Revenue
Total government grants increased by $13.32 million (15.63%) over 2005. Significant increases included Commonwealth Government financial assistance, in particular Commonwealth Grants Scheme $5.85 million, Learning and Teaching Development Fund $2.11 million, Capital Development Pool $1.36 million and HECS-HELP of $2.42 million.

Other operating revenue increased by $5.33 million (13.90%), including an increase in fees and charges of $4.10 million and other revenue of $1.26 million. Total revenue increased by $18.64 million (14.77%).

Expenditure
Salary expenditure excluding provisions increased by $5.86 million (7.67%) and non-salary cash expenses increased by $3.64 million (11.53%).

Total expenditure, including non-cash transactions for depreciation, amortisation and transfers to leave provisions increased by $8.81 million (7.48%).

Operating result
There was a positive operating result of $18.27 million, an increase of $9.84 million (116.73%) over the result for 2005 of $8.43 million. The positive result is attributed to operating activities of $11.50 million and capital activities of $6.77 million.

Working capital
There was an improvement in the working capital position from a surplus of $2.21 million in 2005 to a surplus of $17.07 million in 2006 due principally to an increase in cash and investments.

Borrowings
There was a reduction in total borrowings from $6.65 million in 2005 to $0.80 million in 2006.

Net assets and reserves
Net assets and reserves increased by $20.10 million. The increase in reserves comprised $18.27 million from net operating profit and a revaluation increment to the asset revaluation reserve of $1.59 million, available for sale financial revaluation reserve of $0.07 million and to the cash flow hedge reserve of $0.18 million.

Infrastructure developments
To cope with the growth in student numbers, additional teaching and administrative space was leased during 2006 in close proximity to both the Melbourne and North Sydney Campuses. Refurbishment of the leased areas with associated works on the main campuses was also carried out. A long-term capital planning review undertaken in late 2006 identified the need for further significant capital infrastructure expenditure in Melbourne, Sydney and Brisbane and this will be undertaken during 2007 and 2008. The expansion will be funded from University cash reserves, augmented with external loan borrowings.

Summary*

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
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<tbody>
<tr>
<td>Commonwealth Government Operating Grants</td>
<td>98,541</td>
<td>85,226</td>
</tr>
<tr>
<td>Deferred Superannuation Contribution</td>
<td>(759)</td>
<td>1,443</td>
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<tr>
<td>Other Operating Revenue</td>
<td>47,088</td>
<td>39,559</td>
</tr>
<tr>
<td>Salary (excluding transfer to Provisions)</td>
<td>(82,234)</td>
<td>(76,379)</td>
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<tr>
<td>Non-Salary Cash Expenses</td>
<td>(35,175)</td>
<td>(31,539)</td>
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<tr>
<td>Non-Cash Expenses (Depreciation, Amortisation and Provisions)</td>
<td>(9,193)</td>
<td>(9,876)</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>18,268</td>
<td>8,434</td>
</tr>
<tr>
<td>Interest Bearing Liabilities</td>
<td>800</td>
<td>6,650</td>
</tr>
<tr>
<td>Working Capital Surplus/(Deficit)</td>
<td>17,065</td>
<td>2,210</td>
</tr>
</tbody>
</table>

* Annual financial statements are reviewed by ACU National’s Audit Committee and Standing and Finance Committee before being approved by Senate for presentation to Australian Securities and Investments Commission (ASIC). The Directors’ Report and Financial Statements 2006 of ACU National is available as a supplementary document to the Annual Report. To order a copy of either document, please contact University Relations on (02) 9739 2363, email editor@acu.edu.au or visit www.acu.edu.au/publications
## Five-Year Financial Summary

<table>
<thead>
<tr>
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<th>AIFRS PRE AIFRS (AGAAP)</th>
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</tbody>
</table>

### Income Statement

**Revenue from Continuing Operations**

- Commonwealth Government
  - Financial Assistance: 62,705
  - Higher Education Contribution
    - Scheme (HECS-HELP): 32,764
    - Fees and Charges: 28,274
    - Other: 21,127
  - **Total Revenue from Continuing Operations**: 144,870

**Expenses from Continuing Operations**

- Employee Benefits: 85,049
- Other: 41,553
- **Total Expenses from Continuing Operations**: 126,602

- **Operating Result for the Year**: 18,268

### Balance Sheet

**Current Assets**

- Cash and Cash Equivalents: 2,186
- Trade and Other Receivables: 2,318
- Other Investments: 34,497
- Other: 2,389
- **Total Current Assets**: 40,390

**Non-Current Assets**

- Other Financial Assets: 1,081
- Property, Plant and Equipment: 105,509
- Intangible Assets: 50,185
- Other: 15,142
- **Total Non-Current Assets**: 171,917

- **Total Assets**: 212,307

### Liabilities

**Current Liabilities**

- Trade and Other Payables: 4,479
- Interest Bearing Liabilities: 800
- Employee Benefits: 7,137
- Other: 10,909
- **Total Current Liabilities**: 23,325

**Non-Current Liabilities**

- Interest Bearing Liabilities: 0
- Employee Benefits: 25,242
- Other: 4,585
- **Total Non-Current Liabilities**: 29,827

- **Total Liabilities**: 53,152

### Net Assets

- 159,155

### Total Equity

- 159,155