis</b>		<b>332,495</b>	<b>299,030</b>
<b>5 STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE</b>			
WA State Government		27,628	26,375
WA Local Government		–	–
<b>Total State and Local Government Financial Assistance</b>		<b>27,628</b>	<b>26,375</b>

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>6 FEES AND CHARGES</b>			
<b>Course Fees and Charges</b>			
Fee-paying overseas students		147,590	136,189
Continuing education		7,538	7,222
Fee-paying domestic postgraduate students		9,866	10,128
Fee-paying domestic undergraduate students		597	465
<b>Total Course Fees and Charges</b>		<b>165,591</b>	<b>154,004</b>
<b>Other Non-Course Fees and Charges</b>			
Examination fees		2,165	2,406
Late fees		329	332
Library fines		141	151
Parking fees		2,406	2,125
Registration fees		659	636
Incidental fees		566	482
Ancillary fees		255	411
Student accommodation		8,206	7,330
Other fees and charges		2,317	3,305
<b>Total Other Non-Course Fees and Charges</b>		<b>17,044</b>	<b>17,178</b>
<b>Total Fees and Charges</b>		<b>182,635</b>	<b>171,182</b>
<b>7 INVESTMENT REVENUE</b>			
Dividends from investment shares		1,132	392
Distributions from managed funds		3,778	8,186
Realised gain on sale of other financial assets		1,120	1,586
Interest received		7,549	13,112
<b>Total Investment Revenue</b>		<b>13,579</b>	<b>23,276</b>
<b>8 ROYALTIES, TRADEMARKS AND LICENCES</b>			
Royalties		33,402	27,458
<b>Total Royalties, Trademarks and Licences</b>		<b>33,402</b>	<b>27,458</b>
<b>9 CONSULTANCY AND CONTRACTS</b>			
Consultancy		10,532	10,497
Contract research		22,160	24,544
<b>Total Consultancy and Contracts</b>		<b>32,692</b>	<b>35,041</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

<b>10 OTHER REVENUE</b>	Note	<b>2009 \$'000</b>	2008 \$'000
Trading income		14,825	14,844
Donations		2,109	2,260
Rental income		4,876	2,473
Sundry income from Australian businesses		7,554	5,956
Sundry income from Australian non-profit organisations		10,055	7,038
Sundry income from overseas sources		1,745	1,702
Insurance claims		722	298
Staff salary recoveries		1,988	1,382
Proceeds from sale of minor equipment		136	115
Conference income		636	818
Exchange rate gains		-	664
Other		178	2,076
<b>Total Other Revenue</b>		<b>44,824</b>	<b>39,626</b>
Revenue from sale of goods <sup>1</sup>		9,379	8,534
Cost of sales:			
Opening inventory		576	600
Purchases		6,921	6,273
Closing inventory		(1,436)	(576)
Cost of goods sold <sup>2</sup>		6,061	6,297
Gross margin before selling and administrative expenses		3,318	2,237

<sup>1</sup> Revenue from sale of goods is included under 'Trading Income'

<sup>2</sup> Costs of goods sold are included under 'Other Expenses – Inventory used and sold' (refer Note 17)

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>11 EMPLOYEE BENEFITS</b>			
<b>(a) Employee Benefits</b>			
<b>Academic</b>			
Salaries		147,908	134,312
Contribution to funded superannuation and pension schemes		26,165	23,698
Long service leave		3,857	3,560
Annual leave		10,741	8,936
<b>Total Academic</b>		<b>188,671</b>	<b>170,506</b>
<b>General</b>			
Salaries		126,124	114,036
Contribution to funded superannuation and pension schemes		21,821	19,427
Long service leave		3,611	3,361
Annual leave		9,444	8,170
<b>Total General</b>		<b>161,000</b>	<b>144,994</b>
<b>Total Academic and General Employee Benefits</b>		<b>349,671</b>	<b>315,500</b>
<b>(b) Unfunded Superannuation</b>			
Deferred employee benefits for unfunded superannuation schemes		(6,856)	9,206
<b>12 DEPRECIATION AND AMORTISATION</b>			
Buildings		17,561	14,765
Leasehold land and improvements		47	47
Computing equipment		1,535	1,358
Other equipment and furniture		5,544	4,792
Motor vehicles		238	257
Library collections		4,149	3,654
<b>Total Depreciation Expense</b>		<b>29,074</b>	<b>24,873</b>
<b>13 REPAIRS AND MAINTENANCE</b>			
Property		4,737	3,754
Minor new works		9,234	9,022
Grounds maintenance		703	659
<b>Total Repairs and Maintenance</b>		<b>14,674</b>	<b>13,435</b>
<b>14 BORROWING COSTS</b>			
Interest on borrowings		3,758	2,991
Less: Amount capitalised		(928)	(1,226)
<b>Total Borrowing Costs</b>		<b>2,830</b>	<b>1,765</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>15 IMPAIRMENT OF ASSETS</b>			
Bad debts written-off		374	276
Movement in provision for impaired receivables		(463)	(3,079)
Impairment of Land		1,354	-
Impairment of Buildings		6,817	-
Impairment of Other Financial Assets		279	23,814
<b>Total Impairment of Assets</b>		<b>8,361</b>	<b>21,011</b>
<b>16 NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS</b>			
Carrying amount of disposed non-current assets			
Property, plant and equipment		1,276	2,231
Proceeds from disposal of non-current assets			
Property, plant and equipment		(187)	(216)
<b>Net Loss on Disposal of Non-current Assets</b>		<b>1,089</b>	<b>2,015</b>

## Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

17 OTHER EXPENSES	Note	2009 \$'000	2008 \$'000
Advertising, marketing and promotional		6,681	6,888
Amenities and services		638	726
Books		2,871	2,365
Computer peripherals and parts		14,831	14,298
Consumables		11,597	8,276
Contract work		50,265	42,839
Exchange rate losses		743	-
Fees and commissions		12,435	8,914
Financial assistance provided/research support		4,615	8,019
Graduations		1,000	1,071
Hospitality		2,944	3,234
Insurance		2,283	1,217
Inventory used and sold		8,161	7,220
Lease and rental		5,482	4,170
Non-capitalised equipment		6,985	6,805
Occupational health safety and welfare		282	219
Offshore partner fee share		2,221	5,253
Payroll tax		18,432	16,679
Postage and courier		1,626	1,806
Publications		789	847
Scholarships, grants and prizes		31,488	25,913
Security		1,356	376
Staff development and training		4,293	4,149
Staff recruitment		1,031	1,357
Subscriptions		3,932	3,728
Telecommunications		2,312	2,399
Travel		13,766	15,678
Utilities and cleaning		11,764	10,552
Workers' compensation		779	1,178
Other		462	443
<b>Total Other Expenses</b>		<b>226,064</b>	<b>206,619</b>

## 18 CASH AND CASH EQUIVALENTS - UNRESTRICTED

Cash at bank and on hand <sup>1</sup>	73,798	44,966
Deposits <sup>2</sup>		
At call	-	-
Fixed term	95,000	85,009
<b>Total Cash and Cash Equivalents - Unrestricted</b>	<b>168,798</b>	<b>129,975</b>

<sup>1</sup> Cash on hand is non-interest bearing. Cash at bank is subject to variable interest rates (refer Note 30).<sup>2</sup> Deposits are interest bearing at variable interest rates (refer Note 30).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>19 TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Student receivables		4,268	5,505
Less: Provision for impaired receivables		(250)	(250)
		4,018	5,255
General receivables		27,330	18,108
Less: Provision for impaired receivables		(515)	(978)
		26,815	17,130
Deferred Government contribution for unfunded superannuation		3,002	3,236
<b>Total Current</b>		<b>33,835</b>	<b>25,621</b>
<b>Non-Current</b>			
Deferred Government contribution for unfunded superannuation		66,184	72,806
<b>Total Receivables</b>		<b>100,019</b>	<b>98,427</b>
<b>Impaired receivables</b>			
The creation and release of the provision for impaired receivables has been included in 'Impairment of Assets' in the Income Statement. Amounts charged to the provision account are generally written-off when there is no expectation of recovering additional amounts.			
As at 31 December 2009 current receivables for student fees with a nominal value of \$0.250 million (2008: \$0.250 million) were impaired. The amount of the provision was \$0.250 million (2008: \$0.250 million).			
The ageing of these receivables is as follows:			
Less than 12 months		18	42
Greater than 12 months		232	208
		250	250
As at 31 December 2009, current receivables for student fees of \$1.423 million (2008: \$2.324 million) were past due date but not impaired. The ageing analysis of these receivables is as follows:			
Less than 12 months		1,405	2,281
Greater than 12 months		18	43
		1,423	2,324

## Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>19 TRADE AND OTHER RECEIVABLES (continued)</b>			
As at 31 December 2009 current general receivables with a nominal value of \$0.515 million (2008: \$0.978 million) were impaired. The ageing of these receivables is as follows:			
Less than 12 months		384	399
Greater than 12 months		131	579
		515	978
As of 31 December 2009, current general receivables of \$9.647 million (2008: \$6.783 million) were past due date but not impaired. The ageing analysis of these receivables is as follows:			
Less than 12 months		8,499	6,047
Greater than 12 months		1,148	736
		9,647	6,783
Movements in the provision for impaired student fees receivables are as follows:			
Balance at start of year		250	250
Provision for impairment recognised during the year		72	231
Receivables written-off during the year as uncollectable		(69)	(196)
Unused amount reversed		(3)	(35)
Balance at end of year		250	250
Movements in the provision for impaired general receivables are as follows:			
Balance at start of year		978	4,057
Provision for impairment recognised during the year		-	567
Receivables written-off during the year as uncollectable		(309)	(80)
Unused amount reversed		(154)	(3,566)
Balance at end of year		515	978
<b>20 INVENTORIES</b>			
<b>Inventories held for resale:</b>			
Merchandise		1,498	726
<b>Inventories not held for resale:</b>			
General stores		110	114
Farming stores		142	189
<b>Total inventories not held for resale</b>		252	303
<b>Total Inventories</b>		1,750	1,029



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

<b>21 OTHER FINANCIAL ASSETS - UNRESTRICTED</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>Current</b>			
<b>Interest bearing loans advanced</b>			
Sundry loans		39	38
Foreign currency forward contract		434	-
		<b>473</b>	<b>38</b>
<b>Non-Current</b>			
<b>Available for Sale</b>			
Funds under management (at fair value)		37,966	17,623
Unlisted shares and warrants (at cost)		5,793	4,328
<b>Interest bearing loans advanced</b>			
Sundry loans		207	245
<b>Total Non-Current Other Financial Assets</b>		<b>43,966</b>	<b>22,196</b>
<b>Total Other Financial Assets - Unrestricted</b>		<b>44,439</b>	<b>22,234</b>

All available for sale financial assets are denominated in Australian currency. For an analysis of the credit risk and sensitivity of available for sale financial assets to price and interest rate risk, refer to Note 30.

### 22 OTHER FINANCIAL ASSETS - RESTRICTED

<b>Current Available for Sale</b>			
<b>Restricted funds under management</b>			
Research activities		37,776	41,723
Donations and prizes		17,597	16,980
Trusts		5,315	6,566
Capital Works Grants		31,720	13,707
<b>Total Restricted Funds Under Management (at fair value)</b>		<b>92,408</b>	<b>78,976</b>
<b>Total Restricted Other Financial Assets</b>		<b>92,408</b>	<b>78,976</b>

Restricted funds are invested as managed funds. Capital works grants represent unspent grants for education infrastructure.

All available for sale financial assets are denominated in Australian currency. For an analysis of the credit risk and sensitivity of available for sale financial assets to price and interest rate risk, refer to Note 30.

### 23 OTHER NON-FINANCIAL ASSETS

<b>Current</b>			
Prepayments		11,401	11,787
Accrued income		12,675	8,530
<b>Total Other Non-Financial Assets</b>		<b>24,076</b>	<b>20,317</b>

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

<b>24 PROPERTY, PLANT AND EQUIPMENT</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>Land <sup>1</sup></b>			
At cost		85,167	84,057
Accumulated impairment		(1,354)	-
		83,813	84,057
<b>Buildings</b>			
At cost		611,103	463,415
Accumulated depreciation		(111,582)	(87,203)
		499,521	376,212
<b>Leasehold land and improvements</b>			
At cost		4,654	4,654
Accumulated depreciation		(847)	(800)
		3,807	3,854
<b>Work in progress</b>			
Capital projects (at cost)		34,892	133,055
<b>Computing equipment</b>			
At cost		12,362	12,732
Accumulated depreciation and impairment		(10,088)	(10,096)
		2,274	2,636
<b>Other equipment and furniture</b>			
At cost		67,758	61,455
Accumulated depreciation and impairment		(41,834)	(38,850)
		25,924	22,605
<b>Motor vehicles</b>			
At cost		2,008	2,003
Accumulated depreciation and impairment		(1,433)	(1,312)
		575	691
<b>Library collections</b>			
At cost		19,019	17,542
Accumulated depreciation		(4,149)	(3,654)
		14,870	13,888
<b>Works of art</b>			
At cost		11,655	11,161
<b>Total Property, Plant and Equipment</b>		<b>677,331</b>	<b>648,159</b>

<sup>1</sup> Parts of the sites upon which the University is located, in particular the Bentley, Kalgoorlie and Northam campuses, are vested in the University by the Government of Western Australia for purposes consistent with the Curtin University of Technology Act 1966.

Notes to the Financial Statements (continued)

for the year ended 31 December 2009

**24 PROPERTY, PLANT AND EQUIPMENT (continued)** Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Land \$'000	Buildings \$'000	Leasehold land and improve- ments \$'000	Work in progress \$'000	Computing equipment \$'000	Other equipment and furniture \$'000	Motor vehicles \$'000	Library collections \$'000	Works of art \$'000	Total \$'000
<b>2009</b>										
Carrying amount at start of year	84,057	376,212	3,854	133,055	2,636	22,605	691	13,888	11,161	648,159
Additions <sup>1</sup>	-	1,073	-	51,116	1,191	8,545	143	5,131	494	67,693
Cost of disposals	(40)	(986)	-	-	(1,561)	(2,770)	(138)	-	-	(5,495)
Accumulated depreciation on disposals	-	9	-	-	1,543	2,550	117	-	-	4,219
Transfers in/(out)	1,150	147,591	-	(149,279)	-	538	-	-	-	-
Impairment losses	(1,354)	(6,817)	-	-	-	-	-	-	-	(8,171)
Depreciation charge	-	(17,561)	(47)	-	(1,535)	(5,544)	(238)	(4,149)	-	(29,074)
Carrying amount at end of year	83,813	499,521	3,807	34,892	2,274	25,924	575	14,870	11,655	677,331
<b>2008</b>										
Carrying amount at start of year	84,222	366,039	3,901	66,712	1,860	19,964	769	12,510	10,227	566,204
Additions <sup>1</sup>	440	418	-	91,957	2,143	7,892	258	5,032	919	109,059
Cost of disposals	(605)	(1,389)	-	-	(8,400)	(7,418)	(479)	-	(29)	(18,320)
Accumulated depreciation on disposals	-	357	-	-	8,391	6,941	400	-	-	16,089
Transfers in/(out)	-	25,552	-	(25,614)	-	18	-	-	44	-
Depreciation charge	-	(14,765)	(47)	-	(1,358)	(4,792)	(257)	(3,654)	-	(24,873)
Carrying amount at end of year	84,057	376,212	3,854	133,055	2,636	22,605	691	13,888	11,161	648,159

<sup>1</sup> Additions to Work in Progress includes capitalised interest of \$0.928 million (2008: \$1.226 million)

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

<b>25 TRADE AND OTHER PAYABLES</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>Current</b>			
Trade payables		14,668	6,192

