



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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COUNCILLOR'S DECLARATION

Year ended 31 December 2003

In our opinion:

The consolidated financial statements of Royal Melbourne Institute of Technology (RMIT) set out on pages 4 to 53 consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the accompanying notes thereto, present fairly the financial position of the University and its subsidiaries as at 31 December 2003 and their financial performance represented by the results of their operations for the year ended on that date.

In the Councillors' opinion, as at the date of this declaration, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

The attached financial statements of RMIT and the consolidated entity have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

All public funds allocated to RMIT have been allocated to the purposes specified by the Government or other public funding bodies.

The financial statements have again been qualified in relation to transactions and balances arising from the Academic Management System (AMS). Significant progress has occurred during 2003 in rectifying and eliminating the technical issues outlined in the 2002 Auditor-General's report. We are confident that the operation of AMS has been of a quality that has enabled RMIT to operate substantially unimpeded during 2003 and which should result in unqualified financial statements for 2004.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



R. D. GIBSON
Chancellor



R. M. DUNKIN
Vice-Chancellor

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

In my opinion:

The financial statements of RMIT present fairly the financial transactions of RMIT during the financial year ended 31 December 2003 and the financial position of its operations for the year ended on that date;

Commonwealth financial assistance expended during the financial year ended 31 December 2003 was for the purposes for which it was provided;

RMIT has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified in these financial statements; and

The financial statements have been prepared in accordance with the Australian Accounting Standards and 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 and there are reasonable grounds to believe that RMIT will be able to pay its debts as and when they fall due.



K. M. PARSONS
Chief Finance and Accounting Officer

*Dated at Melbourne
This 29th day of March 2004*

STATEMENT OF FINANCIAL PERFORMANCE

for the financial year ended 31 December 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue from Ordinary Activities					
Commonwealth Government financial assistance	3.1	129,496	120,699	129,496	120,699
Victorian State Government financial assistance	3.2	67,168	65,948	67,168	65,948
Higher Education Contribution Scheme					
Student contributions	33.1	8,148	8,180	8,148	8,180
Commonwealth payments	33.1	61,299	53,070	61,299	53,070
Postgraduate Loans Scheme	33.1	8,243	5,277	8,243	5,277
Bridging for Overseas Trained Professionals Loan Scheme	33.1	7	–	7	–
Fees and charges	3.3	174,636	170,626	162,270	160,112
Superannuation					
Deferred Government contributions – grants receivable		–	3,116	–	3,116
Deferred Government contributions – reduction in debts payable		10,813	–	10,813	–
Commonwealth supplementation		17,827	15,159	17,827	15,159
Investment income	3.4	2,113	1,857	842	401
Consultancy and contract research	3.5	17,742	17,567	17,742	17,567
Other revenue	3.6	76,904	79,454	41,864	31,834
Total revenue from ordinary activities		574,396	540,953	525,719	481,363
Expenses from Ordinary Activities					
Employee benefits	4.1	332,299	318,309	309,542	300,969
Depreciation and amortisation	4.2	27,771	27,800	24,055	24,461
Buildings and grounds	4.3	18,152	18,989	16,688	17,954
Bad and doubtful debts	4.4	11,870	3,189	11,767	3,848
Borrowing cost expense	4.5	965	2,022	964	2,017
Accounting and auditing services	4.6	300	400	207	292
Other expenses	4.7	151,115	170,088	125,557	149,043
Total expenses from ordinary activities		542,472	540,797	488,780	498,584
Operating Result from Ordinary Activities before Income Tax		31,924	156	36,939	(17,221)
Income tax related to ordinary activities	7	298	587	339	509
Operating Result – after related income tax		31,626	(431)	36,600	(17,730)
Net Operating Result attributable to outside equity interests	23	(102)	183	–	–
Net Operating Result attributed to RMIT Entity	8	31,524	(248)	36,600	(17,730)
Net (decrease) in accumulated funds on the initial adoption of:					
Revised AASB 1028 “Employee Benefits”	8	(933)	–	(880)	–
Asset revaluation increment taken through reserve	21	26,381	13,524	26,381	13,524
Net exchange difference on translation of financial report of foreign controlled entity	21	(2,972)	58	–	–
Total Revenues, Expenses and Valuation Adjustments attributed to RMIT Entity Recognised Directly in Equity		22,476	13,582	25,501	13,524
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	22	54,000	13,334	62,101	(4,206)

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CURRENT ASSETS					
Cash Assets	9	30,062	57,543	2,769	21,152
Receivables	10	53,356	44,117	55,924	45,630
Inventories	11	1,059	1,056	–	–
Other Financial Assets	12	–	1,014	–	1,014
Other Assets	13	5,677	2,854	2,752	2,737
TOTAL CURRENT ASSETS		90,154	106,584	61,445	70,533
NON-CURRENT ASSETS					
Receivables	10	220,665	231,478	223,477	234,290
Deferred Tax Asset	7	54	43	–	–
Other Financial Assets	12	4,412	3,785	934	1,930
Property, Plant and Equipment	14	1,022,067	995,995	1,014,890	988,133
Intangibles	15	1,450	1,887	–	11
TOTAL NON-CURRENT ASSETS		1,248,648	1,233,188	1,239,301	1,224,364
TOTAL ASSETS		1,338,802	1,339,772	1,300,746	1,294,897
CURRENT LIABILITIES					
Payables	16	28,130	27,210	24,591	21,623
Current Tax Liabilities	7	335	604	339	509
Interest Bearing Liabilities	20	3,680	15,000	3,680	15,000
Finance Lease Liabilities	17	–	4	–	–
Provisions	18	47,885	48,996	46,327	47,626
Revenue Received in Advance	19	24,520	25,925	19,679	21,221
TOTAL CURRENT LIABILITIES		104,550	117,739	94,616	105,979
NON-CURRENT LIABILITIES					
Payables	16	–	–	10,527	13,567
Deferred Tax Liability	7	17	26	–	–
Interest Bearing Liabilities	20	3,500	35,000	3,500	35,000
Finance Lease Liabilities	17	–	10	–	–
Provisions	18	254,724	265,088	254,014	264,363
TOTAL NON-CURRENT LIABILITIES		258,241	300,124	268,041	312,930
TOTAL LIABILITIES		362,791	417,863	362,657	418,909
NET ASSETS		976,011	921,909	938,089	875,988
EQUITY					
RMIT entity interest					
Accumulated Funds	8	334,699	304,089	345,311	309,591
Reserves	21	641,280	617,890	592,778	566,397
Total RMIT entity interest		975,979	921,979	938,089	875,988
Outside equity interest in controlled entities	23	32	(70)	–	–
TOTAL EQUITY	22	976,011	921,909	938,089	875,988

The above Statements of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

for the year ended 31 December 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Financial Assistance					
Commonwealth Government		133,788	137,162	133,788	137,162
Victorian State Government		67,168	65,949	67,168	65,949
Higher Education Contribution Scheme					
Student Payments		8,148	8,180	8,148	8,180
Commonwealth payments		61,299	53,070	61,299	53,070
Postgraduate Loans Scheme		8,243	5,277	8,243	5,277
Bridging for Overseas Trained Professionals Loan Scheme		7	–	7	–
Consultancy and contract research		13,743	17,304	17,776	16,704
Interest Received		2,147	1,886	878	386
Fees and Charges		180,184	166,358	163,648	156,541
Receipt of GST from Australian Taxation Office		8,964	13,052	8,964	13,384
Other Cash Receipts in the course of operations		50,603	76,863	14,609	36,592
		534,294	545,101	484,528	493,245
Outflows:					
Payments of Salaries & Related Costs		323,081	309,520	311,257	292,595
Payments to Suppliers in the course of operations		167,499	190,607	131,528	174,825
Interest & Other Finance Costs Paid		965	2,022	964	2,017
		491,545	502,149	443,749	469,437
Net cash provided/(used) by operating activities	26(b)	42,749	42,952	40,779	23,808
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from Sale of Investments		1,014	633	1,909	22
Proceeds from Sale of Property, Plant & Equipment		21,885	7,855	21,885	7,853
		22,899	8,488	23,794	7,875
Outflows:					
Payment for Investments		1,580	–	873	–
Payment for Intangible Assets		41	14	–	–
Payments for Property, Plant & Equipment		42,484	49,486	39,263	45,174
		44,105	49,500	40,136	45,174
Net cash provided/(used) by investing activities		(21,206)	(41,012)	(16,342)	(37,299)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from Borrowings		7,500	25,000	7,500	25,000
		7,500	25,000	7,500	25,000
Outflows:					
Payments for Finance Leases		14	17	–	–
Repayment of Borrowings		50,320	–	50,320	–
		50,334	17	50,320	–
Net cash provided/(used) by financing activities		(42,834)	24,983	(42,820)	25,000
Net increase/(decrease) in Cash Held		(21,291)	26,923	(18,383)	11,509
Cash at Beginning of Reporting Period		57,543	30,562	21,152	9,643
Effects of exchange rate changes on the balances of cash held in foreign currencies		(6,198)	58	–	–
Cash at End of Reporting Period	26(a)	30,054	57,543	2,769	21,152

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies used in preparing the financial report of RMIT University (RMIT) and the RMIT Consolidated Entity are listed below. These are presented to assist understanding of the financial reports.

1.01 BASIS OF PREPARATION OF THE FINANCIAL REPORT

This general purpose financial report has been prepared in accordance with;

- the Victorian Financial Management Act, 1994;
- Accounting Standards applicable in Australia;
- other authoritative pronouncements of the Australian Accounting Standards Board;
- Urgent Issues Group Consensus Views;
- Commonwealth Department of Education, Science and Training (DEST) – Reporting Requirements; and
- Australian generally accepted accounting principles (AGAAP).

This financial report has been prepared on an accruals basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

The accounting policies adopted in preparing the financial report are consistent with those of the previous years, except where otherwise stated.

Working capital deficiency

The financial statements of the RMIT Consolidated Entity have been prepared on a going concern basis. As at 31 December 2003 the RMIT Consolidated Entity had a working capital deficiency of (\$14.396m), 2002 a deficiency of (\$11.155m) and a working capital ratio of 0.86 (2002 – 0.91).

The RMIT Consolidated Entity has in place a borrowing facility of \$50m, which has not been utilised as at 31 December 2003. This facility expires on 30 June 2004 and RMIT will negotiate a new facility to take affect from 1 July 2004.

The Councillors of RMIT are of the opinion that sufficient cash reserves exist at the end of the 2003 financial year and the operations will generate sufficient cash in 2004 to fund the ongoing operations of RMIT and debts will be able to be paid as and when they fall due.

1.02 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all of the entities controlled by RMIT as at 31 December 2003 and the results of all controlled entities for the year then ended. RMIT and its controlled entities together are referred to in this report as the RMIT Consolidated Entity. The effects of all transactions between entities in the RMIT Consolidated Entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results and cash flows are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results and cash flows are included for the part of the year during which control existed.

The RMIT Consolidated Entity's retained earnings include controlled entities' retained earnings/accumulated losses since the time they became a controlled entity. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position.

A controlled entity exists where RMIT is able to dominate decision making, directly or indirectly, relating to the financial and operating policies of that entity to enable that entity to operate with RMIT in achieving its objectives.

Controlled entities are listed in Note 32.

1.03 ROUNDING OF AMOUNTS

All dollar amounts in this financial report (except where indicated) have been rounded to the nearest thousand dollars for presentation. This has been done in accordance with the requirements of 9.2.2.(iii) (a) of the Financial Management Act 1994.

1.04 REVENUE RECOGNITION

Amounts disclosed as revenue are net of returns, allowances, duties and taxes paid. Revenue is recognised for the major business activities as follows:

Operating Grants

Revenue is recognised in the accounts upon advice from various government sources. Unconditional grants are brought to account at time of receipt, conditional grants are brought to account in the period to which they relate.

Fees, Charges and Commercial Activities

Revenue from fees, charges and commercial activities comprises earned income (net of returns, discounts and allowances) from the provision of products or services to entities outside the RMIT Consolidated Entity. Revenue is recognised when the goods and services are provided, or when the fee in respect of the services provided is receivable and unconditional.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Contribution of assets and donations

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised as revenue at the fair value of the asset received when the RMIT Consolidated Entity gains control of the contribution.

1.05 FOREIGN CURRENCY TRANSACTIONS AND OVERSEAS INVESTMENTS

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

Non-Australian controlled entities that operate with RMIT

Where non-Australian controlled entity's operations, either directly or indirectly, rely on RMIT financially and operationally, their financial reports are converted to Australian dollars using a method known as the temporal method of accounting. Under this method:

- monetary statement of financial position items such as cash and receivables are converted into Australian dollars using market exchange rates at the balance date;
- non monetary statement of financial position items (including equity at the date of investment) are converted at market exchange rates applicable at the date of the transactions (or at the date of revaluation);
- statements of financial performance are converted into Australian dollars at average exchange rates for the year unless there are significant identifiable transactions which are converted at the exchange rate that existed on the date of the transaction; and
- currency conversion gains and losses are recorded in the statement of financial performance.

Non-Australian controlled entities that operate on their own

The non-Australian controlled entities operate independently of RMIT both financially and operationally. As a result their financial reports are converted to Australian dollars using the current rate method of accounting.

Under this method:

- assets and liabilities are converted into Australian dollars using market exchange rates at balance date;
- shareholders' equity at the date of investment is converted into Australian dollars at the exchange rate current at that date.

Movements post-acquisition (other than retained profits/losses) are converted at the exchange rates current at the dates of those movements;

- statements of financial performance are converted into Australian dollars at average exchange rates for the year unless there are significant identifiable transactions which are converted at the exchange rate that existed on the date of the transaction; and
- currency conversion gains and losses are recorded in the foreign currency translation reserve.

1.06 RESEARCH AND DEVELOPMENT

Expenditure on research and development is charged against revenue as and when incurred on the basis that continuing research is part of the overall operations of the RMIT Consolidated Entity. Government grants received or receivable in relation to research and development costs, which have been written-off during the current or previous periods, are credited to the statement of financial performance.

1.07 INCOME TAX – NOTE 7

RMIT and all the wholly-owned controlled entities except for those entities mentioned below have been granted exemption from Australian income tax in accordance with the provisions of Section 50-5 of the Australian Income Tax Assessment Act. Income tax in relation to revenues generated in other jurisdictions is provided for as required in accordance with tax regulations operating in those jurisdictions.

The following controlled entities have not been granted income tax exemption status:
Spatial Vision Innovations Pty. Ltd.
Inquiry Pty Ltd

In respect of the above controlled entities tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

1.08 BAD AND DOUBTFUL DEBTS – NOTE 4.4

Trade debtors, student debtors and student loans, which are known to be uncollectable are written off. A provision for doubtful debts is assessed and raised when some doubt as to collection exists.

1.09 CASH ASSETS – NOTE 9

Cash

- includes cash at bank and on hand, bank deposits, bills of exchange and promissory notes with an original maturity date not greater than three months.

Bank deposits

- recorded at amounts to be received and interest revenue is recognised on an effective yield to maturity basis.

Bills of exchange and promissory notes

- Bills of exchange have been purchased in the market at a discount to face value. The bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. The discount brought to account each period is accounted for as interest received.

Statement of cash flows

- cash is shown net of outstanding bank overdrafts. Bank overdrafts (if any) are shown in Note 16.

1.10 RECEIVABLES – NOTE 10

Trade debtors are recorded at amounts to be received. A provision for doubtful debts is raised based on a general and specific review of the outstanding amounts at balance date. Bad debts which have been specifically provided for in previous years are recorded against the provision for doubtful debts (the provision is reduced). In all other cases, bad debts are written off as an expense directly in the statement of financial performance.

1.11 OTHER FINANCIAL ASSETS – NOTE 12

Interest in listed and unlisted securities, other than controlled entities and associates in the consolidated statement of financial performance, are brought to account at cost and income earned is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated statement of financial performance as set out in Note 32.

Prior to the preparation of the accounts, the cost of investments in relation to their market value is reviewed. If considered necessary, a provision is made for any permanent diminution in the aggregate carrying value of these investments.

1.12 INVENTORIES – NOTE 11

Inventories are measured at the lower of cost and net realisable value. Stock obsolescence is provided for on the basis of the relationship between items of stock and recent sales.

