

**Financial Statements for The
University of Notre Dame Australia
for the 2022 Reporting Period**

The University of Notre Dame Australia

Contents

For the Year Ended 31 December 2022

Financial Statements	Page
Statement by the Vice Chancellor	1
Statement of Directors' Declaration	2
Report by Members of the Board of Directors	3
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Independent Audit Report and Auditor's Independence Declaration	48

Statement by the Vice Chancellor

The University of Notre Dame Australia, guided by its new Strategic Plan, is looking to the future with optimism and confidence.

The five pillars of our Strategic Plan - universality, education for the common good, transformative research, integrating practice and knowledge and integral human development - will ensure UNDA continues its distinctive journey of excellence and impact.

We are acting globally and locally by forging new international partnerships, supporting our students and staff to be the best version of themselves, preparing our students for the world of work, undertaking transformative research and ensuring people from all walks of life can benefit from higher education.

To achieve our bold vision, we must continue to take important steps to deliver financial strength and sustainability for the University.

I am pleased to report that we finished 2022 in a surplus position of \$13.2 million – our second in succession.

This is a result we can all be proud of. I want to take this opportunity to acknowledge and say thank you to the University's staff for their tireless dedication and perseverance as we embarked on this mission. I would also like to acknowledge the support we received from the University's Board of Directors, Governors and Trustees.

Our surplus was the result of hard work and prudent financial management across the University. It was achieved amid a softening domestic student recruitment market and border closure decisions, and a strong economy and labour market.

In 2022, enrolments across the sector were down by 6% on average, and 10% in Western Australia.

Notre Dame was not immune from these challenges.

Despite the challenging recruitment environment, Notre Dame was able to respond in a manner that positions the University for growth in 2023 and beyond.

We are embracing opportunities to diversify our revenue base through the development of new course offerings and expansion into new markets, while at the same time ensuring that the traits that make Notre Dame unique and distinctive, such as pastoral care and an outstanding student experience, are protected and enhanced.

I am pleased to report that our surplus will be used to invest in our national learning, teaching and research facilities and drive improvements in our technology infrastructure.

While our future is bright there remains challenges on the horizon that we must carefully navigate. The threat of rising inflation and cost of living pressures continue to mount, and the Federal Government has initiated the largest review of the sector in decades. At the same time there remains more work to do across the University to strengthen our financial position and ensure that we have the resources at our disposal to achieve the vision we have articulated in our new Strategic Plan.



Professor Francis Campbell

Vice Chancellor

Statement of Directors' Declaration

In our opinion:

- (a) the financial report of The University of Notre Dame Australia presents fairly the financial transactions of the University during the financial year ended 31 December 2022 and the financial position of its operations for the year ended on that date; and
- (b) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and The University of Notre Dame Australia has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure; and
- (c) the financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other mandatory professional reporting requirements, the requirements of the Department of Education, the Financial Management Act 1994 and the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013.

In addition, we are not aware at the date of signing these statements of any circumstances which would render any particulars included in the statements to be misleading or inaccurate and there are reasonable grounds to believe that The University of Notre Dame Australia will be able to pay its debts as and when they fall due.

Chancellor

The Hon. Christopher Ellison

Vice Chancellor

Professor Francis Campbell

27 April 2023

The University of Notre Dame Australia

Report by Members of the Board of Directors 31 December 2022

The members of the Board of Directors present their report on the University for the year ended 31 December 2022.

Members

The following persons were members of The University of Notre Dame Australia during the whole or part of the financial year and up to the date of this report except as noted below:

Mr Adrian Arundell

Professor Francis Campbell

Mr Jack de Groot

Hon. Christopher Ellison

Mr Richard Haddock

Ms Hilary Johnston-Croke

Mr Michael L'Estrange AO

Ms Louise McCann

Granted leave of absence to 31 August 2022

Mr John Prendiville

Mr Andrew Whitechuch

Meetings of Members

The numbers of meetings of the members of The University of Notre Dame Australia's Board of Directors and of Board Committees held during the year ended 31 December 2022, and the numbers of meetings attended by each member were:

The University of Notre Dame Australia

Report by Members of the Board of Directors

31 December 2022

	Board Meetings		Finance & Investment Committee		Audit & Risk Committee		Engagement Advisory Committee		Remuneration & HR Committee	
	A	B	A	B	A	B	A	B	A	B
Mr Adrian Arundell	8	8	6	6	#	#	#	#	#	#
Professor Francis Campbell	8	8	3	6	1	#	4	4	1	4
Mr Jack de Groot	7	8	#	#	#	#	#	#	4	4
Hon, Christopher Ellison	8	8	4	#	7	7	3	#	4	4
Mr Richard Haddock	8	8	4	6	#	#	#	#	4	4
Ms Hilary Johnston-Croke	7	8	#	#	#	#	4	4	4	4
Mr Michael L'Estrange AO	8	8	#	#	#	#	4	4	#	#
Ms Louise McCann	2	8	#	#	#	#	2	4	#	#
Mr John Prendiville	6	8	6	6	#	#	4	4	#	#
Mr Andrew Whitechurch	8	8	5	6	7	7	#	#	#	#

A = Number of meetings attended.

B = Number of meetings held during the year / or held membership of the Committee during the year.

= Whilst the Vice Chancellor is not a member of Board Committees he is free to attend them. Whilst the Chancellor is not a member of the Finance & Investment Committee and Engagement Advisory Committee he is free to attend those. Directors may attend any Board Committee meeting subject to the approval of the Committee Chair.

Ms Louise McCann was granted a leave of absence to 31 August 2022.

The University of Notre Dame Australia

Report by Members of the Board of Directors

31 December 2022

Principal Activities

During the year, the principal activities of The University of Notre Dame Australia consisted of:

- the provision of University education, within a context of Catholic faith and values; and
- the provision of an excellent standard of:
 - teaching, scholarship and research;
 - training for the professions; and
 - pastoral care for its students.

There were no significant changes in the nature of The University of Notre Dame Australia's principal activities during the year.

Review of Operations

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022 the University recorded a net operating gain of \$13.2 million (2021: gain of \$20.2 million). The decline in operating results for 2022 is mainly due to the increase in operational expenditure, driven by increased salary costs due to CPI increases and the normalisation of staff following delayed appointment after the restructure. This was offset by an increase in operational income, predominantly due to additional grant income.

Total revenue and income for the year was \$220.3 million (2021: \$216.5 million). The increase in revenue was predominately related to an increase in fees and charges.

Employee-related expenses continued to be the main expenditure item for the University and increased to \$133.0 million (2021: \$124.5 million) in 2022. This represents approximately 64% of total expenditure (2021: 63%). Depreciation and amortisation expense have remained consistent between 2022 (\$10.5 million) and 2021 (\$10.4 million). Finance costs increased to \$ 3.0 million (2021: \$2.6 million) due to the increase in interest rates. Other expenses increased to \$58.3 million (2021: \$56.2 million) which was attributable to increases and offsets in various expenditure lines.

Statement of Financial Position

Current assets decreased to \$75.0 million (2021: \$80.8 million) which is attributable to a decrease in the cash and cash equivalents (please refer to the Statement of Cash Flows for further details).

Property, plant and equipment increased to \$254.9 million (2021: \$254.3 million) due to the investment into capital projects exceeding depreciation and amortisation. Intangible assets increased to \$9.5 million (2021: \$6.9 million) as a result of additions made during the year.

The decrease in current liabilities to \$57.1 million (2021: \$70.5 million) is due to a decrease in supplier payables, Australian Government unspent grants and reversal of prior year accruals.

Non-current liabilities decreased to \$79.1 million (2021: \$81.5 million) mainly driven by the release of the provision for separations as the restructuring activities are now complete.

Significant Changes in the State of Affairs

In July 2022, the University launched its Strategic Plan 2022-2026 with a tailored communications campaign including face-to-face launch and discussions at each campus. This plan will guide and inform our activities as we focus on our growth and financial sustainability into the future.

Mr Andrew Whitechurch was appointed as a member of the Board of Directors with effect from 1 January 2022.

Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the University, the results of those operations or the state of affairs of the University in future financial years.

Report by Members of the Board of Directors

31 December 2022

Likely Developments and Expected Results of Operations

The critical areas of focus for the University over the coming year will be

1. enhancing and focusing upon student experience and the student journey through excellent teaching and learning;
2. drive for growth and diversification of revenue streams including International and Postgraduate offerings;
3. strengthening the University's research capabilities;
4. ensuring long-term financial sustainability of the University; and
5. the continued student-focused development of the University's infrastructure, facilities and resources on all campuses and clinical schools.

Environmental Reporting

The University's operations are subject to significant environmental regulations under Commonwealth and State laws. Details of the environmental regulations affecting the University are as follows:

- (i) Western Australian Environmental Legislation (including the Contaminated Sites Act 2003 (WA)) that applies to both the Fremantle and Broome Campuses; and
- (ii) New South Wales Environmental Legislation (including the Contaminated Lands Management Act 2003 (NSW)) that applies to the Sydney Campus; and
- (iii) Victorian Environmental Legislation (including the Environment Protection Act 1970 (Vic)) that applies to the University's Clinical Schools in Victoria.

Energy Efficiency Opportunities Guidelines

The University is not subject to the conditions imposed by the registration and reporting requirements of the Energy Efficiency Opportunities Act 2006 (WA) in the current financial year as its energy consumption was below the 0.5 petajoule registration threshold.