**26 BORROWINGS**

<b>Current</b>			
Treasury loan		5,271	1,189
<b>Non-Current</b>			
Treasury loans		66,337	51,898
<b>Total Borrowings</b>		<b>71,608</b>	<b>53,087</b>

**Treasury Loans**

The University has the following loans with the WA Treasury Corporation:

	Average Interest rate	Maturity date	Principal outstanding	
			<b>2009 \$'000</b>	2008 \$'000
<b>Capital works</b>				
- quarterly principal and variable rate interest repayments	5.39%	15.10.2017	245	273
<b>Muresk campus housing</b>				
- fixed rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	6.50%	15.07.2018	2,050	2,050
<b>Bentley campus housing</b>				
- fixed rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	7.05%	15.01.2018	16,800	16,800
- quarterly principal and variable rate interest repayments	5.39%	15.10.2017	936	1,044
<b>Goldfields Arts Centre</b>				
- quarterly principal and variable rate interest repayments	5.41%	15.10.2014	3,220	3,715
<b>Chemistry Centre of WA building</b>				
- fixed rate interest and principal repayment at maturity <sup>1</sup>	6.77%	01.07.2029	40,981	29,205
- fixed rate interest and principal repayment at maturity <sup>2</sup>	3.71%	01.07.2010	7,376	-
<b>Total Treasury Loans</b>			<b>71,608</b>	<b>53,087</b>

**Financing facilities available**

At reporting date, the following financing facilities had been negotiated and were available:

Total facilities:			
- Treasury Loans <sup>1</sup>		71,608	113,282
Facilities used at reporting date:			
- Treasury Loans		71,608	53,087
Facilities unused at reporting date:			
- Treasury Loans		-	60,195

<sup>1</sup> The financing facilities include an amount for construction of the University's Resources and Chemistry Research and Education Precinct which includes the Chemistry Centre of WA building. At reporting date, the University had finalised its draw downs totalling \$49.109 million (2008: \$29.205 million). No further draw downs are available.

<sup>2</sup> The University has an agreement to refinance the loan into a 19-year loan at a fixed rate which has yet to be determined.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>26 BORROWINGS (continued)</b>				
The carrying amounts and fair values of borrowings at balance date are:				
<b>Capital works</b>				
- quarterly principal and variable rate interest repayments	245	250	273	296
<b>Muresk campus housing</b>				
- fixed rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	2,050	2,081	2,050	2,330
<b>Bentley campus housing</b>				
- fixed rate interest only quarterly repayments with the loan principal to be repaid at date of maturity	16,800	17,711	16,800	19,715
- quarterly principal and variable rate interest repayments	936	958	1,044	1,133
<b>Goldfields Arts Centre</b>				
- quarterly principal and variable rate interest repayments	3,220	3,299	3,715	4,065
<b>Chemistry Centre of WA building</b>				
- monthly principal and fixed rate interest repayments	40,981	41,695	29,205	29,180
- monthly principal and fixed rate interest repayments	7,376	7,398	-	-
<b>Total Treasury Loans</b>	<b>71,608</b>	<b>73,392</b>	<b>53,087</b>	<b>56,719</b>

The Fair Value of the loans have been prepared assuming hypothetical settlement dates of 31 December 2009 and 31 December 2008.

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

<b>27 PROVISIONS</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>Current</b>			
<b>Employee benefits provisions</b>			
Annual leave <sup>1</sup>		26,847	24,132
Long service leave <sup>2</sup>		24,743	22,744
Superannuation:			
Deferred employee benefits for unfunded superannuation	36(b)	3,002	3,236
Other University pension liabilities	36(a)	65	89
<b>Total Current Employee Benefits Provisions</b>		<b>54,657</b>	<b>50,201</b>
<b>Other current provisions</b>			
Employment on-costs		3,095	2,813
Redundancy costs		2,030	1,574
<b>Total Other Current Provisions</b>		<b>5,125</b>	<b>4,387</b>
<b>Total Current Provisions</b>		<b>59,782</b>	<b>54,588</b>
<b>Non-Current</b>			
<b>Employee benefits provisions</b>			
Long service leave		13,998	13,546
Superannuation:			
Deferred employee benefits for unfunded superannuation	36(b)	66,184	72,806
Other University pension liabilities	36(a)	746	700
<b>Total Non-current Employee Benefits Provisions</b>		<b>80,928</b>	<b>87,052</b>
<b>Other non-current provisions</b>			
Employment on-costs		839	813
Sarawak research fund provision		1,141	1,558
<b>Total Non-Current Provisions</b>		<b>82,908</b>	<b>89,423</b>
<b>Total Provisions</b>		<b>142,690</b>	<b>144,011</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

27 PROVISIONS (continued)	Note	2009 \$'000	2008 \$'000
<b>Movements in Other Provisions</b>			
Movements in each class of provision during the financial year, other than employee benefits, are set out below:			
<b>Employment on-costs provision</b>			
Balance at beginning of year		3,626	3,344
Addition/(reduction) in provisions recognised		1,637	1,470
Reduction arising from payments		(1,328)	(1,188)
Balance at end of year		3,935	3,626
<b>Redundancy costs provision</b>			
Balance at beginning of year		1,574	1,215
Addition/(reduction) in provisions recognised		2,134	984
Reduction arising from payments		(1,678)	(625)
Balance at end of year		2,030	1,574
<b>Sarawak research fund provision</b>			
Balance at beginning of year		1,558	-
Addition/(reduction) in provisions recognised		135	1,558
Reduction arising from payments		(552)	-
Balance at end of year		1,141	1,558
The University has agreed to contribute a proportion of its royalties receivable from the Curtin Sarawak campus to a research fund for that campus.			
<sup>1</sup> Annual leave (including employment on-costs)			
Annual leave liabilities (including employment on-costs) have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Actual settlement of the current liabilities is expected to occur as follows:			
Within 12 months of reporting date		19,541	16,309
More than 12 months after reporting date		8,918	9,271
		28,459	25,580
<sup>2</sup> Long service leave (including employment on-costs)			
Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Actual settlement of the current liabilities is expected to occur as follows:			
Within 12 months of reporting date		5,254	5,179
More than 12 months after reporting date		20,973	18,930
		26,227	24,109

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>28 OTHER LIABILITIES</b>			
<b>Current</b>			
Income received in advance		33,853	31,250
Accrued expenses		29,679	15,788
Foreign currency forward contract		434	-
Monies held in trust		5,315	6,566
<b>Total Other Liabilities</b>		<b>69,281</b>	<b>53,604</b>
<b>29 RESERVES AND RETAINED SURPLUS</b>			
<b>Reserves</b>			
Bookshop future development	29(a)	-	1,029
Investments revaluation reserve	29(b)	2,366	(6,322)
Hedging reserve	29(c)	-	-
Research grants reserve	29(d)	37,776	41,723
<b>Total Reserves</b>		<b>40,142</b>	<b>36,430</b>
<b>Retained surplus</b>	29(e)	<b>770,432</b>	<b>705,793</b>
<b>(a) Bookshop future development</b>			
The Bookshop Future Development Reserve was used to fund special projects or other capital spending undertaken by the Bookshop.			
<b>Movement in reserve</b>			
Balance at beginning of year		1,029	826
Transfer to reserve		-	203
Transfer from reserve		(1,029)	-
Balance at end of year		-	1,029
<b>(b) Investments revaluation reserve</b>			
The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in the Income Statement. Where a revalued financial asset is impaired, the portion of the reserve which relates to that financial asset is transferred to the Income Statement.			
<b>Movement in reserve</b>			
Balance at beginning of year		(6,322)	(2,947)
Unrealised valuation gain/(loss)		9,193	(27,189)
Realised (gain)/loss on sale of financial assets		(784)	-
(Gain)/loss on impairment of financial assets		279	23,814
Balance at end of year		2,366	(6,322)