1.13 RECOVERABLE AMOUNT OF NON CURRENT ASSETS

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows rising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the statement of financial performance in the reporting period in which the recoverable amount write down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values using a market determined, risk adjusted discount rate.

1.14 PROPERTY, PLANT AND EQUIPMENT – NOTE 14

(i) Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour, an appropriate proportion of fixed and variable overheads and capitalised interest.

(ii) Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefit, in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives.

(iii) Non-current assets constructed by the RMIT Consolidated Entity

The cost of non-current assets constructed by the RMIT Consolidated Entity includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overhead.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(iv) Disposal of revalued assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

1.15 REVALUATION OF NON-CURRENT ASSETS

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 arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments are made, supplemented by independent assessments at least every three years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net operating result, the increment is recognised immediately as revenue in the net operating result.

Revaluation decrements are recognised immediately as expenses in the statement of financial performance, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but no offset occurs in respect of different classes of non-current assets.

Revaluations do not result in the carrying value of land or buildings exceeding their recoverable amount.

1.16 DEPRECIATION AND AMORTISATION

(i) Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

(ii) Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight-line method over their useful lives, with the exception of finance lease assets which are amortised over the term of the relevant lease, or the life of the asset, where it is likely the RMIT Consolidated Entity will obtain ownership of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected in the current and future periods only.

The expected useful lives for each class of asset are as follows:

1.17 LEASEHOLD IMPROVEMENTS

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the RMIT Consolidated Entity, whichever is the shorter.

1.18 LEASED NON-CURRENT ASSETS

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and a lease liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the relevant lease, or over the life of the asset, where it is likely the RMIT Consolidated Entity will obtain ownership of the asset.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability.

The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the RMIT Consolidated Entity. Each lease payment is allocated between the liability and finance charge.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

1.19 TRADE AND OTHER CREDITORS – NOTE 16

Accounts payable, including accruals, are recorded when the RMIT Consolidated Entity are required to make future payments as a result of a purchase of assets or services prior to the end of the financial year and which are unpaid. The amounts are unsecured.

	2003 YEARS	2002 YEARS
Buildings	25 – 100	25 – 100
Plant and Equipment	10 – 33	10 – 33
Leased Plant and Equipment	10 – 33	10 – 33
Computer Equipment	3 – 10	3 – 10
Computer Software	4 – 10	4 – 10
Library Collections	5	5

1.20 EMPLOYEE BENEFITS – NOTE 18

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date.

These benefits include wages and salaries, annual leave, and long service leave.

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave are recognised, and are measured at the amounts expected to be paid when the liability is settled plus related on-costs.

(ii) Sick leave

Sick Leave entitlements are non-vesting and are paid only upon a valid claim for Sick Leave by an employee. The amount of Sick Leave expected to be taken in future reporting periods is less than entitlements which are expected to accrue in those periods, therefore no provision for Sick Leave has been recognised.

(iii) Long service leave

The liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to expected future increase in wages and salary rates including related on-costs, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates attaching to notional government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expenses.

The proportion of long service leave estimated to be payable within the next financial year is included in the statement of financial position under current liabilities. The balance is included under non-current liabilities.

(iv) Superannuation

Superannuation schemes exist to provide benefits to the employees upon retirement, disability or death. The contributions made to these schemes by the consolidated entity and the emerging cost incurred from unfunded schemes are expensed in the statement of financial performance. Further details are provided in Note 29.

(v) Unfunded superannuation liabilities

In accordance with Accounting and Financial Reporting Bulletin No. 23 issued in January 1999 by the Department of Treasury and Finance under the State of Victoria's Financial Management Act 1994 and the revised instructions for the preparation of annual financial reports by Australian Higher Education Institutions issued July 1997 by the Department of Education, Science and Training (DEST) the effects of the unfunded superannuation liabilities of the University and its controlled entities have been recorded in the statement of financial performance and the statement of financial position.

The Commonwealth Government has undertaken to provide funding for emerging superannuation costs in its grants to the University and to recover the State's share of the cost directly from the State Government.

There is no executed agreement between either the Commonwealth Government or the Victorian Government and the University which guarantees the future provision of those funds, but there is a strong expectation that it will occur.

Details in respect of the individual schemes and the amount of the unfunded superannuation liability determined by the actuary of the Victorian Superannuation Fund and other information is set out in Note 29.

1.21 INTEREST BEARING LIABILITIES – NOTE 20

Loans are carried on the statement of financial position at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

1.22 BORROWING COSTS – NOTE 4.5

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets.

1.23 NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Net fair values of financial instruments are determined on the following bases:

- Financial instruments traded in an organised financial market (trade securities) – current quoted market bid price for an asset or offer price for a liability adjusted for any transaction costs necessary to realise the asset or settle the liability. Quoted market prices are available for listed, options, debentures and other equity and debt securities;
- Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of trade debtors, trade accounts payable and accruals (which approximates net market value);
- Fixed rate loans and bills of exchange – current risk adjusted market rates; and
- Investments in shares and other equity securities and debentures and other debt securities not traded in an organised financial market (other investments) – director's estimates of net market values based on future net cash flows, including transaction costs necessary to realise the securities, discounted at current risk adjusted market rates.

1.24 GOODS AND SERVICES TAX SYSTEM CHARGES

Revenue, 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 taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as 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 taxation authority are classified as operating cash flows.

Commitments, refer to Note 25, are recorded net of GST, except where there is non – recoverable GST.

1.25 INSURANCE

The RMIT Consolidated Entity specifically carries the following types of insurance:

- property;
- fidelity (crime);
- professional indemnity;
- general liability;
- travel/personal accident;
- general third party;
- directors and officers;
- company reimbursement;
- workers compensation; and
- other insurance from time to time.

For those risks where RMIT Consolidated Entity has no insurance, any losses are charged to the statements of financial performance in the year in which the loss is reported.

1.26 INTANGIBLE ASSETS AND EXPENDITURE CARRIED FORWARD

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise.

(ii) Patents intellectual property and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight line basis over the periods of their expected benefit.

1.27 MAINTENANCE AND REPAIRS

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 1.16. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

1.28 WEB SITE COSTS

Costs in relation to web sites controlled by the RMIT Consolidated Entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefit controlled by the Entity that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits which vary from 3 to 5 years.

1.29 TAFE DIVISION OF RMIT

The accounting systems and processes of RMIT are unable to generate separate trial balances for the TAFE and Higher Education divisions because separate general ledgers are not maintained. Furthermore many support services are shared.

Where TAFE revenue and expenditure have not been directly attributed to specific TAFE cost centres (e.g. Aerospace Technology, Economics & Finance), the amounts have been allocated to the statement of financial performance at Note 37 based upon percentage estimates of services provided for TAFE relative to Higher Education.

The following is a summary of the material accounting policies adopted by the TAFE division in the preparation of the statement of financial performance at Note 37.

(i) Operating Revenue

Total Government Contributions

Primarily represents Vocational Education & Training (VET) Operating and Capital Grants from the Office of Training & Further Education specifically in relation to TAFE.

Fee for Service – Other

Primarily comprised of the following:

- Fees from non-Australian resident students undertaking RMIT accredited VET courses in Australia
- Tuition fees paid by outside organisations on behalf of students studying on and off campus.

This revenue is allocated directly to the relevant TAFE cost centres.

Ancillary Trading

Predominantly represents revenue derived from the sale of materials and attendance at conferences and seminars.

This is allocated directly to the relevant TAFE cost centres.

Student Fees and Charges

Represents regulatory fees received from VET enrolled students in accordance with Ministerial direction.

This revenue is allocated directly to the relevant TAFE cost centres.

Investment Income

RMIT TAFE does not operate a separate investment account to RMIT Higher Education. As such, investment income for TAFE for the year is calculated in accordance with TAFE's estimated percentage share of the University's total investment balances held during the year.

Other Income

This revenue is allocated directly to the relevant TAFE cost centres.

(ii) Operating Expenses

All Expenditure

Expenditure in each classification can be attributed to the following :

- Direct teaching departments, or direct cost centres, incorporating all direct TAFE teaching and operating costs

Shared support services, including University-wide administration services and faculty administration services (such as financial services, property services, human resources and other administrative functions).

In these cases, costs which should be attributed to TAFE are not easily identifiable, as each support service assists both TAFE and Higher Education departments, faculties and cost centres to varying degrees. As such, percentage estimates of use between TAFE and Higher Education departments have been determined for each support service, and have been applied to each shared support cost centre to arrive at TAFE expenditure. This allocation policy is only intended as a reasonable approximation of TAFE's operating costs.

The range of percentages applied to individual shared support service cost centres to estimate TAFE expenditure allocations are in the range of 3 – 50%.

(iii) Assets

The allocation of assets to the Higher Education or TAFE Divisions in Note 38 are made on the following basis.

Cash Assets

Bank accounts that have been specifically established for either the Higher Education or TAFE Division have been so allocated to that Division, all other account balances allocated on a proportional basis. After all assets, liabilities and equity have been allocated between the Higher Education and TAFE Division, a payable may be created to represent the funding between the two.

Receivables

Trade debtors that are able to be directly attributable to either Higher Education or TAFE Division have been so applied, all other trade debtors have been allocated on a proportional basis.

Student debtors have been allocated to either the Higher Education or TAFE Division based on the enrolment status of the student.

Other debtors have been allocated to either the Higher Education or TAFE Division based on the nature of the debt and its relevance to the Divisions.

Other Financial Assets

These have been allocated between either the Higher Education or TAFE Division based on their direct relationship to the Divisions established at the time of acquisition of the asset.

Other Assets

These have been allocated to either the Higher Education or TAFE Division based on the nature of the asset and its relevance to the Divisions.

Property, Plant and Equipment

Land and buildings, motor vehicles and library assets have been attributed to either the Higher Education or TAFE Division based on RMIT's fixed asset register and their direct relationship to the Division established at the time of acquisition.

Software assets relating to the teaching departments have been attributed directly to either the Higher Education or TAFE Division.

Enterprise wide software has been allocated to the Divisions on a proportional basis.

All other equipment has been attributed to either the Higher Education or TAFE Division based on RMIT's fixed asset register and its direct relationship to the Division established at the time of acquisition.

Intangibles

Relates to the Higher Education Division only.

(iv) Liabilities

The allocation of liabilities to the Higher Education or TAFE Divisions in Note 38 are made on the following basis.

Payables

Accounts payable that are able to be directly attributable to either Higher Education or TAFE Division have been so applied, all other accounts payable have been allocated on a proportional basis.

Interest Bearing Liabilities

The interest bearing loan facility solely relates to the Higher Education Division.

Provisions

Provisions have been attributed to either the Higher Education or TAFE Division based as follows;

- directly to the appropriate Division in relation to the teaching staff operating within each Division;
- directly to the appropriate Division in relation to the administrative staff operating within the teaching department within each Division;
- administrative support staff not directly operating within the teaching departments have been allocated on a proportional basis; and
- a small number of teaching and administrative staff who operate across the two divisions within the teaching departments have been solely allocated to the area in which they predominantly operate, as it is impractical to determine their proportional contribution to each division.

Revenue in Advance

Revenue in advance that is able to be directly attributable to either Higher Education or TAFE Division has been so applied, all other revenue in advance has been allocated on a proportional basis.

(v) Reserves

The asset revaluation reserve is directly attributable to either Higher Education or TAFE Division based on property holdings held and the movements arising from any revaluation that have been undertaken by RMIT.

2 CHANGES IN ACCOUNTING POLICIES

(a) Employee benefits – Note 18

The RMIT Consolidated Entity has applied the revised AASB 1028 “Employee Benefits” for the first time from 1 January 2003.

The liability for wages, salaries and annual leave is now calculated using the remuneration rates the RMIT consolidated entity expects to pay as at each future reporting date, not wage and salary rates current at reporting date.

The initial adjustment to the RMIT consolidated statement of financial position as at 1 January 2003 as a result of this change was an increase in the Provision for Annual Leave and a decrease in Accumulated Funds of \$0.933m (RMIT – \$0.880m).

(b) Operating grants – Note 3.1

On 19 December 2003, Commonwealth Department of Education Science and Training (DEST) made a payment, in accordance with normal industry practice, of \$14.934m to RMIT as an advance on the 2004 operating grant. In prior years similar payments were classified as income in advance at year end and treated as a current liability as opposed to revenue; this treatment was subject to audit qualification. For the year ended 31 December 2003 and in accordance with AASB 1015 ‘Revenue’, RMIT is treating such payments as revenue in the year in which the payment was received, hence increasing Revenue from Ordinary Activities, Net Operating Result and Accumulated Funds for the year by the amount of this payment. In addition, Current and

Total Liabilities are reduced by the amount of this payment as at 31 December 2003.

Had the change in accounting policy not occurred, RMIT Consolidated Entity would have recorded a Net Operating Result of \$16.59m, (RMIT – \$21.666m), Current Liabilities of \$119.484m, (RMIT – \$109.550m), Total Liabilities of \$377.725m, (RMIT – \$377.591m), and Accumulated Funds of \$319.765m, (RMIT – \$330.377m), as at and for the year ended 31 December 2003.

Had this treatment been adopted in 2002, for RMIT Consolidated Entity and RMIT – Revenue from Ordinary Activities, Net Operating Result and Accumulated Funds for the year ended 31 December 2002 would have been increased by \$14.821m.

Current Liabilities and Total Liabilities as at 31 December 2002 would have decreased by the same amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3 REVENUE FROM ORDINARY ACTIVITIES					
3.1 COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (including Superannuation contributions from the Commonwealth, but excluding HECS & PELS)					
Teaching & Learning	33.1				
Operating excluding HECS & PELS		103,658	97,010	103,658	97,010
Capital development pool		–	418	–	418
Australian Research Council	33.2				
Discovery – Project (Large Grants)		1,188	336	1,188	336
Linkage – Special Research Initiatives		20	–	20	–
Linkage – Projects		1,986	1,607	1,986	1,607
Linkage – Infrastructure		–	500	–	500
DEST	33.3				
Institutional Grants Scheme		4,948	4,239	4,948	4,239
Research Training Scheme		13,102	12,211	13,102	12,211
Systemic Infrastructure Initiative		–	508	–	508
Research Infrastructure		1,100	780	1,100	780
Australian Postgraduate Awards		2,382	2,077	2,382	2,077
International Postgraduate Research Scholarships		483	460	483	460
		128,867	120,146	128,867	120,146
Other Commonwealth Government					
Other		629	553	629	553
		629	553	629	553
		129,496	120,699	129,496	120,699
3.2 VICTORIAN STATE GOVERNMENT FINANCIAL ASSISTANCE					
TAFE Recurrent		52,569	52,270	52,569	52,270
TAFE Capital		9,883	10,212	9,883	10,212
TAFE Other		4,716	3,466	4,716	3,466
		67,168	65,948	67,168	65,948
3.3 FEES AND CHARGES					
Continuing education		20,559	16,466	14,721	16,466
Fee paying overseas students		116,228	110,629	111,882	108,001
Fee Paying domestic postgraduate students		11,661	12,766	11,661	12,766
Fee Paying domestic undergraduate students		7,091	4,317	7,091	4,317
Fee Paying domestic non-award students		2,237	2,610	2,237	2,610
Student enrolment fees	36	11,559	11,524	11,386	11,524
Other		5,301	12,314	3,292	4,428
		174,636	170,626	162,270	160,112
3.4 INVESTMENT INCOME					
Interest received and receivable		2,113	1,857	842	401
3.5 CONSULTANCY AND CONTRACT RESEARCH					
Commonwealth Government		8,599	9,128	8,599	9,128
Victorian State Government		1,545	1,765	1,545	1,765
Local Government		178	168	178	168
Industry and other		7,420	6,506	7,420	6,506
		17,742	17,567	17,742	17,567
3.6 OTHER REVENUE					
Contract revenue (other than consultancy & contract research)		25,214	25,082	9,470	10,935
Proceeds from sale of property, plant and equipment	6	21,885	7,855	21,819	7,853
Product sales		11,488	11,367	2,725	2,562
Donations and bequests		9,030	25,237	1,076	3,568
Scholarships		1,009	750	1,009	750
Property rental		2,920	3,190	3,170	3,298
Foreign exchange gains		139	44	139	44
Other		5,219	5,929	2,456	2,824
		76,904	79,454	41,864	31,834