If the University exceeds this threshold in future reporting periods, it will be required to register with the Department of Resources, Energy and Tourism and complete an Energy Savings Action Plan. This plan assesses the energy usage of the University and identifies opportunities for the University to reduce its energy consumption.

Insurance of Officers

During the year, the University paid premiums in respect of contracts insuring all Directors and Officers against liabilities incurred in their capacity as Director or Officer. The contract prohibits disclosure of the nature of the liabilities covered and the amount of premium.

Proceedings on Behalf of The University of Notre Dame Australia

No external person has brought proceedings on behalf of the University during the year pursuant to any contract of insurance.

Resolution

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



Member of Board of Directors

The Hon. Christopher Ellison
Chancellor
27 April 2023
Fremantle

The University of Notre Dame Australia

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 \$'000	2021 \$'000
Revenue			
Australia Government financial assistance			
Australian Government grants	4	113,808	110,714
HELP - Australian Government payments	4	73,305	77,065
State and Local Government financial assistance	5	1,482	2,024
Fees and charges	6	19,952	16,209
HECS-HELP - student payments		4,066	4,130
Consultancy and contracts	7	77	15
Other revenue	8	5,569	4,422
Total revenue		218,259	214,579
Gains on disposal of assets		86	554
Investment income		827	505
Other income	8	886	594
Fair value gain/(loss) on derivatives		218	253
Total revenue and income		220,276	216,485
Expenses			
Employee related expenses	11	132,978	124,471
Depreciation and amortisation	15,16	10,498	10,365
Repairs and maintenance		2,349	2,638
Other expenses	12	58,286	56,239
Total expenses before borrowing costs		204,111	193,713
Borrowing costs		2,960	2,550
Total expenses		207,071	196,263
Operating result		13,205	20,222
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss			
Revaluation of land	15	-	6,610
Total comprehensive income/(loss) for the period		13,205	26,832

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

The University of Notre Dame Australia

Statement of Financial Position

As at 31 December 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	62,529	67,874
Trade and other receivables	14	5,913	5,743
Inventories		-	7
Deposits		271	271
Other financial assets		3,184	3,586
Other non-financial assets		3,137	3,281
TOTAL CURRENT ASSETS		75,034	80,762
NON-CURRENT ASSETS			
Property, plant and equipment	15	254,891	254,290
Intangible assets	16	9,470	6,919
TOTAL NON-CURRENT ASSETS		264,361	261,209
TOTAL ASSETS		339,395	341,971
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	23,378	29,745
Borrowings	18	3,148	3,523
Derivative financial instruments		-	218
Provisions	19	19,701	22,496
Contract liabilities	17	10,846	14,483
TOTAL CURRENT LIABILITIES		57,073	70,465
NON-CURRENT LIABILITIES			
Borrowings	18	77,738	79,924
Provisions	19	1,358	1,561
TOTAL NON-CURRENT LIABILITIES		79,096	81,485
TOTAL LIABILITIES		136,169	151,950
NET ASSETS		203,226	190,021
EQUITY			
Reserves	20	35,799	35,833
Retained earnings	20	167,427	154,188
TOTAL EQUITY		203,226	190,021

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

The University of Notre Dame Australia

Statement of Changes in Equity For the Year Ended 31 December 2022

	Note	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2022		35,833	154,188	190,021
Result for the year		-	13,205	13,205
Revaluation of land	15	-	-	-
Total comprehensive income		-	13,205	13,205
Transfers to/(from) reserve	20	(34)	34	-
Balance at 31 December 2022		35,799	167,427	203,226
Balance at 1 January 2021		29,271	133,918	163,189
Result for the year			20,222	20,222
Revaluation of land	15	6,610		6,610
Total comprehensive income		6,610	20,222	26,832
Transfers to/(from) reserve		(48)	48	-
Balance at 31 December 2021		35,833	154,188	190,021

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

The University of Notre Dame Australia

Statement of Cash Flows

For the Year Ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Australian Government Grants		174,711	185,053
OS HELP		(195)	-
Other Australian Government grants		8,994	14,020
State Government grants		1,501	876
HECS-HELP - student payments		4,066	4,130
Receipts from student fees and other customers		23,879	17,959
Donations received		1,214	2,317
Dividends received		-	10
Interest received		827	432
Payments to suppliers and employees		(201,573)	(175,055)
Interest and other costs of finance paid		(2,238)	(2,444)
Short term lease payments		(3)	(62)
Lease payments for leases of low-value assets		(40)	(49)
Variable lease payments not included in the measurement of the lease liability		(439)	(488)
Net cash provided by operating activities	25	<u>10,704</u>	<u>46,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property, plant and equipment, intangibles and other long-term assets		86	-
Proceeds from sale of investment		102	41
Payments to acquire property, plant and equipment, intangibles and other long-term assets		(11,972)	(2,771)
Purchase of investments		(61)	(1,240)
Net cash (used by) investing activities		<u>(11,845)</u>	<u>(3,970)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of interest bearing liabilities		(3,492)	(5,507)
Repayment of lease liabilities		(712)	(1,182)
Net cash used by financing activities		<u>(4,204)</u>	<u>(6,689)</u>
Net increase/(decrease) in cash held		(5,345)	36,040
Cash and cash equivalents at the beginning of the year		<u>67,874</u>	<u>31,834</u>
Cash and cash equivalents at the end of the year	13	<u><u>62,529</u></u>	<u><u>67,874</u></u>

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

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

1. Corporate information

The financial report of The University of Notre Dame Australia ("the University") for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 27 April 2023. The University has the power to amend and reissue the financial report.

The University of Notre Dame Australia is domiciled in Australia and was established by the proclamation of The University of Notre Dame Australia Act 1989 on 26 January 1989 and by Canonical Proclamation by the Archdiocese of Perth on 2 July 1991.

The registered office and principal place of business of The University of Notre Dame Australia is 19 Mouat Street, Fremantle, Western Australia.

The University is a not-for-profit organisation. The University is principally engaged in Education.

2. Summary of significant accounting policies

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the University. They have been prepared on an accrual basis and comply with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the requirements of the Department of Education, Skills & Employment ("Department").

Additionally the statements have been prepared in accordance with the following statutory requirements:

- Higher Education Support Act 2003 (Financial Statement Guidelines)
- Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013

The financial report is presented in Australian Dollars.

Set out below is a summary of the significant accounting policies adopted by the University in the preparation of the financial statements. These policies are consistent with those adopted in the previous year unless noted.

Compliance with IFRS

The University of Notre Dame Australia is a not-for-profit organisation and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit organisations are inconsistent with the IFRS requirements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amount of all non-current assets is the higher of an asset's fair value less costs to sell and value in use.

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 to the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in the accompanying notes.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates (continued)

The University has considered the impact of COVID-19 on each of its significant accounting judgements and estimates. Although the COVID-19 pandemic has eased, with most countries lifting travel bans and fully removing quarantine measures, management is continuing to monitor the situation for any changes that will impact financial reporting.

The following financial statement notes reference critical accounting estimates:

- Note 15 Property, plant and equipment
- Note 19 Provisions
- Note 26 Financial risk management

(b) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2022 reporting periods. None of these standards are expected to have a material effect on the University and the University has elected not to early adopt any of these standards. The University's assessment of the impact of these new standards and interpretations is set out below:

Standard/Amendment		Application date	Implications
AASB2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	No change expected
AASB2022-7	Editorial Corrections to Accounting Standards and Repeal of Superseded and Redundant Standards	1 January 2023	No change expected
AASB2021-1 AASB2020-6	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and Amendments to Australian Accounting Standards &	1 January 2023	No change expected
AASB2022-6	Amendments to Australian Accounting Standards – Non Current Liabilities with Covenants	1 January 2024	No change expected
AASB2022-10	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial assets of Not-for-Profit Public Sector Entities (NFP)(PS)	1 January 2024	No change expected
AASB2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	1 January 2024	No change expected

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Summary of significant accounting policies (continued)

(c) Taxes

Income taxes: The University is an endorsed income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997.

Deductible Gift Recipient: The University is endorsed as a deductible gift recipient under Subdivision 30-BA of the Income Tax Assessment Act 1997.