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

<b>29 RESERVES AND RETAINED SURPLUS (continued)</b>	Note	<b>2009 \$'000</b>	2008 \$'000
<b>(c) Hedging reserve</b>			
The hedging reserve represents hedging gains and losses recognised on the effective portion of foreign currency cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement when the hedged transaction is considered to be ineffective or when the hedge is settled.			
Balance at beginning of year		-	29
(Gain)/loss recognised on settled forward exchange contracts		-	(29)
Unrealised gain/(loss) on unsettled forward exchange contracts		-	-
Balance at end of year		-	-
<b>(d) Research grants reserve</b>			
Non-reciprocal research grants are required by Accounting Standards to be recognised as income when received. This reserve is provided for the balance of unspent research grants at the end of each financial year.			
Balance at beginning of year		41,723	33,637
Transfer to reserve		13,243	19,909
Transfers from reserves		(17,190)	(11,823)
Balance at end of year		37,776	41,723
<b>(e) Retained surplus</b>			
Balance at beginning of year		705,793	658,329
Net operating result for the year		59,663	55,753
Transfers to reserves		(13,243)	(20,112)
Transfers from reserves		18,219	11,823
Balance at end of year		770,432	705,793

## Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

	Weighted Average Effective Interest Rate	Non - interest bearing	Variable interest rate	Fixed interest rate maturity		Total Carrying Amount
				Less than 1 year	More than 5 years	
	%	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 FINANCIAL INSTRUMENTS</b>						
<b>2009</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	3.96	43	73,755	95,000	-	168,798
Receivables		100,019				100,019
Foreign Currency hedge receivable		434				434
Unrestricted investments:						
- Unlisted securities		5,793				5,793
- Interest bearing loans advanced	5.39		245			245
- Funds under management <sup>1,4</sup>	0.11	34,755	3,212			37,966
Restricted other financial assets <sup>4</sup>		92,408				92,408
<b>Total Financial Assets</b>		<b>233,452</b>	<b>77,211</b>	<b>95,000</b>	<b>-</b>	<b>405,663</b>
<b>Financial Liabilities</b>						
Payables		14,668				14,668
Borrowings	6.44		4,401	4,423	62,784	71,608
Employee benefits and on-costs		141,549				141,549
Sarawak research fund		1,141				1,141
Foreign currency hedge payable		434				434
Other liabilities		68,847				68,847
<b>Total Financial Liabilities</b>		<b>226,639</b>	<b>4,401</b>	<b>4,423</b>	<b>62,784</b>	<b>298,247</b>
<b>2008</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	5.11	46	44,921	85,009		129,976
Receivables		98,427				98,427
Unrestricted investments:						
- Unlisted securities		4,328				4,328
- Interest bearing loans advanced	6.01		283			283
- Funds under management <sup>1,4</sup>	0.43	9,719	7,904			17,623
Restricted other financial assets <sup>4</sup>		78,976				78,976
<b>Total Financial Assets</b>		<b>191,496</b>	<b>53,108</b>	<b>85,009</b>	<b>-</b>	<b>329,613</b>
<b>Financial Liabilities</b>						
Payables		6,192				6,192
Borrowings	5.69		5,032		48,055	53,087
Employee benefits and on-costs		142,453				142,453
Sarawak research fund		1,558				1,558
Foreign currency hedge payable		-				-
Other liabilities		53,604				53,604
<b>Total Financial Liabilities</b>		<b>203,807</b>	<b>5,032</b>	<b>-</b>	<b>48,055</b>	<b>256,894</b>

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

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

<sup>3</sup> Operating result would not be affected if prices increased by 15% as the equity investments are classified as available for sale with gains recognised directly in equity. However, Operating result would be affected if prices decreased by 15% with further decreases in value of previously impaired available for sale assets recognised in the Income Statement.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

Foreign Exchange Risk Sensitivity <sup>2</sup>		Interest Rate Risk Sensitivity				Price Risk Sensitivity <sup>3</sup>				Credit Risk		
-10%		+10%		-200 bps		+200 bps		-15%			+15%	
Income Stment	Other Equity	Income Stment	Other Equity	Income Stment	Other Equity	Income Stment	Other Equity	Income Stment	Other Equity	Income Stment	Other Equity	\$'000
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
20	-	(17)	-	(4,267)	-	4,267	-					100,019
												434
				(5)		5						
				(150)		150		(5,217)		5,217		3,212
								(13,864)		13,864		
20	-	(17)	-	(4,422)	-	4,422	-	(19,081)	-	-	19,081	103,664
				(99)		99						
-	-	-	-	(99)	-	99	-	-	-	-	-	-
175		(143)		(3,364)		3,364						98,427
				(6)		6						
				316		316		(4,062)		4,062		7,904
								(9,242)		9,242		
175	-	(143)	-	(3,054)	-	3,685	-	(13,304)	-	-	13,304	106,331
				(115)		115						
-	-	-	-	(115)	-	115	-	-	-	-	-	-

<sup>4</sup> Funds under management in unit based funds receive income by way of distributions and do not attract interest.

<sup>5</sup> Comparative figures have changed from prior year to reflect change in methodology in calculating interest rate sensitivity. The change reflects more accurately the impact from cash and cash equivalent holdings throughout the year.

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

30 FINANCIAL INSTRUMENTS (continued)	2009	2008	2009	2008	2009 Fair Value Hierarchy		
	Carrying Amount \$'000	Carrying Amount \$'000	Fair Value \$'000	Fair Value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial Assets</b>							
Cash and cash equivalents	168,798	129,976	168,798	129,976	168,798	-	-
Receivables	100,019	98,427	100,019	98,427	100,019	-	-
Foreign Currency hedge receivable	434	-	434	-	434	-	-
Unrestricted investments:							
- Unlisted securities	5,793	4,328	5,793	4,328	-	5,793	-
- Interest bearing loans advanced	245	283	245	283	245	-	-
- Funds under management	37,966	17,623	37,966	17,623	34,755	3,212	-
Restricted other financial assets	92,408	78,976	92,408	78,976	92,408	-	-
<b>Total Financial Assets</b>	<b>405,663</b>	<b>329,613</b>	<b>405,663</b>	<b>329,613</b>	<b>396,658</b>	<b>9,005</b>	<b>-</b>
<b>Financial Liabilities</b>							
Payables	14,668	6,192	14,668	6,192	14,668	-	-
Borrowings	71,608	53,087	73,392	56,719	73,392	-	-
Employee benefits	141,549	142,453	141,549	142,453	141,549	-	-
Sarawak research fund	1,141	1,558	1,141	1,558	1,141	-	-
Foreign currency hedge payable	434	-	434	-	434	-	-
Other liabilities	68,847	53,604	68,847	53,604	68,847	-	-
<b>Total Financial Liabilities</b>	<b>298,247</b>	<b>256,894</b>	<b>300,031</b>	<b>260,526</b>	<b>300,031</b>	<b>-</b>	<b>-</b>

The Fair Value Hierarchy reflects the following level of inputs used in measuring the fair value of financial assets and financial liabilities:

Level 1: The fair value of assets and liabilities are determined based on quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: The fair value of assets and liabilities have been determined from inputs other than quoted prices that are observable for the asset or liability, either directly (ie as prices) or indirectly (derived from prices); This includes Unlisted securities which have been valued at cost at balance date and directly held fixed income securities of the University (classified as Funds under Management) being derived from observable market data.

Level 3: Inputs for the Assets or Liabilities that are not based on observable market data.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 31 FINANCIAL RISK MANAGEMENT

#### (a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the University is exposed are:

##### (i) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The University is exposed to interest rate risk from its use of interest bearing financial assets and liabilities. Non-derivative interest bearing assets are predominantly short term liquid assets, ie cash, cash deposits, interest-bearing loans advanced and some funds under management. The University's main interest rate liability risk arises from borrowings issued at fixed rates, which give exposure to fair value interest rate risk, and from borrowings at a variable interest rate, which give rise to cash flow interest rate risk. The University manages its borrowings in accordance with targeted interest rate, liquidity and debt portfolio maturity profiles. Notes 26 and 30 provide further detail.

