

2001 Financial statements

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2001

2000			2001	
Monash University \$000	Consolidated \$000	Notes	Monash University \$000	Consolidated \$000
Current Assets				
3,562	14,572			
37,484	30,435			
51,638	52,026			
2,854	3,086			
5,542	5,508			
<u>101,080</u>	<u>105,627</u>			
		Total Current Assets	<u>102,435</u>	<u>117,151</u>
Non-Current Assets				
97,916	225,504			
854,409	863,127			
120,691	120,691			
-	-			
480	186			
<u>1,073,496</u>	<u>1,209,508</u>			
<u>1,174,576</u>	<u>1,315,135</u>			
		Total Non-Current Assets	<u>1,140,241</u>	<u>1,256,075</u>
		Total Assets	<u>1,242,676</u>	<u>1,373,226</u>
Current Liabilities				
30,087	36,222			
5,427	5,427			
-	716			
5,225	8,697			
30,236	30,945			
<u>70,975</u>	<u>82,007</u>			
		Total Current Liabilities	<u>82,509</u>	<u>93,891</u>
Non-Current Liabilities				
40,736	40,736			
-	3,936			
48,041	48,597			
120,691	120,691			
<u>209,468</u>	<u>213,960</u>			
<u>280,443</u>	<u>295,967</u>			
<u>894,133</u>	<u>1,019,168</u>			
		Total Non-Current Liabilities	<u>244,905</u>	<u>249,426</u>
		Total Liabilities	<u>327,414</u>	<u>343,317</u>
		Net Assets	<u>915,262</u>	<u>1,029,909</u>
Equity				
83,102	113,354			
569,298	569,391			
241,733	334,429			
<u>894,133</u>	<u>1,017,174</u>			
-	1,994			
<u>894,133</u>	<u>1,019,168</u>			
		Total Parent Equity Interest	<u>915,262</u>	<u>1,029,500</u>
		Outside Equity Interests	-	409
		Total Equity	<u>915,262</u>	<u>1,029,909</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2001

2000			2001	
Monash University \$000	Consolidated \$000	Notes	Monash University \$000	Consolidated \$000
		Revenue from ordinary activities:		
		Revenue from operating activities:		
219,807	219,807	Commonwealth Government Operating Grants	2	219,405
90,430	90,430	Higher Education Contribution Scheme	3	98,061
9,979	9,979	Other Commonwealth Government Funding	4	14,208
16,268	16,268	Victorian Government Funding	5	11,515
39,281	39,281	Other Research Grants and Contracts	6	51,830
120,470	159,412	Fees and Charges	8	146,773
93,964	108,052	Other Revenue	9	88,552
		<i>Superannuation:</i>		
7,606	7,606	Deferred Government Contributions	35(e)	2,252
4,349	4,349	Commonwealth Supplementation	2	9,027
		Revenue from outside operating activities:		
13,093	27,876	Investment Income	10	14,026
12,432	12,432	Donations and Bequests	7	10,773
-	-	Foreign Exchange Gain on Conversion		-
627,679	695,492	Total revenue from ordinary activities:		666,422
		Less:		
		Expenses from ordinary activities:		
348,377	371,882	Employee Benefits Expense	11	367,454
33,802	35,684	Depreciation & Amortisation Expense	12	35,843
3,205	3,228	Borrowing Costs Expense	13	2,692
40,848	40,848	Buildings & Grounds Expense	14	45,660
318	395	Bad & Doubtful Debts Expense	15	768
1,063	1,192	Auditing & Other Services Expense	16	714
164,722	209,225	Other Expenses	17	187,359
-	-	Foreign Exchange Loss on Conversion		4,650
592,335	661,615	Total Expenses from ordinary activities		645,140
35,344	33,877	Net result for the year from ordinary activities before income tax expense		21,282
-	-	Income tax expense	18	0
35,344	33,877	Net result for the year from ordinary activities		21,282
-	5	Net result attributable to outside equity interest	29(d)	0
35,344	33,882	Net result attributable to the parent entity		21,282
		Non-owner transaction changes in equity		
166,813	166,813	Increase/(decrease) in asset revaluation reserve		-
		Fair value adjustment	29(b)	1,909
202,157	200,695	Total changes in equity attributable to the parent entity		21,282

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2001

2000			2001	
Monash University \$000	Consolidated \$000	Notes	Monash University \$000	Consolidated \$000
CASHFLOWS FROM OPERATING ACTIVITIES				
Inflows				
223,142	223,142		242,640	242,640
9,799	9,799		11,515	11,515
			-	-
77,020	77,020		83,922	83,922
13,410	13,410		14,139	14,139
302,352	366,837		311,367	355,194
196	7,757		182	3,659
Outflows				
(577,885)	(637,211)		(624,546)	(674,179)
-	(324)		-	-
(3,412)	(3,442)		(4,318)	(4,618)
<u>44,622</u>	<u>56,988</u>	Net cash inflows from operating activities	<u>34,901</u>	<u>32,272</u>
		36		
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows				
6,414	6,863		7,121	7,231
305,963	428,662		335,880	482,236
-	2,000		-	-
-	-		-	2,045
Outflows				
(40,606)	(45,473)		(73,783)	(75,685)
(331,438)	(455,683)		(342,800)	(481,411)
(1,509)	(1,509)		(1,700)	(1,700)
<u>(61,176)</u>	<u>(65,140)</u>	Net cash inflows/(outflows) from investing activities	<u>(75,282)</u>	<u>(67,284)</u>
CASHFLOWS FROM FINANCING ACTIVITIES				
Inflows				
31,064	31,381		52,266	57,642
-	18,171		-	1,292
Outflows				
(19,377)	(28,106)		(13,249)	(17,569)
-	(16,717)		-	-
<u>11,687</u>	<u>4,729</u>	Net cash inflows/(outflows) from financing activities	<u>39,017</u>	<u>41,365</u>
(4,867)	(3,423)		(1,364)	441
-	140		-	1,284
8,627	22,600		3,562	14,572
-	(4,547)		-	(2,066)
(198)	(198)		-	-
<u>3,562</u>	<u>14,572</u>	Cash Assets at 31 December	<u>2,198</u>	<u>14,231</u>
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The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

The general purpose financial reports have been prepared in accordance with:

- (i) Australian Accounting Standards and relevant AASB standards, except where stated otherwise,
- (ii) other authoritative pronouncements of the Australian Accounting Standards Board,
- (iii) Urgent Issues Group Consensus Views, and,
- (iv) the disclosure requirements of the Financial Management Act 1994,
- (v) directions from the Minister of Finance of the Parliament of Victoria.

The accounts use historical cost as the basis of valuation unless otherwise stated.

As a result of applying the revised Accounting Standard AAS 1 'Statement of Financial Performance', AAS 36 'Statement of Financial Position' and AAS 37 'Financial Report Presentation and Disclosures' for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

The accounts have been consolidated on the basis of the University's controlling and beneficial interest in controlled entities as per AAS24 'Consolidated Financial Reports'. Outside interests in equity and results of the controlled entities are shown separately in the consolidated financial statements.

The financial statements of controlled entities are included from the date control commences until the date control ceases.

All values in these accounts are expressed in rounded thousands with the exception of directors and executives remuneration.

All transactions and balances between controlled entities have been eliminated on consolidation.

(b) Reclassification of Financial Information

Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in the Statement of Financial Performance.

(c) Revenue Recognition

Commonwealth Government operating grants, under the Higher Education Funding Act 1988, received in respect of future periods are treated as income in the period they are received as per AAS 15 'Revenue'.

Revenues received from other Government sources in respect of future periods are treated as income in the period they are received where the grant is considered non-reciprocal in nature.

Donations and bequests are recognised when the right to receive the funds has been established.

Revenue from rendering a service or sale of goods is recognised upon delivery to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates appropriate to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

The gross proceeds from the sale of non current assets are treated as revenue from the time that ownership passed to the purchaser.

(d) Taxation

The University and certain controlled entities are exempt from income tax under Part 50.1 of the Income Tax Assessment Act 1997. The controlled entities subject to income tax adopt the liability method of tax effect accounting.

(e) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(f) Classification of assets and liabilities

Assets and liabilities are classified as current and non current. Current assets are those assets where there is a reasonable expectation that the value of the asset will be realised as cash or cash equivalent within the next 12 months. Current liabilities are where there is a reasonable expectation of a requirement to use cash or cash equivalents to satisfy these liabilities within the next 12 months.

(g) Inventories

Only materials which are purchased and controlled centrally have been reported in the Statement of Financial Position. Materials purchased by the University for departmental use and held under the control of individual departments are expensed at the time of purchase.

Perpetual stock records were maintained for centrally controlled stock. Stock is valued using the lower of cost or net realisable value method.

Stocktakes of centrally controlled stock were completed at 31 December 2001.

(h) Foreign Currency

Transactions

Foreign currency transactions are converted to Australian dollars at the date of the transaction using the rate of exchange applicable on that day.

Amounts receivable and payable in foreign currencies at the end of the year are translated at the rates of exchange ruling at balance date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the Statement of Financial Performance in the financial year in which the exchange rates change.

Translation of Foreign Controlled Entities

The assets and liabilities of foreign operations are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The Statement of Financial Performance is translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the Statement of Financial Performance.

(i) Receivables

Receivables represent debts on behalf of invoiced student fee income, sundry and student loan debtors. The collectability of all debts is assessed at balance date and provision is made for any doubtful debt.

Receivables from related entities result from commercial dealings, are made on commercial terms and conditions and are settled regularly.

(j) Other Financial Assets

Other financial assets are valued at cost. Market values are provided in Note 37(c).

Monash University Foundation, as an investment entity and controlled entity, has used market values except for managed cash assets which are valued at cost.

(k) Property, Plant and Equipment

Acquisitions

Assets are initially recorded at cost to the economic entity. Software development, constructed building and equipment values include labour, materials and borrowing costs. Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable those future economic benefits will eventuate, and the costs can be measured reliably.

Revaluations

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of land and buildings does not differ materially from its fair value at the reporting date. Annual assessments are made by Edward Rushton Australia Pty Ltd, and revaluations are carried out at least every 5 years.

Depreciation/Amortisation

Depreciation on property, plant and equipment is included in the Statement of Financial Performance as an expense item. Depreciation is computed on the straight line method over the useful life of the asset to the economic entity. Rates are outlined in each of the following asset categories.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Borrowing Costs

Borrowing costs are expensed as incurred unless they relate to a qualifying asset. Qualifying assets are assets which take more than 12 months to develop and are for internal use.

