

UNIVERSITY OF SOUTH AUSTRALIA

OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1997

	<i>Note</i>	Consolidated		University	
		1997	1996	1997	1996
		\$'000	\$'000	\$'000	\$'000
OPERATING REVENUE					
Commonwealth government grants	<i>1(d),3</i>	137 821	145 235	137 821	144 873
Higher Education Contribution Scheme	<i>4</i>	43 994	34 831	43 994	34 831
South Australian government grants	<i>1(d),5</i>	2 563	2 353	2 463	2 353
Other research grants and contracts	<i>1(d)</i>	6 088	8 225	6 088	6 069
Scholarships and prizes		253	268	253	268
Donations and bequests		819	249	754	108
Investment income	<i>1(d)</i>	858	707	777	601
Fees and charges	<i>1(d),6</i>	35 982	24 042	33 246	24 273
Deferred income - government contributions for superannuation	<i>18</i>	600	28 600	600	28 600
Other		640	77	553	-
Total operating revenues before abnormal items		229 618	244 587	226 549	241 976
OPERATING EXPENSES					
Academic activities	<i>7</i>	141 999	133 988	141 999	133 988
Libraries	<i>7</i>	11 528	11 625	11 528	11 625
Other academic support services	<i>7</i>	15 712	15 410	15 712	15 410
Student services	<i>7</i>	3 672	3 665	3 672	3 665
Public services	<i>7</i>	5 208	3 924	5 208	3 924
Buildings and grounds	<i>7</i>	8 044	11 522	8 044	11 522
Administration and other general institutional services	<i>7</i>	30 621	32 569	30 621	32 453
Deferred employee benefits for superannuation	<i>18</i>	600	28 600	600	28 600
Other	<i>7</i>	2 446	2 490	-	206
Total operating expenses before abnormal items		219 830	243 793	217 384	241 393
Operating result before abnormal items		9 788	794	9 165	583
Abnormal items	<i>1(j)</i>	(12 124)	1 244	(12 124)	1 244
Operating result		(2 336)	2 038	(2 959)	1 827
Add accumulated funds at beginning of year		351 479	349 441	350 503	348 676
ACCUMULATED FUNDS AT END OF YEAR		349 143	351 479	347 544	350 503

The operating statement is to be read in conjunction with the notes to and forming part of the financial statements.

UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 1997

	<i>Note</i>	Consolidated		University	
		1997	1996	1997	1996
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash		1 825	1 646	1 482	1 310
Receivables	9	7 678	9 807	7 398	10 620
Investments	10	27 246	20 587	26 697	19 739
Other	11	18 885	17 330	18 871	17 330
Total current assets		55 634	49 370	54 448	48 999
NON-CURRENT ASSETS					
Receivables	9	-	221	-	221
Investments	10	230	220	296	285
Property plant and equipment	12	440 405	451 105	440 155	450 804
Other	11	236 700	237 200	236 700	237 200
Total non-current assets		677 335	688 746	677 151	688 510
Total Assets		732 969	738 116	731 599	737 509
CURRENT LIABILITIES					
Creditors	13	8 486	10 355	8 485	10 342
Borrowings	14	113	179	113	179
Accrued liabilities	15	16 695	16 807	16 670	16 799
Other	16	35 080	35 005	35 335	35 395
Total current liabilities		60 374	62 346	60 603	62 715
NON-CURRENT LIABILITIES					
Borrowings	14	30 219	30 496	30 219	30 496
Accrued liabilities	15	15 480	16 088	15 480	16 088
Other	16	240 950	237 200	240 950	237 200
Total non-current liabilities		286 649	283 784	286 649	283 784
Total Liabilities		347 023	346 130	347 252	346 499
Net Assets		385 946	391 986	384 347	391 010
EQUITY					
Asset revaluation reserve	30	36 803	40 507	36 803	40 507
Accumulated results of operations		349 143	351 479	347 544	350 503
TOTAL EQUITY	27	385 946	391 986	384 347	391 010

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 1997

	<i>Note</i>	Consolidated		University	
		1997	1996	1997	1996
		\$'000	\$'000	\$'000	\$'000
		inflows (outflows)	inflows (outflows)	inflows (outflows)	inflows (outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Higher Education Contribution Scheme:					
Student payments		7 231	6 191	7 231	6 191
Higher Education Trust Fund		36 838	29 060	36 838	29 060
Interest received		739	728	658	622
Fees and charges		40 269	37 363	37 357	35 738
Transfer of funds from controlled entity		-	-	-	463
Outflows:					
Staff salaries		(102 023)	(105 193)	(101 656)	(103 671)
Staff salary related costs		(53 773)	(40 080)	(53 656)	(39 946)
Interest and other costs of finance paid		(2 658)	(828)	(2 658)	(828)
Other		(55 537)	(51 791)	(53 638)	(51 514)
Net cash used in operating activities	<i>28(ii)</i>	(128 914)	(124 550)	(129 524)	(123 885)
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of plant and equipment		347	242	205	242
Repayment of loan from controlled entity		-	-	997	-
Outflows:					
Share investment		(10)	(220)	(10)	(220)
Payments for property plant and equipment		(11 259)	(44 830)	(11 112)	(44 757)
Net cash used in investing activities		(10 922)	(44 808)	(9 920)	(44 735)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Borrowings		-	30 000	-	30 000
Outflows:					
Repayment of borrowings		(157)	(163)	(157)	(163)
Net cash used in financing activities		(157)	29 837	(157)	29 837
CASH FLOWS FROM GOVERNMENT					
Inflows:					
Commonwealth government grants		144 931	144 316	144 931	143 954
South Australian government grants		1 883	2 278	1 783	2 278
Net cash from government		146 814	146 594	146 714	146 232
Net increase in cash held		6 821	7 073	7 113	7 449
Cash at beginning of reporting year		20 695	13 622	19 511	12 062
Cash at End of Reporting Period	<i>28(i)</i>	27 516	20 695	26 624	19 511

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1. Statement of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

The financial statements have been prepared on a full accrual basis and in accordance with applicable Australian Accounting Standards and the requirements of the Commonwealth Department of Employment, Education, Training and Youth Affairs (DEETYA). The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars.