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
4 EXPENSES FROM ORDINARY ACTIVITIES					
4.1 EMPLOYEE BENEFITS					
Academic					
Salaries		127,133	124,690	121,989	124,690
Contributions to superannuation schemes:					
Deferred employee benefit – debts payable		–	2,212	–	2,212
Deferred employee benefit – reduction in grants receivable		7,677	–	7,677	–
Emerging cost		14,723	13,684	14,723	13,684
Funded		16,333	15,293	16,278	15,293
Payroll tax		8,544	7,615	7,974	7,615
Workers' compensation		1,923	1,556	1,897	1,556
Long service leave expense		3,690	3,291	3,690	3,291
Annual leave expense		8,134	9,068	8,114	9,068
Other		194	–	–	–
		188,351	177,409	182,342	177,409
Non-Academic					
Salaries		103,459	105,943	89,094	91,446
Contributions to superannuation schemes:					
Deferred employee benefit – debts payable		–	904	–	904
Deferred employee benefit – reduction in grants receivable		3,136	–	3,136	–
Emerging cost		3,894	3,693	3,894	3,693
Funded		15,084	13,657	13,564	12,134
Payroll tax		6,246	6,221	5,928	5,816
Workers' compensation		1,515	1,320	1,424	1,171
Long service leave expense		1,806	2,522	1,590	2,248
Annual leave expense		8,808	6,597	8,570	6,148
Other		–	43	–	–
		143,948	140,900	127,200	123,560
Total Employee Benefits		332,299	318,309	309,542	300,969
4.2 DEPRECIATION AND AMORTISATION					
Buildings		10,866	9,624	10,796	9,624
Building plant and improvements		1,253	923	319	223
Equipment, motor vehicles & furniture and fittings		10,863	11,913	9,867	11,102
Library collection		3,062	3,489	3,062	3,489
Development costs		1,249	1,365	–	–
Intangible assets		478	486	11	23
		27,771	27,800	24,055	24,461
4.3 BUILDINGS AND GROUNDS					
Facilities Related – Maintenance & Service		10,956	10,191	10,818	10,191
Occupancy Expenses		8,077	7,625	6,751	6,590
Minor Works Expenses		(881)	1,173	(881)	1,173
		18,152	18,989	16,688	17,954
4.4 BAD AND DOUBTFUL DEBTS					
Bad Debts Written Off in the Operating Statement					
Trade Debtors		322	244	322	133
Student Debtors		986	78	986	78
		1,308	322	1,308	211
Amounts Set Aside to Provision for Doubtful Debts:					
Trade Debtors		456	(19)	432	(39)
Student Debtors		10,106	2,886	10,106	2,886
Controlled entities		–	–	(79)	790
		10,562	2,867	10,459	3,637
Total bad and doubtful debt expense		11,870	3,189	11,767	3,848
Bad Debts Written Off against Provision for Doubtful debts					
Trade Debtors		65	8	22	–
Student Debtors		2,574	–	2,574	–
		2,639	8	2,596	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
4.5 BORROWING COST EXPENSE					
Interest on finance leases		–	1	–	–
Interest to Other Corporations		965	2,021	964	2,017
		965	2,022	964	2,017
4.6 ACCOUNTING AND AUDITING SERVICES					
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity					
Auditor-General of Victoria		300	400	207	292
		300	400	207	292
4.7 OTHER EXPENSES					
Scholarships, grants and prizes		23,098	17,484	25,538	24,934
Telecommunications		5,720	6,730	5,091	6,447
Non-capitalised equipment		4,895	7,310	4,550	6,859
Travel, staff development and entertainment		11,204	12,428	8,848	11,841
Inventory used		13,378	20,142	10,541	12,067
Net diminution in value of non-current assets		953	–	974	–
Research and development costs written off		104	126	–	–
Operating lease rental expenses		21,541	17,346	17,022	17,454
Foreign exchange losses	▼	4,241	1,160	270	10
Carrying amounts of discontinuing assets	6	15,026	20,917	14,843	20,901
Marketing, advertising & public relations		11,919	21,422	11,158	12,269
Administrative expenses		18,646	24,736	14,896	21,386
Finance, legal & other		8,179	9,473	7,004	8,718
Other expenses		12,211	10,814	4,822	6,157
		151,115	170,088	125,557	149,043
▼ <i>RMIT Vietnam Holdings Pty Ltd incurred a foreign exchange loss of \$3,899m (2002 – \$1.154m). This loss has resulted from a timing difference between receipts of foreign currency grants and the subsequent payment of those grants to RMIT International University Vietnam. This is an accounting loss only as the grant receipt and payment are denominated in USD.</i>					
5 SIGNIFICANT ITEMS OF REVENUE AND EXPENDITURE					
Revenue					
Commonwealth Government operating grant paid in advance		14,934	–	14,934	–
Net profit from the sale of Janefield Estate, Bundoora		6,879	–	6,879	–
Expenditure					
Write-off – student Administrative Management System (AMS)		–	13,110	–	13,110
Amounts set aside to provision for doubtful student debtors		10,106	2,886	10,106	2,886
6 SALES OF ASSETS					
Proceeds from disposal of assets					
Property, plant & equipment		21,885	7,855	21,819	7,853
Carrying amount of assets disposed					
Property, plant & equipment		–	13,110	–	13,110
Write off of AMS capitalised costs		–	13,110	–	13,110
Disposal of land and buildings		14,105	5,300	14,105	5,300
Disposal of other assets		921	2,506	738	2,491
		15,026	20,916	14,843	20,901
Surplus/(Deficit) from write-off/sale of assets					
		6,859	(13,061)	6,976	(13,048)

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
7 INCOME TAX					
Income tax expense		298	587	339	509
The prima facie income tax on operating profit is reconciled to the income tax provided in the financial statements as follows:					
Prima facie tax payable on operating profit/(loss) of tax paying controlled entities before income tax at 30%		(17)	61	–	–
Inome tax effect of permanent differences:					
Non-deductable expenditure		–	1	–	–
Amortisation of intangibles		2	–	–	–
Income tax adjusted for permanent differences		(15)	62	–	–
Under/(Over) provision in previous years		(21)	22	–	–
Future income tax benefits not previously recognised		–	(26)	–	–
Deferred income tax liability not previously recognised		(5)	20	–	–
Income tax expense relating to ordinary activities of tax paying controlled entities		(41)	78	–	–
Income tax on foreign operations of RMIT		339	509	339	509
Income tax expense/(benefit) relating to ordinary activities		298	587	339	509
Aggregate Income Tax expense comprises:					
Current tax provision		356	582	339	509
Under/(Over) provision prior year		(21)	22	–	–
		335	604	339	509
Future income tax benefit		(54)	(43)	–	–
Provision for deferred income tax		17	26	–	–
Income tax expense relating to ordinary activities		298	587	339	509
The following controlled entities are subject to income tax in Australia					
Spatial Vision Innovations Pty Ltd					
Inquirion Pty Ltd					
8 ACCUMULATED FUNDS					
Accumulated funds at beginning of year		304,089	304,404	309,591	327,321
Net operating result attributable to RMIT entity		31,524	(248)	36,600	(17,730)
Adjustment to annual leave – AASB 1028		(933)	–	(880)	–
Transfers to/(from) reserves	21	19	(67)	–	–
Accumulated funds at end of year		334,699	304,089	345,311	309,591
9 CASH ASSETS					
Cash at bank and on hand		19,585	12,877	2,138	6,719
Bank short term deposits, maturing within 60 days		10,468	35,689	622	5,456
Bills of exchange accepted or endorsed by banks		–	8,977	–	8,977
Foreign currency bank accounts		9	–	9	–
		30,062	57,543	2,769	21,152
10 RECEIVABLES					
Current					
Trade debtors		18,989	20,522	12,708	13,319
Less provision for doubtful debts		(3,679)	(3,288)	(952)	(542)
		15,310	17,234	11,756	12,777
Student loans & student debtors		19,141	9,132	19,141	9,132
Less Provision for Doubtful Debts		(11,352)	(3,820)	(11,352)	(3,820)
		7,789	5,312	7,789	5,312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
RECEIVABLES (CONTINUED)					
Loans and advances		5	92	5	92
Government grants receivable		1,584	1,012	1,584	1,012
Government contributions – superannuation	▼	16,500	16,500	16,500	16,500
Interest receivable		49	83	35	71
Other debtors		12,119	3,884	11,113	3,150
Amounts receivable from:					
Controlled entities		–	–	7,853	7,506
Less provision for doubtful debts		–	–	(711)	(790)
		30,257	21,571	36,379	27,541
Total Current		53,356	44,117	55,924	45,630
Non – Current					
Government contributions – superannuation	▼	220,665	231,478	220,665	231,478
Amounts receivable from:					
Controlled entities		–	–	2,812	2,812
Total Non – Current		220,665	231,478	223,477	234,290
Total Receivables		274,021	275,595	279,401	279,920
▼ RMIT recognises a receivable for the amount expected to be received from the Commonwealth Government in respect of unfunded superannuation schemes operated by the State Government. The total consolidated amount owing in respect of these at 30 June 2003 amounted to \$237,165m (2002 – \$247,978m). Refer Notes 1.20 and 18.					
11 INVENTORIES					
Current					
Trading stock		1,037	875	–	–
Work in progress		22	181	–	–
		1,059	1,056	–	–
12 OTHER FINANCIAL ASSETS					
Current					
Government and semi-government stocks and bonds		–	1,014	–	1,014
Total Current		–	1,014	–	1,014
Non – Current					
Listed Investments – at cost					
Managed trust funds		4,144	3,437	–	–
Unlisted Investments – at cost					
Shares in controlled entities		–	–	804	1,699
Less Provision for diminution in value of investment		–	–	(101)	–
Shares in non-related companies		1,301	428	1,184	311
Less Provision for diminution in value of investment		(1,033)	(80)	(953)	(80)
Total Non – Current		4,412	3,785	934	1,930
Total Other Financial Assets		4,412	4,799	934	2,944
Net Fair Values of Investments					
Traded securities are listed and other securities which are readily traded on organised markets. The aggregate net fair values of these securities are:					
Current					
Listed Investments – at cost					
Government and semi-government stocks and bonds		–	1,065	–	1,065
Total Current		–	1,065	–	1,065
Non-Current					
Managed trust funds		4,366	3,603	–	–
Unlisted investments		268	348	934	1,930
Total Non – Current		4,634	3,951	934	1,930
Total Other Financial Assets		4,634	5,016	934	2,995

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
13 OTHER ASSETS					
Current					
Prepayments		5,677	2,854	2,752	2,737
		5,677	2,854	2,752	2,737
14 PROPERTY, PLANT AND EQUIPMENT					
Land		252,991	249,341	252,991	249,341
Buildings		687,780	678,537	686,668	677,309
Building Plant and Improvements		15,449	8,859	12,135	7,392
Equipment, Motor Vehicles & Furniture and Fittings		44,918	45,040	42,191	42,076
Library Collections		8,788	7,928	8,788	7,928
Development Costs		–	683	–	–
Capital Works in Progress		12,141	5,607	12,117	4,087
		1,022,067	995,995	1,014,890	988,133
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land					
Councillor's Valuation – 31.12.2003		252,991	–	252,991	–
Councillor's Valuation – 31.12.2002		–	249,341	–	249,341
		252,991	249,341	252,991	249,341
Buildings – at valuation					
Councillor's Valuation – 31.12.2003		687,780	–	686,668	–
Councillor's Valuation – 31.12.2002		–	678,537	–	677,309
		687,780	678,537	686,668	677,309
Building Plant and Improvements – at cost					
Less Accumulated Depreciation		21,567	14,370	13,120	8,059
Net Book Value		(6,118)	(5,511)	(985)	(667)
		15,449	8,859	12,135	7,392
Equipment, Motor Vehicles, Furniture & Fittings – at cost					
Equipment		131,947	128,621	127,616	124,347
Furniture & fittings		4,543	4,255	3,957	3,923
Software		11,212	10,059	10,743	9,659
Motor vehicles		3,957	3,594	3,643	3,323
Works of art		1,169	1,167	1,163	1,161
		152,828	147,696	147,122	142,413
Less Accumulated Depreciation		(107,910)	(102,656)	(104,931)	(100,337)
Net Book Value		44,918	45,040	42,191	42,076
Library Collection – at cost					
Less Accumulated Depreciation		24,722	20,801	24,722	20,801
Net Book Value		(15,934)	(12,873)	(15,934)	(12,873)
		8,788	7,928	8,788	7,928
Development Costs					
Less Accumulated Depreciation		2,615	2,048	–	–
Net Book Value		(2,615)	(1,365)	–	–
		–	683	–	–
Capital Works in Progress – at cost					
		12,141	5,607	12,117	4,087
Total Assets		1,154,644	1,118,400	1,136,740	1,102,010
Total Accumulated Depreciation		(132,577)	(122,405)	(121,850)	(113,877)
Total Net Book Value		1,022,067	995,995	1,014,890	988,133
Reconciliations					
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below					
Land					
Carrying amount at beginning of year		249,341	252,601	249,341	252,601
– adjustment due to revaluation of land		14,500	2,040	14,500	2,040
– disposals		(10,850)	(5,300)	(10,850)	(5,300)
Carrying amount at end of year		252,991	249,341	252,991	249,341

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Buildings					
Carrying amount at beginning of year		678,537	651,261	677,309	650,391
– additions		34	1,838	34	1,480
– adjustment due to revaluation of Buildings		11,881	11,484	11,881	11,484
– transfer from capital works in progress		11,495	23,578	11,495	23,578
– disposals		(3,255)	–	(3,255)	–
– depreciation		(10,866)	(9,624)	(10,796)	(9,624)
– foreign currency translation gain/(loss)		(46)	–	–	–
Carrying amount at end of year		687,780	678,537	686,668	677,309
Building Plant and Improvements					
Carrying amount at beginning of year		8,859	8,257	7,392	7,149
– additions		2,487	1,405	123	466
– transfer from capital works in progress		5,449	120	4,939	–
– disposals		(130)	–	–	–
– depreciation		(1,253)	(923)	(319)	(223)
– foreign currency translation gain/(loss)		37	–	–	–
Carrying amount at end of year		15,449	8,859	12,135	7,392
Equipment, Motor Vehicles, Furniture & Fittings					
Carrying amount at beginning of year		45,040	55,458	42,076	53,163
– additions		11,440	12,655	10,652	11,151
– transfer from capital works in progress		413	4,464	7	4,464
– disposals		(689)	(15,624)	(677)	(15,600)
– depreciation		(10,863)	(11,913)	(9,867)	(11,102)
– foreign currency translation gain/(loss)		(423)	–	–	–
Carrying amount at end of year		44,918	45,040	42,191	42,076
Library Collection					
Carrying amount at beginning of year		7,928	7,818	7,928	7,818
– additions		3,922	3,599	3,922	3,599
– depreciation		(3,062)	(3,489)	(3,062)	(3,489)
Carrying amount at end of year		8,788	7,928	8,788	7,928
Development Costs					
Carrying amount at beginning of year		683	–	–	–
– transfer from capital works in progress		602	–	–	–
– transfer between related entities		–	2,048	–	–
– depreciation		(1,249)	(1,365)	–	–
– foreign currency translation gain/(loss)		(36)	–	–	–
Carrying amount at end of year		–	683	–	–
Capital Works in Progress					
Carrying amount at beginning of year		5,607	3,772	4,087	3,651
– additions		24,493	29,997	24,471	28,478
– transfer out of capital works in progress		(17,959)	(26,114)	(16,441)	(25,994)
– transfer between related entities		–	(2,048)	–	(2,048)
Carrying amount at end of year		12,141	5,607	12,117	4,087
Total					
Carrying amount at beginning of year		995,995	979,167	988,133	974,773
– additions		42,376	49,494	39,202	45,174
– adjustment due to revaluation of land and buildings		26,381	13,524	26,381	13,524
– transfer from capital works in progress		–	2,048	–	2,048
– transfer between related entities		–	–	–	(2,048)
– disposals		(14,924)	(20,924)	(14,782)	(20,900)
– depreciation		(27,293)	(27,314)	(24,044)	(24,438)
– foreign currency translation gain/(loss)		(468)	–	–	–
Carrying amount at end of year		1,022,067	995,995	1,014,890	988,133