Borrowing costs are capitalised when the qualifying asset is greater than \$0.5M, the expected useful life of the asset is 3 years or greater, and the period of construction or development of the qualifying assets is 12 months or more. As the University's borrowings support the general capital program, interest is capitalised at a weighted average rate. Borrowing costs not capitalised are expensed in the period in which they are incurred.

Borrowing costs have been recognised as part of the carrying value of property and software development assets. The capitalisation rate used to determine the amount of capitalised borrowing costs is 6.38% (2000, 5.83%).

Property

The fair value of land and buildings was established by formal valuation by certified practising valuers of Edward Rushton Australia Pty Ltd as at 31 December 2000. The property has been valued using a depreciated replacement cost approach utilising the reducing balance method. The land has been valued on the basis of market value for a large scale residential property development sale. Annual fair value assessment is undertaken by Edward Rushton Australia Pty Ltd. Additions since this valuation and work in progress are valued at cost.

Property is capitalised when expenditure exceeds \$250,000. To capitalise additions to existing buildings, expenditure must meet this threshold on a project basis and increase the area or useful life of the building.

Depreciation on buildings completed during the year is calculated from the date of completion of the building. All buildings have a useful life of 33 years (2000, 33 years).

In 2001, property includes capitalised borrowing costs of \$1.501M (2000, \$0.354M).

Equipment

Equipment is capitalised where the cost is greater than \$5,000. Items less than this threshold are expensed. Useful lives to the economic entity of equipment range from 2 years to 100 years.

Software Development

Internal use software is capitalised and amortised where the expected useful life is 3 years or greater and the costs to be capitalised exceed \$0.5M. Where costs do not exceed \$0.5M, they will be expensed as incurred. Software capitalised to date has a useful life of 7 years (2000, 7 years).

Web development costs are expensed as incurred. Where web development costs are significant, they are capitalised in line with Software Development guidelines.

In 2001, software development includes capitalised borrowing costs of \$0.046M (2000, \$0.092M).

Library Books

Library books are valued at cost and depreciated over their estimated useful life. Library books have useful lives ranging from 5 years to 50 years (2000, 5 to 50 years). Rare books are not depreciated as they appreciate in value. The value of library books is currently being assessed and are expected to be revalued in the accounts as at 31 December 2002.

Leased Assets

Leases are treated in the financial statements as either operating, or finance leases.

The consolidated entity does not have any finance leases.

Other leases are classified as operating leases as the risks and benefits of ownership remain with the lessor. Payments are amortised on a straight line basis over the period of expected benefit.

Leasehold Improvements

Leasehold improvements are carried at cost or formal valuation and amortised over the useful lives of the improvements, which is 10 years or over the term of the lease whichever is the shorter. Leasehold improvements are capitalised in line with the property capitalisation policy. This policy is consistent with the prior year.

(l) Interest in Cooperative Research Centres

The University has an interest in 17 Cooperative Research Centres. The University has provided funding to the Cooperative Research Centres through cash contributions of \$7.703M (2000, \$6.426M) and the provision of research resources (in-kind support). The value of the in-kind support of \$56.335M (2000, \$49.277M) has been established using Commonwealth Government guidelines.

(m) Payables

Payables are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days from the month of billing.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Financial Instrument Disclosures

Accounting policy and other disclosures under Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments' related to financial assets and liabilities are shown in Note 37.

(o) Employee Entitlements

Annual Leave

Annual leave has been calculated on an individual liability basis based on current salary rates and includes related on-costs.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Provisions for employee entitlements which are not expected to be settled within twelve months are discounted using Commonwealth Government Securities Notes at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the provision for employee entitlements, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation

Employee contributory superannuation funds exist to provide benefits for the University's employees and their dependants on retirement, disability or death. The contributions made to these funds by the University are recorded in the Statement of Financial Performance. Further details are provided in Note 35.

Accounting for unfunded superannuation liabilities under the State Superannuation Fund is described in Note 35(e).

(p) Cash Flow

For the purposes of the Statement of Cash Flows, cash includes cash on hand, in banks, at call deposits and net of bank overdrafts. Cash at the end of the financial year is shown in the Statement of Cash Flows and is reconciled to the related items in the Statement of Financial Position.

(q) Investment in Associates

Associates are those entities over which the consolidated entity exercises significant influence, but not control. Investments in associated entities are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of the associate is recognised in the consolidated Statement of Financial Performance, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The post-acquisition movements are adjusted against the cost of the investment.

Montech Pty Ltd holds 36 million shares in Metabolic Pharmaceuticals Ltd (24%) on behalf of Monash University. The shares were issued in 1998 in exchange for the assignment of intellectual property rights from the University. Metabolic recorded an intangible asset to the value of \$1.5 million in their accounts that covered the intellectual property from Monash, together with the assignment of technology from an unrelated third party, Polychip Pharmaceuticals Ltd.

Metabolic have incurred losses totalling \$10.3 million to 30 June 2001 of which the University's share is \$2.7 million. The investment in Metabolic has been reduced in value by the University's share of the accumulated losses and is therefore carried at nil value in the accounts of the beneficiary, Monash University.

The market value of the shareholding at balance date is \$25.2 million. The company's 2001 financial report warns shareholders of the existence of an inherent uncertainty. "The company's operations are subject to major risks due primarily to the nature of research, development and commercialisation to be undertaken. The risk factors set out may materially impact on the financial performance and position of the company including the intangible asset of \$1.5 million and the future value of the shares and options."

2. COMMONWEALTH GOVERNMENT GRANTS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
191,676	191,676	Pursuant to the Higher Education Funding Act 1988:		
		Operating Purposes excluding HECS	192,131	192,131
		Special Research Assistance:		
7,282	7,282	Large Research Grants	7,781	7,781
1,795	1,795	Small Research Grants	-	-
2,734	2,734	SPIRT Research Grants	2,323	2,323
6,950	6,950	Research Infrastructure Grants	7,719	7,719
1,192	1,192	Special Research and Key Centres	902	902
940	940	Research Fellowships	1,074	1,074
124	124	International Research Exchange	178	178
5,682	5,682	Australian Postgraduate Awards	5,885	5,885
839	839	Overseas Postgraduate Research Scholarships	860	860
15	15	Indigenous Researchers Development Scheme	5	5
578	578	Teaching Hospitals	547	547
219,807	219,807	Total Commonwealth Government Operating Grants	219,405	219,405
4,349	4,349	Commonwealth Government Superannuation Supplementation	9,027	9,027
224,156	224,156	Total Commonwealth Government Grants	228,432	228,432

3. HIGHER EDUCATION CONTRIBUTION SCHEME

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
77,020	77,020	Received from Higher Education Trust Fund	83,922	83,922
13,410	13,410	Received from Students	14,139	14,139
90,430	90,430	Total Higher Education Contribution Scheme	98,061	98,061

4. OTHER COMMONWEALTH GOVERNMENT FUNDING

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
8,228	8,228	Research	8,401	8,401
1,751	1,751	Non Research	5,807	5,807
9,979	9,979	Total Other Commonwealth Government Funding	14,208	14,208

5. VICTORIAN GOVERNMENT FUNDING

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
4,299	4,299	Operating	2,313	2,313
4,521	4,521	Research	5,662	5,662
7,448	7,448	Non Research	3,540	3,540
16,268	16,268	Total Victorian Government Funding	11,515	11,515

6. OTHER RESEARCH GRANTS & CONTRACTS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
14,647	14,647	NH&MRC	17,809	17,809
17,689	17,689	Other Research Grants	24,552	24,083
6,945	6,945	Research Contracts	9,469	9,469
39,281	39,281	Total Other Research Grants & Contracts	51,830	51,361

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

7. DONATIONS & BEQUESTS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
5,475	5,475	Research	4,272	3,873
6,957	6,957	Non Research	6,501	6,501
<u>12,432</u>	<u>12,432</u>	Total Donations & Bequests	<u>10,773</u>	<u>10,374</u>

8. FEES AND CHARGES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
73,774	77,958	Fee-paying Overseas Students	89,324	89,889
11,386	15,201	Fee-paying Non-overseas Postgraduate Students	16,195	16,195
6,809	6,809	Fee-paying Non-overseas Undergraduate Students	8,794	9,002
2,309	13,849	Non-Award Course Fees	2,168	18,490
4,222	4,222	Short Course Fees	4,615	4,615
8,423	8,423	External Programs	10,181	10,181
1,713	1,713	Royalties	2,684	2,684
4,704	4,704	Student Amenities Fees	3,426	3,426
3,655	3,655	Halls of Residence	5,295	5,295
1,270	1,270	Parking Fees	1,686	1,687
2,205	21,608	Other Fees and Charges	2,405	4,170
<u>120,470</u>	<u>159,412</u>	Total Fees and Charges	<u>146,773</u>	<u>165,634</u>

9. OTHER REVENUE

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
8,901	-	Monash University Foundation	9,147	-
22,477	25,886	Commercial Operations	23,684	29,430
11,136	11,569	Rentals & Hirings	9,320	11,627
11,216	11,216	Consulting	11,824	12,384
3,228	3,228	Other Non-Research Grants	6,817	6,817
7,021	7,021	Sales of Goods & Services	6,692	7,142
6,369	6,495	Proceeds on Disposal of Fixed Assets	7,057	7,103
12,308	31,329	Other Income	13,147	33,628
10,000	10,000	Contribution from Monash University Foundation	-	-
482	482	Gain on Transfer of Theatre Business	-	-
826	826	Scholarships and Prizes	864	1,004
<u>93,964</u>	<u>108,052</u>	Total Other Revenue	<u>88,552</u>	<u>109,135</u>

10. INVESTMENT INCOME

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
5,596	11,570	Dividends	9,920	14,793
6,466	7,985	Interest	4,106	4,899
1,031	6,619	Realised Profit	-	372
-	1,702	Unrealised Profit/(Loss)	-	(5,227)
<u>13,093</u>	<u>27,876</u>	Total Investment Income	<u>14,026</u>	<u>14,837</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

11. EMPLOYEE BENEFITS EXPENSE

2000			2001		
Monash University \$000	Consolidated \$000	Notes	Monash University \$000	Consolidated \$000	
153,883	156,867	Academic Staff Salaries	39	165,410	166,313
122,035	138,930	Non-Academic Staff Salaries	39	129,582	143,963
-	175	Directors Emoluments	39	5	167
35,478	37,278	Superannuation		39,007	40,726
17,076	17,949	Payroll Tax		18,506	19,079
2,970	3,086	WorkCover		3,245	3,318
2,637	2,721	Annual Leave Loading		2,831	2,905
1,736	1,772	Fringe Benefits Tax		1,815	1,874
6,855	7,047	Long Service Leave Provision	39	3,332	3,648
(1,899)	(1,549)	Recreation Leave Provision	39	1,469	2,090
7,606	7,606	Deferred Benefits for Superannuation	35	2,252	2,252
348,377	371,882	Total Employee Benefits Expense		367,454	386,335