Note 30 details the University's sensitivity to a 200 basis point increase or decrease in interest rates assuming the change took place at the beginning of the financial year and held constant throughout the reporting period. The University's sensitivity to interest rate risk has increased over the period due to higher cash and cash equivalents held throughout the year.

During the year the University drew down borrowings of \$18.975 million and interest and guarantee fees of \$0.928 million were capitalised in relation to the construction of the Chemistry Centre of WA building. In July 2009 the University refinanced several draw downs into a 20-year loan at a fixed rate of 6.77%pa. In addition, the University has an agreement to refinance the \$7.376 million loan into a 19-year loan at a fixed rate which has yet to be determined at 1 July 2010. The uncertainty of the interest rate to be charged is mitigated by the repayment of the loan by way of rent payable by the State Government to the University.

##### (ii) Foreign Currency Risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The University's foreign currency exchange risk arises primarily from:

- trade general receivable balances denominated in a foreign currency; and
- transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies.

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

	2009 \$'000	2008 \$'000
<b>Foreign currency cash as at year end comprised:</b>		
USD bank account	151	-
Euro bank account	33	1,577

The University does not have any significant exposure to foreign currency assets or liabilities at the reporting date. Note 30 details the University's sensitivity to a 10% increase and decrease in the Australian Dollar against the Euro and USD. A positive number indicates an increase in operating surplus and equity where the Australian dollar weakens against the Euro and USD.

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**31 FINANCIAL RISK MANAGEMENT (continued)**

At reporting date, the University held a participating foreign currency exchange contract to sell USD on a USD consultancy project. The contract had been entered into (maturing September 2010) to hedge the exchange rate risk arising from the anticipated future receipt of USD. The hedge is designated as a cashflow hedge. As at reporting date, no unrealised gains or losses have been deferred in the hedging reserve. It is anticipated that the receipt of USD on the consultancy project will be completed by September 2010.

	2009	2008
<b>Outstanding contracts</b>		
Sell USD - less than 1 year		
Foreign Currency (USD'000)	400	-
Contract Value (AUD'000)	434	-
Fair Value (AUD'000)	434	-
Exchange rate	0.9225	-

The sensitivity analysis in Note 30 is unrepresentative of the University's inherent foreign exchange risk since the year end exposure does not reflect material US Dollar and British Pound transactions which are hedged and settled before year end.

**(iii) Price Risk**

Price risk refers to the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The University is exposed to market price risks arising from its investments. Note 30 details the University's sensitivity to a 15% increase or decrease in equity prices at reporting date on its funds under management. At reporting date, if the inputs to valuation of funds under management had been 15% higher, with all other variables held constant, the operating result would not have been affected since the University accounts for unrealised gains through reserves. Equity reserves would increase by \$19.078 million (2008: \$13.304 million). However, if the inputs to the valuation of the funds under management had been 15% lower, an impairment loss would have been recognised through the Income Statement on previously impaired assets of \$19.078 million (2008: \$13.404 million).

The University's sensitivity has increased over the period due to the higher fair value of equity investments held and additional investments made during the year.

**(b) Credit Risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the University. The University has exposure to credit risk and financial loss on all financial assets included in the Statement of Financial Position, comprising cash and cash equivalents, trade and other receivables, and other financial assets.

The University has adopted the policy of only dealing with creditworthy counterparties. The credit risk on funds under management and derivative financial instruments is limited as the counterparties are either with banks or investment grade fund managers. For an analysis of credit risk of the University refer to Note 30.

The continued loss of a current active market for particular investments has resulted in further downgrades of some of the investments in the University's funds under management to below investment grade. At reporting date, the University was aware of objective evidence for impairment of certain investments. In addition, previously impaired available-for-sale debt investments matured resulting in a reversal of impairment to the Income Statement. The net loss of \$0.279 million was recognised in the current period (2008: \$23.814 million).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 31 FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity Risk

Liquidity risk refers to the risk of financial loss to the University as a result of insufficient funds being available to meet its short and long term liabilities.

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

#### (d) Fair Value Estimation

The fair values of financial assets and financial liabilities shown in Note 30 are determined as follows:

- Due to the short-term nature of current receivables, their carrying value is assumed to approximate fair value and, based on credit history, it is expected that the receivables that are neither past due nor impaired will be received when due.
- Funds under management are traded on the active market. Hence, the fair value of these investments is based on quoted market prices at the reporting date (Level 1). The fair value of certain securities have been determined based on market prices of financial assets with similar maturity and risk profiles due to the illiquidity of these financial assets (Level 2).
- The fair value of Forward Exchange contracts is determined by calculating the forward rate expected based on the closing mid-point spot rate, interest rates differential between currencies and days to maturity.
- Unlisted shares are measured at cost as their fair value cannot be measured reliably. This comprises unlisted shares which are not traded on an active market. The University currently has no intention to dispose of these financial instruments in the short term.
- The carrying amount of borrowings is based on cash flows discounted using borrowing rates provided by the Western Australian Treasury Corporation. The rates vary between 3% and 7% depending on the purpose of the borrowing (2008: 4% to 7%). The fair value of the borrowings equals the carrying amount including additional charges and adjustments provided by the Western Australian Treasury Corporation had the University terminated the loans at 31 December of each year.

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

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

#### (a) Remuneration of Members of the Accountable Authority

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

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

##### Chancellor

Mr Gordon Martin (retired 31 December 2009)

##### Members Appointed by Governor in Council

Mr Chris Bennett

Ms Michele Dolin, Pro Chancellor

Mr Ian Fletcher

Mr Keith Spence

Dr Michael Stanford

Ms Lynn Thomson

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

Mr Luke Saraceni (commenced 20 April 2009)

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

Professor Jeanette Hackett, Vice-Chancellor

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

Associate Professor David Charnock

Dr Jan Sinclair-Jones

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

Mr Liam McGinniss

##### Co-opted Members

Ms Zelinda Bafile

Mr Don Humphreys (retired 31 March 2009)

Mr Gene Tilbrook (commenced 1 April 2009)

Mr Daniel Tucker

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

The Honourable Datuk Patinggi Tan Sri Dr George Chan Hong Nam

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

Professor Jo Ward

##### Members Elected by Students

Mr Yong Chee Lai (elected 1 January 2009 and ceased 31 December 2009)

Mr Chad Silver (elected 1 January 2009 and ceased 31 December 2009)



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 32 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS (continued)

#### Remuneration of Members of the Accountable Authority

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

	2009 Number	2008 Number
Nil – \$10,000 <sup>1</sup>	14	15
\$110,001 – \$120,000	1	–
\$120,001 – \$130,000	–	2
\$130,001 – \$140,000	1	1
\$140,001 – \$150,000	2	–
\$170,001 – \$180,000	–	1
\$210,001 – \$220,000	1	–
\$500,001 – \$510,000	–	1
\$620,001 – \$630,000	1	–

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

	2009 \$'000	2008 \$'000
<b>Aggregate Remuneration of Members of the Accountable Authority</b>	1,387	1,074

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

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

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

	<b>2009 Number</b>	2008 Number
Nil – \$10,000	-	-
\$10,001 – \$20,000	1	1
\$20,001 – \$30,000	1	2
\$40,001 – \$50,000	-	1
\$60,001 – \$70,000	1	-
\$70,001 – \$80,000	1	-
\$80,001 – \$90,000	1	2
\$90,001 – \$100,000	-	2
\$100,001 – \$110,000	1	1
\$150,001 – \$160,000	-	1
\$170,001 – \$180,000	1	-
\$190,001 – \$200,000	-	1
\$200,001 – \$210,000	-	1
\$210,001 – \$220,000	1	-
\$220,001 – \$230,000	-	1
\$230,001 – \$240,000	1	-
\$240,001 – \$250,000	2	-
\$250,001 – \$260,000	1	1
\$260,001 – \$270,000	-	-
\$270,001 – \$280,000	-	1
\$280,001 – \$290,000	-	2
\$290,001 – \$300,000	1	2
\$300,001 – \$310,000	2	2
\$310,001 – \$320,000	1	-
\$320,001 – \$330,000	3	-
\$360,001 – \$370,000	-	1
\$390,001 – \$400,000	1	-
	<b>2009 \$'000</b>	2008 \$'000
<b>Aggregate Remuneration of Senior Officers</b>	4,356	4,026

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 33 REMUNERATION OF AUDITORS

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

#### (a) Auditor of the University

	2009 \$'000	2008 \$'000
Auditing the financial report	233	230
Other audit services	11	10
	244	240

#### (b) Other auditors

Other audit services	38	25
<b>Total Remuneration of Auditors</b>	<b>282</b>	<b>265</b>

### 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### (a) Contingent Liabilities

##### (i) Legal Actions

The University is exposed to one contingent liability as a result of a legal action that has arisen in the normal course of business and which is being defended by the University. The University is protected by insurance and accordingly, the University does not believe that this legal action would result in material loss to the University.