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(d) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(e) Rounding of amounts

Amounts in the financial report have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Disaggregated information

	Note	Higher Education 2022 \$'000	VET 2022 \$'000	Total University 2022 \$'000	Higher Education 2021 \$'000	VET 2021 \$'000	Total University 2021 \$'000
Revenue							
Australian Government financial assistance	4	187,085	28	187,113	187,716	63	187,779
State & Local Government financial assistance	5	799	683	1,482	1,202	822	2,024
HECS-HELP - student payments		4,066		4,066	4,130	-	4,130
Fees and charges	6	19,909	43	19,952	16,026	183	16,209
Consultancy and contracts	7	77		77	15	-	15
Other revenue	8	5,499	70	5,569	4,253	169	4,422
Gains on disposal of assets		86		86	554	-	554
Investment income		827		827	505	-	505
Other income	8	880	6	886	594	-	594
Fair value gain on derivatives		218		218	253	-	253
Total revenue and income		219,446	830	220,276	215,248	1,237	216,485
Expenses							
Employee related expenses	11	131,753	1,225	132,978	123,470	1,001	124,471
Depreciation and amortisation	15, 16	9,550	948	10,498	9,507	858	10,365
Repairs and maintenance		2,349		2,349	2,638	-	2,638
Other expenses	12	58,007	279	58,286	56,143	96	56,239
Borrowing costs		2,960		2,960	2,550	-	2,550
Total expenses		204,619	2,452	207,071	194,308	1,955	196,263
Operating result		14,827	(1,622)	13,205	20,940	(718)	20,222

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

4. Australian Government financial assistance including HECS-HELP and other Australian Government loans

	Note	2022 \$'000	2021 \$'000
(a) Commonwealth Grants Scheme and Other Grants	28(a)		
Commonwealth Grants Scheme		92,367	93,783
Indigenous, Regional and Low-SES Attainment Fund		2,489	1,594
National Priorities and Industry Linkage Fund		3,279	3,250
Total Commonwealth Grants Scheme and Other Grants		98,135	98,627
(b) Higher Education Loan Programs	28(b)		
HECS - HELP - Australian Government payments		56,950	61,969
FEE - HELP		16,344	15,026
VET Student Loan Program		11	70
Total Higher Education Loan Programmes		73,305	77,065
(c) EDUCATION Research	28(c)		
Research Training Program		1,702	1,214
Research Support Program		481	1,130
Total EDUCATION Research		2,183	2,344
(d) Australian Research Council (ARC)	28(e)		
Discovery		132	258
Total ARC		132	258
(e) Other Australian Government financial assistance			
Non-capital			
Rural Health Multidisciplinary Training Program		9,137	8,344
Other Commonwealth research grants		1,943	387
Other Commonwealth grants		478	754
Total Non-capital		11,558	9,485
Capital			
Rural Health Multidisciplinary Training Program		1,800	-
Total Capital		1,800	-
Total Other Australian Government financial assistance		13,358	9,485
Total Australian Government financial assistance		187,113	187,779

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

5. State and Local Government financial assistance

	2022 \$'000	2021 \$'000
Non - capital		
Department of Education and Training Western Australia	720	860
Department of Health Western Australia	415	744
Department of Jobs, Tourism, Science and Innovation Western Australia	347	420
Total State and Local Government financial assistance	1,482	2,024

6. Fees and charges

Course fees and charges

Fee-paying overseas students	7,388	4,772
Continuing education	280	585
Fee-paying domestic postgraduate students	5,306	4,436
Fee-paying domestic undergraduate students	4,643	4,029
Fee-paying domestic non-award students	994	859
Total course fees and charges	18,611	14,681

Other non-course fees and charges

Rental charges	386	347
Student accommodation	636	812
Other fees and charges	319	369
Total other fees and charges	1,341	1,528

Total fees and charges	19,952	16,209
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7. Consultancy and contracts

Contract research	77	15
Total consultancy and contracts	77	15

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

8. Other revenue and income

	2022 \$'000	2021 \$'000
Other revenue		
Donations and bequests	789	697
Scholarships and prizes	921	821
Cost recoveries	1,854	1,781
Non-government grants	1,818	891
Field trips	187	232
Total other revenue	5,569	4,422
Other income		
Other income	886	594
Total other income	886	594
Total other revenue and income	6,455	5,016

9. Revenue and Income from continuing operations

Basis for disaggregation

The University has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Sources of funding

The University receives funds from the Australian Government as well as State and Local Government to assist with education programs across a wide range of disciplines, and at different education qualification levels. Apart from the funds received from Government, the University also receives funds and fees from private organisations or individuals.

Revenue and income streams

- i. Education: the University receives revenue from domestic and overseas students enrolled in a variety of programs for different qualification levels (from certificates to doctoral degrees). Whilst the number of domestic students is affected by national economic factors such as interest rates or unemployment, overseas students are impacted by changes in immigration policies.
- ii. Research: the University performs research activities in different fields such as, but not limited to, health, education, or science. The University enters into many different types of research agreements with different counterparties, such as with private sector customers and Government agencies that award research grants.
- iii. Non-course fees and charges: these correspond to the complementary services provided by the University such as rental income.

(a) Disaggregation

The University derives revenue and income from:

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

9. Revenue and Income from continuing operations (continued)

Revenue and income streams	Higher Education Loan Program ("HELP") \$'000	Student fees \$'000	Australian Government financial assistance \$'000	Sources of Funding				Others \$'000	2022	
				State and Local Government financial assistance \$'000	Commercial arrangements \$'000	Donations and bequests \$'000			Total Revenue from contracts with customers \$'000	Total Income of not-for-profit entities \$'000
Course fees and charges										
Domestic students undergraduate	49,045	4,643	98,135	-	-	-	-	-	151,823	-
Onshore overseas students undergraduate	-	7,388	-	-	-	-	-	-	7,388	-
Domestic students postgraduate	24,260	5,306	-	-	-	-	-	-	29,566	-
Continuing education and executive programs	-	1,274	-	-	-	-	-	-	1,274	-
Total course fees and charges	73,305	18,611	98,135	-	-	-	-	-	190,051	-
Research										
Research goods and services [AASB15]	-	-	11,690	1,482	77	-	-	1,818	15,067	-
Research income [AASB1058]	-	-	3,983	-	-	-	-	-	-	3,983
Total research	-	-	15,673	1,482	77	-	-	1,818	15,067	3,983
Non-course fees and charges										
Student accommodation	-	-	-	-	636	-	-	-	636	-
Use of facilities charges	-	-	-	-	386	-	-	-	386	-
Commercial sales (e.g. sale of books and publications)	-	-	-	-	2,041	-	-	-	2,041	-
Other	-	-	-	-	319	-	-	-	319	-
Total non-course fees and charges	-	-	-	-	3,382	-	-	-	3,382	-
Other										
Other [AASB15]	-	-	-	-	-	1,615	-	-	1,615	-
Other [AASB1058]	-	-	-	-	-	95	886	-	-	981
Total other	-	-	-	-	-	1,710	886	-	1,615	981
Total revenue from contracts with customers	73,305	18,611	109,825	1,482	3,459	1,615	1,818	-	210,115	-
Total income of not-for-profit	-	-	3,983	-	-	95	886	-	-	4,964

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Revenue and Income from continuing operations (continued)

Revenue and income streams	Higher Education Loan Program ("HELP") \$'000	Student fees \$'000	Australian Government financial assistance \$'000	Sources of Funding State and Local Government financial assistance \$'000	Commercial arrangements \$'000	Donations and bequests \$'000	Others \$'000	2021	
								Total Revenue from contracts with customers \$'000	Total Income of not-for-profit entities \$'000
Course fees and charges									
Domestic students undergraduate	53,952	4,029	98,469	-	-	-	-	156,450	-
Onshore overseas students undergraduate	-	4,772	-	-	-	-	-	4,772	-
Domestic students postgraduate	23,113	4,436	-	-	-	-	-	27,549	-
Continuing education and executive programs	-	1,444	-	-	-	-	-	1,444	-
Total course fees and charges	77,065	14,681	98,469	-	-	-	-	190,215	-
Research									
Research goods and services [AASB15]	-	-	9,743	2,024	15	-	891	12,673	-
Research income [AASB1058]	-	-	2,502	-	-	-	-	-	2,502
Total research	-	-	12,245	2,024	15	-	891	12,673	2,502
Non-course fees and charges									
Student accommodation	-	-	-	-	812	-	-	812	-
Use of facilities charges	-	-	-	-	347	-	-	347	-
Commercial sales (e.g. sale of books and publications)	-	-	-	-	2,013	-	-	2,013	-
Other	-	-	-	-	369	-	-	369	-
Total non-course fees and charges	-	-	-	-	3,541	-	-	3,541	-
Other									
Other [AASB15]	-	-	-	-	-	1,479	-	1,479	-
Other [AASB1058]	-	-	-	-	-	39	594	-	633
Total other	-	-	-	-	-	1,518	594	1,479	633
Total revenue from contracts with customers	77,065	14,681	108,212	2,024	3,556	1,479	891	207,908	-
Total income of not-for-profit	-	-	2,502	-	-	39	594	-	3,135

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

9. Revenue and Income from continuing operations (continued)

(b) Accounting policies and significant accounting judgements and estimates

Under the new income recognition model applicable to not-for-profit entities, the University shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the University applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the University shall consider whether AASB1058 applies.

• **Course fees and charges**

The revenue from course fees and charges relates to undergraduate, postgraduate and professional degree programs, as well as continuing education and executive programs.

The revenue is recognised over time as and when the course is delivered to students over the semester.

When the course fees and charges have been paid in advance by students or the University has received the government funding in advance (e.g. before starting the academic period), the University recognises a contract liability until the services are delivered.

• **Research**

Each grant agreement is assessed as to whether it is an enforceable arrangement and contains sufficiently specific promises to transfer outputs from the research to the customer (or at the direction of the customer).

The University has concluded that some research agreements represent a contract with a customer whereas other research grants are recognised as income when the University obtains control of the research funds.

Contract revenue is recognised over time when the service is provided over the period and at a point in time when the promise is delivered.

(c) Unsatisfied performance obligations

Remaining performance obligations represent services the University has promised to provide to customers under agreements which are satisfied as the goods or services are provided over the contract term. Refer to Note 17 for more information.