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
15 INTANGIBLES					
Licenses & rights		223	165	58	–
Intellectual property		2,266	2,283	–	58
		2,489	2,448	58	58
Less Accumulated Amortisation		(1,039)	(561)	(58)	(47)
		1,450	1,887	–	11
16 PAYABLES					
Current					
Trade and other creditors		28,130	27,210	22,044	21,623
Amounts payable to:					
Controlled entities		–	–	2,547	–
Total Current		28,130	27,210	24,591	21,623
Non – Current					
Amounts payable to:					
Controlled entities		–	–	10,527	13,567
Total Non – Current		–	–	10,527	13,567
Total Payables		28,130	27,210	35,118	35,190
17 FINANCE LEASE LIABILITIES					
Finance Leased Equipment Capitalised					
Current		–	4	–	–
Non-Current		–	10	–	–
		–	14	–	–
Lease commitments in respect of capitalised finance leases are payable as follows:					
Due within one year		–	5	–	–
Due after one years, but within five years		–	11	–	–
		–	16	–	–
Less: future finance charges		–	2	–	–
Total Lease Liability		–	14	–	–
18 PROVISIONS					
Current					
Annual Leave		27,267	27,917	26,066	26,862
Long Service Leave		4,118	4,579	3,761	4,264
Superannuation-Deferred Benefits	▼	16,500	16,500	16,500	16,500
Total Current		47,885	48,996	46,327	47,626
Non – Current					
Long Service Leave		34,059	33,610	33,349	32,885
Superannuation-Deferred Benefits	▼	220,665	231,478	220,665	231,478
Total Non – Current		254,724	265,088	254,014	264,363
Total Employee Entitlements		302,609	314,084	300,341	311,989
▼ A total consolidated unfunded liability for retirement benefits of \$237.165m (2002 – \$247.978m) accruing to beneficiaries of State Superannuation Scheme has been recorded in the Statements of Financial Position as a liability. Refer Notes 1.20(v) and 10.					
Number of employees as at the end of the reporting period:		No. 4,283	No. 3,954	No. 3,665	No. 3,505
The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		4.0%	4.6%	4.0%	4.6%
Weighted average discount rates		5.5%	4.8%	5.5%	4.8%
Weighted average settlement period		15yrs	15yrs	15yrs	15yrs

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
19 REVENUE RECEIVED IN ADVANCE					
Government Advances – Commonwealth Government		1,858	14,821	1,858	14,821
Research grants		437	342	437	342
Student fees		21,563	6,551	16,830	5,997
Projects fees		44	4,138	–	61
Other		618	73	554	–
		24,520	25,925	19,679	21,221
20 INTEREST BEARING LIABILITIES					
Current					
Bank loan		–	15,000	–	15,000
Commonwealth Government loan		3,680	–	3,680	–
		3,680	15,000	3,680	15,000
Non-Current					
Bank loan		–	35,000	–	35,000
Commonwealth Government loan		3,500	–	3,500	–
		3,500	35,000	3,500	35,000
Total Interest Bearing Liabilities		7,180	50,000	7,180	50,000
Credit Standby Arrangements with Commonwealth Bank					
(a) Commercial Bill acceptance facility:					
The unsecured bill acceptance facility may be drawn at any time and is subject to annual review. The bill acceptance facility has been drawn as a source of primarily, long term finance and is available until 30 June 2004.					
Credit facility available		50,000	50,000	50,000	50,000
Amount utilised		–	50,000	–	50,000
Unused credit facility		50,000	–	50,000	–
(b) Credit Card facility:					
The RMIT Consolidated Entity has entered into an arrangement with its bankers for the provision of a corporate credit card facility at no interest, provided the debt outstanding is repaid on a monthly basis.					
Credit facility available		7,500	7,500	7,500	7,500
Amount utilised		838	1,068	838	1,068
Unused credit facility		6,662	6,432	6,662	6,432
21 RESERVES					
Consolidated Reserves					
Balance at Beginning of Year		617,890	604,241	566,397	552,873
Transfers from/(to) accumulated funds		(19)	67	–	–
Revaluation of land & buildings		26,381	13,524	26,381	13,524
Foreign exchange losses		(2,972)	58	–	–
Balance at End of Year		641,280	617,890	592,778	566,397
Represented by:					
Asset revaluation reserve		632,630	606,255	592,778	566,397
Fixed asset replacement reserve		1,637	1,637	–	–
Capital projects reserve		10,000	10,000	–	–
Foreign currency translation reserve		(2,987)	(13)	–	–
Capital profits reserve		–	11	–	–
		641,280	617,890	592,778	566,397
Movements in reserves during the year were:					
Asset revaluation reserve					
Balance at Beginning of Year		606,255	592,731	566,397	552,873
Transfers from/(to) accumulated funds		(6)	–	–	–
Revaluation of land & buildings		26,381	13,524	26,381	13,524
Balance at End of Year		632,630	606,255	592,778	566,397
Fixed asset replacement reserve					
Balance at Beginning of Year		1,637	1,637	–	–
Balance at End of Year		1,637	1,637	–	–

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Capital projects reserve					
Balance at Beginning of Year		10,000	9,933	–	–
Transfers from/(to) accumulated funds		–	67	–	–
Balance at End of Year		10,000	10,000	–	–
Foreign currency translation reserve					
Balance at Beginning of Year		(13)	(71)	–	–
Transfers from/(to) accumulated funds		(2)	–	–	–
Foreign currency translation gains/(losses)		(2,972)	58	–	–
Balance at End of Year		(2,987)	(13)	–	–
Capital profits reserve					
Balance at Beginning of Year		11	11	–	–
Transfers from/(to) accumulated funds		(11)	–	–	–
Balance at End of Year		–	11	–	–
Nature and purpose of reserves					
Asset Revaluation Reserve					
The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.					
Fixed Asset Replacement Reserve					
The fixed asset replacement reserve sets aside retained earnings to be used for replacing assets that exist on the asset register.					
Capital Projects Reserve					
The capital projects reserve sets aside retained earnings to be used for major projects over \$10,000.					
Foreign Currency Translation Reserve					
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations.					
Capital Profits Reserve					
Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.					
22 TOTAL EQUITY RECONCILIATION					
Total equity at beginning of year		921,909	908,758	875,988	880,194
Total changes in parent entity interest in equity recognised in statements of financial performance		54,000	13,334	62,101	(4,206)
Total change in outside equity interest	23	102	(183)	–	–
Total equity at end of year		976,011	921,909	938,089	875,988
23 OUTSIDE EQUITY INTEREST					
Outside equity interest in controlled entities comprises:					
Interest in accumulated funds at the beginning of the year after adjusting for outside equity interest in entities acquired during the financial year		(169)	14	–	–
Interest in net operating result		102	(183)	–	–
Interest in accumulated funds at the end of the year		(67)	(169)	–	–
Interest in share capital		99	99	–	–
		32	(70)	–	–
24 CONTINGENT LIABILITIES					
Guarantees					
(a) RMIT has guaranteed the bank overdraft of Melbourne Community Television to a limit of:		220	220	220	220
(b) RMIT has guaranteed contract performance to various organisations to the extent of:		1,241	1,241	1,241	1,241
Litigations					
Claims for unspecified damages have been lodged against the RMIT Consolidated Entity. The RMIT Consolidated Entity has disclaimed liability and is defending the actions. Legal advice indicates that it is unlikely that any significant liability will arise.					

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
25 COMMITMENTS FOR EXPENDITURE					
(a) Operating Leases					
Future Minimum Rental Payments for Leased Premises:					
Due within one year		4,068	2,325	3,732	2,325
Due after one years but within five years		18,690	10,522	17,386	10,522
Due after five years		1,247	–	–	–
		<u>24,005</u>	<u>12,847</u>	<u>21,118</u>	<u>12,847</u>
Future Minimum Rental Payments for Leased Equipment:					
Due within one year		8,345	10,298	8,320	10,288
Due after one years but within five years		4,606	6,856	4,531	6,856
		<u>12,951</u>	<u>17,154</u>	<u>12,851</u>	<u>17,144</u>
(b) Capital and Other Commitments					
The RMIT Consolidated Entity and RMIT has a commitment with respect to capital and other expenditure which has been contracted for at balance date.					
Plant and Equipment					
Due within one year		36	70	36	70
Building Works					
Due within one year		5,138	3,573	5,101	3,573
Other Non-Capital Commitments					
Due within one year		6,559	3,743	6,559	3,740
		<u>11,733</u>	<u>7,386</u>	<u>11,696</u>	<u>7,383</u>
26 NOTES TO STATEMENT OF CASH FLOWS					
(a) Reconciliation of Cash					
For the purpose of the statement of cash flows, cash represents cash on hand, at bank and investments in money market instruments, net of outstanding bank overdrafts.					
Cash at the end of the reporting period is shown in the Statement of Cash Flows and is reconciled to the related items in the financial statements as follows;					
Cash at the Beginning of Year					
Cash at bank and at hand		12,877	4,406	6,719	(1,131)
Short-term money market deposits		35,689	25,048	5,456	9,666
Foreign currency bank accounts		–	609	–	609
Bills of exchange accepted or endorsed by banks		8,977	499	8,977	499
		<u>57,543</u>	<u>30,562</u>	<u>21,152</u>	<u>9,643</u>
Cash at the End of Year					
Cash at bank and at hand		19,585	12,877	2,138	6,719
Short-term money market deposits		10,468	35,689	622	5,456
Foreign currency bank accounts		9	–	9	–
Bills of exchange accepted or endorsed by banks		–	8,977	–	8,977
		<u>30,062</u>	<u>57,543</u>	<u>2,769</u>	<u>21,152</u>
Cash Movement for the Year		<u>(27,481)</u>	<u>26,981</u>	<u>(18,383)</u>	<u>11,509</u>
(b) Reconciliation of Net Cash provided by					
Operating Activities to Operating Result – after related income tax					
Net Operating Result after income tax		31,626	(431)	36,600	(17,730)
Eliminate Non-Cash Flows					
Unrealised foreign exchange (gain)/loss		3,692	–	–	–
Loss/(gain) on sale of property, plant & equipment	6	(6,859)	13,061	(7,042)	13,048
Depreciation on property plant & equipment	4.2	27,293	27,314	24,044	24,437
Amortisation of investments	4.7	953	(80)	974	–
Provision for doubtful debts	4.4	10,562	2,867	10,459	3,637
Bad debts written off	4.4	1,308	322	1,308	211
Amortisation of intangible assets	4.2	478	486	11	23
Interest on finance leases	4.5	–	1	–	–

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Change in Operating Assets and Liabilities					
Net (increase) / decrease in current receivables		(21,109)	1,268	(22,061)	1,753
Net (increase) / decrease in inventories		(3)	(48)	–	–
Net (increase) / decrease in other assets		(2,823)	(3,119)	(15)	(1,006)
Net increase / (decrease) in revenue received in advance		(1,405)	(6,339)	(1,542)	(6,241)
Net increase / (decrease) in payables		920	(1,523)	(72)	(3,012)
Net increase / (decrease) in current tax liability (excluding Deferred Superannuation)		(289)	389	(170)	311
		(1,595)	8,789	(1,715)	8,377
Net cash provided by operating activities		42,749	42,957	40,779	23,808

27 ECONOMIC DEPENDENCY

The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:

Commonwealth Government financial assistance	225,369	209,352	225,369	209,352
Victorian State Government financial assistance	68,713	67,713	68,713	67,713
	294,082	277,065	294,082	277,065

The percentage of the RMIT Consolidated Entity revenue was sourced from:

Commonwealth Government financial assistance	39.24%	38.70%	42.87%	43.49%
Victorian State Government financial assistance	11.96%	12.52%	13.07%	14.07%

28 EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events which have occurred since balance date which have or which may have materially affected the accounts RMIT Council has formalised its property strategy after considering the results of its recent city property portfolio review. In a move to consolidate its city property at the top end of Swanston Street, RMIT is considering options to relocate its Bourke Street operations and develop sites adjacent to its main campus.

29 SUPERANNUATION CONTRIBUTIONS

Funds to which RMIT or any controlled entity contributed to during the financial year:

(a) Defined Benefits Schemes				
State Superannuation Fund – closed	18,617	17,378	18,617	17,378
Unisuper DBP/ICP	25,831	24,109	25,726	24,069
State Employees Retirement Benefits Scheme – closed	146	102	113	102
(b) Defined Contribution Schemes				
Victorian Superannuation Fund	3,373	2,987	3,373	2,957
Advance Credit – closed	32	–	–	–
AMP – closed	4	9	–	–
Australian Retirement Fund	19	32	–	–
AXA Australia Tailored Superannuation Fund	351	633	14	2
BT Lifetime Superannuation Employer Plan	110	86	–	–
Commonwealth Bank of Australia	1	3	–	–
Connect	–	18	–	–
Fitzgerald Services P/L Superfund	–	6	–	–
Health Super	9	4	–	–
Hesta – closed	–	1	–	–
Host Plus	173	149	–	–
Local Authorities Superannuation	8	9	–	–
MLC Superannuation	–	5	–	–
MTAA Superannuation	5	5	–	–
Retail Employees Superannuation Trust	45	38	–	–
RMIT Superannuation Plan – Closed	615	297	614	296
RMIT Union Tailored Superannuation	541	186	–	–
Superannuation Trust of Australia	149	135	–	–
Tertiary Education Superannuation Scheme	–	98	–	–
Zurich Superannuation	–	33	–	–
Other	4	4	–	–

4.1

	50,033	46,327	48,457	44,804
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Unisuper DBP/ICP (formerly Superannuation Scheme Australian Universities)

The last actuarial investigation was completed on 16 May 2003 and conducted as at 31 December 2002. The investigation was conducted by Mr. Grant Harslett (FIA, FIAA) and Mr. Matthew Burgess (FIAA) of Towers Perrin.

As at 30 June 2003 and 2002, the amounts of the fund were:

	CONSOLIDATED		RMIT	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Net Market Value	142,816	143,353	142,816	143,353
Accrued Benefits	135,427	123,221	135,427	123,221
Surplus / (Shortfall)	7,389	20,132	7,389	20,132
Vested Benefits	162,074	154,116	162,074	154,116
Unfunded liabilities	235,601	246,756	235,601	246,756
Accrued benefits	298,092	296,125	298,092	296,125
Vested benefits	300,741	302,422	300,741	302,422
Unfunded liabilities	1,564	1,222	1,564	1,222
Accrued benefits	1,557	1,562	1,557	1,562
Vested benefits	1,743	1,577	1,743	1,577

The actuary expects all commitments to members to be met and the existing contribution rates to remain appropriate. State Superannuation Fund and State Employees Retirement Benefit Scheme RMIT has in its staffing profile a number of employees who are members of the State Superannuation Fund or the State Employees Retirement Benefit

As at 30 June 2003, the 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 RMIT is:

State Superannuation Fund

Unfunded liabilities	235,601	246,756	235,601	246,756
Accrued benefits	298,092	296,125	298,092	296,125
Vested benefits	300,741	302,422	300,741	302,422

State Employees Retirement Benefits Scheme

Unfunded liabilities	1,564	1,222	1,564	1,222
Accrued benefits	1,557	1,562	1,557	1,562
Vested benefits	1,743	1,577	1,743	1,577

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. As stated in the Financial Statements for the State of Victoria 1997 – 1998, based on a cost sharing arrangement with the Commonwealth, the State is only required to make a contribution 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 has reported its 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 an offsetting asset be recognised in respect of the unfunded superannuation obligations. The same presentation has been followed in 2003.

The basis for this treatment is:

- The Commonwealth Government has provided funds for the unfunded superannuation liabilities of Universities since funding responsibility for higher education transferred to the Commonwealth in 1975. The Commonwealth has confirmed its intention to continue making these payments in the current triennium.
- 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, Training and Youth Affairs' "Instructions for preparing Annual Financial Reports for the 2003 Reporting Period" also requires that the unfunded superannuation obligations are treated as a asset and liability.

Basis for calculating employer's contribution to:

(a) Defined Benefits Schemes State Superannuation Fund

RMIT is required to contribute as and when Higher Education Sector contributors become beneficiaries under the scheme.

The employer's contribution is that which is required to meet the defined benefit.

RMIT is required to contribute on a fortnightly basis for TAFE employees in respect of:

- Revised Scheme 15.5%
- New Scheme 8%, 8.5%, 9.5% or 10% based on member's selection

Unisuper DBP/ICP

RMIT's contribution rates throughout 2003 were at either 7% for those employees contributing 3.5% or at 14% for those employees contributing 7% of base salary.