(b) Principles of Consolidation

The consolidated accounts include the accounts of the University and its controlled entities (detailed in Note 22). The effects of transactions between controlled entities included in the consolidated accounts have been eliminated.

(c) Comparative Figures

The previous year's figures are provided in the financial statements for comparative purposes. Where applicable, comparative figures have been adjusted to conform with changes in presentation and classification in the current year.

(d) Revenue Recognition

(i) Grants

Grant income from DEETYA is recognised in the period to which it relates. The DEETYA advance of \$14.455 million received in December 1997 for the 1998 academic year and an advance from DEETYA of \$4.250 million for the 1999 academic year have been recognised as income in advance of the operating year and recorded as a liability. Other grants are recognised as income when they are received.

(ii) Other Research Grants and Contracts

Income from Other Research Grants and Contracts is recognised in the period to which the grant relates, or the period in which the contract services are provided.

(iii) Fees and Charges

Fees and charges comprise revenue earned from the provision of courses and other services. Fees and charges are recognised in the period the courses or services are provided.

(iv) Investment Income

Interest income is recognised as it accrues.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

(e) Inventories

Consumable supplies are not recognised in the statement of financial position as the value of these supplies is not considered to be material.

(f) Projects

(i) Work in Progress

Work in progress (WIP) is the value of project expenditure capitalised at 31 December 1997. The value of WIP is the result of expenses incurred on projects which are yet to be invoiced. Work in progress cost includes variable and fixed costs which can be related to specific projects.

(ii) Recognition of Profit

Project profit is recognised using the percentage of completion method, less provision for foreseeable losses. Provision for the total loss on a project is made as soon as the loss is foreseeable. Profit is not taken up until projects have achieved a specific level of completion. Profits arising from long term contracts are recognised over the term of the contract according to the stage of completion and the relative risk of the contract. Profits relating to short term projects are generally recognised in the operating statement on completion of the project.

(g) Property, Plant and Equipment

Items of property, plant and equipment have been recognised in the financial statements as follows:

(i) Land

Land occupied by the University is owned by the University in its own right and by the State Government. The value of the land is reflected in the University's financial statements on the basis that the University effectively controls the land occupied.

Land controlled by the University at 31 July 1993 has been recognised at unimproved value as determined by the Valuer General.

Land acquired subsequent to 31 July 1993 is recognised at acquisition cost.

Land is revalued every five years at unimproved value as determined by the Valuer General.

(ii) Buildings

Buildings controlled by the University at 31 July 1993 have been recognised at independent valuation. The valuation was carried out as at 31 December 1993 by the Australian Valuation Office, and is on the basis of written down current cost.

Buildings acquired subsequent to 31 July 1993 are recognised at acquisition cost.

Buildings under construction are valued at the cost of construction.

Buildings are independently revalued every five years on the basis of their existing use. Where a building's valuation is above its recoverable amount, the building valuation is reduced to its recoverable amount in accordance with AAS10.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

(g) Property, Plant and Equipment (continued)

(iii) Infrastructure

Infrastructure was recognised for the first time in 1994 under the heading Property, Plant and Equipment resulting in the creation of an Asset Revaluation Reserve corresponding to the value of the infrastructure.

Infrastructure is reported at Directors' valuation, based on the estimated written down current cost as at 31 December 1993. Major acquisitions subsequent to 31 December 1993 are capitalised at acquisition cost.

Infrastructure is independently revalued every five years. Where the infrastructure valuation is above its recoverable amount, the infrastructure valuation is reduced to its recoverable amount in accordance with AAS10.

(iv) Library Collection

The base value of the library collection is reported at Directors' valuation, based on an estimate of written down current cost as at 31 December 1993. Additions subsequent to 31 December 1993 are capitalised at acquisition cost. The collection is reviewed at least every five years for valuation purposes. In 1994 the University reassessed downwards the estimated remaining useful life of the base library collection at 31 December 1993 and adjusted the depreciation rate accordingly.

(v) Plant and Equipment

Items of plant and equipment are recorded at historical cost less accumulated depreciation.

(vi) Leased Property, Plant and Equipment

Payments made under operating leases are charged as an operating expense in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The University has not entered into any finance leases.

(h) Depreciation

Depreciation is calculated on a straight line basis on all property, plant and equipment other than buildings under construction and land which are not subject to depreciation. Rates are calculated to allocate the cost or value of the assets over the estimated useful life of the assets.

(i) Accrued Liabilities

The long service leave liability is estimated by the long hand method prescribed by AAS30. This takes into account the probability of staff remaining with the University until an unconditional entitlement has been accrued. A future cash outflow has been estimated when leave will be taken and that cashflow has been discounted using the interest rate in risk free government securities to derive the long service leave liability.

The liability for annual leave and leave loading is calculated on current wage rates and includes superannuation oncosts and the applicable payroll tax.

Sick leave is considered to be taken from the current year's accrual. As the accrual always significantly exceeds the leave taken, no liability is recorded.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

(j) Abnormal Items

(i) Income

Nil for 1997. The amount shown in 1996 of \$3.553 million is for reimbursement by DEETYA in 1996 of payments made by the University to State Superannuation in 1995.

(ii) Expenses

The amount shown as abnormal items in 1997 represents amounts expensed in 1997 for redundancy payments of \$12.124 million. The amount shown in 1996 represents \$0.703 million for redundancy payments and \$1.606 million for the inclusion of superannuation oncosts for the first time in the calculation of leave liabilities and salary accruals.