The University is taking advantage of the practical expedient permitted under AASB 15 which states that performance obligations expected to be satisfied within one year are not required to be disclosed.

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Reconciliation of revenue and income

The following table reconciles the amounts disclosed in notes 4 to 8 which contain the mandatory disclosures required by the department and the disclosures provided in note 9 as per AASB15 and AASB1058:

	Note	2022 \$'000	2021 \$'000
Total Australian Government financial assistance including Australian Government loan programs (HELP)	4	187,113	187,779
Total State and Local Government financial assistance	5	1,482	2,024
Total Fees and charges	6	19,952	16,209
Total Consultancy and contract fees	7	77	15
Total Other revenue and income	8	6,455	5,016
Total		215,079	211,043
Total Revenue from contracts with customers as per AASB15	9	210,115	207,908
Total Income of not-for-profit as per AASB1058	9	4,964	3,135
Total		215,079	211,043

11. Employee related expenses

Academic

Salaries	58,252	58,120
Contributions to superannuation and pension schemes	8,493	7,580
Payroll tax	3,922	3,787
Worker's compensation	278	232
Long service leave expense	966	1,309
Annual leave	5,081	3,990
Other	217	406
Total academic	77,209	75,424

Non-academic

Salaries	41,996	37,471
Contributions to superannuation and pension schemes	5,804	4,695
Payroll tax	2,714	2,463
Worker's compensation	241	261
Long service leave expense	407	477
Annual leave	4,062	2,930
Other	545	750
Total non-academic	55,769	49,047
Total employee benefits and on-costs	132,978	124,471

In 2022 one-off redundancy costs of \$1,300,300 (2021: \$5,150,000) were paid from a provision made in 2020. As at 31 December 2022, no provision is required. The redundancies arose from the change to the University's structure.

Accounting Policy

Contributions to the defined contribution section of the University's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Other expenses

	2022 \$'000	2021 \$'000
Scholarships, grants & prizes	5,016	6,931
Non-capitalised equipment	865	2,115
Advertising, marketing & promotional expenses	4,270	3,066
Audit fees, bank charges, legal costs & insurance expenses	5,847	5,707
Rental, hire & other leasing fees	609	326
Travel & related staff development	2,231	819
Cleaning	1,432	1,271
Electricity & water	1,361	1,427
General buildings & grounds maintenance	2,902	2,133
Student placement, practicum & external lecturing	9,867	12,604
Library expenses	4,140	3,128
Information technology	5,889	5,228
Research	3,564	2,297
Student support	4,194	4,190
Loss on sale of investments	367	-
Other expenses	5,732	4,997
Total other expenses	58,286	56,239

13. Cash and cash equivalents

Cash and cash equivalents	40,329	46,172
Specific purpose cash and cash equivalents	22,200	21,702
Total cash and cash equivalents	62,529	67,874

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call or with a maturity of 180 days or less with financial institutions, including Catholic Church Development Funds, other short-term deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Specific purpose cash and cash equivalents represents any grant funding or gifts received that are held for a specific purpose. The facilities that these funds are held in are not restricted.

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, Catholic Church Development Funds, cash equivalent assets and specific purpose cash and cash equivalents. Interest on cash assets is recognised as income as it accrues, or when grant income is recognised in relation to cash from grants.

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

14. Trade and other receivables

	2022 \$'000	2021 \$'000
Current		
Trade receivables	2,109	2,296
Less: provision for impaired receivables	(764)	(947)
Total Trade receivables	1,345	1,349
Other receivables	4,568	4,394
Total other receivables	4,568	4,394
Total current receivables	5,913	5,743

Trade receivables are non-interest bearing and are generally on terms of 30 days for non-fee debtors and 14 days for fee debtors. A provision for impairment loss is recognised when there is objective evidence that an individual receivable account is impaired. These amounts have been included in the bad and doubtful debt expenses net of recoveries. No individual amount within the impairment allowance is material.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

At 1 January	(947)	(343)
Provision for expected credit losses	(20)	(604)
Amounts written off	203	-
At 31 December	(764)	(947)

(a) Related party receivables

There are no related party transactions undertaken by the University.

(b) Foreign Exchange and interest rate risk

Information concerning foreign exchange and interest rate risk of current receivables is set out in the Financial Risk Management note 26. All current receivables of the University are shown in Australian dollars.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The University does not hold any collateral as security, nor is it the University's policy to transfer (on-sell) receivables to special purpose entities. Refer to note 26 for more information on the risk management policy of the University.

Accounting Policy

Trade receivables are recognised initially at the amount of the contracted tuition fees or sales proceeds. Trade receivables are recognised and carried at original invoice amount less a provision for uncollectible debts. Provision for doubtful debts is recognised to the extent that the recovery of the outstanding receivables is considered less than likely. Bad debts are written off as incurred.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss.

The University applies a simplified approach in calculating expected credit losses ("ECLs") for trade receivables. Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The University of Notre Dame Australia

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Property, plant and equipment

	Construction in Progress \$'000	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Land \$'000	Leasehold Buildings \$'000	Plant & Equipment \$'000	Leasehold improvements \$'000	Library \$'000	Artwork \$'000	Right of use buildings \$'000	Right of use motor vehicles \$'000	Total \$'000
As at 1 January 2022												
Cost	628	-	99,934	25,246	81,792	21,584	9,723	13,531	546	2,627	382	255,993
Valuation	-	97,288	-	-	-	-	-	-	-	-	-	97,288
Accumulated depreciation	-	-	(31,418)	(2,847)	(31,511)	(16,165)	(5,408)	(10,532)	-	(810)	(300)	(98,991)
Net book amount	628	97,288	68,516	22,399	50,281	5,419	4,315	2,999	546	1,817	82	254,290
Year ended 31 December 2022												
Opening net book amount	628	97,288	68,516	22,399	50,281	5,419	4,315	2,999	546	1,817	82	254,290
Additions	5,350	215	1,247	-	-	745	-	526	4	20	1,770	9,877
Transfers	(3,093)	-	1,843	-	-	1,250	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	(39)	(39)
Depreciation and amortisation	-	-	(2,300)	(184)	(3,085)	(1,525)	(555)	(702)	-	(536)	(350)	(9,237)
Closing net book amount	2,885	97,503	69,306	22,215	47,196	5,889	3,760	2,823	550	1,301	1,463	254,891
As at 31 December 2022												
Cost	2,885	-	103,024	25,247	81,792	23,580	9,723	14,056	550	2,590	1,952	265,399
Valuation	-	97,503	-	-	-	-	-	-	-	-	-	97,503
Accumulated depreciation	-	-	(33,717)	(3,032)	(34,596)	(17,691)	(5,963)	(11,233)	-	(1,290)	(489)	(108,011)
Net book amount	2,885	97,503	69,307	22,215	47,196	5,889	3,760	2,823	550	1,300	1,463	254,891

Notes to the Financial Statements
For the Year Ended 31 December 2022

15. Property, plant and equipment (continued)

	Construction in Progress \$'000	Freehold Land \$'000	Freehold Buildings \$'000	Leasehold Land \$'000	Leasehold Buildings \$'000	Plant & Equipment \$'000	Leasehold improvements \$'000	Library \$'000	Artwork \$'000	Right of use buildings \$'000	Right of use motor vehicles \$'000	Total \$'000
As at 1 January 2021												
Cost	2,897	-	99,011	25,246	81,468	20,620	8,706	12,911	546	9,059	434	260,898
Valuation	-	90,678	-	-	-	-	-	-	-	-	-	90,678
Accumulated depreciation	-	-	(28,398)	(2,677)	(29,224)	(14,996)	(5,536)	(9,907)	-	(3,239)	(305)	(94,282)
Net book amount Year ended 31 December 2021	2,897	90,678	70,613	22,569	52,244	5,624	3,170	3,004	546	5,820	129	257,294
Opening net book amount	2,897	90,678	70,613	22,569	52,244	5,624	3,170	3,004	546	5,820	129	257,294
Additions	1,391					537		620		995	73	3,616
Transfers	(3,660)		923		324	455	1,958					-
Disposals						(13)	(148)			(3,890)		(4,051)
Revaluation		6,610										6,610
Depreciation and amortisation			(3,020)	(170)	(2,287)	(1,184)	(665)	(625)		(1,108)	(120)	(9,179)
Closing net book amount As at 31 December 2021	628	97,288	68,516	22,399	50,281	5,419	4,315	2,999	546	1,817	82	254,290
Cost	628		99,934	25,246	81,792	21,584	9,723	13,531	546	2,627	382	255,993
Valuation		97,288										97,288
Accumulated depreciation	-	-	(31,418)	(2,847)	(31,511)	(16,165)	(5,408)	(10,532)	-	(810)	(300)	(98,991)
Net book amount	628	97,288	68,516	22,399	50,281	5,419	4,315	2,999	546	1,817	82	254,290

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

15. Property, plant and equipment (continued)

- (a) All freehold land was comprehensively valued by an independent, third-party property valuer as at 31 December 2021. As at 31 December 2022, a desktop valuation of freehold land was conducted by an external valuer as follows (except for a property in Kununnurra that was acquired in 2022):

Location	Basis of valuation	Valuation \$
Fremantle Campus	Market evidence and assumption of continued use and occupancy	55,198,000
Broome Campus	Market evidence and assumption of continued use and occupancy	240,000
New South Wales	Current information and market fundamentals	41,850,000
Kununnurra	Market value	214,000