12. DEPRECIATION & AMORTISATION EXPENSE

2000			2001	
Monash University \$000	Consolidated \$000	Notes	Monash University \$000	Consolidated \$000
Depreciation				
15,430	15,614	Property	17,318	17,540
13,119	14,630	Equipment	12,463	13,937
2,962	2,962	Library Books	2,988	3,033
31,511	33,206		32,769	34,510
Amortisation				
2,067	2,067	Software Development	2,715	2,883
224	411	Leasehold Improvements	359	485
2,291	2,478		3,074	3,368
33,802	35,684	Total Depreciation & Amortisation Expense	35,843	37,878

13. BORROWING COSTS EXPENSE

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
3,651	3,671	Loans from Banks and Other Non-related Sources	4,239	4,385
-	3	Finance Charges from Finance Leases	0	0
(446)	(446)	Less : Capitalised Borrowing Cost Expense	(1,547)	(1,547)
3,205	3,228	Total Borrowing Expense	2,692	2,838

14. BUILDINGS & GROUNDS EXPENSE

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
19,030	19,030	Maintenance	17,718	17,994
21,818	21,818	Other Services & Charges	27,942	28,217
40,848	40,848	Total Buildings & Grounds Expense	45,660	46,211

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

15. BAD & DOUBTFUL DEBTS EXPENSE

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
308	377	Bad Debts written off	429	505
10	18	Increase/(Decrease) in Provision for Doubtful Debts	339	626
<u>318</u>	<u>395</u>	Total Bad & Doubtful Debts Expense	<u>768</u>	<u>1,131</u>

16. AUDITING & OTHER SERVICES EXPENSE

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
105	131	Audit Services		
143	246	Auditor General Victoria	118	146
815	815	Other Auditors	90	236
		Other Services	506	538
<u>1,063</u>	<u>1,192</u>	Total Auditing & Other Services Expense	<u>714</u>	<u>920</u>

17. OTHER EXPENSES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
1,766	1,766	Motor Vehicles Related	2,476	2,546
26,904	26,904	Student Related	31,439	31,576
17,590	17,590	Laboratory & Other Operating	19,536	19,536
6,025	6,025	Equipment Related	3,409	3,422
10,518	10,518	Communication Related	9,941	10,342
16,115	16,115	Information Technology Related	19,342	19,361
10,992	10,992	Printing & Stationery	12,641	12,673
2,822	2,822	Books & Library Related	2,461	2,564
15,649	15,649	Travel & Related	18,628	19,150
23,899	67,166	Financial & Administration	33,757	65,816
31,792	33,028	Other expenses	33,729	33,786
650	650	Loss of subsidiary	-	165
<u>164,722</u>	<u>209,225</u>	Total Other Expenses	<u>187,359</u>	<u>220,937</u>
				0

18. INCOME TAX EXPENSE

-	-	Tax Payable on operating profit/(loss) of tax paying controlled entities before income tax	-	340
		Income tax effect of:		
-	-	Prior year tax losses	-	(7)
<u>-</u>	<u>-</u>	Income Tax Expense	<u>-</u>	<u>333</u>
		Aggregate income tax expense comprises :		
-	-	Current taxation provision	-	143
-	-	Deferred income tax provision	-	(479)
-	-	Future income tax benefit	-	3
<u>-</u>	<u>-</u>	Income Tax Expense	<u>-</u>	<u>333</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

19. CASH ASSETS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
3,562	11,462	Cash at Bank and on hand	2,198	10,954
-	3,110	Short Term Investments	-	3,277
3,562	14,572	Total Cash Assets	2,198	14,231

20. RECEIVABLES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
19,594	25,142	Sundry Debtors (see below)	21,536	26,479
379	379	Student Loan Debtors (see below)	406	406
465	-	Monash International Pty Ltd	1,235	0
-	-	Monash Commercial	1,187	0
3,677	-	Monash University Foundation	271	0
-	-	Montech Pty Ltd	432	0
8	-	Sir John Monash Business Centre Pty Ltd	1	0
134	-	Monash English Language Centre Pty Ltd	0	0
5,251	-	Monash Southern Africa Pty Ltd	274	0
3,355	-	Monash University South Africa	6,932	0
2,619	2,912	Other Amounts Receivable	10,684	11,977
2,002	2,002	GST Paid	2,355	2,355
37,484	30,435	Total Receivables	45,313	41,217
20,284	26,006	Sundry Debtors	22,519	27,856
(690)	(864)	Provision for Doubtful Debts	(983)	(1,377)
19,594	25,142	Net value at 31 December	21,536	26,479
399	399	Student Loan Debtors	463	463
(20)	(20)	Provision for Doubtful Debts	(57)	(57)
379	379	Net value at 31 December	406	406

21. OTHER

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
250	-	a) Current		
5,292	5,508	Loans Unsecured:		
		Monash Digital Media Pty Ltd	-	-
		Payments in Advance	6,843	7,038
5,542	5,508	Total Current Other Assets	6,843	7,038
		b) Non-Current		
		Loans Unsecured:		
		Monash Commercial	750	-
		Monash Southern Africa Pty Ltd	3,701	-
		Montech Pty Ltd	250	-
380	-	Sir John Monash Business Centre Pty Ltd	210	-
100	186	Other	1,077	1,177
480	186	Total Non-Current Other Assets	5,988	1,177

22. OTHER FINANCIAL ASSETS			
2000		2001	
Monash University \$000	Consolidated \$000	Monash University \$000	Consolidated \$000
a) Current			
Managed Funds:			
40,696	40,696	44,404	44,404
10,646	10,646	62	62
<u>51,342</u>	<u>51,342</u>	<u>44,466</u>	<u>44,466</u>
Monash University Foundation:			
-	1,162	-	1,169
-	(851)	-	4,976
<u>-</u>	<u>311</u>	<u>-</u>	<u>6,145</u>
Common Fund:			
296	296	198	198
Other:			
-	77	-	173
<u>-</u>	<u>77</u>	<u>-</u>	<u>173</u>
<u>51,638</u>	<u>52,026</u>	<u>44,664</u>	<u>50,982</u>
Total Current Other Financial Assets			
b) Non-Current			
Managed Funds:			
75,418	75,418	90,185	90,185
<u>75,418</u>	<u>75,418</u>	<u>90,185</u>	<u>90,185</u>
Monash University Foundation:			
-	96,328	-	78,077
-	32,500	-	31,600
<u>-</u>	<u>128,828</u>	<u>-</u>	<u>109,677</u>
Common Fund:			
18,806	18,806	29,656	29,656
<u>18,806</u>	<u>18,806</u>	<u>29,656</u>	<u>29,656</u>
Other:			
1,325	-	2,933	-
200	200	200	200
503	503	503	503
1,664	1,749	1,656	1,840
<u>3,692</u>	<u>2,452</u>	<u>5,292</u>	<u>2,543</u>
<u>97,916</u>	<u>225,504</u>	<u>125,133</u>	<u>232,061</u>
<u>149,554</u>	<u>277,530</u>	<u>169,797</u>	<u>283,043</u>
Total Non-Current Other Financial Assets			
Total Other Financial Assets			

23. INVENTORIES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
2,018	2,018	Bookshop	2,561	2,561
268	268	Union and Sports & Recreation	274	274
309	309	Central Building Maintenance Store	285	285
161	161	Stationery Store	180	182
92	92	Academic Services	109	109
6	238	Other	8	272
2,854	3,086	Total Inventories	3,417	3,683

24. PROPERTY, PLANT AND EQUIPMENT

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
i) Equipment				
155,023	163,496	At Cost	161,610	169,845
(100,563)	(106,092)	Provision for Depreciation	(105,397)	(109,901)
54,460	57,404	Total Equipment	56,213	59,944
ii) Software Development				
17,130	17,130	At Cost	19,913	19,913
1,398	1,398	Work in Progress, at Cost	171	171
(2,809)	(2,809)	Provision for Amortisation	(5,524)	(5,524)
15,719	15,719	Total Software Development	14,560	14,560
iii) Library Books				
121,676	121,676	At Cost	128,480	128,682
(27,335)	(27,335)	Provision for Depreciation	(26,710)	(26,755)
94,341	94,341	Total Library Books	101,770	101,927
iv) Property				
Land				
107,223	107,223	At Valuation - 31 December 2000	107,213	110,862
-	1,199	At Cost	569	569
107,223	108,422	Total Land	107,782	111,431
Buildings				
560,391	560,391	At Valuation - 31 December 2000	560,194	565,060
7,813	12,244	At Cost	16,661	16,661
(465)	(465)	Provision for Depreciation	(17,790)	(17,790)
3,970	3,970	Work in Progress, at cost	33,010	33,093
571,709	576,140	Total Building	592,075	597,024
678,932	684,562	Total Property	699,857	708,455
iv) Leasehold Improvements				
396	396	At Valuation - 31 December 2000	396	396
2,527	3,383	At Cost	3,966	4,160
(700)	(1,412)	Provision for Amortisation	(1,058)	(1,227)
8,734	8,734	Work in Progress	10,473	10,473
10,957	11,101	Total Leasehold Improvements	13,777	13,802
854,409	863,127	Total Property, Plant and Equipment	886,177	898,688

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

24. (v) MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

Monash University	Equipment	Software	Library	Property	Leasehold	Total
	\$000	Development \$000	Books \$000	\$000	Improvements \$000	\$000
Balance at the beginning of the year	54,460	15,719	94,341	678,932	10,957	854,409
Additions	20,183	1,556	10,417	38,450	3,179	73,785
Disposals	(13,545)	-	-	(207)	-	(13,752)
Revaluations	-	-	-	-	-	-
Write-offs	7,578	-	-	-	-	7,578
Depreciation Expense	(12,463)	(2,715)	(2,988)	(17,318)	(359)	(35,843)
Carrying amount at the end of the year	56,213	14,560	101,770	699,857	13,777	886,177

Consolidated	Equipment	Software	Library	Property	Leasehold	Total
	\$000	Development \$000	Books \$000	\$000	Improvements \$000	\$000
Balance at the beginning of the year	57,404	15,719	94,341	684,562	11,101	863,127
Additions	22,660	1,724	10,619	38,457	3,230	76,690
Disposals	(13,631)	-	-	1,067	-	(12,564)
Revaluations	-	-	-	1,909	-	1,909
Write-offs	7,448	-	-	-	(44)	7,404
Depreciation Expense	(13,937)	(2,883)	(3,033)	(17,540)	(485)	(37,878)
Carrying amount at the end of the year	59,944	14,560	101,927	708,455	13,802	898,688