State Employees Retirement Benefits Scheme

Presently, RMIT is required to contribute on account of eligible employees at the rate of 15% of salary. This increased from 1st May 1993 to 20% of salary and 105% of pensions paid.

(b) Defined Contribution Schemes

Victorian Superannuation Fund

RMIT is required to contribute on account of members of the fund at the rate required to meet the "Superannuation Guarantee" – currently 9%.

RMIT Superannuation Plan

RMIT contributes on account of eligible employees at the rate of 14% of salary.

RMIT Union Tailored Superannuation

The employer is required to contribute 3% of salary of eligible employees. In addition, employees may contribute 2.5% or 5% – this is matched by the employer at 5% or 10% respectively (or for particular employees 15% or 17.5%).

Unisuper Award Plus Plan

RMIT is required to contribute on account of members of Unisuper DBP/ICP at the rate of 3% of salary and for other eligible employees at the rate of 9%.

AXA Australia Tailored Superannuation Fund

RMIT contributes 9% of salary of eligible employees. RMIT also contributes an additional 1% of salary of eligible employees, in accordance with the terms and conditions of the enterprise agreement, where employees match the extra 1% through salary sacrifice. In addition, employees may contribute to this fund. Under engagement letters with the former Technisearch Ltd., staff transferring from the the University in 1993 and prior have an additional 2% of salary paid into the fund by RMIT.

Australian Retirement Fund	}	
AXA Australia Tailored Superannuation Fund	}	
BT Lifetime Superannuation Employer Plan	}	
Commonwealth Bank of Australia	}	
Connect	}	
Fitzgerald Services P/L Superfund	}	
Health Super	}	
Hesta – closed	}	
Host Plus	}	
Local Authorities Superannuation	}	
MLC Superannuation	}	
MTAA Superannuation	}	
Norwich Superannuation Fund	}	
Retail Employees Superannuation Trust	}	
RMIT Superannuation Plan – Closed	}	
RMIT Union Tailored Superannuation	}	
Superannuation Trust of Australia	}	
Tertiary Education Superannuation Scheme	}	
Zurich Superannuation	}	
Other	}	

The employer is required to contribute on account of eligible employees at the rate of 9%.

No contribution remained unpaid at the end of the year except to the extent of normal and current terms of payment. The amount payable at 31 December 2003 was \$2.123m (2002 – \$1.532m).

30 DISAGGREGATION INFORMATION

RMIT Consolidated Entity operates predominantly in the field of Higher Education in Australia and provides teaching and research services. RMIT Consolidated Entity provides both education and vocational education and training. RMIT Consolidated Entity also delivers educational and examination services in overseas countries.

	TOTAL REVENUE		NET OPERATING RESULTS		TOTAL ASSETS	
	2,003	2,002	2,003	2,002	2,003	2,002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Industries						
Higher Education	420,015	373,342	28,327	(20,209)	1,050,753	1,057,649
Vocational Education & Training	105,704	108,021	8,273	2,479	249,993	237,248
Other	48,677	59,590	(4,974)	17,299	38,056	44,875
	574,396	540,953	31,626	(431)	1,338,802	1,339,772
Geographical regions						
Australia	542,104	513,218	29,963	(21,711)	1,323,426	1,336,455
South East Asia	32,292	27,735	1,663	21,280	15,376	3,317
	574,396	540,953	31,626	(431)	1,338,802	1,339,772

31 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

(i) Accounting Policies

RMIT Consolidated Entity accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

RECOGNISED FINANCIAL INSTRUMENTS	NOTES	ACCOUNTING POLICIES	TERMS AND CONDITIONS
<i>(a) Financial Assets</i>			
Bank short term deposits	9	Carried at cost or fair value.	Bank short term deposit interest rates are determined by the official money market.
Receivables	10	Carried at nominal amounts due less any provision for doubtful debts.	Accounts receivable credit terms are 30 days.
Investments	12	Carried at the lower of cost or recoverable amount.	
<i>(b) Financial Liabilities</i>			
Payables	16	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced.	Creditors are normally settled on 30 day terms.
Interest bearing liabilities Bank Borrowings Bank borrowings	20	Carried at face value.	The term of the facility extends until 30 June 2003.
Commonwealth Government loan		Carried at face value.	Indexed loan fully repayable by 2006.

(ii) Interest Rate Risk

The RMIT Consolidated Entity's exposure to interest rate risk, and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

		WEIGHTED AVERAGE INTEREST RATE	FLOATING INTEREST RATE	FIXED INTEREST MATURING			NON INTEREST BEARING	TOTAL
	NOTE	%	\$	1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	\$	\$
31 December 2003								
Assets								
Cash assets	9	3.35	19,585	–	–	–	–	19,585
Short term deposits	9	5.00	10,468	–	–	–	–	10,468
Foreign currency bank accounts	9	0.60	9	–	–	–	–	9
Receivables	10		–	–	–	–	36,856	36,856
Managed trust funds	12	6.67	4,144	–	–	–	–	4,144
Shares in non-related companies	12		–	–	–	–	268	268
Other assets	13		–	–	–	–	5,677	5,677
			34,206	–	–	–	42,801	77,007
Liabilities								
Payables	16		–	–	–	–	28,130	28,130
Interest Bearing Liabilities	20	2.35	–	3,680	3,500	–	–	7,180
			–	3,680	3,500	–	28,130	35,310
Net Financial Assets (Liabilities)			34,206	(3,680)	(3,500)	–	14,671	41,697
31 December 2002								
Assets								
Cash assets	9	2.85	12,877	–	–	–	–	12,877
Short term deposits	9	4.50	35,689	–	–	–	–	35,689
Bills of exchange	9	4.50	8,977	–	–	–	–	8,977
Receivables	10		–	–	–	–	27,617	27,617
Government stocks – short term	12	4.31	–	1,014	–	–	–	1,014
Managed trust funds	12	5.97	3,437	–	–	–	–	3,437
Shares in non-related companies	12		–	–	–	–	348	348
Other assets	13		–	–	–	–	2,854	2,854
			60,980	1,014	–	–	30,819	92,813
Liabilities								
Payables	16		–	–	–	–	27,210	27,210
Finance leased equipment capitalised	17		–	4	10	–	–	14
Interest bearing liabilities	20	4.83	50,000	–	–	–	–	50,000
			50,000	4	10	–	27,210	77,224
Net Financial Assets (Liabilities)			10,980	1,010	(10)	–	3,609	15,589

32 DETAILS OF CONTROLLED ENTITIES

	NOTES	CLASS OF SHARES	PLACE OF INCORPORATION	% OWNERSHIP	SHARES HELD		CONTRIBUTION TO CONSOLIDATED NET OPERATING RESULT	
					2003	2002	2003 \$'000	2002 \$'000
Controlled Entities – Corporate								
RMIT Resources Ltd	(a)	Limited by Guarantee	Victoria, Australia	100	–	–	–	65
Meltech Services Ltd	(b)	Limited by Guarantee	Victoria, Australia	100	–	–	–	–
RMIT Training Pty Ltd	(c)	Ordinary	Victoria, Australia	100	502,000	1,074	(1,187)	
RMIT Innovation Limited	(d)	Limited by Guarantee	Victoria, Australia	100	–	21	20	
Spatial Vision Innovations Pty Ltd	(e)	Ordinary	Victoria, Australia	51	102,000	(3)	87	
RMIT International Pty Ltd	(f)	Ordinary	Victoria, Australia	100	200,002	(1,902)	(185)	
RMIT (Malaysia) Sdn. Bhd.	(g)	Ordinary	Kuala Lumpur, Malaysia	100	235,000	(10)	(25)	
RMIT Vietnam Holdings Pty Ltd	(h)	Ordinary	Victoria, Australia	100	12	(4,203)	18,465	
RMIT International University Vietnam	(i)	Vietnam Investment Licence	Vietnam	100	–	377	(431)	
Citytech Pty Ltd	(j)	Ordinary	Victoria, Australia	100	–	–	–	
Inquiry Pty Ltd	(k)	Ordinary	Victoria, Australia	50.05	10,010	109	(221)	
Controlled Entities – Other								
RMIT Union	(l)	Unincorporated Body			–	(572)	(38)	
RMIT Foundation	(m)	Unincorporated Body			–	38	223	
						(5,072)	16,774	

(a) RMIT Resources Ltd was a company incorporated under the Corporations Act 2001, limited by guarantee and without share capital. The company did not trade during the financial year and was deregistered on the 4 March 2003.

(b) Meltech Services Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without share capital. The liability of members at balance date was limited to \$120, being six members with a liability limited to \$20 each. Three directors, being a majority of directors, are nominees of RMIT. Accordingly, Meltech Services Ltd, is a subsidiary of RMIT.

(c) RMIT Training Pty Ltd is a company incorporated under the Corporations Act 2001 with share capital of 502,000 ordinary shares of \$1 each.

(d) RMIT Innovation Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without share capital. The liability of members at balance date was limited to \$60 being six members with a liability limited to \$10 each.

(e) Spatial Vision Innovations Pty Ltd is a company incorporated under the Corporations Act 2001 with share capital of 200,000 Ordinary share of \$1 each. The company is a subsidiary of RMIT Innovation Limited which holds 51% of equity.

(f) RMIT International Pty Ltd is a company incorporated under the Corporations Act 2001 with share capital of 200,002 ordinary shares of \$1 each.

(g) RMIT (Malaysia) Sdn. Bhd. is a company incorporated under the Malaysian Companies Act 1965 with issued share capital of 235,000 ordinary shares of RM1 each, which are held by RMIT. The company is currently in members' voluntary liquidation.

(h) RMIT Vietnam Holdings Pty Ltd (RVH) – is a wholly owned entity of RMIT and has 12 ordinary shares of \$1 each. The company's principal activity is to hold funds for distribution to operations at the RMIT International University Vietnam (RIUV) Campus and RMIT's investment in RIUV.

Each year the RVH results will be affected by a timing difference between receipt of grants and the subsequent payment of those grants to RIUV.

(i) RMIT International University Vietnam – a wholly owned entity of RMIT Vietnam Holdings Pty Ltd. Its purpose is to provide advanced education to the Vietnamese community in Vietnam.

(j) Citytech Pty Ltd was a company incorporated under the Corporations Act 2001 with issued share capital of 12 ordinary shares of \$1 each, which were held by RMIT. The company did not trade during the financial year and was deregistered on the 4 March 2003.

(k) Inquirion Pty Ltd was incorporated on the 16 December 2001. RMIT acquired 1001 ordinary shares of \$1 each (converted to 10,010 ordinary shares of \$0.10 each on 30 June 2003), which is 50.05% of the equity on 1 January, 2002 with the balance being held by RMIT employees. RMIT has the power to appoint the board and therefore has substantial influence over its operations.

(l) RMIT Union is an unincorporated body. Its principal purpose is to provide support services to RMIT students.

(m) RMIT Foundation is a trust. Its principal purpose is to raise funds, provide grants to RMIT for the conduct of research, construction of teaching facilities, provide for scholarships and to engage visiting scholars.

33 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE TO RMIT

Amounts received and expended pursuant to the Higher Education Funding Act 1988, excluding HECS:

	OPERATING FINANCIAL		CAPITAL DEVELOPMENT		HECS		PELS		BOTPELS	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
33.1 TEACHING AND LEARNING										
Financial assistance in advance (paid in the previous reporting period for current reporting period)	7,544	7,460	—	—	4,538	4,196	—	—	—	—
Plus Financial assistance received during reporting period	96,114	96,160	—	418	56,654	53,628	8,093	5,021	7	—
Contributions actually received from students	—	—	—	—	8,148	8,180	—	—	—	—
	103,658	103,620	—	418	69,340	66,004	8,093	5,021	7	—
Less Financial assistance in advance (received in reporting period for the next reporting period)	—	7,544	—	—	—	4,538	—	—	—	—
Plus Accrual adjustments	—	(934)	—	—	(107)	216	(150)	(256)	—	—
	—	6,610	—	—	(107)	4,754	(150)	(256)	—	—
Revenue attributed to reporting period	103,658	97,010	—	418	69,447	61,250	8,243	5,277	7	—
Plus Surplus prior year	343	287	—	—	—	—	—	—	—	—
Funds available for reporting period	104,001	97,297	—	418	69,447	61,250	8,243	5,277	7	—
Less Expenses in current period	95,997	96,953	—	418	64,982	61,250	8,243	5,277	7	—
Surplus for reporting period	8,004	344	—	—	4,465	—	—	—	—	—

	DISCOVERY – PROJECTS (LARGE GRANTS)		LINKAGE SPECIAL RESEARCH INITIATIVES		LINKAGE – PROJECTS		LINKAGE – INFRASTRUCTURE	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
33.2 AUSTRALIAN RESEARCH COUNCIL								
Financial assistance in advance (paid in the previous reporting period for current reporting period)	19	–	–	–	97	–	–	500
Plus Financial assistance received during reporting period	1,169	354	20	–	1,889	1,704	–	–
	1,188	354	20	–	1,986	1,704	–	500
Less Financial assistance in advance (received in reporting period for the next reporting period)	–	18	–	–	–	97	–	–
Plus Accrual adjustments	–	–	–	–	–	–	–	–
	–	18	–	–	–	97	–	–
Revenue attributed to reporting period	1,188	336	20	–	1,986	1,607	–	500
Plus Surplus prior year	294	479	–	–	741	549	–	443
Funds available for reporting period	1,482	815	20	–	2,727	2,156	–	943
Less Expenses in current period	1,142	521	–	–	1,768	1,414	–	943
Surplus for reporting period	340	294	20	–	959	742	–	–
33.3 DEST RESEARCH GRANTS								
Financial assistance in advance (paid in the previous reporting period for current reporting period)	364	339	969	976	–	41	81	–
Plus Financial assistance received during reporting period	4,584	4,264	12,133	12,204	–	468	1,019	798
	4,948	4,603	13,102	13,180	–	509	1,100	860
Less Financial assistance in advance (received in reporting period for the next reporting period)	–	364	–	969	–	–	–	81
Plus Accrual adjustments	–	–	–	–	–	–	–	–
	–	364	–	969	–	–	–	81
Revenue attributed to reporting period	4,948	4,239	13,102	12,211	–	508	1,100	780
Plus Surplus prior year	–	–	–	–	394	–	283	434
Funds available for reporting period	4,948	4,239	13,102	12,211	394	508	1,382	1,214
Less Expenses in current period	4,557	4,239	12,133	12,211	394	114	698	931
Surplus for reporting period	391	–	969	–	–	394	685	283

	PRE 2002 AUST POSTGRADUATE AWARDS		2002 ONWARDS AUST POSTGRADUATE AWARDS		INTERNATIONAL POSTGRADUATE RESEARCH SCHOLARSHIPS		OTHER (SMALL GRANTS) RESEARCH	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
33.3 DEST RESEARCH GRANTS								
Financial assistance in advance (paid in the previous reporting period for current reporting period)	—	—	—	—	—	—	—	—
Plus Financial assistance received during reporting period	—	—	—	—	—	—	—	—
Less Financial assistance in advance (received in reporting period for the next reporting period)	915	1,286	1,467	791	483	460	—	—
Plus Accrual adjustments	—	—	—	—	—	—	—	—
Revenue attributed to reporting period	915	1,286	1,467	791	483	460	—	—
Plus Surplus prior year	359	439	242	—	165	257	76	138
Funds available for reporting period	1,274	1,725	1,709	791	649	717	76	138
Less Expenses in current period	719	1,366	1,277	550	510	551	29	63
Surplus for reporting period	556	359	432	242	139	165	47	76

	AMOUNT OF UNSPENT FINANCIAL ASSISTANCE AS AT 31 DECEMBER		AMOUNT OF UNSPENT FINANCIAL ASSISTANCE THAT IT IS MORE LIKELY WILL BE APPROVED BY THE COMMONWEALTH FORWARD		AMOUNT OF UNSPENT FINANCIAL ASSISTANCE THAT IT IS MORE LIKELY WILL BE RECOVERED BY THE COMMONWEALTH	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
33.4 CATEGORY OF FINANCIAL ASSISTANCE						
Teaching and Learning	8,004	344	8,004	344	—	—
Operating purposes excluding HECS & PELS	4,465	—	4,465	—	—	—
HECS	—	—	—	—	—	—
Australian Research Council	—	—	—	—	—	—
Discovery – Project (Large Grants)	340	294	340	294	—	—
Discovery – Fellowship	20	—	20	—	—	—
Linkage – Projects	959	742	959	742	—	—
DEST	—	—	—	—	—	—
Institutional Grants Scheme	391	—	391	—	—	—
Research Training Scheme	969	—	969	—	—	—
Systemic Infrastructure Initiative	—	394	—	394	—	—
Research Infrastructure	685	283	685	283	—	—
Australian Postgraduate Awards	988	601	988	601	—	—
International Postgraduate Research Scholarships	139	165	139	165	—	—
Other (Small Grants) Research	47	76	47	76	—	—
	17,007	2,899	17,007	2,899	—	—

34 RESPONSIBLE PERSONS AND EXECUTIVES OFFICERS

(a) Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

(i) Responsible Ministers:

The names of persons who were Responsible Persons at anytime during the financial year, were:
The Hon. Lynne Kosky MP

(ii) The names of each person holding the position of Member of Council during the financial year were:

NAME		NAME	
Anderseen, E.	Term 1.1.2003 – 31.12.2003	Mercer, D.	Resigned 3.2.2003
Ballagh, A.	Appointed 10.2.2003	Mitcham, J.	Resigned 12.2.2003
Carmody, H.	Resigned 11.2.2003	Nieuwenhuysen, J.	
Coloe, P.		Olsen, R.	Term 1.1.2003 – 31.12.2003
Coutts, C.		Ringwood, G.	Resigned 11.2.2003
Dalton, A.	Appointed 15.4.2003	Robinson, N.	
Danos, E.	Resigned 11.2.2003	Sapwell, I.	Retired 28.3.2003
Dunkin, R.		Scollay, M.	Appointed 15.4.2003
Francis, T.	Appointed 15.4.2003	Summers, P.	Resigned 22.1.2003
Frater, R.		Tappenden, T.	Appointed 9.9.2003
Gibson, R. D.	Appointed 14.4.2003	Thomas, P.	
Hepburn, R.		Tongs, J.	Resigned 11.2.2003
Hilliar, K.		Varcoe – Cocks, J.	
Lampe, G.	Appointed 30.1.2003	Young, D.	Appointed 10.11.2003

(b) Remuneration of Responsible Persons'

Income paid or payable, or otherwise made available, to Councillors and/or directors by entities in the RMIT consolidated entity and related parties in connection with the management of affairs of the RMIT entity or its controlled entities.