- (b) All Fremantle properties are owned either directly by the University or by the Roman Catholic Archbishop of Perth (on a 99 year lease to the University).
- (c) The Broome Campus land and certain buildings are leased to the University by The Roman Catholic Diocese of Broome. The lease was renewed with effect from 1 January 2016 for ten years with an option to renew for a further five years.
- (d) The University purchased 112-126 Broadway, Chippendale and 128-140 Broadway, Chippendale with the titles vested in The Trustees of the Roman Catholic Church for the Archdiocese of Sydney ('Archdiocese Trustees') as bare trustee for the University pursuant to declarations of trust. Pursuant to those declarations of trust the University is the beneficial owner of those properties and can at any time require the Archdiocese Trustees to transfer legal title to the properties to the University. The properties at 104 Broadway, Chippendale, 1 Grafton Street, Chippendale and 160 Oxford Street, Darlinghurst are owned by and registered in the name of the Archdiocese Trustees and are leased to the University pursuant to long term leases of 50 years each – expiring on 12 December 2054, 27 July 2058 and 14 December 2055 respectively. The University has a 50 year Option to Renew under each of the Leases which, if exercised by the University, will give the University tenure in the properties until 12 December 2104, 27 July 2108 and 14 December 2105 respectively. Each of the Leases also state that it is expected that a further 50 year arrangement will be negotiated in good faith between the Archdiocese Trustees and the University following the expiration of the second 50 year term.
- (e) Assets pledged as security: Refer to note 18(a) for information on non-current assets pledged as security.
- (f) Artwork is carried at the lower of cost and net realisable value and is not depreciated.
- (g) Right-of-use assets buildings are leased for various lease terms ranging from 2 years to 35 years. It has been assumed that any options to extend will be exercised. There is an annual rent review for each property based on Consumer Price Index increases.

Accounting Policy

Property, plant and equipment is initially recognised at cost. Where an asset is acquired at no cost or for a nominal cost, the cost recorded is the fair value of the asset at the acquisition date.

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

Freehold land is shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers. In the years when there is no external independent valuation, fair value is based on a Directors' valuation. Leasehold land, buildings and other property, plant and equipment are carried at historical cost less depreciation or amortisation and any accumulated impairment losses.

Increases in the carrying amounts arising on revaluation of freehold land are credited to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same class of asset are also first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of profit or loss. Leasehold buildings and improvements are capitalised and amortised over the remaining terms of the lease or the useful lives of the improvements (whichever is the shorter) using the straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2022

15. Property, plant and equipment (continued)

Accounting Policy (continued)

Property, plant and equipment other than freehold land and artwork are depreciated at rates using the straight-line method based on their anticipated economic life using principally as follows:

Asset	Life
Buildings	40 years
Computer Equipment	4-5 years
Furniture, Fixtures and Fittings	5-30 years
Leasehold Land	99-150 years
Library Collections	10 years
Motor Vehicles	5 years
Right-of-use assets	2-35 years

Amounts included as construction in progress are not yet available for use as intended by the University. Once completed, the amounts will be transferred to the appropriate asset class and depreciation or amortisation will commence.

Finance leases are capitalised at the present value of the minimum lease payments and disclosed as assets under lease. A lease liability of equal value is also recognised. Capitalised leased assets are expensed on a straight-line basis over the period of the lease. Minimum lease payments are allocated between the interest expense and a reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged in the period in which they are incurred.

At inception of a contract, the University assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to the University to control the use of an identified asset for a period of time in exchange for consideration. The University recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied. A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability. A right-of-use asset associated with land and buildings is subsequently measured at fair value.

The University has a small number of concessionary (or peppercorn) leases. The University is applying the relief available in 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* and is continuing to measure peppercorn leases at cost rather than fair value. The peppercorn leases are for rural clinical school properties with minimal lease payments on condition that the University continues to operate the properties as medical schools. The lease terms range from 2 years to 35 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is University policy to transfer the amounts included in other reserves in respect of those assets to retained earnings on the statement of financial position.

Impairment

Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

Critical accounting estimates

(i) Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience and lease terms (for leased assets). In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

(ii) Determination of the fair value of land

The fair value of land is based upon periodic, but at least triennial valuations, conducted by external independent valuers.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

15. Property, plant and equipment (continued)

(iii) Impairment of property, plant and equipment and intangible assets

The University determines whether property, plant and equipment and intangibles are impaired by reviewing the assets at least annually. This requires an estimation of the recoverable amount of property, plant and equipment and intangible assets.

(iv) Leases

Leases are classified at their inception based on the economic substance of the agreement.

16. Intangible assets

	Intangibles Construction in Progress \$'000	Software & website \$'000	Total \$'000
As at 1 January 2022			
Cost	637	11,687	12,324
Accumulated amortisation and impairment	-	(5,405)	(5,405)
Net book amount	637	6,282	6,919
Year ended 31 December 2022			
Opening net book amount	637	6,282	6,919
Additions	3,812	-	3,812
Transfers	(1,548)	1,548	-
Amortisation	-	(1,261)	(1,261)
Closing net book amount	2,901	6,569	9,470
As at 31 December 2022			
Cost	2,901	13,235	16,136
Accumulated amortisation and impairment	-	(6,666)	(6,666)
Net book amount	2,901	6,569	9,470
As at 1 January 2021			
Cost	785	11,145	11,930
Accumulated amortisation and impairment	-	(4,301)	(4,301)
Net book amount	785	6,844	7,629
Year ended 31 December 2021			
Opening net book amount	785	6,844	7,629
Additions	834	-	834
Transfers	(813)	813	-
De-recognition Cost (SaaS)	(531)	(270)	(801)
Amortisation	-	(1,186)	(1,186)
De-recognition Amortisation (SaaS)	-	81	81
Closing net book amount	275	6,282	6,557
As at 31 December 2021			
Cost	637	11,687	12,324
Accumulated amortisation and impairment	-	(5,405)	(5,405)
Net book amount	637	6,282	6,919

Accounting Policy

University-owned software and website costs

University-owned software is capitalised only when the amounts are greater than the University's capitalisation threshold and they satisfy the conditions for capitalisation. University-owned software is recognised at cost and amortised over the useful life of 4 to 10 years.

Website costs which satisfy the conditions for capitalisation are amortised over the useful life of 10 years.

Notes to the Financial Statements

For the Year Ended 31 December 2022

16. Intangible assets (continued)

Accounting Policy (continued)

Software-as-a-Service

Software-as-a-Service (SaaS) arrangements are arrangements in which the University does not control the underlying software used in the arrangement.

Where costs incurred to acquire, configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the University has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are capitalised as a prepayment and are recognised as expenses over the duration of the SaaS contract.

For the year ended 31 December 2022, no costs incurred in relation to SaaS arrangements were recognised as intangible assets.

17. Trade and other payables

	Note	2022 \$'000	2021 \$'000
Trade payables		828	1,652
Other payables		22,545	27,893
OS-HELP liability to Australian Government	28(f)	5	200
		<u>23,378</u>	<u>29,745</u>
Contract liabilities			
Australian Government unspent grants		7,831	10,558
Tuition fees in advance		3,015	3,925
		<u>10,846</u>	<u>14,483</u>
Total current trade & other payables		<u>34,224</u>	<u>44,228</u>

(a) Trade payables

Trade payables are non-interest bearing and are normally settled within 30 day terms.

(b) Other payables

Other payables are non-interest bearing estimates of un-invoiced payables, which are normally settled 30 days from the invoice date. It also includes employment costs such as wages, superannuation contributions, payroll tax and PAYG tax. Wages are paid fortnightly and all other employment cost accruals are remitted in accordance with the statutory payment terms.

(c) OS-HELP liability

OS-HELP liability to the Australian Government represents money received from the Australian Government under OS-HELP that is yet to be disbursed as loans to students.

(d) Australian Government unspent grants

These unsatisfied performance obligations are expected to be satisfied within the following periods:

	Within 1 year \$'000	From 1 to 5 years \$'000	After 5 years \$'000	Total \$'000
Australian Government unspent financial assistance	5,998	1,833	-	7,831

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

17. Trade and other payables (continued)

(e) Effective interest rate and credit risk

Information concerning the effective interest rate risk of current trade and other payables is set out in the Financial Risk Management note 26.

Accounting Policy

These amounts represent liabilities for goods and services provided to the University prior to the end of the financial year, which are unpaid. The amounts are unsecured.