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

25. INTANGIBLE ASSETS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
-	-	Goodwill	-	530
-	-	Less: Accumulated amortisation	-	-
-	-	Total Goodwill	-	530
-	-	Intellectual Property	-	844
-	-	Less: Accumulated amortisation	-	(168)
-	-	Total Intellectual Property	-	676
-	-	Total Intangible Assets	-	1,206

26. PAYABLES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
19,244	20,935	Creditors	18,377	21,010
2,560	2,560	Other Amounts Payable	256	1,881
2,528	5,591	Accrued Charges	5,712	6,459
-	44	Group Tax	-	91
-	-	Monash International Pty Ltd	745	-
76	-	Montech Pty Ltd	-	-
4,670	6,083	Other	10,757	13,679
1,009	1,009	GST Collected	1,054	1,054
30,087	36,222	Total Payables	36,901	44,174

27. INTEREST BEARING LIABILITIES

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
		a) Current		
		Loans from Banks secured by mortgage against the revenues of the University	-	-
15	15	Loan from Bank - Commercial Bills	5,000	5,000
5,300	5,300	Other Loans, unsecured	103	353
112	112	Total Current Interest Bearing Liabilities	5,103	5,353
5,427	5,427			
		b) Non - Current		
		Loan from Bank - Commercial Bills:		
		Repayable 1-5 years	7,600	7,600
12,600	12,600	Repayable over 5 years	63,330	63,330
27,980	27,980	Loans from Banks secured by mortgage against the revenues of the University:		
		Repayable 1-5 years	-	-
53	53	Other Loans, unsecured:		
		Repayable 1-5 years	-	-
103	103	Total Non-Current Interest Bearing Liabilities	70,930	70,930
40,736	40,736			
46,163	46,163	Total Interest Bearing Liabilities	76,033	76,283

28. PROVISIONS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
5,490	5,517	a) Current		
24,746	25,428	Provision for Long Service Leave	5,803	5,828
		Provision for Recreation Leave	26,207	27,076
<u>30,236</u>	<u>30,945</u>	Total Current Provisions	<u>32,010</u>	<u>32,904</u>
		b) Non-Current		
48,041	48,597	Provision for Long Service Leave	51,032	51,853
<u>48,041</u>	<u>48,597</u>		<u>51,032</u>	<u>51,853</u>
-	-	Provision for Income tax	-	479
<u>48,041</u>	<u>48,597</u>	Total Non-Current Provisions	<u>51,032</u>	<u>52,332</u>
<u>78,277</u>	<u>79,542</u>	Total Provisions	<u>83,042</u>	<u>85,236</u>

29. CAPITAL

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
		(a) Capital:		
		i) Funds Held in Perpetuity:		
		Monash University Foundation		
-	39,303	Funds Held in Perpetuity at 1 January	-	29,990
-	(9,313)	Transfer from Retained Earnings	-	389
<u>-</u>	<u>29,990</u>	Funds Held in Perpetuity at 31 December	<u>-</u>	<u>30,379</u>
		ii) Contributed Capital :		
		Commonwealth Government and State Grant	83,102	83,102
83,102	83,102	Contributions to Capital Works and Land	-	2
-	2	Other	-	2
<u>83,102</u>	<u>83,104</u>	Contributed Capital	<u>83,102</u>	<u>83,104</u>
		iii) Other		
		Premium arising on consolidation of controlled entity		
-	260	Sir John Monash Business Centre Pty Ltd	-	260
<u>83,102</u>	<u>113,354</u>	Total Capital	<u>83,102</u>	<u>113,743</u>
		(b) Reserves:		
		General Reserve		
51,108	51,935	General Reserve at 1 January	51,108	51,108
-	(827)	Transfers to General Reserves	-	3
<u>51,108</u>	<u>51,108</u>	General Reserve	<u>51,108</u>	<u>51,111</u>
		Asset Revaluation Reserve		
351,377	351,916	Asset Revaluation Reserve at 1 January	518,190	518,283
-	(446)	Transfer from Asset Revaluation Reserve	-	-
166,813	166,813	Revaluation of Assets	-	1,909
<u>518,190</u>	<u>518,283</u>	Asset Revaluation Reserve	<u>518,190</u>	<u>520,192</u>
<u>569,298</u>	<u>569,391</u>	Total Reserves	<u>569,298</u>	<u>571,303</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

29. CAPITAL (CONTINUED)

(c) Retained Surplus

206,589	301,539	Retained Surplus at 1 January	241,733	334,429
35,344	33,882	Surplus for the year ended 31 December	21,282	10,402
-	-	Writeback on deconsolidation of associate entities	-	165
<hr/>	<hr/>		<hr/>	<hr/>
241,933	335,421	Funds Available for Appropriation	263,015	344,996
		Less:		
(200)	(200)	Dividend Paid	(153)	(153)
		Transfers (to) / from Reserves:		
-	(687)	Transfers to Funds held in Perpetuity	-	(389)
-	(105)	Transfers to General Reserves	-	-
<hr/>	<hr/>		<hr/>	<hr/>
241,733	334,429	Retained Surplus at 31 December	262,862	344,454

(d) Outside Equity Interests

-	2,009	Interest in : Share Capital	-	1,650
-	(15)	Retained Surplus	-	(1,241)
<hr/>	<hr/>		<hr/>	<hr/>
-	1,994	Outside Equity Interests	-	409

30. DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Directors' Remuneration

2000			2001	
Monash University	Consolidated		Monash University	Consolidated
909,000	1,876,000	Income received or due and receivable by all directors of each entity in the consolidated university economic entity.	865,000	2,041,000
147,000	261,000	Amounts paid to prescribed superannuation funds for the provision of retirement benefits for directors.	146,000	146,000
<hr/>	<hr/>		<hr/>	<hr/>
1,056,000	2,137,000	Directors' Remuneration	1,011,000	2,187,000

The Hon. L Kosky is the responsible Minister for Education and Training. The names of members of Council of Monash University who held office during the financial year are shown below. None of these persons received remuneration directly related to their duties as Council members. No related party transactions were entered into by members of Council or their related entities.

L Adler
A Bannikoff (from 12/11/2001)
G Barnes
M Blencowe
C Bourke
J K Ellis
D Halstead
J M Hearn
J C Hutchinson
P F E Hutchinson
P James (from 20/4/2001)

J B Laurie
A W Lindsay
A Markus (until 12/2/2001)
W Peter
D R Pizzey AM
P H Ramler AM
D A Robinson
M A Schapper
A C Sherry
T Sridar
E Tava

30. DIRECTORS' AND EXECUTIVES' REMUNERATION (CONTINUED)

2000		Remuneration (dollars)	2001	
Monash University	Consolidated		Monash University	Consolidated
-	18	0 - 10,000	-	18
-	11	10,001 - 20,000	-	15
-	2	20,001 - 30,000	-	3
-	3	30,001 - 40,000	-	1
-	2	40,001 - 50,000	-	-
1	1	50,001 - 60,000	1	1
1	1	90,001 - 100,000	-	2
-	-	100,001 - 110,000	-	-
1	1	120,001 - 130,000	-	-
-	-	140,001 - 150,000	-	-
-	1	150,001 - 160,000	-	-
-	-	200,001 - 210,000	1	1
-	-	240,001 - 250,000	-	-
-	-	270,001 - 280,000	1	1
1	1	280,001 - 290,000	-	-
-	-	300,001 - 310,000	-	-
-	-	350,001 - 360,000	-	-
-	-	380,001 - 390,000	-	1
-	-	400,001 - 410,000	-	-
-	1	420,001 - 430,000	-	-
-	-	470,001 - 480,000	1	1
1	1	490,001 - 500,000	-	-

All Monash University employees who are members of Council are included in the above table.

(b) Executives' Remuneration

2000		Income received by employees whose remuneration, as defined below, exceeds \$100,000	2001	
Monash University	Consolidated		Monash University	Consolidated
35,316,000	39,499,000		39,460,000	40,074,000
-	-	Bonuses paid during the reporting period on the completion of employment contracts included below amounted to	-	-

2000		Remuneration (dollars)	2001	
Monash University	Consolidated		Monash University	Consolidated
94	101	100,001 - 110,000	80	82
51	53	110,001 - 120,000	85	86
49	49	120,001 - 130,000	47	47
40	43	130,001 - 140,000	42	43
10	13	140,001 - 150,000	13	13
9	12	150,001 - 160,000	9	10
8	14	160,001 - 170,000	6	6
6	8	170,001 - 180,000	9	9
5	6	180,001 - 190,000	6	6
-	-	190,001 - 200,000	5	5
1	1	200,001 - 210,000	-	-
1	1	210,001 - 220,000	1	1
3	3	220,001 - 230,000	-	1
1	1	230,001 - 240,000	1	-
-	-	240,001 - 250,000	1	1
1	1	250,001 - 260,000	2	2
-	-	270,001 - 280,000	2	2
1	1	280,001 - 290,000	1	1
1	1	300,001 - 310,000	-	-

- Notes:
- (i) Remuneration detailed in this table includes salary, superannuation, payments for leave entitlements on retirement/departure and leave loading, and the private use component of other non-salary benefits.
 - (ii) The figures above exclude fringe benefits tax payable on non-salary benefits by the University.
 - (iii) Remuneration does not include lump sum payouts made pursuant to University early retirement/redundancy programs.
 - (iv) In relevant cases the remuneration includes payment for work undertaken in previous periods.

31. CONTROLLED ENTITY DISCLOSURES

- (a) Balances between Monash University and its Controlled Entities are shown under Receivables (note 20), Other (note 21), and Payables (note 26).
- (b) Transactions between Monash University and its Controlled entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

2000 Monash University \$000		2001 Monash University \$000
	Income received from:	
5,460	Monash International Pty Ltd	1,919
-	Monash University South Africa	2,902
599	Monash IVF Pty Ltd	1,166
2,166	Monash Mt Eliza Graduate School of Business and Government Limited	-
22,595	Monash University Foundation	9,236
307	Montech Pty Ltd	846
150	Sir John Monash Business Centre Pty Ltd	22
-	Monash Ed Pty Ltd	1,187
31,277		17,278
	Expenditure paid to:	
6,459	Monash International Pty Ltd	7,144
-	Monash University South Africa	3,449
591	Monash Mt Eliza Graduate School of Business and Government Limited	-
732	Monash University Foundation	642
671	Montech Pty Ltd	671
33	Sir John Monash Business Centre Pty Ltd	40
8,486		11,946

32. EXPENDITURE COMMITMENTS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
22,918	22,918	Capital Works Projects:		
840	840	Not later than 1 year	49,524	49,555
3,464	3,464	Later than 1 year and not later than 5 years	14,870	14,872
		Capital - Equipment Purchases	2,884	2,884
27,222	27,222	Total Expenditure Commitments	67,278	67,311

33. LEASE COMMITMENTS

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
5,978	7,644	Operating Lease Commitments:		
13,077	17,389	Not later than 1 year	7,866	9,028
3,035	4,149	Later than 1 year and not later than 5 years	13,321	19,565
		Later than 5 years	3,734	3,734
22,090	29,182	Operating Lease Commitments	24,921	32,327

An equitable mortgage exists between Monash University as mortgagor and National Australia Financial Management Ltd (NAFM) as mortgagee securing future rental payments amounting to \$11.624M (2000 \$13.522M) due to National Australia Financial Management Ltd, under the deed of sub-lease entered into between mortgagor and mortgagee dated 30 June, 1993. In 1997, the security was reduced to \$14M in line with the present value of the University's outstanding commitments. This security amount will be maintained through Australian fixed interest and liquidity investments within the National Asset Management Ltd portfolio. Refer to note 22(b).