Number of RMIT Councillors whose income from RMIT and any related bodies corporate was within the following bands:

	NOTE	CONSOLIDATED 2003 \$'000	2002 \$'000	RMIT	
				2003 \$'000	2002 \$'000
		4,642	3,702	1,090	986
				2003	2002
				No.	No.
\$ 0				22	18
\$ 40,000 – \$ 49,999				–	1
\$ 60,000 – \$ 69,999				1	1
\$ 80,000 – \$ 89,999				1	1
\$ 90,000 – \$ 99,999				–	1
\$ 100,000 – \$109,999				1	–
\$120,000 – \$129,999				1	–
\$140,000 – \$149,999				1	2
\$400,000 – \$409,999				1	1
				<u>28</u>	<u>25</u>

(c) Executive Officers' Remuneration

Income received or due and receivable from entities in the consolidated entity and related parties by Australian-based executive officers (including executive councillors) whose remuneration was at least \$100,000.

		2,841	1,838	2,382	1,342
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The number of executive officers whose income was within the following bands:

	NOTE	2003 No.	2002 No.	2003 No.	2002 No.
\$110,000 – \$119,999		1	1	–	–
\$120,000 – \$129,999		–	2	–	–
\$130,000 – \$139,999		1	–	–	–
\$140,000 – \$149,999		1	1	–	–
\$170,000 – \$179,999		–	2	–	2
\$180,000 – \$189,999		1	2	–	2
\$200,000 – \$209,999		1	–	1	–
\$210,000 – \$219,999		5	–	5	–
\$220,000 – \$229,999		1	1	1	1
\$240,000 – \$249,999		1	–	1	–
\$260,000 – \$269,999		1	–	1	–
\$400,000 – \$409,999		1	1	1	1
		<u>14</u>	<u>10</u>	<u>10</u>	<u>6</u>

35 RELATED PARTIES

The following related party transactions occurred during the financial year and were conducted on normal terms and conditions unless otherwise stated:

(a) Councillors

The names, remuneration and retirement benefits of persons who were Councillors of RMIT at any time during the financial year are set out in Note 35.

(b) Transactions with Members of Council related entities are as follows:

There were no other transactions with Councillors, or other related parties of a Councillor during the year.

(c) Transactions with non councillor related parties – controlled entities :

All transactions with controlled entities are on normal terms and conditions. The aggregate amounts included in the surplus/(deficit) from ordinary activities before income tax expense that resulted from transactions with non councillor related parties are:

	NOTE	CONSOLIDATED		RMIT	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue					
– Contract and professional services		–	–	1,388	2,633
– Donations and bequests		–	–	535	3,997
– Rental income		–	–	294	108
Expenses					
– Marketing Expenses		–	–	6,800	6,500
– Grants, scholarships and prizes		–	–	4,919	5,197
– Consulting services		–	–	1,148	2,338
– Other		–	–	324	989

Certain administrative services are provided by RMIT to a number of entities within the wholly owned group at no charge.

Aggregate amounts receivable from, and payable to wholly-owned controlled entities

Current Receivables	–	–	7,142	6,716
Non – Current Receivables	–	–	2,812	2,812
Current Payables	–	–	2,547	–
Non – Current Payables	–	–	10,527	13,567

The aggregate amounts of other transactions

Loan Repayment by related parties	–	–	–	75
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36 STUDENT GENERAL SERVICE FEES

In accordance with The Tertiary Education (Amendment) Act 1994, the following compulsory non-academic fees were collected by the RMIT from students and prospective students:

Fees Collected

General Service Fee	8,334	8,391	8,161	8,391
Enrolment Fee	3,225	3,133	3,225	3,133

Distribution of Fees by way of Grants to:

Student Union Council	2,993	2,857	2,993	2,857
RMIT Union	4,869	5,197	4,869	5,197
RMIT Teaching Departments	3,397	3,133	3,224	3,133
RMIT Student Services	300	337	300	337
	11,559	11,524	11,386	11,524

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
37 OPERATING RESULTS – HIGHER EDUCATION AND TAFE					
Operating revenue and expenses for the Higher Education and TAFE divisions of the university are shown in the following tables. The figures refer only to the university – consolidated totals are not included. Refer note 1.29 for further information.					
Statement of Financial Performance					
Revenue from Ordinary Activities					
Commonwealth Government financial assistance	37.01	129,478	120,524	18	175
Victorian State Government financial assistance	37.02	3,065	1,933	64,103	64,015
Higher Education Contribution Scheme					
Student contributions		8,148	8,180	–	–
Commonwealth payments		61,299	53,070	–	–
Postgraduate Loans Scheme		8,243	5,277		
Bridging for Overseas Trained Professionals Loan Scheme		7	–		
Fees and charges	37.03	126,907	123,429	35,363	36,683
Superannuation					
Deferred Government contributions – grants receivable		–	3,116	–	–
Deferred Government contributions – reduction in debts payable		10,813	–	–	–
Commonwealth supplementation		17,827	15,159	–	–
Investment income	37.04	682	155	160	246
Consultancy and contract research	37.05	17,419	16,524	323	1,043
Other revenue	37.06	36,127	25,975	5,737	5,859
Total revenue from ordinary activities		420,015	373,342	105,704	108,021
Expenses from Ordinary Activities					
Employee benefits	37.07	241,780	230,934	67,762	70,035
Depreciation and amortisation	37.08	19,248	19,139	4,807	5,322
Buildings and grounds	37.09	12,530	13,637	4,158	4,317
Bad and doubtful debts	37.10	9,207	3,814	2,560	34
Borrowing cost expense	37.11	957	2,017	7	–
Accounting and auditing services	37.12	170	246	37	46
Other expenses	37.13	107,490	123,270	18,067	25,773
Total expenses from ordinary activities		391,382	393,057	97,398	105,527
Operating Result from Ordinary Activities before Income Tax		28,633	(19,715)	8,306	2,494
Income tax related to ordinary activities	37.16	306	494	33	15
Net Operating Result		28,327	(20,209)	8,273	2,479
Net exchange difference on translation of financial report of foreign controlled entity					
Revised AASB 1028 “Employee Benefits”		(709)	–	(171)	–
Asset revaluation increment taken through reserve		20,855	9,483	5,526	4,041
Total Revenues, Expenses and Valuation Adjustments attributed to RMIT Entity Recognised Directly in Equity		20,146	9,483	5,355	4,041
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		48,473	(10,726)	13,628	6,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
37.01 COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE					
		(including Superannuation contributions from the Commonwealth, but excluding HECS & PELS)			
Teaching & Learning	33.1				
Operating excluding HECS & PELS		103,658	97,010	–	–
Capital development pool		–	418	–	–
Australian Research Council	33.2				
Discovery – Project (Large Grants)		1,188	336	–	–
Linkage – Projects		1,986	1,607	–	–
Linkage – Special Research Initiatives		20	–	–	–
Linkage – Infrastructure		–	500	–	–
DEST	33.3				
Research Infrastructure		4,948	4,239	–	–
Australian Postgraduate Awards		13,102	12,211	–	–
International Postgraduate Research Scholarships		–	508	–	–
Research Infrastructure		1,100	780	–	–
Australian Postgraduate Awards		2,382	2,077	–	–
International Postgraduate Research Scholarships		483	460	–	–
		128,867	120,146	–	–
Other Commonwealth Government					
Other		611	378	18	175
		611	378	18	175
		129,478	120,524	18	175
37.02 VICTORIAN STATE GOVERNMENT FINANCIAL ASSISTANCE					
TAFE Recurrent		–	368	52,569	51,902
TAFE Capital		–	–	9,883	10,212
TAFE Other		3,065	1,565	1,651	1,901
		3,065	1,933	64,103	64,015
37.03 FEES AND CHARGES					
Continuing education		1,265	2,673	13,456	13,793
Fee paying overseas students		98,688	92,002	13,194	15,999
Fee Paying domestic postgraduate students		11,516	12,740	145	26
Fee Paying domestic undergraduate students		4,043	3,140	3,048	1,177
Fee Paying domestic non-award students		642	701	1,595	1,909
Student enrolment fees		8,162	8,391	3,224	3,133
Other		2,591	3,782	701	646
		126,907	123,429	35,363	36,683
37.04 INVESTMENT INCOME					
Interest received and receivable		682	155	160	246
37.05 CONSULTANCY AND CONTRACT RESEARCH					
Commonwealth Government		8,599	8,130	–	998
Victorian State Government		1,365	1,720	180	45
Local Government		100	168	78	–
Industry and other		7,355	6,506	65	–
		17,419	16,524	323	1,043
37.06 OTHER REVENUE					
Contract revenue (other than consultancy & contract research)		6,443	7,382	3,027	3,553
Proceeds from sale of property, plant and equipment	37.15	21,687	7,717	132	136
Product sales		1,619	2,037	1,106	525
Donations and bequests		902	3,415	174	153
Scholarships		960	730	49	20
Property rental		2,376	2,405	794	893
Foreign exchange gains		139	44	–	–
Other		2,001	2,245	455	579
		36,127	25,975	5,737	5,859

NOTE	RMIT			
	HE		TAFE	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
37.07 EMPLOYEE BENEFITS				
Academic				
Salaries	88,163	90,920	33,826	33,770
Contributions to superannuation schemes:				
Deferred employee benefit – debts payable	–	2,212	–	–
Deferred employee benefit – reduction in grants receivable	7,677	–	–	–
Emerging cost	14,723	13,684	–	–
Funded	12,686	12,047	3,592	3,246
Payroll tax	5,799	5,535	2,175	2,080
Workers' compensation	1,377	1,132	520	424
Long service leave expense	1,992	1,790	1,698	1,501
Annual leave expense	6,607	6,143	1,507	2,925
	139,024	133,463	43,318	43,946
Non-Academic				
Salaries	71,651	71,791	17,443	19,655
Contributions to superannuation schemes:				
Deferred employee benefit – debts payable	–	904	–	–
Deferred employee benefit – reduction in grants receivable	3,136	–	–	–
Emerging cost	3,894	3,693	–	–
Funded	10,559	9,489	3,005	2,645
Payroll tax	4,018	4,532	1,910	1,284
Workers' compensation	1,110	912	314	259
Long service leave expense	1,130	1,475	460	773
Annual leave expense	7,258	4,675	1,312	1,473
	102,756	97,471	24,444	26,089
Total Employee Benefits	241,780	230,934	67,762	70,035
37.08 DEPRECIATION AND AMORTISATION				
Buildings	8,894	7,879	1,902	1,745
Building plant and improvements	72	72	247	151
Equipment, motor vehicles & furniture and fittings	7,627	8,036	2,240	3,066
Library collection	2,644	3,129	418	360
Intangible assets	11	23	–	–
	19,248	19,139	4,807	5,322
37.09 BUILDINGS AND GROUNDS				
Facilities Related – Maintenance & Service	7,880	7,361	2,938	2,830
Occupancy Expenses	5,609	5,325	1,142	1,265
Minor Works Expenses	(959)	951	78	222
	12,530	13,637	4,158	4,317

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
37.10 BAD AND DOUBTFUL DEBTS					
Bad Debts Written Off in the Operating Statement					
Trade Debtors		58	99	264	34
Student Debtors		986	78	–	–
		1,044	177	264	34
Amounts Set Aside to Provision for Doubtful Debts:					
Trade Debtors		426	712	6	(751)
Student Debtors		7,816	2,135	2,290	751
Controlled entities		(79)	790	–	–
		8,163	3,637	2,296	–
Total bad and doubtful debt expense		9,207	3,814	2,560	34
Bad Debts Written Off against Provision for Doubtful debts					
Trade Debtors		22	–	–	–
Student Debtors		2,574	–	–	–
		2,596	–	–	–
37.11 BORROWING COST EXPENSE					
Interest to Other Corporations		957	2,017	7	–
		957	2,017	7	–
37.12 ACCOUNTING AND AUDITING SERVICES					
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity					
Auditor—General of Victoria		170	246	37	46
		170	246	37	46
37.13 OTHER EXPENSES					
Scholarships, grants and prizes		24,146	23,742	1,392	1,192
Telecommunications		3,931	5,095	1,160	1,352
Non-capitalised equipment		3,560	5,316	990	1,543
Travel, staff development and entertainment		7,435	9,729	1,413	2,112
Inventory used		7,716	8,895	2,825	3,172
Net diminution in value of non-current assets		974	–	–	–
Operating lease rental expenses		13,449	13,951	3,573	3,503
Foreign exchange losses		224	9	46	1
Carrying amounts of discontinuing assets	37.15	14,765	18,166	78	2,735
Marketing, advertising & public relations		8,917	9,687	2,241	2,582
Administrative expenses		12,412	16,669	2,484	4,717
Finance, legal & other		5,810	7,213	1,194	1,505
Other expenses		4,151	4,798	671	1,359
		107,490	123,270	18,067	25,773
37.14 SIGNIFICANT ITEMS OF REVENUE AND EXPENDITURE					
Revenue					
Commonwealth Government operating grant paid in advance		14,934	–	–	–
Net profit from the sale of Janefield Estate, Bundoora		6,879	–	–	–
Expenditure					
Write-off – student Administrative Management System (AMS)		–	10,378	–	2,732
Amounts set aside to provision for doubtful student debtors		7,816	2,135	2,290	751
37.15 SALES OF ASSETS					
Proceeds from disposal of assets					
Property, plant & equipment		21,687	7,717	132	136
Carrying amount of assets disposed					
Property, plant & equipment					
Write off of AMS capitalised costs		–	10,378	–	2,732
Disposal of land and buildings		14,105	5,300	–	–
Disposal of other assets		660	2,488	78	3
		14,765	18,166	78	2,735
Surplus/(Deficit) from write-off/sale of assets		6,922	(10,449)	54	(2,599)