18. Borrowings

	2022 \$'000	2021 \$'000
Current		
Other loans	602	1,231
Low interest loans	1,619	1,658
Finance lease liability	927	634
Total current secured interest bearing liabilities	3,148	3,523
Non-current		
Other loans	68,472	69,677
Low interest loans	7,207	8,778
Deferred interest subsidy on low interest loans	85	133
Finance lease liability	1,974	1,336
Total non-current secured interest bearing liabilities	77,738	79,924
Total interest bearing liabilities	80,886	83,447

(a) Assets pledged as security

Included in the balances of freehold land and buildings are assets over which first and second mortgages have been granted as security over loans. The terms of the mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first and second mortgage holders. The mortgages also require that the buildings that form part of the security be fully insured at all times.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022 \$'000	2021 \$'000
Current		
<i>Floating charge</i>		
Freehold land	2,110	2,110
Freehold building	165	180
Total assets pledged as security (current)	2,275	2,290
Non-current		
<i>Floating charge</i>		
Freehold land	87,400	87,400
Freehold building	37,998	38,599
Total assets pledged as security (non-current)	125,398	125,999
Total assets pledged as security	127,673	128,289

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

18. Borrowings (continued)

(b) Financing arrangements

The University has access to the following financing arrangements with a number of financial institutions:

	2022 \$'000	2021 \$'000
Credit standby arrangements		
Total Facilities		
Unrestricted facilities		
Bank Overdraft Facility (i)	-	2,000
Variable Loan Facility (ii) & (iii)	32,000	32,000
Restricted facilities		
Capital Expenditure Loan Facility (ii) & (iii)	68,475	70,132
Capital Expenditure Loan Facility (iv)	25,000	25,000
Minister of Education (v)	599	775
	<u>126,074</u>	<u>129,907</u>
Used at reporting date		
Unrestricted facilities		
Bank Overdraft Facility (i)	-	-
Variable Loan Facility (ii) & (iii)	-	-
Restricted facilities		
Capital Expenditure Loan Facility (ii) & (iii)	68,475	70,132
Capital Expenditure Loan Facility (iv)	8,911	10,570
Minister of Education (v)	599	775
	<u>77,985</u>	<u>81,477</u>
Unused at reporting date		
Unrestricted facilities		
Bank Overdraft Facility (i)	-	2,000
Variable Loan Facility (ii) & (iii)	32,000	32,000
Restricted facilities		
Capital Expenditure Loan Facility (ii) & (iii)	-	-
Capital Expenditure Loan Facility (iv)	16,089	14,430
Minister of Education (v)	-	-
	<u>48,089</u>	<u>48,430</u>

Restricted facilities are used for the purchase and development of University properties.

The University's unused facilities includes two loan facilities (\$32 million) (2021:three loan facilities (\$34m)) available for drawdown at short notice.

Notes to the Financial Statements

For the Year Ended 31 December 2022

18. Borrowings (continued)

(b) Financing arrangements (continued)

	Provider	Description	Interest rate	Terms	Maturity
(i)	Archdiocesan Development Fund Catholic Archdiocese of Brisbane	Long-term secured loans	Loans drawn before 2017: 4.95% Loans drawn in 2017 and after: BBSY plus a margin of 1.90% (5.01%)	Secured by charges over freehold land and buildings on the Fremantle campus	Drawdown loans mature at various times up to October 2037; undrawn facilities available until August 2025 and 3 years from drawdown respectively
(ii)	Catholic Development Fund Archdiocese of Sydney	Long-term secured loans	At 31 December 2022 BBSY plus margins of 1.70% & 2.00% (4.88% - 5.19%).	Secured by Trust Deed or charges over freehold land and buildings on the Sydney campus	Drawdown loans mature at various times up to 2042; undrawn facility available until January 2027
(iii)	Western Australian State Government	Low interest loans	1.50% - 4.00%	Secured by charges over freehold land and buildings on the Fremantle campus	Loans mature at various times up to May 2033
(iv)	Western Australian Treasury Corporation	Secured loan	6.20%	Fixed rate for term of the loan (15 years)	Matures Dec 2027

- (v) Interest rate exposures - Details of the University's exposure to interest rate charges on interest bearing liabilities are set out in the Financial Risk Management note 26.
- (vi) Fair value disclosures - Details of fair value of interest bearing liabilities are set out in the Financial Risk Management note 26.
- (vii) Loan default and breaches - During the current and prior years, there were no defaults and breaches of any of the loans.

(c) Reconciliation of liabilities arising from financing activities

	2021 \$'000	Financing cash flows (i) \$'000	Non-cash changes - fair value of adjustments \$'000	2022 \$'000
Borrowings	81,477	(3,492)	-	77,985
Interest rate swap	218	-	(218)	-
Lease liabilities	1,970	(712)	1,643	2,901
Total	83,665	(4,204)	1,425	80,886

- (i) The cash flows from loans make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

18. Borrowings (continued)

(d) The University as lessee

Amounts recognised in the income statement

	2022 \$'000	2021 \$'000
Interest on lease liabilities	112	162
Variable lease payments not included in the measurement of leases	439	488
Expenses relating to short-term leases	3	62
Expenses relating to leases of other low-value assets	40	49
	594	761

Maturity analysis – undiscounted contractual cash flows

Less than one year	927	634
One to five years	1,636	997
More than 5 years	338	339
Total undiscounted contractual cash flows	2,901	1,970

Lease liabilities recognised in the statement of financial position

Current	927	634
Non-current	1,974	1,336

Amounts recognised in the statement of cash flows

Total cash outflow for leases	1,193	1,942
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Accounting Policy

All loans and borrowings are initially recognised at fair value of consideration received, net of transaction costs incurred.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

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 and does not expect to settle the liability for at least 12 months after the reporting date.

Gains and losses are recognised in the statement of profit or loss when the liabilities are de-recognised.

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used.

For a contract that contains a lease component and one or more additional lease or non-lease components, the University allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the income statement. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

18. Borrowings (continued)

Accounting Policy (continued)

Right-of-use assets are presented within property, plant and equipment in note 15 and lease liabilities are presented as borrowings above.

The University has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets (where the value of the leased asset when new is \$5,000 or less). The University recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

19. Provisions

	2022 \$'000	2021 \$'000
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	8,348	6,415
Long service leave	1,270	1,317
Other	-	3,673
Subtotal	9,618	11,405
Current provisions expected to be settled after more than 12 months		
Employee benefits		
Annual leave	1,294	1,975
Long service leave	8,789	9,116
Subtotal	10,083	11,091
Total current provisions	19,701	22,496
Non-current provisions		
Employee benefits		
Long service leave	1,358	1,561
Total non-current provisions	1,358	1,561
Total provisions	21,059	24,057

	Annual Leave \$'000	Long Service Leave \$'000	Other \$'000	Total \$'000
Opening balance at 1 January 2022	8,390	11,994	3,673	24,057
Less: Leave paid during the year	(7,940)	(1,901)	-	(9,841)
Less: Redundancies paid out	-	-	(1,300)	(1,300)
Less: Redundancy provision written back	-	-	(2,373)	(2,373)
Add: Expense recognised	9,192	1,324	-	10,516
Carrying amount at 31 December 2022	9,642	11,417	-	21,059

Included in Other provisions for employee benefits is \$nil (2021: \$3,673,000) in relation to redundancy payments to which the University is committed as at 31 December 2022, as the restructure is now complete.

Accounting Policy

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as wages and salaries, redundancies, annual leave, long service leave and workers compensation.

Liabilities arising in respect of wages and salaries, redundancies, provision for annual leave and the current portion of long service leave and worker's compensation provisions are measured at their nominal amounts. Non-current portions of employee benefit liabilities are measured at the present value of estimated future cash flows.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

19. Provisions (continued)

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

Employee Benefits (post-employment benefits)

No provision has been made for any post-employment benefits for University members of the UniSuper Defined Benefit Pension Plan. The UniSuper Defined Benefit Division is a benefit plan under superannuation law but, as a result of amendments to Clause 34 of the UniSuper Trust Deed in 2006 is a defined contribution fund under Accounting Standard AASB 119. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Critical accounting estimates

Long service leave provision

Long service leave liability is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the Australian corporate bond rates published by an internationally acknowledged agency and inflated using the CPI rate.

20. Reserves and retained earnings

	2022 \$'000	2021 \$'000
(a) Reserves		
Asset revaluation reserve (i)	34,637	34,637
Scholarship reserve (ii)	1,196	1,196
Total reserves	35,833	35,833
 Movements		
(i) Asset revaluation reserve		
Balance at 1 January	34,637	28,027
Revaluation of freehold land	-	6,610
Balance at 31 December	34,637	34,637
 (ii) Scholarship reserve		
Balance at 1 January	1,196	1,244
Transfer (to)/from retained earnings	(34)	(48)
Balance at 31 December	1,162	1,196
Total reserves	35,799	35,833
 (b) Movements in retained earnings		
Balance at 1 January	154,188	133,918
Net operating result for the year	13,205	20,222
Transfers (to)/from reserves	34	48
Retained earnings at 31 December	167,427	154,188

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

20. Reserves and retained earnings (continued)

(c) Nature and purpose of reserves

i. Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of freehold land, as described in note 15.

ii. Scholarship reserve

The scholarship reserve is used to record the value of the perpetual scholarships granted to the University and issued to students.

21. Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of The University of Notre Dame Australia during the financial year:

(i) Directors

Mr Adrian Arundell
Mr Francis Campbell
Honourable Christopher Ellison
Mr Jack de Groot
Mr Richard Haddock
Ms Hilary Johnston-Croke
Mr Michael L'Estrange AO
Mr Andrew Whitechurch
Ms Louise McCann
Mr John Prendiville

Appointed 01 January 2022
Granted six months leave of absence

(ii) Trustees

Professor Francis Campbell
Sr Annette Cunliffe
Ms Rebecca Davies
Mr Michael Digges
Honourable Christopher Ellison
Mr Tony Howarth
Rev. John I. Jenkins, C.S.C.
Mr Michael L'Estrange AO
Honourable Justice Robert Mazza
Ms Anne Pitos
Mr Peter Prendiville
The Most Reverend Richard Umbers

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

21. Key management personnel disclosures (continued)

(b) Other key management personnel

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

Current executives

Professor Francis Campbell	Vice Chancellor
Ms Robyn Adams	University Secretary
Mr Mike Conry	DVC, Finance and Chief Operating Officer
Mr Charbel Haddad	Chief of Staff & Principal Legal Counsel
Ms Jane Street	PVC, People & Culture
Professor Elizabeth Labone	DVC, Learning & Teaching (from 1 May 2022)
Professor Michelle Campbell	DVC, International & Partnerships (from 1 May 2022)
Mr Aron Murphy	PVC, Research (from 1 May 2022)

Former executives

Professor Pauline Nugent	Provost	Resigned 29 April 2022
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All of the above persons were also key management persons during the year ended 31 December 2022.