34. CONTINGENT LIABILITIES

Open Learning Agency of Australia Pty Ltd

The shareholders of Open Learning Agency of Australia Pty Ltd (OLAA) guarantee the performance of the company under an agreement with the Commonwealth pursuant to S.22A of the Higher Education Funding Act 1988, in relation to an open learning initiative.

The Commonwealth, under its agreement with OLAA, has provided funding of \$30.2M as at 31 December 2001 (2000 \$30.2M).

The University initially guarantees performance under a Deed of Performance Guarantee dated 20 January 1993. In 1996, OLAA issued further shares and as a result Monash University held 12.5% of the issued capital as at 31 December 1999. In October 2000, one shareholder sold their shares in OLAA back to the company. This increased the percentage ownership held by Monash University to 14.29%. In accordance with the share issue conditions Monash University has a contingent liability of \$4,329,000 (2000 \$3,787,000) equivalent to 14.29% (2000 12.5%) of the funding provided.

35. SUPERANNUATION FUNDS

The University contributes to the following superannuation funds on behalf of employees:

(a) Unisuper Ltd DBP/ICP (formerly Superannuation Scheme for Australian Universities)

This scheme is a defined benefit scheme and investment choice plan where the University makes contributions at the rate of 14% of gross salary.

Employees contribute at the rate of 7% of gross salary.

The last actuarial review of the scheme was in December 1999 and indicated the fund was in a sound financial position, ie. the scheme has no unfunded liability. The total contributions by the University for the year ended 31 December were \$25,760,520 (2000 \$24,198,546).

(b) "M" Superannuation Scheme

This scheme is a defined benefit scheme and the University makes contributions at the rate of 12.6% of gross salary.

Employees contribute at the rate of 6.3% of gross salary.

The last actuarial review of the scheme was in December 1998 and indicated the fund was in a strong financial position, ie. the scheme has no unfunded liability. An actuarial review is being undertaken at December 2001. The total contributions by the University for the year ended 31 December 2001 were \$51,695 (2000 \$49,794).

(c) "A" Superannuation Scheme (Monash University Academic Superannuation Scheme)

This scheme was introduced under Statute 3.6 of the Monash University Act and benefits are provided by external insurers in the form of endowment assurance policies. The insurers provide an accumulation fund to which the University and employee contribute. The scheme provides a defined benefit of 70 % of final salary at normal retirement and therefore the university provides a supplementary pension if the proceeds of the policy expressed in pension form does not reach the target.

The University makes contributions at the rate of 10% of gross salary.

Employees contribute at the rate of 5% of gross salary.

Total contributions by the University for the year ended 31 December were \$36,785 (2000 \$44,429).

(d) Unisuper Ltd APP (Formerly Tertiary Education Superannuation Scheme/ Superannuation Guarantee Charge).

This scheme is a cash accumulation productivity scheme and the University makes contributions at a rate of 3% to 8% of gross salary. Employees have no requirement to contribute, and the scheme has no unfunded liability.

Total contributions by the University for the year ended 31 December were \$12,164,138 (2000 \$10,560,025).

35. SUPERANNUATION FUNDS (CONTINUED)

(e) Government Superannuation Office (previously State Superannuation Board of Victoria)

Monash University has, in its staffing profile, a number of employees who are members of the State Superannuation Fund, which is a defined benefits scheme.

As at 30 June 2001, the State Superannuation Fund was carrying total liabilities for member benefits, in excess of the value of the scheme's assets. Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the scheme. The notional share of this public sector employee superannuation scheme's unfunded liabilities attributable to Monash University, as assessed by the scheme as at 30 June 2001, amounted to \$122,943,000 (2000 \$120,691,000).

In January 1999 the Victorian Department of Treasury and Finance issued Accounting and Financial Reporting Bulletin 23 under the Financial Management Act 1994, requiring Victorian Universities to recognise in their Financial Statements the unfunded superannuation liability.

The State Grants (General Purposes) Act 1994 section 14 provides for the Commonwealth and the State Governments to meet the costs of unfunded superannuation liabilities as they emerge. Based on a cost sharing arrangement with the Commonwealth, the State is only required to make contributions to the Commonwealth equivalent to approximately 28% of unfunded liabilities in relation to university employees. The remaining 72% is to be met by the Commonwealth. The State reports liability accordingly.

For the 1998 annual report, the Victorian Minister for Finance recommended that the financial statements were presented on the basis that both a liability and offsetting asset be recognised in respect of the unfunded superannuation obligations. The same presentation has continued to be followed.

The basis for this treatment is:

- (a) The Commonwealth Government has provided funds for the unfunded superannuation liabilities of Universities since funding responsibility for higher education transferred to the Commonwealth in 1974. The Commonwealth has confirmed its intention to continue making these payments in the current triennium.
- (b) The Victorian Government Solicitor has advised that it is appropriate for Universities to recognise a receivable from the Commonwealth and State governments on the grounds they have a legal claim on the funding of their unfunded superannuation liabilities.

The Commonwealth Department of Education, Science and Training's (DEST) (formerly known as the Department of Education, Training and Youth Affairs (DETYA) instructions for preparing Annual Financial Reports for the 2001 Reporting Period" also requires that the unfunded superannuation obligations are treated as a non-current asset (deferred government superannuation contribution) and non-current liability (deferred employee benefits for superannuation).

The movement in the asset for the year of \$2,252M (2000 \$7,606M) has been recorded as income in the Statement of Financial Performance (Deferred Contributions). The matching movement in the liability has been recorded as an expense (Deferred Benefits).

During the 2001 period, Monash University's contributions to the scheme totalled \$7,836,739 (2000 \$7,335,665).

The policy adopted for calculating employer contributions is based on the advice of the scheme's trustees, but generally the contribution rate represents 79.2% of pensions payable.

(f) MLC Members Choice Pharmaceutical Organisations Fund

Contributions are made by the University, on account of staff who were formerly employed by the Victoria College of Pharmacy (now part of the University), to MLC Choice Pharmaceutical Organisations Fund, which is an employee contributory accumulation fund scheme. The scheme has no unfunded liability.

Employees contribute at the rate of 5% of gross salary. The University makes contributions at 10% of gross salary.

Total contributions by the University for the year ended 31 December 2001 totalled \$11,653 (2000 \$11,290).

35. SUPERANNUATION FUNDS (CONTINUED)

(g) Other Superannuation Funds

Contributions are made by the University to approved superannuation funds. These funds are accumulation funds and have no unfunded liabilities. Total contributions of \$82,954 were made in 2001 (2000, \$44,447).

36. CASH FLOW INFORMATION

(a) Reconciliation of cash assets

2000				2000	
Monash University \$000	Consolidated \$000		Notes	Monash University \$000	Consolidated \$000
3,562	11,462	Cash	19	2,198	10,954
-	-	Bank Overdraft		-	-
-	3,110	Short term investments	19	-	3,277
<u>3,562</u>	<u>14,572</u>	Total Cash Assets		<u>2,198</u>	<u>14,231</u>

(b) Reconciliation of net cash used in operating activities to Net Result for the year before income tax

25,512	35,149	Net Result for the year before income tax expense		21,282	9,494
33,802	35,684	Depreciation & amortisation expense		35,843	37,859
4,957	5,161	Provisions		4,802	4,886
321	349	Bad & doubtful debt expense		770	797
(12,903)	(20,591)	Gains on other financial assets		(13,322)	(8,206)
(8,901)	-	Net income from Monash University Foundation		(9,147)	-
558	(2,619)	Other non - cash items		(204)	(6,084)
		Changes in assets and liabilities:			
(12,753)	(17,374)	(Increase)/Decrease in receivables		(7,888)	(8,198)
4,792	4,822	(Increase)/Decrease in prepayments		(1,551)	(1,528)
(103)	(223)	(Increase)/Decrease in inventories		(563)	(597)
-	-	Increase/(Decrease) in other current assets		(5,258)	(5,276)
9,121	14,775	Increase/(Decrease) in payables		6,867	5,909
(1,468)	(1,468)	Increase/(Decrease) in government grants received in advance		-	-
1,853	3,486	Increase/(Decrease) in student fees received in advance		3,270	2,044
-	3	Increase/(Decrease) in other income received in advance		-	(182)
-	-	Increase/(Decrease) in other current liabilities		-	1,033
(166)	(166)	Other changes		-	321
<u>44,622</u>	<u>56,988</u>	Net cash inflows from operating activities		<u>34,901</u>	<u>32,272</u>

(c) Financing Facilities

-	1,020	Credit standby arrangements:			
-	-	Bank Overdraft Facility		-	-
		Amount Used		-	-
<u>-</u>	<u>1,020</u>	Amount Unused		<u>-</u>	<u>-</u>
		Loan Facilities (external):			
69,282	73,035	Total Facility		93,533	93,783
46,163	46,796	Amount of facilities used		76,033	76,283
<u>23,119</u>	<u>26,239</u>	Amount of facilities unused		<u>17,500</u>	<u>17,500</u>

37. FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Exposures

The Entity's exposure to the effect of future changes in prevailing interest rates and the effective interest rates on financial instruments at balance date are:

<u>2001</u>		Interest Rates	Floating Interest Rate \$000	Fixed Interest Rate Maturities			Non Interest Bearing \$000	Total \$000
Consolidated				1 Year or less \$000	1 to 5 Years \$000	Over 5 Years \$000		
Assets								
Cash at Bank - AUD	3.8%	10,780				-	10,780	
Managed Cash	5.1%	2,027					2,027	
Bank Call Deposits	4.0%	2,820					2,820	
Discount Securities	4.3%	-	44,263	-	-		44,263	
Shares		-				74,265	74,265	
Managed Trusts		-				125,790	125,790	
Managed Futures and Options		-				3,104	3,104	
Other Investments		-				2,132	2,132	
Other Managed Assets		-				7,737	7,737	
Receivables		-				39,769	39,769	
Loans		-				1,927	1,927	
Total Financial Assets		15,627	44,263	-	-	254,724	314,614	
Liabilities								
Loans - Bank	6.52%	-	5,000	7,600	63,330	3,575	79,505	
Loans - Other	8.59%	-	103	-	-	4,544	4,647	
Managed Futures and Options		-	-	-	-	2,921	2,921	
Payables		-				39,952	39,952	
Total Financial Liabilities		-	5,103	7,600	63,330	50,992	127,025	
Net Financial Assets		15,627	39,160	(7,600)	(63,330)	203,732	187,589	
<u>2000</u>		Interest Rates	Floating Interest Rate \$000	Fixed Interest Rate Maturities			Non Interest Bearing \$000	Total \$000
Consolidated				1 Year or less \$000	1 to 5 Years \$000	Over 5 Years \$000		
Assets								
Cash at Bank - AUD	3.1%	11,364				98	11,462	
Managed Cash	6.0%	10,537					10,537	
Bank Call Deposits	6.1%	3,110					3,110	
Discount Securities	6.4%	-	41,981	1,577	4,177		47,735	
Shares		-				117,178	117,178	
Managed Trusts		-				70,353	70,353	
Managed Futures and Options		-				4,410	4,410	
Other Investments		-				76	76	
Other Managed Assets		-				2,930	2,930	
Receivables		-				30,415	30,415	
Loans		-				-	-	
Total Financial Assets		25,011	41,981	1,577	4,177	225,460	298,206	
Liabilities								
Loans - Bank	6.97%	-	5,315	12,653	27,980	-	45,948	
Loans - Other	8.59%	-	113	103	-	-	216	
Payables		-				36,222	36,222	
Total Financial Liabilities		-	5,428	12,756	27,980	44,204	90,368	
Net Financial Assets		25,011	36,553	(11,179)	(23,803)	181,256	207,838	

37. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Reconciliation of Net Financial Assets with Net Assets as per Consolidated Statement of Financial Position

	2001 \$000	2000 \$000
Net Financial Assets as above	187,589	207,838
Add Non Financial Assets		
Inventories	3,683	3,086
Payments in Advance	7,038	5,508
Property, Plant and Equipment	899,894	863,127
Monash University Foundation Investment Property	31,600	32,500
Government Superannuation Contributions	122,943	120,691
	<u>1,065,158</u>	<u>1,024,912</u>
Less Non Financial Liabilities		
Prepaid Rental	(3,937)	(4,652)
Student Fees Paid in Advance	(10,741)	(8,697)
Provisions	(85,217)	(79,542)
Deferred Employee Benefits for Superannuation	(122,943)	(120,691)
	<u>(222,838)</u>	<u>(213,582)</u>
Net Assets per Statement of Financial Position	<u>1,029,909</u>	<u>1,019,168</u>

(b) Significant accounting policies, terms and conditions

(i) Financial Assets

Other Financial Assets [Note 22]

Other Financial Assets on hand mainly comprise investments in managed funds, bank deposits, and money market securities. These financial instruments are traded in an organised financial market.

With the exception of Monash University Foundation, other financial assets are brought to account at cost. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments.

Monash University Foundation investment gains and losses realised from sale of investments and unrealised market value adjustments are reflected in the Consolidated Statement of Financial Performance.

In respect to managed funds, where the manager considers it in the interests of prudent support, management, protection or enhancement of any existing or proposed investment, the manager may enter into futures, options, hedging, interest or currency swaps or arrangements. Under no circumstances can an external fund manager or internal treasury staff enter into such a financial arrangement unless there is sufficient assets (or liabilities) to support the transaction. There are no internal derivative transactions at balance date.

Managed funds include investments in various pooled funds, including overseas investments. The foreign currency and other risks are managed for the pool by the fund manager.

Management of Monash University and Monash University Foundation review the managed portfolios monthly and both report to Council and the Board, at least quarterly.

Receivables [Note 20]

Sundry debtors and student loans are carried at nominal amounts due. Collectibility of these debts is assessed and a provision for doubtful debts is raised. Sundry debtors are generally required to be settled within 30 days. The interest charged on student loans is up to 6% for long term loans.

Receivables from related entities result from commercial dealings and are made on commercial terms and conditions.

37. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(b) Significant accounting policies, terms and conditions (continued)

(ii) Financial Liabilities

Loans - Bank [Note 27]

The bank loans are drawn on a commercial bill facility and are carried at the principal amounts. Interest is charged at a fixed rate, repayable quarterly, and expensed as it accrues.

Payables [Note 26]

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. Payables are normally settled within 30 days from month of billing.

(c) Fair Values

The carrying amounts of all financial assets and liabilities approximate fair values, with the exception of investments.

In accordance with accounting standards, other financial assets are shown at cost, with the exception of the funds of Monash University Foundation which are at net fair value. Market values of managed funds of Monash University are disclosed below:

Market Value	2001 \$000	2000 \$000
Managed Funds:		
Westpac Investment Management Pty Ltd	44,547	40,846
MLC (formerly National Australia Asset Management Ltd)	95,288	91,631
Common Fund:		
Westpac Investment Management Pty Ltd	30,426	20,139

Net fair value of financial instruments held by Monash University Foundation are determined on the following bases:

- Investments in managed funds are included in the accounts on the basis of statements from investment managers and are valued at closing market prices, adjusted for any transaction costs necessary to realise the asset. The money market securities are valued at net realisable market prices.
- Discount securities are recorded at net fair values and bank call deposits are stated at cost.

The balance of Monash University Foundation investments also includes direct property holdings which are shown at valuations advised annually by qualified independent valuers.

(d) Credit Risk

The economic entity's maximum exposure to credit risk is represented by the carrying amounts of financial assets included in the consolidated Statement of Financial Position.

(e) Foreign Exchange Risk

Monash University and Monash University Foundation Trust have invested in the development of a campus in South Africa, Managed funds include international investments and the foreign currency risk is managed by the fund managers.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

38. CONTROLLED ENTITIES

Entity	Place of Incorporation	Countries where business carried on	Principal Activities	Details of Group Beneficial Interest		Details of Investment	Operating Profit (Loss)	Total Assets		Total Liabilities	
				2001 %	2000 %			2001 \$	2000 \$	2001 \$000	2000 \$000
Monash International Pty Ltd	Victoria	Australia	Provision of recruitment services, development of international projects and the delivery of overseas access programs.	100%	100%	500,000	664	11,710	10,802	8,363	8,119
Monash Language Centre Pty Ltd	Victoria	Australia	Provision of language courses to international students.	100%	100%						
Sir John Monash Business Centre Pty Ltd	Victoria	Australia	Provision of training, conference facilities and adult education.	100%	100%	340,000	(178)	252	822	248	543
Monash University Foundation Pty Ltd	Victoria	Australia	Trustee of Monash University Foundation Trust.	100%	100%	6	Nil	Nil	Nil	Nil	Nil
Monash University Foundation Trust	Victoria	Australia	Generation of investment income for the future benefit of Monash University.	100%	100%	6	(7,839)	120,379	132,338	5,784	9,905
Monash University South Africa (1)	South Africa	South Africa	Operation of Monash University's South African campus in Roodeport, Johannesburg.	100%	100%		(2,710)	2,402	1,039	7,609	3,536
Monash University Foundation Year Ltd	Victoria	Australia	Company deregistered 30 December 2001.	n/a	100%		Nil	Nil	Nil	Nil	Nil
AMPASC Pty Ltd	Victoria	Australia	Company deregistered 30 December 2001.	n/a	100%		Nil	Nil	Nil	Nil	Nil
Monash Commercial Pty Ltd (1)	Victoria	Australia	Marketing and promotion of commercially viable projects developed predominantly by Monash University.	100%	n/a	2	(312)	1,838	Nil	1,991	Nil
Monash Digital Media Pty Ltd	Victoria	Australia	The provision of multi media services to commerce and industry.	100%	n/a						
Monash Learningfast Pty Ltd	Victoria	Australia	The creation and distribution of on-line learning and related products and services.	51%	n/a						
LearningFast, Inc (100% owned by Monash Learningfast Pty Ltd).	USA	USA	The creation and distribution of on-line learning and related products and services.	51%	n/a						
Monash Property Management Pty Ltd	Victoria	Australia	The development and management of property owned by Monash University, on behalf of the University.	100%	n/a						
Monash Reproductive Health Enterprises Pty Ltd	Victoria	Australia	The company has been dormant for the period since its incorporation to the end of the year.	100%	n/a						
Montech Pty Ltd (1 & 2)	Victoria	Australia	Marketing and promotion of commercially viable projects developed predominantly by Monash University.	100%	100%	235,000	(364)	3,345	3,237	3,003	1,192
Montech Medical Developments Pty Ltd	Victoria	Australia	The marketing and promotion of commercially viable projects developed predominantly at Monash University.	100%	100%						
Monash Digital Media Pty Ltd	Victoria	Australia	The provision of multi media services to commerce and industry.	n/a	100%						

38. CONTROLLED ENTITIES

Entity	Place of Incorporation	Countries where business carried on	Principal Activities	Details of Group Beneficial Interest	Details of Investment	Operating Profit (Loss)	Total Assets	Total Liabilities
				2001 % 2000 %	2001 \$ 2000 \$	2001 \$ 2000 \$	2001 \$ 2000 \$	2001 \$ 2000 \$
Prostate Diagnostics Pty Ltd	Victoria	Australia	To develop and commercialise the diagnostic for prostate biopsies.	59.80% 84.89%				
Ingenko Pty Ltd	Victoria	Australia	The provision of mouse gene targeting services.	50.00% n/a				
Monash Southern Africa Pty Ltd (1)	Victoria	Australia / South Africa	Development of the campus in Rodeport, Johannesburg.	80% 80%	1,600,000 1	(1,064) (22)	6,970 6,468	4,783 6,490
Monash IVF Pty Ltd	Victoria	Australia	Provision of infertility medical services.	100% 100%	250,100 2	104 98	3,991 4,294	2,361 2,850
Monash Ultrasound Pty Ltd	Victoria	Australia	Trustee of Monash Ultrasound Trust.	100% 100%	2 2			
Monash Ultrasound Trust	Victoria	Australia	Provision of obstetric and gynaecological ultrasound services for patients.			375 302	863 800	858 795
Monash Reproductive Pathology and Genetics Pty Ltd	Victoria	Australia	Trustee of Monash IVF Pathology Services Trust.	100% 100%	2 2			
Monash IVF Pathology Services Trust	Victoria	Australia	Provision of diagnostic testing for patients.			221 201	541 669	537 665
Monash Unicomm Pty Ltd	Victoria	Australia	Oversee the administration and provision of commercial services for students of the University.	80% 80%	7,999 7,999	Nil Nil	3 3	Nil Nil
Monash Ed Pty Ltd (1)	Victoria	Australia	Provision of education and training relating to the organisation of the Olympic Games.	80% n/a		(950) Nil	Nil Nil	1,187 Nil
					2,933,111 1,333,110	(12,053) 5,086	152,294 160,472	36,724 34,095