2. Change in Accounting Policy

There have been no changes to accounting policies for 1997.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

3.1 Commonwealth Government Grants Excluding HECS

	University	
	1997	1996
	\$'000	\$'000
Grants pursuant to the <i>Higher Education Funding Act 1988</i>, excluding HECS:		
Operating purposes excluding HECS	126 248	134 615
Special Research Assistance:		
Large Research Grants	1 095	687
Small Research Grants	227	195
Collaborative Research Grants	1 922	1 407
Research Infrastructure Grants	1 832	2 018
Special Research Initiatives	17	-
Research Fellowships	71	135
International Research Fellowships	-	40
Australian Postgraduate Awards	668	515
Australian Postgraduate Awards (Industry)	373	232
Overseas Postgraduate Research Scholarships	174	150
ATSI Grants	14	16
International Projects	19	-
Sub-total pursuant to the <i>Higher Education Funding Act 1988</i>	132 660	140 010
Other Commonwealth government grants:		
Other Commonwealth Government Research Grants	2 849	3 397
CALUSA Migrant Language Training Program Grant	357	537
Aboriginal Tutorial Assistance Scheme Grant	487	515
Child Care Centre Building Grant	823	-
Rural Health Grant	312	-
Other Commonwealth Grants	333	414
Sub total Other Commonwealth Government grants	5 161	4 863
Total Commonwealth government grants excluding HECS	137 821	144 873

Operating purposes excluding HECS includes an amount of \$16.117 million (\$16.639 million in 1996) from DEETYA being supplementation for payments to the State Superannuation Office on behalf of former employees. The legislated amount for superannuation supplementation for 1997 was \$19.205 million as against an amount of \$16.117 million brought to account. The difference of \$3.088 million was brought to account in 1996.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 19973.2 Amounts received pursuant to the *Higher Education Funding Act 1988* excluding HECS and amounts expended

	University	
	1997	1996
	\$'000	\$'000
Operating purposes <u>excluding</u> HECS		
<i>Amount received in previous period:</i>		
advance payment received in previous period	8 837	9 071
carry-over from previous period	4 148	3 658
sub-total amount received in previous period	12 985	12 729
 Amount received in the reporting period	 131 039	 134 381
 <i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(13 628)	(8 837)
under-expenditure in reporting period	(1 917)	(4 148)
sub-total amount attributable to future period	(15 545)	(12 985)
 Amount expended in the reporting period	 128 479	 134 125

Note: The \$13.628 million advance payment received in respect of the next period includes \$4.25 million as an advance payment for the 1999 year.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1997	1996
	\$'000	\$'000
Large Research Grants		
<i>Amount received in previous period:</i>		
advance payment received in previous period	35	55
carry-over from previous period	84	35
sub-total amount received in previous period	119	90
<i>Amount received in the reporting period</i>	1 060	667
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	(35)
under-expenditure in the reporting period	(560)	(84)
sub-total amount attributable to future period	(560)	(119)
<i>Amount expended in the reporting period</i>	619	653
Small Research Grants		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	57	21
sub-total amount received in previous period	57	21
<i>Amount received in the reporting period</i>	227	195
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(94)	(57)
sub-total amount attributable to future period	(94)	(57)
<i>Amount expended in the reporting period</i>	190	159
Collaborative Research Grants		
<i>Amount received in previous period:</i>		
advance payment received in previous period	892	505
carry-over from previous period	151	109
sub-total amount received in previous period	1 043	614
<i>Amount received in the reporting period</i>	2 485	1 794
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(1 455)	(892)
under-expenditure in the reporting period	(218)	(151)
sub-total amount attributable to future period	(1 673)	(1 043)
<i>Amount expended in the reporting period</i>	1 855	1 365

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1997	1996
	\$'000	\$'000
Research Infrastructure Grants		
<i>Amount received in previous period:</i>		
advance payment received in previous period	56	-
carry-over from previous period	122	-
sub-total amount received in previous period	178	-
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	1 776	2 074
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	(56)
under-expenditure in the reporting period	(196)	(122)
sub-total amount attributable to future period	(196)	(178)
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	1 758	1 896
	<hr/> <hr/>	<hr/> <hr/>
Special Research Initiatives		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	-	-
sub-total amount received in previous period	-	-
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	17	-
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(17)	-
sub-total amount attributable to future period	(17)	-
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	-	-
	<hr/> <hr/>	<hr/> <hr/>
Research Fellowships		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	11
carry-over from previous period	-	-
sub-total amount received in previous period	-	11
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	77	124
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(6)	-
under-expenditure in the reporting period	(21)	-
sub-total amount attributable to future period	(27)	-
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	50	135
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1997	1996
	\$'000	\$'000
International Research Fellowships		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	13	-
sub-total amount received in previous period	13	-
<i>Amount received in the reporting period</i>	-	40
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(8)	(13)
sub-total amount attributable to future period	(8)	(13)
<i>Amount expended in the reporting period</i>	5	27
Australian Postgraduate Awards		
<i>Amount received in previous period:</i>		
advance payment received in previous period	57	45
carry-over from previous period	41	52
sub-total amount received in previous period	98	97
<i>Amount received in the reporting period</i>	611	527
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	(57)
under-expenditure in the reporting period	(15)	(41)
sub-total amount attributable to future period	(15)	(98)
<i>Amount expended in the reporting period</i>	694	526
Australian Postgraduate Awards (Industry)		
<i>Amount received in previous period:</i>		
advance payment received in previous period	13	10
carry-over from previous period	37	34
sub-total amount received in previous period	50	44
<i>Amount received in the reporting period</i>	384	235
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(24)	(13)
under-expenditure in the reporting period	(71)	(37)
sub-total amount attributable to future period	(95)	(50)
<i>Amount expended in the reporting period</i>	340	229