##### (ii) Native Title Claims

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

#### (b) Contingent Assets

##### (i) Inheritance Property

As at 31 December 2009, the University expected to receive approximately \$1.5 million (2008: \$1.5 million) from the proceeds of sale of a property bequeathed to the University. The amount will be a restricted asset to be used in accordance with the bequest.

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

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

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

	<b>2009</b> <b>\$'000</b>	2008 \$'000
<i>Buildings</i>		
Within one year	14,959	24,736
After one year but not more than five years	-	-
<b>Total Capital Expenditure Commitments</b>	<b>14,959</b>	<b>24,736</b>

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

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

Within one year	6,370	6,710
After one year but not more than five years	8,139	5,755
More than five years	28,679	26,001
<b>Total Non-cancellable Operating Lease Commitments</b>	<b>43,188</b>	<b>38,466</b>
Representing:		
Non-cancellable operating leases	43,188	38,466

**(c) Other expenditure commitments**

Commitments in relation to purchase orders are payable as follows:

Within one year	5,042	3,966
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All the above commitments are inclusive of GST.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 36 DEFINED BENEFIT SUPERANNUATION PLANS

#### (a) Curtin University of Technology pension obligations

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

	2009 \$'000	2008 \$'000
<b>Reconciliation of the Present Value of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	789	823
Current service cost	-	-
Interest cost	45	49
Actuarial loss/(gain)	72	34
Benefits paid	(95)	(117)
Present value of defined benefit obligations at end of the year	811	789
<b>Reconciliation of the Fair Value of Assets</b>		
Fair value of assets at beginning of the year	-	-
Employer contributions	95	116
Benefits paid	(95)	(116)
Fair value of assets at end of the year	-	-
<b>Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position</b>		
Present value of defined benefit obligation	811	789
Fair value of assets	-	-
Net liability	811	789
<b>Liability recognised in the Statement of Financial Position as:</b>		
Current	65	89
Non-current	746	700
	811	789
<b>Expense Recognised in the Income Statement</b>		
Interest cost	45	49
Actuarial loss/(gain)	72	34
Superannuation expense/(benefit)	117	83

#### Assets

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

#### Nature of asset/liability

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

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**36 DEFINED BENEFIT SUPERANNUATION PLANS (continued)****(b) Government Employees Superannuation Board (GESB)****Scheme Information**

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

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

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

	<b>2009</b> <b>\$'000</b>	2008 \$'000
<b>Reconciliation of the Present Value of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	76,042	66,836
Current service cost	30	52
Interest cost	3,368	3,870
Actuarial loss/(gain)	(2,940)	11,289
Benefits paid	(7,314)	(6,005)
Present value of defined benefit obligations at end of the year	69,186	76,042
These defined benefit obligations are wholly unfunded, such that there are no Assets. The employer contributes, as required, to meet the benefits paid.		
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
Fair value of Scheme assets at beginning of the year	-	-
Employer contributions	7,313	6,005
Benefits paid	(7,313)	(6,005)
Fair value of Scheme assets at end of the year	-	-
<b>Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position</b>		
Present value of defined benefit obligations	69,186	76,042
Fair value of the scheme assets	-	-
Net deficit	69,186	76,042
Net deficit is recognised as a liability in the Statement of Financial Position as follows:		
Current	3,002	3,236
Non-current	66,184	72,806
	69,186	76,042
<b>Expense Recognised in Income Statement</b>		
Service cost	30	52
Interest cost	3,368	3,870
Actuarial loss/(gain)	(2,940)	11,289
Superannuation expense	458	15,211

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 36 DEFINED BENEFIT SUPERANNUATION PLANS (continued)

#### Scheme Assets

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

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

#### Principal Actuarial Assumptions Used in determining Defined Benefit Obligation

% per annum	2009	2008
Discount rate (active members)	5.30%	4.63%
Discount rate (pensioners)	5.30%	4.63%
Expected salary increase rate	4.50%	4.50%
Expected pension increase rate	2.50%	2.50%

The discount rate is based on the 10-year Government bond rate at the reporting date. The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation for the Schemes, as at 31 December 2009.

#### Historical Information

Present value of defined benefit obligation	69,186	76,042
Fair value of Scheme assets	-	-
Deficit in scheme	69,186	76,042
Experience adjustments (gain)/loss – scheme assets	-	-
Experience adjustments (gain)/loss – scheme liabilities	(698)	4,604

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

2010  
\$'000

#### Expected Contributions

Expected employer contributions	6,527
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#### Nature of asset/liability

The University has recognised a liability in the Statement of Financial Position under Provisions in respect of its defined benefit superannuation arrangements (refer Note 27).

An arrangement exists between the Australian Government and the Government of Western Australia to meet the unfunded liability for beneficiaries of the State Superannuation Schemes on an emerging cost basis. Accordingly, a corresponding asset is recognised under Receivables (refer Note 19).

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

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**36 DEFINED BENEFIT SUPERANNUATION PLANS (continued)****(c) Unisuper Defined Benefit Plan****Scheme information**

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

**(d) Superannuation Employer contributions**

Employer contributions for all superannuation plans of \$47.986 million (2008: \$43.125 million) were charged as an expense under employee benefits (refer Note 11) as they fell due.

**37 EVENTS OCCURRING AFTER REPORTING DATE**

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

**38 NOTES TO THE STATEMENT OF CASH FLOWS****(a) Reconciliation to cash**

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
Cash and cash equivalents (Note 18)	168,798	129,975
Balance as per Statement of Cash Flows	168,798	129,975

**(b) Reconciliation of operating result from ordinary activities to net cash inflow from operating activities**

Net operating result	59,663	55,753
Depreciation expense	29,074	24,873
Net loss on disposal of non-current assets	1,088	2,015
Impairment of assets	8,361	21,011
Other non-cash items	(1,503)	1,177
Net exchange differences	743	(664)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(2,246)	(7,688)
(Increase)/decrease in inventories	(721)	32
(Increase)/decrease in other current assets	(3,722)	(5,837)
Increase/(decrease) in trade and other payables	8,476	16
Increase/(decrease) in provisions	(1,285)	15,075
Increase/(decrease) in other current liabilities	15,207	5,402
<b>Net Cash provided by Operating Activities</b>	<b>113,135</b>	<b>111,165</b>



## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 39 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the financial year, the University incurred \$0.928 million (2008: \$1.226 million) in interest and guarantee fee costs relating to the draw down of borrowings for the construction of the Chemistry Centre of WA building. These costs were capitalised as part of the building cost and the associated borrowings and are not reflected in the Statement of Cash Flows.

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

### 40 EXPLANATORY STATEMENT

#### Significant variances between current year actual and prior year actual revenues and expenditures

	2009 Actual \$'000	2008 Actual \$'000	Variance	
			\$'000	%
<b>Revenue</b>				
[1] Australian Government grants	245,697	215,447	30,250	14%
[2] FEE-HELP	14,525	12,926	1,599	12%
[3] Investment revenue	13,579	23,276	(9,697)	-42%
[4] Royalties, trademarks and licences	33,402	27,458	5,944	22%
[5] Other revenue	44,824	39,626	5,198	13%
[6] Deferred Government superannuation contributions	(6,856)	9,206	(16,062)	-174%
<b>Expenses</b>				
[7] Employee benefits	349,671	315,500	34,171	11%
[8] Depreciation and amortisation	29,074	24,873	4,201	17%
[9] Finance costs	2,830	1,765	1,066	60%
[10] Impairment of assets	8,361	21,011	(12,650)	-60%
[11] Deferred employee benefits for superannuation	(6,856)	9,206	(16,062)	-174%

This disclosure is required by Treasurer's Instruction 945.