Notes

- Economic dependency - Monash University provides financial support to these companies.
- During the financial year, Montech Pty Ltd held 100% of the share capital of the following entities
 Deadrum Pty Ltd;
 ACN 056 641 420 Pty Ltd;
 Rinal Pty Ltd;
 Southwal Pty Ltd;
 Rondole Pty Ltd;
 Kerbridge Pty Ltd;
 Montores Pty Ltd;
 Dentire Pty Ltd.
 All companies had been used as investment vehicles by parties unrelated to Montech Pty Ltd for investments in syndicated research and development projects in joint venture with Montech Pty Ltd. The companies were transferred to Montech Pty Ltd, including all rights to technology arising from investments in joint venture activities.
 Given doubt over the future cashflows arising from the rights to the technology transferred to Montech Pty Ltd, such rights were valued at \$nil within the entities. As there were no other assets or liabilities, the value of the net assets acquired was \$ Nil, and the investment has therefore not been recorded in the books and records of Montech Pty Ltd. In each case, there has been no activity from the dates of transfer to 31 December 2001.
- Subsidiary companies of controlled entities are indented. Financial information is consolidated at the parent level.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

39. EXPENSES BY FUNCTION

2000			2001	
Monash University \$000	Consolidated \$000		Monash University \$000	Consolidated \$000
		a) Academic Activities		
149,502	152,486	Academic Staff Salaries	160,907	161,810
32,172	32,562	Academic Staff Salary Related Costs	33,112	33,256
48,655	50,536	Non-Academic Staff Salaries	54,928	54,928
10,619	10,858	Non-Academic Staff Salary Related Costs	11,142	11,142
240,948	246,442	Total Salaries & Related Costs	260,089	261,136
7,442	7,442	Depreciation - Equipment	7,174	7,174
8,920	8,920	Depreciation - Buildings	10,119	10,119
116,446	126,340	Other Expenses	130,957	124,767
373,756	389,144		408,339	403,196
		b) Libraries		
10,023	10,122	Non-Academic Staff Salaries	10,777	10,821
2,362	2,377	Non-Academic Staff Salary Related Costs	2,361	2,364
12,385	12,499	Total Salaries & Related Costs	13,138	13,185
139	139	Depreciation - Equipment	89	92
878	878	Depreciation - Buildings	987	987
2,962	2,962	Depreciation - Library	2,988	3,033
141	141	Amortisation - Software Development	141	141
4,072	4,206	Other Expenses	7,110	7,118
20,577	20,825		24,453	24,556
		c) Other Academic Support Services		
2,073	2,073	Academic Staff Salaries	1,442	1,442
426	426	Academic Staff Salary Related Costs	432	432
10,139	11,603	Non-Academic Staff Salaries	3,401	3,401
2,197	2,373	Non-Academic Staff Salary Related Costs	691	691
14,835	16,475	Total Salaries & Related Costs	5,966	5,966
4,523	4,523	Depreciation - Equipment	2,171	2,171
397	397	Depreciation - Buildings	446	446
11,326	12,367	Other Expenses	1,560	1,560
31,081	33,762		10,143	10,143
		d) Student Services		
9,999	10,560	Non-Academic Staff Salaries	15,109	15,225
1,898	1,959	Non-Academic Staff Salary Related Costs	2,858	2,869
11,897	12,519	Total Salaries & Related Costs	17,967	18,094
196	196	Depreciation - Equipment	206	206
882	882	Depreciation - Buildings	991	991
15,558	17,106	Other Expenses	17,723	17,733
28,533	30,703		36,887	37,024
		e) Public Services		
852	852	Non-Academic Staff Salaries	1,213	1,213
157	157	Non-Academic Staff Salary Related Costs	218	218
1,009	1,009	Total Salaries & Related Costs	1,431	1,431
32	32	Depreciation - Equipment	59	59
80	80	Depreciation - Buildings	90	90
970	970	Other Expenses	885	885
2,091	2,091		2,465	2,465
		f) Buildings and Grounds		
6,535	6,535	Non-Academic Staff Salaries	7,730	7,730
1,514	1,514	Non-Academic Staff Salary Related Costs	1,650	1,650
8,049	8,049	Total Salaries & Related Costs	9,380	9,380
173	173	Depreciation - Equipment	221	221
213	213	Depreciation - Buildings	253	253
17,089	17,584	Other Expenses	18,106	18,657
25,524	26,019		27,960	28,511

39. EXPENSES BY FUNCTION (CONTINUED)

g) Administration and Other General Services

		Administration		
2,308	2,308	Academic Staff Salaries	3,061	3,061
543	543	Academic Staff Salary Related Costs	683	683
35,832	48,722	Non-Academic Staff Salaries	36,424	50,645
6,273	8,265	Non-Academic Staff Salary Related Costs	7,622	10,940
<u>44,956</u>	<u>59,838</u>	Total Salaries & Related Costs	<u>47,790</u>	<u>65,329</u>
614	2,125	Depreciation - Equipment	2,544	4,015
4,284	4,468	Depreciation - Buildings	4,432	4,654
1,926	1,926	Amortisation - Software Development	2,573	2,741
224	411	Amortisation - Leasehold Improvements	359	485
<u>33,588</u>	<u>52,360</u>	Other Expenses	<u>54,798</u>	<u>91,663</u>
85,592	120,904		112,496	168,887
		Other General Services		
248	377	Audit Fees	209	416
815	815	Accounting Services	506	538
3,205	3,228	Interest Expense	2,692	2,838
308	377	Bad Debts Expense	429	505
7,419	8,946	Lease Expense	11,164	13,214
-	175	Directors Emoluments	5	167
6,855	7,047	Long Service Leave Provision	3,332	3,648
(1,899)	(1,549)	Recreation Leave Provision	28	2,090
10	18	Doubtful Debts Provision	339	626
188	188	Dividends	-	-
7,606	7,606	Deferred Benefits for Superannuation	2,252	2,252
650	650	Loss of Subsidiary	-	165
<u>110,997</u>	<u>148,782</u>		<u>134,893</u>	<u>195,346</u>

(h) **Total Expenses**

153,883	156,867	Academic Staff Salaries	165,410	166,313
33,141	33,531	Academic Staff Salary Related Costs	34,227	34,371
122,035	138,930	Non-Academic Staff Salaries	129,582	143,963
25,020	27,503	Non-Academic Staff Salary Related Costs	26,542	29,874
<u>334,079</u>	<u>356,831</u>	Total Salaries & Related Costs	<u>355,761</u>	<u>374,521</u>
13,119	14,630	Depreciation - Equipment	12,463	13,937
15,430	15,614	Depreciation - Buildings	17,318	17,540
2,962	2,962	Depreciation - Library	2,988	3,033
2,067	2,067	Amortisation - Software Developments	2,715	2,883
224	411	Amortisation - Leasehold Improvements	359	485
105	131	Audit Fees - Auditor General	118	146
143	246	- Other	90	236
815	815	Accounting Services	506	538
3,205	3,228	Interest Expense	2,692	2,838
308	377	Bad Debts Expense	429	505
7,419	8,946	Lease Expense	11,164	13,214
-	175	Directors Emoluments	5	167
6,855	7,047	Provision for Long Service Leave	3,332	3,648
(1,899)	(1,549)	Provision for Recreation Leave	1,469	2,090
10	18	Provision for Doubtful Debts	339	626
188	188	Dividends	-	-
7,606	7,606	Deferred Benefits for Superannuation	2,252	2,252
650	11,754	Loss of Subsidiary	-	165
199,049	230,118	Other Expenses	231,140	262,417
<u>592,335</u>	<u>661,615</u>	Total Expenses	<u>645,140</u>	<u>701,241</u>

40. ACQUITTAL OF COMMONWEALTH GRANTS

This note complies with the Department of Education, Science and Training (DEST) guidelines (formerly known as the Department of Education, Training and Youth Affairs (DETYA)) for the preparation of Annual Financial Reports. Grant payments under the Higher Education Funding Act 1988 received for use in future reporting periods are treated as advance payments. This is contrary to the revenue recognition accounting policy adopted by the University. (Refer Note 1(c))

(a) Amounts received pursuant to the Higher Education Funding Act 1988 and amounts expended:

2000 Monash University \$000		2001 Monash University \$000
	Operating Purposes	
15,317	Advance payment received in previous period	15,456
194,750	Grant received in the reporting period	201,158
(15,456)	Less advance payment received in respect of next period	(16,114)
<hr/>		<hr/>
194,611	Revenue Attributable to the reporting period	200,500
0	Carry-over from previous period	0
<hr/>		<hr/>
194,611	Funds available for the reporting period	200,500
194,611	Amount expended in the reporting period	200,500
<hr/>		<hr/>
0	Under-expenditure in the reporting period	0
	Large Research Grants	
390	Advance payment received in previous period	-
6,805	Grant received in the reporting period	7,781
-	Less advance payment received in respect of next period	-
<hr/>		<hr/>
7,195	Revenue Attributable to the reporting period	7,781
2,124	Carry-over from previous period	2,342
<hr/>		<hr/>
9,319	Funds available for the reporting period	10,123
6,977	Amount expended in the reporting period	7,411
<hr/>		<hr/>
2,342	Under-expenditure in the reporting period	2,712
	Small Research Grants	
-	Advance payment received in previous period	-
1,781	Grant received in the reporting period	-
-	Less advance payment received in respect of next period	-
<hr/>		<hr/>
1,781	Revenue Attributable to the reporting period	-
605	Carry-over from previous period	678
<hr/>		<hr/>
2,386	Funds available for the reporting period	678
1,708	Amount expended in the reporting period	502
<hr/>		<hr/>
678	Under-expenditure in the reporting period	176
	SPIRT Research Grants	
153	Advance payment received in previous period	-
2,554	Grant received in the reporting period	2,323
-	Less advance payment received in respect of next period	-
<hr/>		<hr/>
2,707	Revenue Attributable to the reporting period	2,323
899	Carry-over from previous period	1,080
<hr/>		<hr/>
3,606	Funds available for the reporting period	3,403
2,526	Amount expended in the reporting period	2,274
<hr/>		<hr/>
1,080	Under-expenditure in the reporting period	1,129