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
37.16 INCOME TAX					
Income tax expense		306	494	33	15
37.17 ACCUMULATED FUNDS					
Accumulated funds at beginning of year		242,452	262,659	67,139	64,662
Net operating result		28,327	(20,209)	8,273	2,479
Adjustment to annual leave – AASB 1028		(709)	–	(171)	–
Accumulated funds at end of year		270,070	242,450	75,241	67,141
38 STATEMENTS OF FINANCIAL POSITION – HIGHER EDUCATION AND TAFE					
Statement of financial position and cash flow for the Higher Education and TAFE divisions of the university are shown in the following tables. The figures refer only to the university – consolidated totals are not included.					
CURRENT ASSETS					
Cash Assets	38.02	9	11,846	5,767	9,306
Receivables	38.03	45,363	38,172	10,561	7,458
Other Financial Assets	38.04	–	–	–	1,014
Other Assets	38.05	2,434	2,540	318	197
TOTAL CURRENT ASSETS		47,806	52,558	16,646	17,975
NON-CURRENT ASSETS					
Receivables	38.03	223,477	234,290	–	–
Other Financial Assets	38.04	934	1,930	–	–
Property, Plant and Equipment	38.06	781,543	768,860	233,347	219,273
Intangibles	38.07	–	11	–	–
TOTAL NON-CURRENT ASSETS		1,005,954	1,005,091	233,347	219,273
TOTAL ASSETS		1,053,760	1,057,649	249,993	237,248
CURRENT LIABILITIES					
Payables	38.08	23,960	17,337	3,638	4,286
Current Tax Liabilities		306	494	33	15
Interest Bearing Liabilities	38.11	3,680	15,000	–	–
Provisions	38.09	42,283	42,041	4,044	5,585
Revenue Received in Advance	38.10	16,351	20,010	3,328	1,211
TOTAL CURRENT LIABILITIES		86,580	94,882	11,043	11,097
NON-CURRENT LIABILITIES					
Payables	38.08	10,527	13,567	–	–
Interest Bearing Liabilities	38.11	3,500	35,000	–	–
Provisions	38.09	248,781	258,302	5,233	6,061
TOTAL NON-CURRENT LIABILITIES		262,808	306,869	5,233	6,061
TOTAL LIABILITIES		349,388	401,751	16,276	17,158
NET ASSETS		704,372	655,898	233,717	220,090
EQUITY					
RMIT entity interest					
Accumulated Funds	37.17	270,070	242,450	75,241	67,141
Reserves	38.12	434,302	413,448	158,476	152,949
TOTAL EQUITY		704,372	655,898	233,717	220,090

	NOTE	RMIT			
		HE 2003 \$'000	2002 \$'000	TAFE 2003 \$'000	2002 \$'000
38.01 STATEMENTS OF CASH FLOWS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Financial Assistance					
Commonwealth Government		133,972	136,673	(184)	489
Victorian State Government		3,065	1,933	64,103	64,016
Higher Education Contribution Scheme					
Student Payments		8,148	8,180	–	–
Commonwealth payments		61,299	53,070	–	–
Postgraduate Loans Scheme		8,243	5,277	–	–
Bridging for Overseas Trained Professionals Loan Scheme		7	–	–	–
Consultancy and contract research		17,514	16,436	–	268
Interest Received		718	164	160	222
Fees and Charges		126,260	119,799	34,256	36,742
Receipt of GST from Australian Taxation Office		5,751	9,122	8,964	4,261
Other Cash Receipts in the course of operations		12,066	21,468	9,837	15,124
		377,043	372,122	117,136	121,122
Outflows:					
Payments of Salaries & Related Costs		230,142	222,138	70,302	70,457
Payments to Suppliers in the course of operations		113,848	134,145	38,078	40,679
Interest & Other Finance Costs Paid		957	2,017	7	–
		344,947	358,300	108,387	111,136
Net cash provided/(used) by operating activities	39.15(b)	32,096	13,822	8,749	9,986
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from Sale of Investments		895	–	1,014	22
Proceeds from Sale of Property, Plant & Equipment		21,687	7,717	132	136
		22,582	7,717	1,146	158
Outflows:					
Payment for Investments		873	–	–	–
Payments for Property, Plant & Equipment		25,829	38,070	13,434	7,104
		26,702	38,070	13,434	7,104
Net cash provided/(used) by investing activities		(4,120)	(30,353)	(12,288)	(6,946)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from Borrowings		7,500	25,000	–	–
		7,500	25,000	–	–
Outflows:					
Repayment of Borrowings		50,320	–	–	–
		50,320	–	–	–
Net cash provided/(used) by financing activities		(42,820)	25,000	–	–
Net increase/(decrease) in Cash Held		(14,844)	8,469	(3,539)	3,040
Cash at Beginning of Reporting Period		11,846	3,377	9,306	6,266
Cash at End of Reporting Period	39.15(a)	(2,998)	11,846	5,767	9,306

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
38.02 CASH ASSETS					
Cash at bank and on hand		–	1,863	5,145	4,856
Bank short term deposits, maturing within 60 days		–	5,456	622	–
Bills of exchange accepted or endorsed by banks		–	4,527	–	4,450
Foreign currency bank accounts		9	–	–	–
		9	11,846	5,767	9,306
38.03 RECEIVABLES					
Current					
Trade debtors		6,401	9,441	6,307	3,878
Less provision for doubtful debts		(852)	(448)	(100)	(94)
		5,549	8,993	6,207	3,784
Student loans & student debtors					
Less Provision for Doubtful Debts		13,268	6,468	5,873	2,664
		(8,552)	(3,310)	(2,800)	(510)
		4,716	3,158	3,073	2,154
Loans and advances					
Government grants receivable		5	92	–	–
Government contributions – superannuation	▼	1,333	978	251	34
Interest receivable		–	36	35	35
Other debtors		10,511	2,662	602	488
Amounts receivable from:					
Controlled entities		7,460	6,543	393	963
Less provision for doubtful debts		(711)	(790)	–	–
		35,098	26,021	1,281	1,520
Total Current		45,363	38,172	10,561	7,458
Non – Current					
Government contributions – superannuation	▼	220,665	231,478	–	–
Amounts receivable from:					
Controlled entities		2,812	2,812	–	–
Total Non – Current		223,477	234,290	–	–
Total Receivables		268,840	272,462	10,561	7,458
▼ RMIT recognises a receivable for the amount expected to be received from the Commonwealth Government in respect of unfunded superannuation schemes operated by the State Government. The total consolidated amount owing in respect of these at 30 June 2003 amounted to \$237.165m (2002 – \$247.978m). Refer Notes 1.20 and 18.					
38.04 OTHER FINANCIAL ASSETS					
Current					
Government and semi-government stocks and bonds		–	–	–	1,014
Total Current		–	–	–	1,014
Non – Current					
Unlisted Investments – at cost					
Shares in controlled entities		804	1,699	–	–
Less Provision for diminution in value of investment		(101)	–	–	–
Shares in non-related companies		1,104	231	80	80
Less Provision for diminution in value of investment		(873)	–	(80)	(80)
Total Non – Current		934	1,930	–	–
Total Other Financial Assets		934	1,930	–	1,014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	RMIT			
		HE		TAFE	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Net Fair Values of Investments					
Traded securities are listed and other securities which are readily traded on organised markets. The aggregate net fair values of these securities are:					
Current					
Listed Investments – at cost					
Government and semi-government stocks and bonds		–	–	–	1,065
Total Current		–	–	–	1,065
Non-Current					
Unlisted investments		934	1,930	–	–
Total Non – Current		934	1,930	–	–
Total Other Financial Assets		934	1,930	–	1,065

38.05 OTHER ASSETS

Current					
Prepayments		2,434	2,540	318	197
		2,434	2,540	318	197

38.06 PROPERTY, PLANT AND EQUIPMENT

Land		198,011	198,266	54,980	51,075
Buildings		537,458	533,864	149,210	143,445
Building Plant and Improvements		2,151	2,223	9,984	5,169
Equipment, Motor Vehicles & Furniture and Fittings		28,553	27,422	13,638	14,654
Library Collections		7,563	6,650	1,225	1,278
Capital Works in Progress		7,807	435	4,310	3,652
		781,543	768,860	233,347	219,273

The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:

Land					
Councillor's Valuation – 31.12.2003		198,011	–	54,980	–
Councillor's Valuation – 31.12.2002		–	198,266	–	51,075
		198,011	198,266	54,980	51,075
Buildings – at valuation					
Councillor's Valuation – 31.12.2003		537,458	–	149,210	–
Councillor's Valuation – 31.12.2002		–	533,864	–	143,445
Net Book Value		537,458	533,864	149,210	143,445
Building Plant and Improvements – at cost		2,374	2,373	10,746	5,686
Less Accumulated Depreciation		(223)	(150)	(762)	(517)
Net Book Value		2,151	2,223	9,984	5,169
Equipment, Motor Vehicles, Furniture & Fittings – at cost					
Equipment		96,730	93,571	30,886	30,776
Furniture & fittings		2,960	3,130	997	793
Software		8,750	8,009	1,993	1,650
Motor vehicles		3,101	2,932	542	391
Works of art		1,152	1,150	11	11
		112,693	108,792	34,429	33,621
Less Accumulated Depreciation		(84,140)	(81,370)	(20,791)	(18,967)
Net Book Value		28,553	27,422	13,638	14,654
Library Collection – at cost		21,394	16,627	3,328	4,174
Less Accumulated Depreciation		(13,831)	(9,977)	(2,103)	(2,896)
Net Book Value		7,563	6,650	1,225	1,278
Capital Works in Progress – at cost		7,807	435	4,310	3,652
Total Assets		879,737	860,357	257,003	241,653
Total Accumulated Depreciation		(98,194)	(91,497)	(23,656)	(22,380)
Total Net Book Value		781,543	768,860	233,347	219,273

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Reconciliations					
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below					
Land					
Carrying amount at beginning of year		198,266	202,265	51,075	50,336
– adjustment due to revaluation of land		10,295	1,301	4,205	739
– disposals		(10,850)	(5,300)	–	–
– transfer between related entities		300	–	(300)	–
Carrying amount at end of year		198,011	198,266	54,980	51,075
Buildings					
Carrying amount at beginning of year		533,864	512,236	143,445	138,155
– additions		–	–	36	1,480
– adjustment due to revaluation of Buildings		10,560	8,182	1,321	3,302
– transfer from capital works in progress		5,183	21,325	6,310	2,253
– disposals		(3,255)	–	–	–
– depreciation		(8,894)	(7,879)	(1,902)	(1,745)
Carrying amount at end of year		537,458	533,864	149,210	143,445
Building Plant and Improvements					
Carrying amount at beginning of year		2,223	2,283	5,169	4,866
– additions		–	12	121	454
– transfer from capital works in progress		–	–	4,941	–
– depreciation		(72)	(72)	(247)	(151)
Carrying amount at end of year		2,151	2,223	9,984	5,169
Equipment, Motor Vehicles, Furniture & Fittings					
Carrying amount at beginning of year		27,422	32,522	14,654	20,641
– additions		9,349	9,687	1,303	1,464
– transfer from capital works in progress		7	4,464	–	–
– disposals		(599)	(13,055)	(78)	(2,545)
– depreciation		(7,626)	(8,036)	(2,241)	(3,066)
– transfer between related entities		–	1,840	–	(1,840)
Carrying amount at end of year		28,553	27,422	13,638	14,654
Library Collection					
Carrying amount at beginning of year		6,650	6,685	1,278	1,133
– additions		3,344	3,094	578	505
– depreciation		(2,644)	(3,129)	(418)	(360)
– transfer between related entities		213	–	(213)	–
Carrying amount at end of year		7,563	6,650	1,225	1,278
Capital Works in Progress					
Carrying amount at beginning of year		435	2,597	3,652	1,054
– additions		12,562	23,627	11,909	4,851
– transfer out of capital works in progress		(5,190)	(23,741)	(11,251)	(2,253)
– transfer between related entities		–	(2,048)	–	–
Carrying amount at end of year		7,807	435	4,310	3,652
Total					
Carrying amount at beginning of year		768,860	758,588	219,273	216,185
– additions		25,254	36,420	13,948	8,754
– adjustment due to revaluation of land and buildings		20,855	9,483	5,526	4,041
– transfer from capital works in progress		–	2,048	–	–
– transfer between related entities		–	(2,048)	–	–
– disposals		(14,704)	(18,355)	(78)	(2,545)
– depreciation		(19,236)	(19,116)	(4,808)	(5,322)
– transfer between related entities		514	1,840	(514)	(1,840)
Carrying amount at end of year		781,543	768,860	233,347	219,273

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
38.07 INTANGIBLES					
Licenses & rights		58	58	–	–
Less Accumulated Amortisation		(58)	(47)	–	–
		–	11	–	–
38.08 PAYABLES					
Current					
Bank overdraft		3,007	–	–	–
Trade and other creditors		18,406	17,337	3,638	4,286
Amounts payable to:					
Controlled entities		2,547	–	–	–
Total Non – Current		23,960	17,337	3,638	4,286
Non – Current					
Amounts payable to:					
Controlled entities		10,527	13,567	–	–
Total Payables		34,487	30,904	3,638	4,286
38.09 PROVISIONS					
Current					
Annual Leave		22,576	21,950	3,490	4,912
Long Service Leave		3,207	3,591	554	673
Superannuation–Deferred Benefits	▼	16,500	16,500	–	–
Total Current		42,283	42,041	4,044	5,585
Non – Current					
Long Service Leave		28,116	26,824	5,233	6,061
Superannuation–Deferred Benefits	▼	220,665	231,478	–	–
Total Non – Current		248,781	258,302	5,233	6,061
Total Employee Entitlements		291,064	300,343	9,277	11,646
▼	<i>A total consolidated unfunded liability for retirement benefits of \$237.165m (2002 – \$247.978m) accruing to beneficiaries of State Superannuation Scheme has been recorded in the Statements of Financial Position as a liability. Refer Notes 1.20(v) and 10.</i>				
		No.	No.	No.	No.
Number of employees as at the end of the reporting period:		2,991	2,718	674	787
The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		4.0%	4.6%	4.0%	4.6%
Weighted average discount rates		5.5%	4.8%	5.5%	4.8%
Weighted average settlement period		15yrs	15yrs	15yrs	15yrs

	NOTE	RMIT			
		HE		TAFE	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
38.10 REVENUE RECEIVED IN ADVANCE					
Government Advances – Commonwealth Government		1,843	14,821	15	–
Research grants		437	342	–	–
Student fees		13,517	4,847	3,313	1,150
Projects fees		–	–	–	61
Other		554	–	–	–
		16,351	20,010	3,328	1,211
38.11 INTEREST BEARING LIABILITIES					
Current					
Bank loan		–	15,000	–	–
Commonwealth Government loan		3,680	–	–	–
		3,680	15,000	–	–
Non-Current					
Bank loan		–	35,000	–	–
Commonwealth Government loan		3,500	–	–	–
		3,500	35,000	–	–
Total Interest Bearing Liabilities		7,180	50,000	–	–
Credit Standby Arrangements with Commonwealth Bank					
(a) Commercial Bill acceptance facility:					
The unsecured bill acceptance facility may be drawn at any time and is subject to annual review. The bill acceptance facility has been drawn as a source of primarily, long term finance and is available until 30 June 2004.					
Credit facility available		50,000	50,000	–	–
Amount utilised		–	50,000	–	–
Unused credit facility		50,000	–	–	–
(b) Credit Card facility:					
The RMIT Consolidated Entity has entered into an arrangement with its bankers for the provision of a corporate credit card facility at no interest, provided the debt outstanding is repaid on a monthly basis.					
Credit facility available		6,000	6,000	1,500	1,500
Amount utilised		670	854	168	214
Unused credit facility		5,330	5,146	1,332	1,286
38.12 RESERVES					
Asset revaluation reserve					
Balance at Beginning of Year		413,447	403,965	152,950	148,908
Revaluation of land & buildings		20,855	9,483	5,526	4,041
Balance at End of Year		434,302	413,448	158,476	152,949