#### Note Commentary

- [1] The increase in Australian Government Grants mainly reflects an increase in student numbers and associated revenues.
- [2] The increase in FEE-HELP mainly reflects fee rate increases and increased use of FEE-HELP.
- [3] The decrease in investment revenues was caused mainly by the demise of financial markets during the global financial crisis and resulted in lower distributions from managed funds and lower interest income due to interest rate decreases.
- [4] The increase in Royalties, Trademarks and Licences is mainly due to the Curtin Singapore campus becoming fully operational in 2009 and increases in fees elsewhere.
- [5] The increase in Other Revenue reflects mainly increased sundry income from Open Universities Australia due to higher enrolments and inclusion of the Child Care Centre after its transfer from the Curtin Student Guild.
- [6]/[11] The revenue movement is the result of an annual actuarial revaluation. It is offset by an equal movement in the equivalent expense category.
- [7] The increase in Employee Benefits expenses is due to increases in employee numbers and average salaries.
- [8] The increase in Depreciation and Amortisation expense is mainly due to completion of the Resources & Chemistry Precinct and Curtin Stadium buildings.
- [9] The increase in Finance costs reflects the new borrowings for the construction of the Resources & Chemistry Precinct building.
- [10] The 2009 impairment of assets expense reflects the write-down of the value of land and buildings whereas the 2008 expense reflected the impairment of investments.

Financial Report 2009 (continued)

**Notes to the Financial Statements** (continued)

for the year ended 31 December 2009

**41 RELATED PARTIES****Transactions with specified accountable authority and senior officers****(a) Accountable authority and senior officers' remuneration and retirement benefits**

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

**(b) Other transactions with specified accountable authority and senior officers**

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

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

Transaction Type	Related party	2009 \$'000	2008 \$'000
Purchases	Curtin Student Guild	1,874	1,854
Revenue	Curtin Student Guild	3,119	1,334
Receivable at 31 December	Curtin Student Guild	2,029	1,039
Payable at 31 December	Curtin Student Guild	2	111

**42 SUPPLEMENTARY FINANCIAL INFORMATION**

<b>Write-Offs</b>			
Public property written off by the Minister during the financial year		187	-
<b>Losses Through Theft, Defaults and Other Causes</b>			
Losses of public moneys and, public and other property through theft or default		-	5
Amounts recovered		-	-
		-	5

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 43 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (a) DEEWR – CGS and Other DEEWR Grants

	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Support Program		Disability Support Program		Workplace Reform Program	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	135,379	127,401	2,151	2,478	239	270	83	9	1,585	1,573
Net accrual adjustments	5,767	774	-	-	-	-	-	-	-	-
Revenue for the period	141,146	128,175	2,151	2,478	239	270	83	9	1,585	1,573
Surplus/(deficit) from the previous year	-	-	-	-	(140)	370	(64)	35	-	-
Total revenue including accrual revenue	141,146	128,175	2,151	2,478	99	640	19	44	1,585	1,573
Less expenses including accrual expenses	(141,146)	(128,175)	(2,151)	(2,478)	(99)	(780)	(90)	(108)	(1,585)	(1,573)
Surplus/(deficit) for reporting period	-	-	-	-	-	(140)	(71)	(64)	-	-
	Learning & Teaching Performance Fund		Capital Development Pool		Superannuation Program		Collaboration & Structural Reform Program			
Financial assistance received in CASH during the reporting period	738	500	2,042	5,202	6,041	6,905	350	249		
Net accrual adjustments	-	-	-	-	1,135	(914)	-	-		
Revenue for the period	738	500	2,042	5,202	7,176	5,991	350	249		
Surplus/(deficit) from the previous year	-	-	-	-	-	-	249	-		
Total revenue including accrual revenue	738	500	2,042	5,202	7,176	5,991	599	249		
Less expenses including accrual expenses	(738)	(500)	(2,042)	(5,202)	(7,176)	(5,991)	(195)	-		
Surplus/(deficit) for reporting period	-	-	-	-	-	-	404	249		
	Improving the Practical Comp of Teacher Education		Transitional Costs Program		Total					
Financial assistance received in CASH during the reporting period	334	308	1,473	2,047	150,415	146,942				
Net accrual adjustments	(229)	-	-	(182)	6,673	(322)				
Revenue for the period	105	308	1,473	1,865	157,088	146,620				
Surplus/(deficit) from the previous year	301	-	-	-	346	405				
Total revenue including accrual revenue	406	308	1,473	1,865	157,434	147,025				
Less expenses including accrual expenses	(115)	(7)	(1,473)	(1,865)	(156,810)	(146,679)				
Surplus/(deficit) for reporting period	291	301	-	-	624	346				

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

	HECS-HELP (Australian Government payments only)		FEE-HELP		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	70,635	70,522	12,840	12,608	83,475	83,130
Net accrual adjustments	3,059	(1,932)	1,685	318	4,744	(1,614)
Revenue for the period	73,693	68,590	14,525	12,926	88,218	81,516
Surplus/(deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrual revenue	73,693	68,590	14,525	12,926	88,218	81,516
Less expenses including accrual expenses	(73,693)	(68,590)	(14,525)	(12,926)	(88,218)	(81,516)
Surplus/(deficit) for reporting period	-	-	-	-	-	-

	OS-HELP	
	2009 \$'000	2008 \$'000
	189	196
	(189)	(196)
	-	-
	-	-
	-	-
	-	-

## 43 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

## (b) Higher Education Loan Programmes

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 43 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

#### (c) Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Staff Scholarships	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	3,043	2,405	499	457	2,264	1,999	2,926	2,741	-	12
Net accrual adjustments	-	-	(1)	-	(301)	(548)	(235)	(563)	-	-
Revenue for the period	3,043	2,405	498	457	1,963	1,451	2,691	2,178	-	12
Surplus/(deficit) from the previous year	1,219	905	(603)	(558)	-	-	-	-	12	-
Total revenue including accrual revenue	4,262	3,310	(105)	(101)	1,963	1,451	2,691	2,178	12	12
Less expenses including accrual expenses	(3,410)	(2,091)	(436)	(502)	(1,963)	(1,451)	(2,691)	(2,178)	(12)	-
Surplus/(deficit) for reporting period	852	1,219	(541)	(603)	-	-	-	-	-	12
	Indigenous Access Scholarships									
			Total							
Financial assistance received in CASH during the reporting period	225	204	8,957	7,818						
Net accrual adjustments	-	(30)	(537)	(1,141)						
Revenue for the period	225	174	8,420	6,677						
Surplus/(deficit) from the previous year	-	-	628	347						
Total revenue including accrual revenue	225	174	9,048	7,024						
Less expenses including accrual expenses	(225)	(174)	(8,738)	(6,396)						
Surplus/(deficit) for reporting period	-	-	310	628						

Financial Report 2009 (continued)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

## 43 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

## (d) DIISR Research

	Institutional Grants Scheme		Research Training Scheme		Research Infrastructure Block Grants		Implementation Assistance Programme		Australian Scheme for Higher Education Repositories	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	6,941	6,438	13,932	13,291	2,624	2,366	141	124	246	221
Net accrual adjustments	-	-	28	-	-	-	-	-	-	-
Revenue for the period	6,941	6,438	13,960	13,291	2,624	2,366	141	124	246	221
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	(2)	91	(7)
Total revenue including accrual revenue	6,941	6,438	13,960	13,291	2,624	2,366	141	122	337	214
Less expenses including accrual expenses	(6,941)	(6,438)	(13,960)	(13,291)	(2,624)	(2,366)	(141)	(122)	(337)	(123)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-	-	91
	Commercialisation Training Scheme									
			Total							
Financial assistance received in CASH during the reporting period	142	127	24,026	22,567						
Net accrual adjustments	-	-	28	-						
Revenue for the period	142	127	24,054	22,567						
Surplus/(deficit) from the previous year	47	33	138	24						
Total revenue including accrual revenue	189	160	24,192	22,591						
Less expenses including accrual expenses	(93)	(113)	(24,096)	(22,453)						
Surplus/(deficit) for reporting period	96	47	96	138						