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1997	1996
	\$'000	\$'000
Overseas Postgraduate Research Scholarships		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	-	-
sub-total amount received in previous period	-	-
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	174	150
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(18)	-
sub-total amount attributable to future period	(18)	-
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	156	150
	<hr/> <hr/>	<hr/> <hr/>
ATSI (Aboriginal and Torres Strait Islander) Grants		
<i>Amount received in previous period:</i>		
advance payment received in previous period	1	-
carry-over from previous period	16	-
sub-total amount received in previous period	17	-
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	14	17
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(1)	(1)
under-expenditure in the reporting period	(24)	(16)
sub-total amount attributable to future period	(25)	(17)
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	6	-
	<hr/> <hr/>	<hr/> <hr/>
International Projects		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	-	-
sub-total amount received in previous period	-	-
	<hr/>	<hr/>
<i>Amount received in the reporting period</i>	19	-
	<hr/>	<hr/>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(8)	-
sub-total amount attributable to future period	(8)	-
	<hr/>	<hr/>
<i>Amount expended in the reporting period</i>	11	-
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**3.3 Acquittal of Commonwealth Government Grants pursuant to the *Higher Education Funding Act 1988***

The following Commonwealth government grants were under-expended in the 1997 reporting period:

	University		
	Grant available in respect of the reporting period \$'000	Amount expended in the reporting period \$'000	Under- expenditure in the reporting period \$'000
Operating purpose <u>excluding</u> HECS:			
• Quality Assurance	2 080	1 842	238
• National Priority (Reserve) Fund	1 522	993	529
• Equality of Opportunity	304	140	164
• Joint Commonwealth/Industry Places	82	60	22
• Staff Development	964	-	964
Sub-total all grant categories for operating	4 952	3 035	1 917
Large Research Grants	1 179	619	560
Small Research Grants	284	190	94
Collaborative Research Grants	2 073	1 855	218
Research Infrastructure	1 954	1 758	196
Special Research Initiatives	17	-	17
Research Fellowships	71	50	21
International Research Fellowships	13	5	8
Australian Postgraduate Awards	709	694	15
Australian Postgraduate Awards (Industry)	411	340	71
Overseas Postgraduate Research Scholarship	174	156	18
ATSI Grants	30	6	24
International Projects	19	11	8

All under-expenditure is to be carried forward.

The information provided in Note 3 is only relevant to the University and so consolidated figures are not provided.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

4. Higher Education Contribution Scheme

	University	
	1997	1996
	\$'000	\$'000
a) Amounts received pursuant to the <i>Higher Education Funding Act 1988</i> from HECS Trust Fund and amounts expended:		
<i>Amount received in previous period:</i>		
advance payment received in previous period	2 891	2 380
carry-over from previous period	-	-
sub-total amount received in previous period	2 891	2 380
<i>Amount received in the reporting period</i>	37 315	29 191
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	3 591	(2 891)
under-expenditure in the reporting period	-	-
sub-total amount attributable to future period	3 591	(2 891)
<i>Amount expended in the reporting period</i>	36 615	28 680
b) HECS contributions actually received from students	7 379	6 151
c) Total HECS revenue for the reporting period	43 994	34 831

The information provided in Note 4 is only relevant to the University and so consolidated figures are not provided.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

5. South Australian government grants

State government grants for the following purposes were received by the University during the reporting period:

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
DETE Certificate Teaching	332	513	332	513
DETE - Child Care Centre	680	-	680	-
AnTEP	150	150	150	150
Research Grants	1 221	556	1 221	556
Other	180	1 134	80	1 134
Total	2 563	2 353	2 463	2 353

DETE is the Department of Education, Training and Employment
AnTEP is the Anangu Teacher Education Program

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

6. Fees and charges

Fees and charges were collected from the following sources during the reporting period.

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Full Fee Paying Overseas Students - Onshore	8 876	8 414	8 876	8 414
Full Fee Paying Overseas Students - CALUSA	1 800	1 791	1 800	1 791
Full Fee Paying Overseas Students - Offshore	4 920	1 386	4 920	1 386
Sub total Full Fee Paying Overseas Students	15 596	11 591	15 596	11 591
Fee Paying Postgraduate Students	1 715	1 335	1 715	1 335
Open Learning Australia (OLA)	786	636	786	636
Fees - Flying School	1 009	1 043	1 009	1 043
Rental Income	643	785	643	785
Hire of Facilities	418	419	418	419
Parking Charges	361	260	361	260
Consultancy Fees (non research)	12 184	7 153	9 448	7 153
Other Fees and Charges	3 270	820	3 270	1 051
	35 982	24 042	33 246	24 273

Note: Due to a change in DEETYA guidelines, the item Consultancy Fees (non research) has been reclassified from 'Other Research Grants and Contracts' to 'Fees and Charges' for 1997. Comparative amounts for 1996 have been amended accordingly. The previously reported amounts for 'Other Research Grants and Contracts' in 1996 of \$15.378 million (Consolidated) and \$13.222 million (University), are now reduced to \$8.225 million (Consolidated) and \$6.069 million (University) after the classification of Consultancy Fees of \$7.153 million as Fees and Charges as seen above.

CALUSA is the Centre for Applied Linguistics University of South Australia.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

7. Expenses attributed to functions

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
<i>Academic activities:</i>				
Academic staff salaries	55 343	60 768	55 343	60 768
Academic staff salary related costs	28 985	26 178	28 985	26 178
Non-academic staff salaries	14 920	13 835	14 920	13 835
Non-academic staff salary related costs	3 714	3 200	3 714	3 200
Depreciation expense:				
Buildings and infrastructure	8 249	8 292	8 249	8 292
Plant and equipment	1 500	1 449	1 500	1 449
Sub-total depreciation expense	9 749	9 741	9 749	9 741
Other expenses	29 288	20 266	29 288	20 266
	<u>141 999</u>	<u>133 988</u>	<u>141 999</u>	<u>133 988</u>
<i>Libraries:</i>				
Academic staff salaries	299	356	299	356
Academic staff salary related costs	9	153	9	153
Non-academic staff salaries	5 532	5 383	5 532	5 383
Non-academic staff salary related costs	1 360	1 245	1 360	1 245
Depreciation expense:				
Buildings and infrastructure	1 005	984	1 005	984
Library collection	2 197	2 080	2 197	2 080
Plant and equipment	23	19	23	19
Sub-total depreciation expense	3 225	3 083	3 225	3 083
Other expenses	1 103	1 405	1 103	1 405
	<u>11 528</u>	<u>11 625</u>	<u>11 528</u>	<u>11 625</u>
<i>Other academic support services:</i>				
Academic staff salaries	1 293	1 420	1 293	1 420
Academic staff salary related costs	810	612	810	612
Non-academic staff salaries	6 575	6 648	6 575	6 648
Non-academic staff salary related costs	1 026	1 538	1 026	1 538
Depreciation expense:				
Buildings and infrastructure	475	464	475	464
Plant and equipment	909	685	909	685
Sub-total depreciation expense	1 384	1 149	1 384	1 149
Other expenses	4 624	4 043	4 624	4 043
	<u>15 712</u>	<u>15 410</u>	<u>15 712</u>	<u>15 410</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