(c) Remuneration of Trustees, Board of Directors (Executive and Non-Executive) and key management personnel

The disclosures reflect remuneration for the time periods Executive and Non-Executive board members were employed in the categories below and are disclosed on an accruals basis.

Remuneration of Trustees

During 2021 and 2022, there were no payments made to the University's Trustees.

Notes to the Financial Statements

For the Year Ended 31 December 2022

21. Key management personnel disclosures (continued)

(c) Remuneration of Trustees, Board of Directors (Executive and Non-Executive) and key management personnel (continued)

Remuneration of Board of Directors

Executive Board Members

The number of Board Members whose salaries, superannuation and other benefits for the financial year that fall within the following bands, were:

	2022	2021
\$720,000 to \$729,999	1	1

Non-Executive Board Members

The number of Board Members who were remunerated either by way of gratuities honorarium or payment for services, for the financial year that fall within the following bands, were:

	2022	2021
\$10,000 to \$19,999	1	-
\$20,000 to \$29,999	5	6
\$30,000 to \$39,999	2	2
\$40,000 to \$49,999	1	1

Remuneration of Executive Officers

The number of Executive Officers, other than those reported as Board Members, whose salaries, superannuation and other benefits for the financial year that fall within the following bands, were:

	2022	2021
\$260,000 to \$269,999	2	1
\$280,000 to \$289,999	-	-
\$310,000 to \$319,999	1	-
\$340,000 to \$349,999	-	1
\$350,000 to \$359,999	-	1
\$360,000 to \$369,999	-	1
\$400,000 to \$409,999	-	1
\$420,000 to \$429,999	1	-
\$460,000 to \$469,999	1	-
\$490,000 to \$499,999	-	1
\$510,000 to \$519,999	1	-
\$550,000 to \$559,999	1	-
\$570,000 to \$579,999	1	-
\$620,000 to \$629,999	-	1
\$640,000 to \$649,999	-	1

Included in the above are one-off redundancy payments.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

(d) Key management personnel compensation

	2022	2021
	\$'000	\$'000
Short-term employee benefits	3,996	4,117
Post-employment benefits	383	358
Total key management personnel compensation	4,379	4,475

22. Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the University, its related practices and non-related audit firms:

KPMG Audit services - financial statements - current year	137	124
KPMG Audit services - financial statements - prior year	14	20
KPMG Audit services - grant acquittals	24	17
KPMG Audit services - grant acquittals- prior year	-	-
KPMG Non-audit services	82	367
Total value of services received	257	528

Non-audit services provided in the period include provision of an asset management services, risk facilitation services and financial statement preparation software. KPMG was selected to deliver the services, following a number of alternate providers, as they were best placed to provide the resources with the necessary skills in the required timeframe.

23. Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities are:

Building works

Payable

No later than one year	4,941	2,934
Total	4,941	2,934

Intangibles

Payable

No later than one year	2,413	300
Total	2,413	300

24. Events occurring after the reporting date

There has not arisen in the period between the end of the financial year and the date of this report any circumstance or matter that in the opinion of the Directors has or may significantly affect the operations of the University, the results of those operations or the University's state of affairs in future years.

The University of Notre Dame Australia

Notes to the Financial Statements

For the Year Ended 31 December 2022

25. Reconciliation of operating result to net cash flows from operating activities

	2022	2021
	\$'000	\$'000
Operating result for the year	13,205	20,222
Depreciation and amortisation charge	10,498	10,365
Net Fair value (gain)/loss on derivatives and investments	108	(253)
Net (gain)/loss on disposal of assets	(86)	(554)
Change in operating assets / liabilities		
Change in trade and other receivables	(170)	5,210
Change in inventories	7	2
Change in non-financial assets	144	(40)
Change in trade and other payables	(6,367)	9,736
Change in other liabilities	(3,637)	6,551
Change in provision for employee entitlements	(2,998)	(4,540)
Net cash provided by operating activities	10,704	46,699

26. Financial risk management

The University's principal financial instruments comprise receivables, payables, borrowings and overdrafts, cash, short-term deposits, derivatives and investments in equity securities. The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The University manages its exposure to key financial risks in accordance with the University's risk management policy. The objective of the policy is to support the delivery of the University's financial targets whilst protecting future financial security.

Risk management is carried out centrally by management under the guidance of the University's Board of Directors and the Audit and Risk Committee. Management identifies and evaluates the risk exposure of the University and raises issues of concern with the Audit and Risk Committee who provide guidance and oversight.

The University uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Market risk

i) Foreign exchange risk

The University's exposure to foreign exchange risk is minimal.

ii) Price risk

The University's exposure to commodity and equity securities price risk is minimal.

iii) Interest rate risk

The University's exposure to market interest rates relate primarily to the University's long-term debt obligations. The level of debt is disclosed in note 18.

At 31 December 2022, the University had the following mix of financial assets and financial liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2022	2021
	\$'000	\$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	62,529	67,874
Financial liabilities		
Borrowings (a)	(68,475)	(70,132)
Net financial liabilities	(5,946)	(2,258)

(a) The University's fixed rate loans have been excluded from the balance in the table above. See note 18 for further details regarding these loans.

Notes to the Financial Statements

For the Year Ended 31 December 2022

26. Financial risk management (continued)

The University's policy is to manage its finance costs using a mix of fixed and variable interest rates.

In 2012 the University introduced a policy of fixing the interest rate of 40% - 60% of its floating rate non-government debt, or as otherwise approved by the Board. The policy was amended by the Board in September 2021 to fix the interest rate of 50% - 75% of total debt. To manage this mix in a cost efficient manner, the University has entered into a derivative instrument in the form of five interest rate swaps, in which the University agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount (2022: \$35 million; 2021: \$35 million).

The interest payments pertaining to the swap will be net settled on a quarterly basis, based on the difference between the floating interest rate and the fixed interest rate. At 31 December 2022, after taking into account the effect of interest rate swaps, approximately 51% of the University's non-government debt are at a fixed rate of interest (2021: 49%). Approximately 57% of the University's total borrowings are at a fixed rate of interest (2021: 56%). This is made up of \$35 million interest rate swaps (2021: \$35 million) and fixed rate loans.

The University constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative funding (i.e. Government Grants) and the mix of fixed and variable rates.

The following table summarises the sensitivity of the University's financial assets and financial liabilities to interest rate risk as at 31 December 2022:

31 December 2022

Financial Assets

Cash and cash equivalents

Financial liabilities

Variable-rate borrowings

Cash flow sensitivity (net)

Carrying amount \$'000	Interest rate risk			
	-1%		+1%	
	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Cash and cash equivalents	(625)	(625)	625	625
	(625)	(625)	625	625
Variable-rate borrowings	685	685	(685)	(685)
	685	685	(685)	(685)
Cash flow sensitivity (net)	59	59	(59)	(59)

31 December 2021

Financial Assets

Cash and cash equivalents

Financial liabilities

Variable-rate borrowings

Cash flow sensitivity (net)

Carrying amount \$'000	Interest rate risk			
	-1%		+1%	
	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Cash and cash equivalents	(679)	(679)	679	679
	(679)	(679)	679	679
Variable-rate borrowings	701	701	(701)	(701)
	701	701	(701)	(701)
Cash flow sensitivity (net)	23	23	(23)	(23)

The movements in profit are due to higher/lower interest costs from variable debt and cash balances.

Notes to the Financial Statements

For the Year Ended 31 December 2022

26. Financial risk management (continued)

Credit risk

Credit risk arises from financial assets, comprised of cash and cash equivalents, trade and other receivables. The University's exposure to credit risk arises from the potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The University does not hold any credit derivatives to offset credit exposure.

The University offers a range of incentives with the aim of minimising the potential credit risk relating to student fees.

Risk limits are set for each individual student and these are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The University has no material expected credit losses.

Liquidity risk

Liquidity risk arises from the financial liabilities of the University and the University's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The University manages its liquidity risk through short-term and long-term budget forecasts together with short-term financing facilities of \$32 million (2021: \$34 million).

The table below reflects all principal repayments and interest resulting from recognised financial liabilities as at 31 December 2022. The undiscounted net cash flows for the respective coming fiscal years are presented. Cash flows for the liabilities with fixed amount or timing are based on the conditions existing at 31 December 2022.