Nature and purpose of reserves

Asset Revaluation Reserve

The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	RMIT			
		HE 2003 \$'000	2002 \$'000	TAFE 2003 \$'000	2002 \$'000
38.13 TOTAL EQUITY RECONCILIATION					
Total equity at beginning of year		655,898	666,623	220,090	213,571
Total changes in parent entity interest in equity recognised in statements of financial performance		48,472	(10,726)	13,629	6,520
Total equity at end of year		704,370	655,897	233,719	220,091
38.14 CONTINGENT LIABILITIES					
Guarantees					
(a) RMIT has guaranteed the bank overdraft of Melbourne Community Television to a limit of:					
(b) RMIT has guaranteed contract performance to various organisations to the extent of:					
		220	220	–	–
		741	741	500	500
Litigations					
Claims for unspecified damages have been lodged against the RMIT Consolidated Entity. The RMIT Consolidated Entity has disclaimed liability and is defending the					
38.15 COMMITMENTS FOR EXPENDITURE					
(a) Operating Leases					
Future Minimum Rental Payments for Leased Premises:					
Due within one year		2,928	2,098	804	227
Due after one years but within five years		10,593	9,615	6,793	907
		13,521	11,713	7,597	1,134
Future Minimum Rental Payments for Leased Equipment:					
Due within one year		7,507	10,197	813	91
Due after one years but within five years		3,971	6,771	560	85
		11,478	16,968	1,373	176
(b) Capital and Other Commitments					
The RMIT Consolidated Entity and RMIT has a commitment with respect to capital and other expenditure which has been contracted for at balance date.					
Plant and Equipment					
Due within one year		–	–	36	70
Building Works					
Due within one year		2,407	2,209	2,694	1,364
Other Non-Capital Commitments					
Due within one year		5,271	2,563	1,288	1,177
		7,678	4,772	4,018	2,611

NOTE	RMIT			
	HE		TAFE	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
38.16 NOTES TO STATEMENT OF CASH FLOWS				
(a) Reconciliation of Cash				
For the purpose of the statement of cash flows, cash represents cash on hand, at bank and investments in money market instruments, net of Cash at the end of the reporting period is shown in the Statement of Cash Flows and is reconciled to the related items in the financial statements as				
Cash at the Beginning of Year				
Cash at bank and at hand	1,863	(2,937)	4,856	1,806
Short-term money market deposits	5,456	5,705	–	3,961
Foreign currency bank accounts	–	609	–	–
Bills of exchange accepted or endorsed by banks	4,527	–	4,450	499
	11,846	3,377	9,306	6,266
Cash at the End of Year				
Cash at bank and at hand	–	1,863	5,145	4,856
Short-term money market deposits	–	5,456	622	–
Foreign currency bank accounts	9	–	–	–
Bills of exchange accepted or endorsed by banks	–	4,527	–	4,450
Bank overdraft	(3,007)	–	–	–
	(2,998)	11,846	5,767	9,306
Cash Movement for the Year				
	(14,844)	8,469	(3,539)	3,040
(b) Reconciliation of Net Cash provided by				
Operating Activities to Operating Result – after related income tax				
Net Operating Result after income tax	28,327	(20,209)	8,273	2,479
Eliminate Non-Cash Flows				
Loss/(gain) on sale of property, plant & equipment	37:15	(6,922)	10,449	(54)
Depreciation on property plant & equipment	37:08	19,237	19,116	4,807
Amortisation of investments	37:14	974	–	–
Provision for doubtful debts	37:10	8,163	3,637	–
Bad debts written off	37:10	1,044	177	264
Amortisation of intangible assets	37:14	11	23	–
Change in Operating Assets and Liabilities				
Net (increase) / decrease in current receivables	(16,398)	3	(5,663)	1,750
Net (increase) / decrease in other assets	106	(1,013)	(121)	7
Net increase / (decrease) in revenue received in advance	(3,659)	(4,827)	2,117	(1,414)
Net increase / (decrease) in payables	576	(2,330)	(648)	(682)
Net increase / (decrease) in current tax liability (excluding Deferred Superannuation)	(188)	306	18	5
	825	8,490	(2,540)	(113)
Net cash provided by operating activities	32,096	13,822	8,749	9,986
38.17 ECONOMIC DEPENDENCY				
The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:				
Commonwealth Government financial assistance	225,352	208,179	18	1,173
Victorian State Government financial assistance	4,429	3,653	64,283	64,061
	229,781	211,832	64,301	65,234
The percentage of the RMIT Consolidated Entity revenue was sourced from:				
Commonwealth Government financial assistance	53.65%	55.76%	0.02%	1.09%
Victorian State Government financial assistance	1.05%	0.98%	60.81%	59.30%
38.18 EVENTS SUBSEQUENT TO BALANCE DATE				
There have been no events which have occurred since balance date which have or which may have materially affected the accounts RMIT Council has formalised its property strategy after considering the results of its recent city property portfolio review. In a move to consolidate its city property at the top end of Swanston Street, RMIT is considering options to relocate its Bourke Street operations and develop sites adjacent to its main campus.				

SUMMARY OF FINANCIAL POSITION FOR THE YEARS 1999 TO 2003 INCLUSIVE

	CONSOLIDATED				RMIT		
	2003 \$,000	2002 \$,000	2001 \$,000	2000 \$,000	1999 \$,000	2000 \$,000	1999 \$,000
Current assets							
Cash	30,062	57,543	30,562	28,864	23,397	2,769	9,643
Receivables	53,356	44,117	53,728	46,793	37,963	55,924	52,409
Inventories	1,059	1,056	1,008	863	980	—	—
Other Financial Assets	—	1,014	1,036	25,548	50,609	—	1,036
Other Assets	5,677	2,854	1,954	1,369	3,462	2,752	1,732
Total current assets	90,154	106,584	88,288	103,437	116,411	61,445	64,820
Non-current assets							
Receivables	220,665	231,478	228,362	221,675	208,848	223,477	233,110
Deferred Tax Asset	54	43	—	—	—	—	—
Other Financial Assets	4,412	3,785	4,314	5,190	4,916	934	1,930
Property, plant and equipment	1,022,067	995,995	979,167	900,385	855,790	1,014,890	974,773
Intangibles	1,450	1,887	148	101	118	—	35
Total non-current assets	1,248,648	1,233,188	1,211,991	1,127,351	1,069,672	1,239,301	1,224,364
Total assets	1,338,802	1,339,772	1,300,279	1,230,788	1,186,083	1,300,746	1,274,668
Current liabilities							
Payables	28,130	27,210	28,735	22,090	22,464	24,591	23,902
Current Tax Liabilities	335	604	198	-74	-669	339	198
Interest Bearing Liabilities	3,680	15,000	—	—	—	3,680	—
Finance Lease Liabilities	—	4	30	70	82	—	—
Provisions	47,885	48,996	45,816	43,174	36,771	46,327	44,607
Revenue Received in Advance	24,520	25,925	32,264	29,154	26,648	19,679	21,462
Total current liabilities	104,550	117,739	107,043	94,414	85,296	94,616	96,169
Non-current liabilities							
Payables	—	—	—	—	—	10,527	14,297
Deferred Tax Liability	17	26	—	—	—	—	—
Interest Bearing Liabilities	3,500	35,000	25,000	25,000	25,000	3,500	25,000
Finance Lease Liabilities	—	10	—	67	156	—	—
Provisions	254,724	265,088	259,479	252,692	239,730	254,014	259,008
Total non-current liabilities	258,241	300,124	284,479	277,759	264,886	268,041	298,305
Total liabilities	362,791	417,863	391,522	372,173	350,182	362,657	394,474
Net assets	976,011	921,909	908,757	858,615	835,901	938,089	880,194
Equity							
RMIT entity interest	334,699	304,089	304,404	297,113	276,227	345,311	327,321
Accumulated funds	641,280	617,890	604,241	561,400	559,674	592,778	552,873
Reserves	975,979	921,979	908,645	858,513	835,901	938,089	880,194
Total RMIT entity interest	32	(70)	112	102	—	—	—
Outside equity interest in controlled entities	976,011	921,909	908,757	858,615	835,901	938,089	880,194
Total equity	976,011	921,909	908,757	858,615	835,901	938,089	880,194

	CONSOLIDATED				RMIT					
	2003 \$,'000	2002 \$,'000	2001 \$,'000	2000 \$,'000	1999 \$,'000	2003 \$,'001	2002 \$,'000	2001 \$,'000	2000 \$,'000	1999 \$,'000
Revenue from Ordinary Activities	129,496	120,699	115,198	110,328	122,948	129,496	120,699	115,198	110,328	122,948
Commonwealth Government financial assistance	67,168	65,948	58,248	55,072	59,398	67,168	65,948	58,248	55,072	59,398
Victorian State Government financial assistance	8,148	8,180	8,159	8,570	7,476	8,148	8,180	8,159	8,570	7,476
Higher Education Contribution Scheme	61,299	53,070	53,531	51,116	51,055	61,299	53,070	53,531	51,116	51,055
Student contributions	8,243	5,277	—	—	—	8,243	5,277	—	—	—
Commonwealth payments	7	—	—	—	—	7	—	—	—	—
Postgraduate Loans Scheme	174,636	170,626	151,061	135,165	117,058	162,270	160,112	145,294	130,731	117,016
Bridging for Overseas Trained Professionals Loan Scheme	—	3,116	6,687	12,975	4,721	—	3,116	6,687	12,975	4,721
Fees and charges	10,813	—	—	—	—	10,813	—	—	—	—
Superannuation	17,827	15,159	15,924	15,111	282	17,827	15,159	15,924	15,111	282
Deferred Government contributions – grants receivable	2,113	1,857	3,467	4,994	4,704	842	401	1,790	3,431	3,783
Deferred Government contributions – reduction in debts payable	17,742	17,567	13,348	12,292	11,015	17,742	17,567	13,843	12,377	11,886
Commonwealth supplementation	76,904	79,454	58,255	46,137	47,565	41,864	31,834	26,645	28,248	22,931
Investment income	574,396	540,953	483,878	451,760	426,222	525,719	481,363	445,319	427,959	401,496
Consultancy and contract research	332,299	318,309	298,269	280,632	243,390	309,542	300,969	281,361	267,604	233,273
Other revenue	2,771	27,800	24,444	24,914	26,479	24,055	24,461	23,276	23,821	25,236
Total revenue from ordinary activities	18,152	18,989	19,817	18,806	16,508	16,688	17,954	18,899	17,990	15,598
Expenses from Ordinary Activities	11,870	3,189	2,634	375	1,024	11,767	3,848	10	330	956
Employee benefits	965	2,022	1,097	1,385	570	964	2,017	1,087	1,385	570
Depreciation and amortisation	300	400	150	184	108	207	292	103	149	71
Buildings and grounds	151,115	170,088	128,664	102,795	92,404	125,557	149,043	117,595	102,297	68,108
Bad and doubtful debts	542,472	540,797	475,075	429,091	380,483	488,780	498,584	442,331	413,576	343,812
Borrowing cost expense	31,924	156	8,803	22,669	45,739	36,939	(17,221)	2,988	14,383	57,684
Accounting and Auditing Services	298	587	198	74	669	339	509	198	74	669
Other expenses	31,626	(431)	8,605	22,595	45,070	36,600	(17,730)	2,790	14,309	57,015
Total expenses from ordinary activities	(102)	183	(14)	(4)	—	—	—	—	—	—
Operating Result from Ordinary Activities before Income Tax	31,524	(248)	8,591	22,591	45,070	36,600	(17,730)	2,790	14,309	57,015
Income tax related to ordinary activities	(933)	—	—	—	—	(880)	—	—	—	—
Operating Result – after related income tax	26,381	13,524	41,476	21	—	26,381	13,524	41,476	—	—
Net Operating Result attributable to outside equity interests	(2,972)	58	65	—	—	—	—	—	—	—
Net Operating Result attributed to RMIT Entity	22,476	13,582	41,541	21	—	25,501	13,524	41,476	—	—
Revised AASB 1028 "Employee Benefits"	54,000	13,334	50,132	22,612	45,070	62,101	(4,206)	44,266	14,309	57,015
Asset revaluation increment taken through reserve	—	—	—	—	—	—	—	—	—	—
Net exchange difference on translation of financial report of foreign controlled entity	—	—	—	—	—	—	—	—	—	—
Total Revenue, Expense and Valuation Adjustments attributed to the RMIT Entity	—	—	—	—	—	—	—	—	—	—
Total Changes in Equity Other than those Resulting from transactions with Owners as Owners	—	—	—	—	—	—	—	—	—	—

SUMMARY OF FINANCIAL PERFORMANCE FOR THE YEARS 1999 TO 2003 INCLUSIVE

SUMMARY TABLE OF FINANCIAL PERFORMANCE AND POSITION OF UNIVERSITY ASSOCIATES

(a) Statement of Financial Performance

NAME	DOMICILE	OWNERSHIP INTEREST %	TOTAL REVENUE		TOTAL EXPENDITURE		TAX/ EXTRA ORD ITEMS		OPERATING RESULT	
			2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
RMIT Resources Ltd.	Victoria, Australia	100	—	136	—	71	—	—	—	65
Meltech Services Ltd.	Victoria, Australia	100	—	—	—	—	—	—	—	—
RMIT Training Pty. Ltd.	Victoria, Australia	100	15,566	14,370	14,492	15,557	—	—	1,074	(1,187)
RMIT Innovation Limited	Victoria, Australia	100	2	35	10	15	—	—	(8)	20
Spatial Vision Innovations Pty. Ltd.	Victoria, Australia	51	2,149	2,215	2,197	2,011	41	(79)	(7)	125
RMIT International Pty. Ltd.	Victoria, Australia	100	17,289	19,303	19,191	19,488	—	—	(1,902)	(185)
RMIT (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	19	—	29	25	—	—	(10)	(25)
RMIT Vietnam Holdings Pty. Ltd.	Victoria, Australia	100	7,887	24,823	12,090	6,358	—	—	(4,203)	18,465
RMIT International University Vietnam	Vietnam	100	11,178	5,185	10,801	5,616	—	—	377	(431)
Inquisition Pty Ltd	Victoria, Australia	50.05	2,768	1,483	2,555	1,925	—	—	213	(442)
RMIT Union			10,929	11,364	11,501	11,402	—	—	(572)	(38)
RMIT Foundation			962	990	924	767	—	—	38	223
			68,634	79,904	73,675	63,235	41	(79)	(5,000)	16,590

SUMMARY TABLE OF FINANCIAL PERFORMANCE AND POSITION OF UNIVERSITY ASSOCIATES – CONTINUED

(b) Statement of Financial Position

NAME	WORKING CAPITAL		PHYSICAL ASSETS		TOTAL ASSETS		INTERNAL BORROWINGS		EXTERNAL BORROWINGS		TOTAL LIABILITIES		EQUITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
RMIT Resources Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Meltech Services Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
RMIT Training Pty. Ltd.	2,369	2,116	1,126	348	9,353	7,998	—	—	—	—	6,125	5,832	3,228	2,166
RMIT Innovation Limited	(813)	(805)	—	—	241	236	945	914	—	—	952	939	(711)	(703)
Spatial Vision Innovations Pty. Ltd.	158	205	131	175	802	984	—	—	—	—	513	679	289	305
RMIT International Pty. Ltd.	440	2,089	351	529	3,231	7,297	1,223	1,722	—	—	3,290	4,807	573	2,490
RMIT (Malaysia) Sdn. Bhd.	3	(87)	—	—	59	89	51	170	—	—	56	176	3	(87)
RMIT Vietnam Holdings Pty. Ltd.	2,529	19,102	—	1,285	24,290	26,727	5,407	3,632	—	—	5,431	3,665	18,859	23,062
RMIT International University Vietnam	10,525	(126)	1,574	2,114	15,372	3,318	233	499	—	—	3,225	1,318	12,147	2,000
Inquiry Pty Ltd	(1,553)	(2,208)	—	—	2,638	1,969	2,649	2,310	—	—	2,865	2,409	(227)	(440)
RMIT Union	10,385	11,492	3,997	3,410	16,342	16,895	—	—	—	—	2,034	1,998	14,308	14,897
RMIT Foundation	1,812	2,482	—	—	5,957	5,919	—	—	—	—	—	—	5,957	5,919
	25,855	34,260	7,179	7,861	78,285	71,432	10,508	9,247	—	—	23,859	21,823	54,426	49,609

COMPLIANCE INDEX

The annual report of RMIT University is prepared in accordance with:

FMA	<i>Financial Management Act 1994</i>
MFD	Directions of the Minister for Finance issued under Section 8 of the <i>Financial Management Act 1994</i>
TEA 1993	<i>Tertiary Education Act 1993</i>
PAEC	Decision of Public Accounts and Estimates Committee of Parliament
RUG	Victorian Government response to the Review of University Governance
ESOS	<i>Education Services for Overseas Students Act 2000</i>
WPA	<i>Whistleblowers Protection Act 2001</i>

This index was prepared to facilitate identification of compliance with statutory disclosure requirements.

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