Expenses attributed to functions (continued)

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
<i>Student Services:</i>				
Academic staff salaries	16	-	16	-
Academic staff salary related costs	9	-	9	-
Non-academic staff salaries	1 401	1 350	1 401	1 350
Non-academic staff salary related costs	305	312	305	312
Depreciation expense:				
Buildings and infrastructure	797	780	797	780
Sub-total depreciation expense	797	780	797	780
Other expenses	1 144	1 223	1 144	1 223
	<u>3 672</u>	<u>3 665</u>	<u>3 672</u>	<u>3 665</u>
<i>Public Services:</i>				
Academic staff salaries	1 219	1 695	1 219	1 695
Academic staff salary related costs	391	730	391	730
Non-academic staff salaries	1 074	293	1 074	293
Non-academic staff salary related costs	418	68	418	68
Depreciation expense:				
Buildings and infrastructure	115	113	115	113
Plant and equipment	1	1	1	1
Sub-total depreciation expense	116	114	116	114
Other expenses	1 990	1 024	1 990	1 024
	<u>5 208</u>	<u>3 924</u>	<u>5 208</u>	<u>3 924</u>
<i>Buildings and grounds:</i>				
Academic staff salaries	-	-	-	-
Academic staff salary related costs	-	-	-	-
Non-academic staff salaries	638	1 506	638	1 506
Non-academic staff salary related costs	(282)	349	(282)	349
Depreciation expense:				
Buildings and infrastructure	219	211	219	211
Plant and equipment	138	32	138	32
Sub-total depreciation expense	357	243	357	243
Other expenses	7 331	9 424	7 331	9 424
	<u>8 044</u>	<u>11 522</u>	<u>8 044</u>	<u>11 522</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

Expenses attributed to functions (continued)

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
<i>Administration and other general institutional services:</i>				
Academic staff salaries	798	1 042	798	1 042
Academic staff salary related costs	332	449	332	449
Non-academic staff salaries	13 471	14 120	13 471	14 120
Non-academic staff salary related costs	4 307	3 272	4 307	3 272
Depreciation expense:				
Buildings and infrastructure	693	679	693	679
Plant and equipment	353	260	353	260
Sub-total depreciation expense	1 046	939	1 046	939
Other expenses	10 667	12 747	10 667	12 631
	30 621	32 569	30 621	32 453
<i>Other:</i>				
Academic staff salaries	-	81	-	81
Academic staff salary related costs	-	35	-	35
Non-academic staff salaries	365	1 542	-	20
Non-academic staff salary related costs	213	142	-	5
Depreciation expense:				
Buildings and infrastructure	-	-	-	-
Plant and equipment	72	99	-	-
Sub-total depreciation expense	72	99	-	-
Other expenses	1 796	591	-	65
	2 446	2 490	-	206
<i>All Functions:</i>				
Academic staff salaries	58 968	65 362	58 968	65 362
Academic staff salary related costs	30 536	28 157	30 536	28 157
Non-academic staff salaries	43 976	44 677	43 611	43 155
Non-academic staff salary related costs	11 061	10 126	10 848	9 989
Depreciation expense:				
Buildings and infrastructure	11 553	11 523	11 553	11 523
Library collection	2 197	2 080	2 197	2 080
Plant and equipment	2 996	2 545	2 924	2 446
Sub-total depreciation expense	16 746	16 148	16 674	16 049
Other expenses	57 943	50 723	56 147	50 081
	219 230	215 193	216 784	212 793
Deferred superannuation	600	28 600	600	28 600
Total operating expenses before abnormal items	219 830	243 793	217 384	241 393

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**8. Salary Related Expenses**

The following salary related expenses (see Note 7) were incurred during the reporting period:

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Contributions to superannuation and pension schemes:				
Emerging cost	22 086	17 016	22 086	17 016
Funded	9 112	9 204	9 015	9 139
Payroll tax	7 126	6 614	7 048	6 556
Workers compensation	827	824	813	813
Long service leave	3 140	3 693	3 140	3 693
Annual leave	(694)	910	(718)	907
Other	-	22	-	22
	<u>41 597</u>	<u>38 283</u>	<u>41 384</u>	<u>38 146</u>
Provision for emerging superannuation costs	600	28 600	600	28 600
	<u>42 197</u>	<u>66 883</u>	<u>41 984</u>	<u>66 746</u>

Payments for annual leave are shown as direct salaries (Refer Note 7). The movement in the provision for annual leave is shown above.