The remaining contractual maturities of the University's financial liabilities are:

	2022 \$'000	2021 \$'000
Non derivative liability		
6 months or less	31,570	36,997
6-12 months	5,468	6,502
1-5 years	7,791	13,661
Over 5 years	68,864	70,515
	113,693	127,675
Cash flow relating to interest rate swap		
6 months or less	-	32
6-12 months	-	33
1-5 years	-	153
	-	218

Maturity analysis of financial assets and liabilities based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of the cash inflows and outflows. Trade payables and other financial principal repayments mainly originate from the financing of assets used in the University's ongoing operations, such as property, plant, equipment and investments in working capital (e.g. inventories and trade receivables). These assets are considered in the University's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the University has established comprehensive risk reporting that reflects expectations of the management of expected settlement of financial assets.

Notes to the Financial Statements

For the Year Ended 31 December 2022

26. Financial risk management (continued)

Liquidity risk (continued)

The following tables summarise the maturity of the University's financial assets and financial liabilities:

	< 6 months		6 - 12 months		1 - 5 years		5+ years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:										
Cash and cash equivalents	62,529	67,874	-	-	-	-	-	-	62,529	67,874
Trade and other receivables	5,913	5,743	-	-	-	-	-	-	5,913	5,743
Total Financial Assets	68,442	73,617	-	-	-	-	-	-	68,442	73,617
Financial Liabilities:										
Trade and other payables	30,132	34,897	4,120	5,079	-	4,252	-	-	34,252	44,228
Low interest loans (fixed interest rate)	836	839	783	819	5,659	6,354	1,634	2,558	8,912	10,570
Other loans (fixed interest rate)	94	88	96	91	406	596	-	-	596	775
Other loans (variable interest rate)	202	837	207	215	1,176	1,462	66,892	67,618	68,477	70,132
Lease liabilities	306	336	262	298	550	997	338	339	1,456	1,970
Derivative financial instruments	-	32	-	33	-	153	-	-	-	218
Total Financial Liabilities	31,570	37,029	5,468	6,535	7,791	13,814	68,864	70,515	113,693	127,893

The weighted average interest rate that applies to the table above is as follows: Cash and cash equivalents 1.73% (2021: 0.89%); Low interest loans 4.26% (2021: 4.20%); Other loans 2.60% (2021: 2.12%).

At 31 December 2022, the University has approximately \$48.09 million (2021: \$48.43 million) of unused credit facilities available for its immediate use.

Accounting Policy

Derivatives

The University uses derivative financial instruments (interest rate swaps) to hedge its risk associated with interest rate fluctuation. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Held for trading derivative assets and liabilities are classified as current in the statement of financial position. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. These derivatives do not qualify for hedge accounting because it is not effective and changes in fair value are recognised immediately in the statement of profit or loss and other comprehensive income.

Critical accounting estimates

Determination of the fair value of derivatives

The fair values of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates.

Notes to the Financial Statements

For the Year Ended 31 December 2022

27. Fair value measurements

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

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

For financial instruments not quoted in active markets (for example, over-the-counter derivatives), the University uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. The University uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

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

	Carrying amount		Fair value	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents - at bank	62,529	67,874	62,529	67,874
Trade and other receivables	5,913	5,743	5,913	5,743
Financial assets - Available for sale	14	13	14	13
Total financial assets	68,456	73,630	68,456	73,630
Financial Liabilities				
Payables	23,378	29,745	23,378	29,745
Borrowings	80,886	83,447	80,886	83,447
Contract liabilities	10,846	14,483	10,846	14,483
Derivative financial instruments	-	218	-	218
Total financial liabilities	115,110	127,893	115,110	127,893

(b) Fair value hierarchy

The University uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the assets or liability that are not based on observable market data.

Notes to the Financial Statements

For the Year Ended 31 December 2022

27. Fair value measurements (continued)

(b) Fair value hierarchy (continued)

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2022.

	Note	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2022					
Recurring fair value measurements					
Financial Assets					
Other financial assets at fair value through profit or loss		3,184	3,184	-	-
Total		3,184	3,184	-	-
Non-financial assets					
Land	15	97,503	-	97,503	-
Total non-financial assets		97,502	-	97,502	-
2021					
Recurring fair value measurements					
Financial Assets					
Other financial assets at fair value through profit or loss		3,586	3,586	-	-
Total		3,586	3,586	-	-
Non-financial assets					
Land	15	97,288	-	97,288	-
Total non-financial assets		97,288	-	97,288	-
Financial Liabilities					
Derivatives		218	-	218	-
Total liabilities		218	-	218	-

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

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

Accounting Policy

The fair values of held-to-maturity investments were determined by reference to published price quotations in an active market (Level 1).

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

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity (Level 2).

Freehold properties are valued independently (triennially) utilising market based evidence. At the end of each reporting period, the University updates their assessment of the fair value of each property, taking into account the most recent independent valuations and adjusting for market movements. The latest external independent valuation was performed as at 31 December 2021 and the current year's valuation is based on a directors' valuation, refer to note 15 (Level 2).

The University of Notre Dame Australia

Notes To the Financial Statements

For the Year Ended 31 December 2022

28. Acquittal of Australian Government financial assistance

(a) EDUCATION - CGS and other EDUCATION grants

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

Net accrual adjustments

Revenue for the period

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the period

	Commonwealth Grants Scheme		Indigenous, Regional and Low-SES Attainment Fund		National Priorities and Industry Linkage Fund		Higher Education Disability Support Program		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	92,470	95,025	2,383	2,382	3,279	3,250	41	-	98,173	100,657
	(103)	(1,242)	106	(788)	-	-	(41)	-	(38)	(2,030)
4(a)	92,367	93,783	2,489	1,594	3,279	3,250	-	-	98,135	98,627
	92,367	93,783	2,489	1,594	3,279	3,250	-	-	98,135	98,627
	(92,367)	(93,783)	(2,489)	(1,594)	(3,279)	(3,250)	-	-	(98,135)	(98,627)
	-	-	-	-	-	-	-	-	-	-

(b) Higher education loan programmes (excl OS-HELP)

Cash Payable/(Receivable) at the beginning of the year

Financial assistance received in cash during the reporting period

Cash available for the period

Revenue earned

Cash Payable/(Receivable) at the end of the year

	HECS-HELP (Aust. Government payments only)		FEE-HELP		VET HELP		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(2,409)	(3,099)	(1,376)	(5,677)	(32)	(28)	(3,817)	(8,804)
	57,324	62,659	16,903	19,327	52	66	74,279	82,052
	54,915	59,560	15,527	13,650	20	38	70,462	73,248
4(b)	56,950	61,969	16,344	15,026	11	70	73,305	77,065
	(2,035)	(2,409)	(817)	(1,376)	9	(32)	(2,843)	(3,817)

The University of Notre Dame Australia

Notes To the Financial Statements

For the Year Ended 31 December 2022

28. Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Training Research

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

Net accrual adjustments

Revenue for the period

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the period

	Research Training Program		Research Support Program		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1,702	1,214	481	1,130	2,183	2,344
		-		-	-	-
4(c) Revenue for the period	1,702	1,214	481	1,130	2,183	2,344
Total revenue including accrued revenue	1,702	1,214	481	1,130	2,183	2,344
Less expenses including accrued expenses	(1,702)	(1,214)	(481)	(1,130)	(2,183)	(2,344)
Surplus/(deficit) for the period	-	-	-	-	-	-

(d) Total Higher Education Provider Research Training Program expenditure

Research Training Program Fees offsets

Research Training Program Stipends

Research Training Program Allowances

Surplus/(deficit) for the period

Total domestic students		Total overseas students	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
	-		-
93	406	13	71
1,400	627	196	110
1,493	1,033	209	181

The University of Notre Dame Australia

Notes To the Financial Statements

For the Year Ended 31 December 2022

28. Acquittal of Australian Government financial assistance (continued)

(e) Australian Research Council Grants

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

Net accrual adjustments

Revenue for the period

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the period

4(e)

	Discovery		Total	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
	150	18	150	18
	(18)	240	(18)	240
	132	258	132	258
	132	258	132	258
	(132)	(258)	(132)	(258)
	-	-	-	-

(f) OS-HELP

Cash received during the reporting period

Cash spent during the reporting period

Net cash received/(paid)

Cash surplus/(deficit) from the previous period

Cash surplus/(deficit) for the reporting period

17

	2022	2021
	\$'000	\$'000
	65	-
	(260)	-
	(195)	-
	200	200
	5	200



Independent Auditor's Report

To the members of the University of Notre Dame Australia

Opinion

We have audited the **Financial Report** of the University of Notre Dame Australia (the University).

In our opinion, the accompanying Financial Report of the University is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, *Australian Charities and Not-for-profits Commission Regulation 2013*, the *University of Notre Dame Australia Act 1989*, the Department of Education Financial Statement Guidelines pursuant to the *Higher Education Support Act 2003* (collectively the Acts and Regulations), including:

- Giving a true and fair view of the University's financial position as at 31 December 2022, and of its financial performance and its cash flows for the year ended on that date; and
- Complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2022;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the University in accordance with the auditor independence requirements of the ACNC Act 2012 2 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Other Information

Other Information is financial and non-financial information in the University's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the ACNC;
- Preparing the Financial Report in accordance with the Department of Education Financial Statement Guidelines pursuant to the *Higher Education Support Act 2003*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the University's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the University to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the University regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
27 April 2023



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of the University of Notre Dame Australia

I declare that, to the best of my knowledge and belief, in relation to the audit of the University of Notre Dame Australia for the financial year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
27 April 2023