## Notes to the Financial Statements (continued)

for the year ended 31 December 2009

### 43 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

#### (e) Australian Research Council Grants

##### (i) Discovery

	Projects		Fellowships		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	3,837	3,755	586	356	4,423	4,111
Net accrual adjustments	-	299	-	-	-	299
Revenue for the period	3,837	4,054	586	356	4,423	4,410
Surplus/(deficit) from the previous year	335	(992)	376	20	711	(972)
Total revenue including accrual revenue	4,172	3,062	962	376	5,134	3,438
Less expenses including accrual expenses	(3,613)	(2,727)	(622)	-	(4,235)	(2,727)
Surplus/(deficit) for reporting period	559	335	340	376	899	711

##### (ii) Linkages

	Special Research Initiatives		Infrastructure		International		Projects		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assistance received in CASH during the reporting period	-	-	-	160	75	35	2,317	1,877	2,764	2,072
Net accrual adjustments	-	-	-	-	-	-	-	371	-	371
Revenue for the period	-	-	372	160	75	35	2,317	2,248	2,764	2,443
Surplus/(deficit) from the previous year	26	26	1,721	1,561	2	9	30	(137)	1,779	1,459
Total revenue including accrual revenue	26	26	2,093	1,721	77	44	2,347	2,111	4,543	3,902
Less expenses including accrual expenses	(26)	-	(824)	-	(47)	(42)	(1,969)	(2,081)	(2,866)	(2,123)
Surplus/(deficit) for reporting period	-	26	1,270	1,721	30	2	378	30	1,677	1,779

Financial Report 2009 (continued)

## Report by the Members of the University Council

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The members of the University Council present their report for the year ended 31 December 2009

### Members

The following persons were members of the Curtin University of Technology Council during the year ended 31 December 2009:

#### Chancellor

Mr Gordon Martin (retired 31 December 2009)

#### Members Appointed by Governor in Council

Mr Chris Bennett

Ms Michele Dolin, Pro Chancellor

Mr Ian Fletcher

Mr Keith Spence

Dr Michael Stanford

Ms Lynne Thomson

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

Mr Luke Saraceni (commenced 20 April 2009)

#### Member who is the Chief Executive Officer

Professor Jeanette Hackett, Vice-Chancellor

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

Associate Professor David Charnock

Dr Jan Sinclair-Jones

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

Mr Liam McGinniss

#### Members Co-opted by Council

Ms Zelinda Bafile

Mr Don Humphreys (retired 31 March 2009)

Mr Gene Tilbrook (commenced 1 April 2009)

Mr Daniel Tucker

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

The Honourable Datuk Patinggi Tan Sri Dr George Chan Hong Nam

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

Professor Jo Ward

#### Members Elected by Students

Mr Yong Chee Lai (elected 1 January 2009 and ceased 31 December 2009)

Mr Chad Silver (elected 1 January 2009 and ceased 31 December 2009)



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

The members of the University Council present their report for the year ended 31 December 2009

### Meetings of Members

The number of meetings of the University Council and of each committee of Council held during the year ended 31 December 2009, and the number of meetings attended by each member were:

Members	Council Meetings		Meetings of Committees							
	Attended	Held	Audit & Compliance		Finance		Executive		Legislative	
			Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Gordon Martin, Chancellor (retired 31 December 2009)	8	8					9	11		
Ms Zelinda Bafile <sup>1</sup>	7	8	6	6					2	2
Mr Chris Bennett	7	8	6	6			7	8		
The Hon Datuk Patinggi Tan Sri Dr George Chan Hong Nam	2	8								
Assoc Prof David Charnock	3	8								
Ms Michele Dolin, Pro Chancellor <sup>2</sup>	7	8			6	7	10	11		
Mr Ian Fletcher	5	8					7	11		
Prof Jeanette Hacket, Vice-Chancellor	8	8			5	7	10	11	2	2
Mr Don Humphreys (retired 31/03/2009)	2	2	2	2			3	3		
Mr Yong Chee Lai (ceased 31/12/2009)	8	8								
Mr Liam McGinniss	8	8								
Mr Luke Saraceni (commenced 20/04/2009)	4	5								
Mr Chad Silver (ceased 31/12/2009)	8	8								
Dr Jan Sinclair-Jones	6	8								
Mr Keith Spence	4	8			2	2	4	11		
Dr Michael Stanford	6	8								
Ms Lynne Thomson	6	8								
Mr Gene Tilbrook (commenced 1/04/2009)	5	6			6	6	4	5		
Mr Daniel Tucker <sup>2</sup>	2	8								
Prof Jo Ward	6	8					8	11		

<sup>1</sup> Also the chair of the Kalgoorlie Campus Council, Student Disciplinary Appeals Committee and Grievance Resolution Committee.

<sup>2</sup> Also a member of the Kalgoorlie Campus Council.

The number of meetings held represents the number of regular and special meetings held during the time a member was a member of the Council or a committee of Council during the year. The number of meetings held does not include matters considered by circular resolution.

### Principal Activities

During the year, the principal continuing activities of the University were:

- to provide courses of study appropriate to a university, and other tertiary courses, and to aid the advancement, development and practical application of knowledge;
- to encourage and participate in the development and improvement of tertiary education whether on a full or part-time basis; and
- to encourage and undertake research and to aid directly or indirectly the application of science and technology to industry.

No significant changes in the nature of the activities of the University occurred during the year.

Financial Report 2009 (continued)

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

The members of the University Council present their report for the year ended 31 December 2009

### Review of Operations

The net operating result for the year ended 31 December 2009 was \$59.663 million (2008: \$55.753 million).

The operations of the University during the financial year are reviewed in the following accompanying sections of the Annual Report:

- Chancellor's Forward
- Vice-Chancellor's Report
- Report on Operations
- 2009 Activity Highlights

### Significant Changes in the State of Affairs

No significant changes in the University's state of affairs occurred during the year.

### Matters Subsequent to the End of the Financial Year

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

### Likely Developments and Expected Results of Operations

The University will continue to further its objectives, consistent with the principal activities outlined above. To provide further detail would result in unreasonable prejudice.

### Environmental Regulation

The members of the University Council are not aware of any breaches of environmental regulations.

Relevant legislation that Curtin is subject to includes:

- *Environmental Protection Act 1986*
- *National Greenhouse and Energy Reporting Act 2007*
- *Environmental Protection Regulations 1987*
- *Environmental Protection (Controlled Waste) Regulations 2004*
- *Environmental Protection (Noise) Regulations 1997*
- *Environmental Protection (Unauthorised Discharges) Regulations 2004*
- *National Greenhouse and Energy Reporting Regulations 2008*
- *National Greenhouse and Energy Reporting (Measurement) Determination 2008*

The University is committed to protecting, preserving as well as improving the environment in which the University operates.

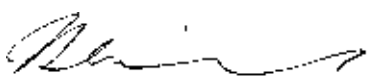
### Insurance of Members of Council and Officers

The University provides Directors and Officers Liability and Employers Practices Insurance and Supplementary Legal Expenses Cover through contracts with external insurance providers. The cover applies to members of Council, Directors and Executive Officers of the University.

### Proceedings on behalf of Curtin University Of Technology

No material legal proceedings have been initiated by or against Curtin University of Technology during 2009.

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



**Dr Jim Gill AO**

Chancellor

Curtin University of Technology, Bentley, Perth, WA

Dated this 17th day of March 2010