Long service leave includes amounts paid for long service leave and the net movement in the provision for long service leave.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
9. Receivables				
Current:				
Debtors	7 494	9 660	7 194	9 446
Student loans	435	323	435	323
Loan receivable	6	134	6	1 131
	<u>7 935</u>	<u>10 117</u>	<u>7 635</u>	<u>10 900</u>
Provision for doubtful debts	(257)	(310)	(237)	(280)
	<u>7 678</u>	<u>9 807</u>	<u>7 398</u>	<u>10 620</u>
Non-Current:				
Loan receivable	-	221	-	221
	<u>-</u>	<u>221</u>	<u>-</u>	<u>221</u>
10. Investments				
Current:				
Short term deposits	<u>27 246</u>	<u>20 587</u>	<u>26 697</u>	<u>19 739</u>
Non-Current:				
Investment in controlled entity	-	-	66	65
Share Investments	<u>230</u>	<u>220</u>	<u>230</u>	<u>220</u>
	<u>230</u>	<u>220</u>	<u>296</u>	<u>285</u>
11. Other Assets				
Current:				
Deferred government superannuation contribution (see Note 18)	18 200	17 100	18 200	17 100
Prepayments	137	230	123	230
Accrued income	548	-	548	-
	<u>18 885</u>	<u>17 330</u>	<u>18 871</u>	<u>17 330</u>
Non-Current:				
Deferred government superannuation contribution (see Note 18)	<u>236 700</u>	<u>237 200</u>	<u>236 700</u>	<u>237 200</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
12. Property, Plant and Equipment				
Land				
At independent valuation 31 December 1993	25 353	25 422	25 353	25 422
At cost	12 067	12 067	12 067	12 067
	<u>37 420</u>	<u>37 489</u>	<u>37 420</u>	<u>37 489</u>
Buildings and Infrastructure				
At independent valuation	240 568	244 391	240 568	244 391
At Directors' valuation	66 312	65 845	66 312	65 845
At cost	86 580	81 765	86 580	81 765
Under construction	-	683	-	683
Accumulated depreciation	(42 301)	(30 867)	(42 301)	(30 867)
	<u>351 159</u>	<u>361 817</u>	<u>351 159</u>	<u>361 817</u>
Library Collection				
At Directors' valuation 31 December 1993	38 959	40 334	38 959	40 334
At cost	8 399	6 185	8 399	6 185
Accumulated depreciation	(6 908)	(6 051)	(6 908)	(6 051)
	<u>40 450</u>	<u>40 468</u>	<u>40 450</u>	<u>40 468</u>
Plant and Equipment				
At cost	26 149	23 517	25 423	22 702
Accumulated depreciation	(14 773)	(12 186)	(14 297)	(11 672)
	<u>11 376</u>	<u>11 331</u>	<u>11 126</u>	<u>11 030</u>
Total Property, Plant and Equipment	<u>440 405</u>	<u>451 105</u>	<u>440 155</u>	<u>450 804</u>
Acquisitions				
The following property, plant and equipment was purchased or constructed during the year:				
Land	-	-	-	-
Buildings	4 599	38 558	4 599	38 558
Library collection	2 214	2 174	2 214	2 174
Plant and equipment	3 262	4 053	3 121	3 980
	<u>10 075</u>	<u>44 785</u>	<u>9 934</u>	<u>44 712</u>
Disposals				
The following property, plant and equipment was disposed of or written off during the year:				
Land	69	145	69	145
Buildings and Infrastructure	-	310	-	310
Library collection	1 375	-	1 375	-
Plant and equipment	630	901	400	724
	<u>2 074</u>	<u>1 356</u>	<u>1 844</u>	<u>1 179</u>
Revalued				
Buildings and Infrastructure	(3 823)	(35 728)	(3 823)	(35 728)

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
13. Creditors				
Current:				
Trade creditors	6 931	8 817	6 930	8 804
Bank overdraft	1 555	1 538	1 555	1 538
	<u>8 486</u>	<u>10 355</u>	<u>8 485</u>	<u>10 342</u>
14. Borrowings				
Current:				
Not later than one year	113	179	113	179
	<u>113</u>	<u>179</u>	<u>113</u>	<u>179</u>
Non-Current:				
Later than one year but not later than two years	5 056	198	5 056	198
Later than two years but not later than five years	10 113	15 248	10 113	15 248
Later than five years but not later than ten years	15 000	15 000	15 000	15 000
Later than ten years	50	50	50	50
	<u>30 219</u>	<u>30 496</u>	<u>30 219</u>	<u>30 496</u>
15. Accrued Liabilities				
Current:				
Annual leave	11 657	12 358	11 632	12 350
Long service leave	2 650	3 600	2 650	3 600
Separation scheme	1 527	-	1 527	-
Accrued interest	814	818	814	818
Other	47	31	47	31
	<u>16 695</u>	<u>16 807</u>	<u>16 670</u>	<u>16 799</u>
Non-Current:				
Long service leave	15 480	16 088	15 480	16 088
	<u>15 480</u>	<u>16 088</u>	<u>15 480</u>	<u>16 088</u>

UNIVERSITY OF SOUTH AUSTRALIA

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FOR THE YEAR ENDED 31 DECEMBER 1997

16. Other Liabilities

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Current:				
Amounts invoiced in advance on uncompleted projects	1 748	3 595	1 567	3 536
Work in progress	(626)	(1 166)	(600)	(1 130)
	1 122	2 429	967	2 406
Revenue received in advance - DEETYA	14 455	13 948	14 455	13 948
- Students	1 146	1 112	1 146	1 112
Provision for State superannuation (see Note 17 (i))	18 200	17 100	18 200	17 100
Funds held on behalf of external entities	157	417	567	829
	35 080	35 006	35 335	35 395
Non-Current:				
DEETYA grant received in Advance	4 250	-	4 250	-
Provision for State superannuation (see Note 17 (i))	236 700	237 200	236 700	237 200
	240 950	237 200	240 950	237 200

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

17. Superannuation

The University contributes to the following employee superannuation funds:

(i) *South Australian Superannuation Fund*

A number of present and past employees of the University and its predecessor institutions are members of State Government Superannuation Schemes. Under the schemes benefits are paid as a lump sum or continuing pension on the termination of employees' service, based on contributions made by the employee and the employee's final salary. Employee contributions and certain employer contributions are paid to the South Australian Superannuation Board (the Board) which is responsible for the administration of the schemes.