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2001

40. ACQUITTAL OF COMMONWEALTH GRANTS (CONTINUED)

2000. Monash University \$000		2001. Monash University \$000
-	Research Infrastructure Grants	
6,950	Advance payment received in previous period	491
(491)	Grant received in the reporting period	7,719
	Less advance payment received in respect of next period	(645)
6,459	Revenue Attributable to the reporting period	7,565
3,083	Carry-over from previous period	2,023
9,542	Funds available for the reporting period	9,588
7,519	Amount expended in the reporting period	8,058
2,023	Under-expenditure in the reporting period	1,530
	Special Research and Key Centres	
-	Advance payment received in previous period	-
1,192	Grant received in the reporting period	902
-	Less advance payment received in respect of next period	-
1,192	Revenue Attributable to the reporting period	902
-	Carry-over from previous period	700
1,192	Funds available for the reporting period	1,602
492	Amount expended in the reporting period	1,570
700	Under-expenditure in the reporting period	32
	Research Fellowships	
59	Advance payment received in previous period	-
820	Grant received in the reporting period	1,074
-	Less advance payment received in respect of next period	-
879	Revenue Attributable to the reporting period	1,074
255	Carry-over from previous period	164
1,134	Funds available for the reporting period	1,238
970	Amount expended in the reporting period	1,026
164	Under-expenditure in the reporting period	212
	International Research Exchange	
-	Advance payment received in previous period	-
124	Grant received in the reporting period	178
-	Less advance payment received in respect of next period	-
124	Revenue Attributable to the reporting period	178
23	Carry-over from previous period	46
147	Funds available for the reporting period	224
101	Amount expended in the reporting period	177
46	Under-expenditure in the reporting period	47

40. ACQUITTAL OF COMMONWEALTH GRANTS (CONTINUED)

2000. Monash University \$000		2001. Monash University \$000
-	Australian Postgraduate Awards	-
5,674	Advance payment received in previous period	-
-	Grant received in the reporting period	5,885
	Less advance payment received in respect of next period	-
5,674	Revenue Attributable to the reporting period	5,885
350	Carry-over from previous period	197
6,024	Funds available for the reporting period	6,082
5,827	Amount expended in the reporting period	5,770
197	Under-expenditure in the reporting period	312
	Overseas Postgraduate Research Scholarships	
-	Advance payment received in previous period	-
779	Grant received in the reporting period	860
-	Less advance payment received in respect of next period	-
779	Revenue Attributable to the reporting period	860
269	Carry-over from previous period	225
1,048	Funds available for the reporting period	1,085
823	Amount expended in the reporting period	944
225	Under-expenditure in the reporting period	141
	Indigenous Researchers Development Scheme	
-	Advance payment received in previous period	-
15	Grant received in the reporting period	5
-	Less advance payment received in respect of next period	-
15	Revenue Attributable to the reporting period	5
-	Carry-over from previous period	-
15	Funds available for the reporting period	5
15	Amount expended in the reporting period	3
-	Under-expenditure in the reporting period	2
	Teaching Hospitals	
43	Advance payment received in previous period	44
534	Grant received in the reporting period	547
(44)	Less advance payment received in respect of next period	(45)
533	Revenue Attributable to the reporting period	546
41	Carry-over from previous period	6
574	Funds available for the reporting period	552
568	Amount expended in the reporting period	460
6	Under-expenditure in the reporting period	92

40. ACQUITTAL OF COMMONWEALTH GRANTS (CONTINUED)

(b) The following balances of Commonwealth Grants to the University were carried forward:

	2001 Monash University		
	Grant Available \$000	Amount likely to be approved \$000	Amount likely to be recovered \$000
Operating, excluding HECS	200,500	-	-
HECS	83,834	-	-
Teaching Hospitals	552	92	-
Large Research	10,123	2,712	-
Strategic Partnerships with Industry	3,403	1,129	-
Research Fellowships	1,238	212	-
International Researcher Exchange	224	47	-
Special Research & Key Centres	1,602	32	-
Research Infrastructure Grants	9,588	1,530	-
Indigenous Researchers' Development Scheme	5	2	-
Small Research	678	176	-
Australian Postgraduate Awards	6,082	312	-
International Postgraduate Research Scholarships	1,085	141	-
	318,914	6,385	-

(c) Higher Education Contribution Scheme

2000 Monash University \$000		2001 Monash University \$000
	(i) Amounts received pursuant to the Higher Education Funding Act 1988 from HECS Trust Fund and amounts expended:	
6,157	Advance payment received in previous period	6,537
77,020	Grant received in the reporting period	83,922
(6,537)	Less advance payment received in respect of next period	(6,625)
76,640	Revenue Attributable to the reporting period	83,834
0	Carry-over from previous period	0
76,640	Funds available for the reporting period	83,834
76,640	Amount expended in the reporting period	83,834
0	Under-expenditure in the reporting period	0
	(ii) HECS contributions actually received from students	
13,410		14,139
90,050	(iii) Total HECS Revenue	97,973

41. SEGMENT INFORMATION

The University operates predominantly in the field of education in Australia and provides teaching and research services. The South African Campus is operated through controlled entities and the Malaysian Campus through a 24% ownership of Monash University Sunway Campus Malaysia SDN BHD.

42. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the states of affairs of the entity in future financial years.

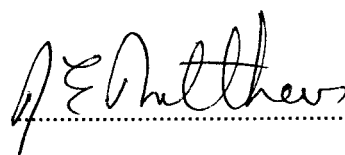
MONASH UNIVERSITY
ACCOUNTS FOR THE YEAR 2001

Statement by Principal Accounting Officer

In my opinion:

- (a) the financial statements of Monash University present fairly the financial transactions of the University during the financial year ended 31 December 2001 and the financial position of its operations for the year ended on that date, and
- (b) the financial statements of the body have been prepared in accordance with the Financial Management Act 1994.

In addition, I am 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.



J. E. MATTHEWS
Principal Accounting Officer

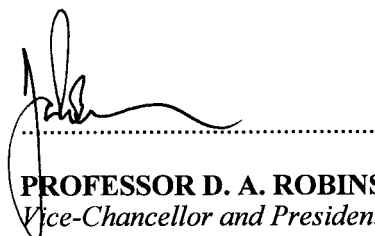
8 March 2002

Statement by the Vice-Chancellor and the Deputy Vice-Chancellor (Resources)

In our opinion:

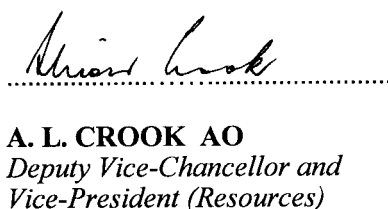
- (a) the financial statements of Monash University present fairly the financial transactions of the University during the financial year ended 31 December 2001, and the financial position of its operations for the year ended on that date, and
- (b) the financial statements of the body have been prepared in accordance with the Financial Management Act 1994.

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.



PROFESSOR D. A. ROBINSON
Vice-Chancellor and President

8 March 2002



A. L. CROOK AO
*Deputy Vice-Chancellor and
Vice-President (Resources)*

8 March 2002



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of Monash University.

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of Monash University for the financial year ended 31 December 2001 included on Monash University's web site. The Members of the University's Council, are responsible for the integrity of Monash University's web site. I have not been engaged to report on the integrity of Monash University's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of Monash University for the financial year ended 31 December 2001, comprising a statement of financial performance, statement of financial position, statement of cash flows, and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Monash University and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 38 to the financial statements. The Members of the University's Council are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of Monash University as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of Monash University's and the economic entity's financial position, and the results of their operations and their cash flows. The audit opinion expressed in this report has been formed on the above basis.


Qualification

As disclosed in note 35(e) to the financial statements, the Commonwealth Government has undertaken to reimburse the University in respect of the cost of annual pension payments paid by the University to the State Superannuation Fund in relation to former higher education employees. The University's future call on Commonwealth funding has been recognised as an asset in its statement of financial position as at 31 December 2001 and has been valued at \$122.9 million (\$120.6 million as at 31 December 2000), which equates with the amount of the University's unfunded superannuation liability. The corresponding adjustment to the value of this asset of \$2.3 million was recorded as revenue in the statement of financial performance for the year ended 31 December 2001 (\$7.6 million for the year ended 31 December 2000). As the University does not exercise control over the future Commonwealth Government funding associated with the unfunded superannuation liability of the University as at 31 December 2001, a right to these funds should not have been recognised as an asset in the University's statement of financial position. Accordingly, the reported assets of the University have been overstated by \$122.9 million (\$120.6 million as at 31 December 2000) and the accumulated funds have been overstated by a similar amount. In addition the associated revenue and the operating surplus for the year ended 31 December 2001 have been overstated by \$2.3 million (\$7.6 million as at 31 December 2000).

Qualified Audit Opinion

In my opinion, except for the effect on the financial report of the matters referred to above, the financial report presents fairly the financial position of Monash University and the economic entity as at 31 December 2001 and the results of their operations and their cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Financial Management Act* 1994.

MELBOURNE
8 April 2002


to J.W. CAMERON
Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au



Minister for Finance

Level 5, 1 Macarthur Street
Melbourne Victoria 3002
Telephone: (03) 9651 1700
Facsimile: (03) 9651 1979

Dear Reader

The Victorian Auditor-General has decided to qualify the University's financial statements on the grounds that he is unable to confirm, as an asset, the receivable from the Commonwealth Government in settlement of the unfunded superannuation liability.

The position adopted by the Auditor-General fails to recognise the substance of long-standing arrangements between the parties can reasonably lead to a conclusion that a receivable should be recognised.

I am critical of the Commonwealth Government in its inability to satisfactorily resolve this matter. Two years ago both the Commonwealth Ministers for Finance and Higher Education were asked to resolve this matter. They have chosen not to act or provide any leadership on the issue.

It is of great concern to me that the Commonwealth has placed the University in the difficult position of having its financial statements qualified because of the unsatisfactory position it has maintained. Financial institutions and other readers of the report should view the qualification in this light and not as a reflection on the administration of the University.

I welcome the Report from the Public Accounts and Estimates Committee into this matter, which recommended the Department of Treasury and Finance continue to pursue avenues towards resolving this matter. To facilitate a conclusion to this matter, the Department of Treasury and Finance has written to the Urgent Issues Group of the Australian Accounting Standards Board asking it to consider this issue as a matter of urgency.

Yours faithfully

JOHN LENDERS MP
Minister for Finance