Under current arrangements, the Board pays the benefits and is reimbursed by the University. The Commonwealth government then funds the University on an emerging cost basis and recovers the State's share of the cost directly from the State government.

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed by the Director Superannuation (State Superannuation Office), Department of Treasury and Finance as at 31 December 1997 to be \$263.9 million.

The University's liability under the scheme has been partly funded by an amount of \$9 million arising from 3% productivity employer contributions. This is the first year that the funded component has been recognised. This reduces the unfunded liability to \$254.9 million. The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth government (see Note 18). The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

Recognition of the receivable from the Commonwealth is in accordance with DEETYA Instructions and reflects an assessment that while there is no legislated requirement, the Commonwealth has committed to fund the University's emerging costs.

Assumptions adopted by the Director Superannuation (State Superannuation Office), Department of Treasury and Finance in determining the University's liability were:

Rate of salary increases	4.00% per annum
Rate of increase in the Consumer Price Index	2.97% per annum
Investment earnings	7.12% per annum

If an investment earnings rate of 2% per annum above the rate of salary increase had been assumed, rather than 3%, the unfunded liability would have been \$286.4 million.

Further details are provided in Note 18.

(ii) *Superannuation Scheme for Australian Universities*

The University contributes to the Superannuation Scheme for Australian Universities at a rate double the contributions made by employees. Employee's contributions are normally 7% of their gross salaries. The fund provides defined benefits based on years of service and final average salary.

The last actuarial investigation was conducted as at 30 June 1997 by Grant Harslett, FIA, FIAA. A funding and solvency certificate required under regulation 9.09(1) of the Superannuation Industry (Supervision) Regulations has been obtained with a date of effect of 26 November 1997.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

17. Superannuation (continued)

As at 31 December the University of South Australia's share of the fund was:

	1997 \$'000	1996 \$'000
Net Market Value	59 341	48 819
Accrued Benefits	49 753	40 547
	<hr/>	<hr/>
Difference	9 588	8 272
	<hr/>	<hr/>
Vested Benefits	49 753	40 547
	<hr/> <hr/>	<hr/> <hr/>

(iii) *Tertiary Education Superannuation Scheme*

The University contributes to the fund at a rate determined by the trust deed. The scheme is non contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University also makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee Legislation.

18. Deferred Government Superannuation Contribution

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

In 1997, an amount of \$0.6 million was brought to account to reflect the increase in the net unfunded past service cost for State superannuation.

	1997 \$'000	1996 \$'000
Deferred government superannuation contribution at the beginning of the year	254 300	225 700
Increase in amount owing for unfunded liability	600	28 600
	<hr/>	<hr/>
Deferred government superannuation contribution at the end of the year	254 900	254 300
	<hr/> <hr/>	<hr/> <hr/>
Comprising:		
Current asset	18 200	17 100
Non-current asset	236 700	237 200
	<hr/> <hr/>	<hr/> <hr/>
	254 900	254 300
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**19. Capital Expenditure Commitments**

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Contracted for, but not provided for and payable:				
Not later than one year	360	2 250	360	2 250
Later than one year but not later than two years	-	-	-	-
Later than two years but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>360</u>	<u>2 250</u>	<u>360</u>	<u>2 250</u>

20. Lease Expenditure Commitments

	Consolidated		University	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Operating lease rentals are payable as follows:				
Not later than one year	2 380	2 978	2 380	2 978
Later than one year but not later than two years	1 685	1 933	1 685	1 933
Later than two years but not later than five years	3 796	2 551	3 796	2 551
Later than five years	242	496	242	496
	<u>8 103</u>	<u>7 958</u>	<u>8 103</u>	<u>7 958</u>

21. Contingent Liabilities

The University has entered into a commercial contract to provide services to NEC Australia Pty Ltd. As part of the contractual arrangements the University has provided four Guarantee by Bank Facilities of \$480 000. Funds are held in a special account at the National Australia Bank to cover these. It is expected that the facility will close in 1998.

The University has entered into an agreement with the Minister of the Department of Education, Training and Employment to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated within the first seven years, an amount of \$680 000, being the Minister's contribution to the Child Care Centre, will be refunded. If the agreement is terminated after seven years, a sum of \$680 000 to be repaid is reduced on a pro rata basis, reducing to zero after 21 years.

The University has no other material contingent liabilities.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**22. Controlled Entities**

The University has 100% ownership of two controlled entities

(i) *Techsearch Incorporated*

Techsearch is the commercial arm of the University and has previously provided a range of services to support staff in commercial activities. As from July 1996 new University commercial activity has been generally conducted through the University and the support services previously provided by Techsearch are now provided by the University.

(ii) *University of South Australia Foundation Incorporated*

The Foundation's purpose is to partner the University, its alumni and its supporters in industry and elsewhere in generating interest in the University. At the same time it will seek to attract broadly based levels of philanthropic support for the benefit of the University.

The University funds the operating costs of the Foundation directly so that grants received are used for the purpose intended by the grantee.

23. Associated Entities

The University has investments in the following associated entities:

(i) *Australian Information Technology Engineering Centre Pty Ltd (AITEC)*

The Centre is jointly owned by the University of Adelaide, the Flinders University of South Australia, the South Australian Minister of Education, Employment and Training and the University of South Australia.

AITEC is partly funded by the Commonwealth and offers a Master of Engineering degree program. As at 31 December 1997 the company had net assets of \$1.018 million (1996 \$1.524 million). The University's interest in the net assets is 25% (\$0.254 million) and is not included in the statement of financial position.

(ii) *Unisure Pty Ltd*

The University of South Australia is an exempt employer under the Workers Rehabilitation and Compensation Act, 1986, and is a joint unit holder along with the University of Adelaide and the Flinders University of South Australia in Unisure Pty Ltd, which manages workers' compensation claims on behalf of the three institutions.

During 1997 the University paid a net premium of \$0.800 million to Unisure Pty Ltd to meet workers' compensation claims (1996 \$0.800 million). As at 31 December 1997 Unisure had an estimated liability for outstanding University claims of \$1.589 million (1996 \$1.235 million) and held surplus funds for the University of \$3.125 million (1996 \$2.691 million). The University's interest in the assets, liabilities and surplus funds of Unisure Pty Ltd is not included in the statement of financial position.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**23. Associated Entities (continued)***(iii) Open Learning Agency of Australia Pty Ltd (OLA)*

The University has a 12.5 % shareholding in OLA. This investment is included in the Statement of Financial Position and is measured at its historical cost. As at 31 December 1997 the company had net assets of \$5.566 million.

OLA is owned by a consortium of eight universities. Its role is to make post-secondary courses and units of study more accessible to a broader range of Australians, acting in the role of a national education brokerage agency.

The University earned income of \$0.786 million from OLA in 1997 (1996 \$0.636 million).

24. Interest in Joint Ventures

The University has an interest in the following joint venture:

(i) Signal Processing Research Institute (SPRI) Building

The University and the Technology Development Corporation (now subsumed by the MFP Development Corporation) entered into an agreement in 1991 to establish a building to house the Signal Processing Research Institute (SPRI) adjacent to the Levels at Technology Park. The building is leased to University research centres affiliated with the SPRI and other lessees. The University has a 30% share of the joint venture with the MFP Development Corporation holding the remaining 70% share.

The 30 June 1997 financial statements of the MFP Development Corporation indicate that the assets of the joint venture comprise land and a building with a market value of \$2.450 million and that the joint venture has total liabilities of \$4.296 million.

The University's interest in the assets and liabilities of the SPRI building venture is not included in the statement of financial position.

25. Cooperative Research Centres

The University participates in the following Cooperative Research Centres:

(i) Cooperative Research Centre for Sensor Signal and Information Processing (CSSIP)

The CSSIP is a national Cooperative Research Centre. Its purpose is to provide research and postgraduate education in signal and information processing for sensors.

The University has a commitment to the CSSIP to provide funding of \$100 000 for 1998.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**25. Cooperative Research Centres (continued)***(ii) Centre for Water Quality and Treatment (CWQT)*

The Centre for Water Quality and Treatment is a national Cooperative Research Centre. Its purpose is to enhance scientific and technological capabilities, support scientific research and encourage applications of science and technology in industry and other areas in the area of water quality and treatment.

The University has a commitment to the CWQT to provide cash funding of \$50 000 per annum for the next five years.

(iii) CRC for Satellite Systems (CRCSS)

The University has a commitment to CRCSS to provide cash funding of \$100 000 per annum for the next seven years.

26. Cooperative Multimedia Centre (CMC)

The University is a shareholder in Ngapartji Pty Ltd which is a CMC. The aim of Ngapartji is to provide an international focal point for the creation and development of world leading, commercially successful skills, technology and products in interactive media.

The University has a commitment to pay \$25 000 per financial year to Ngapartji Pty Ltd for the next two years.

27. Reconciliation of Equity

	Consolidated		University	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Asset Revaluation Reserve				
Opening Balance 1 January	40 507	73 816	40 507	73 816
Asset Revaluation Decrement	(3 704)	(33 309)	(3 704)	(33 309)
Closing Balance 31 December	36 803	40 507	36 803	40 507
Accumulated Results of Operations				
Opening Balance 1 January	351 479	349 441	350 503	348 676
Result of Operations	(2 336)	2 038	(2 959)	1 827
Closing Balance	349 143	351 479	347 544	350 503
Total Equity	385 946	391 986	384 347	391 010

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

28. Notes to the Statement of Cash Flows

(i) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at bank and short term deposits, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated		University	
		1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Cash		1 825	1 646	1 482	1 310
Short term deposits	10	27 246	20 587	26 697	19 739
Bank overdraft	13	(1 555)	(1 538)	(1 555)	(1 538)
		<u>27 516</u>	<u>20 695</u>	<u>26 624</u>	<u>19 511</u>

(ii) Reconciliation of operating result after abnormal items to net cash used in operating activities

Operating result after abnormal items	(2 336)	2 038	(2 959)	1 827
Add/(less) items classified as investing, financing and government funding activities:				
<i>(Profit)/loss on sale of plant and equipment</i>	(62)	349	(6)	349
<i>Commonwealth government grants</i>	(144 931)	(144 316)	(144 931)	(143 954)
<i>South Australian government grants</i>	(1 883)	(2 278)	(1 783)	(2 278)
Add/(less) non-cash items:				
<i>Depreciation</i>	16 746	16 148	16 674	16 049
<i>Increase/(decrease) in doubtful debt provision</i>	(53)	124	(43)	113
<i>Other</i>	42	(251)	-	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	3 400	(5 067)	3 486	(5 055)
(Increase)/decrease in other assets	(1 055)	(28 375)	(1 041)	(28 394)
Increase/(decrease) in trade creditors	(1 886)	1 451	(1 874)	1 878
Increase/(decrease) in accrued liabilities	(720)	2 615	(737)	2 623
Increase/(decrease) in other liabilities	3 824	33 012	3 690	32 957
Net cash used in operating activities	(128 914)	(124 550)	(129 524)	(123 885)

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**28. Notes to the Statement of Cash Flows (continued)***(iii) Non Cash Financing and Investing Activities*

The University had two material non cash transactions:

1. The University built a child care centre at its City West campus. Funding of \$0.823 million from a Commonwealth child care strategy grant and \$0.680 million from the Minister of DeTAFE contributed to the development. Of these contributions, an amount of \$1.133 million was paid direct to a lawyer's trust fund and then to the building contractor. As a result this amount is not shown in the Statement of Cash Flows.
2. The University had taken out a loan from the South Australian Government Financing Authority (SAFA) and forwarded the loan to the University of South Australia Student Union (USASA) for the purpose of capital development. In 1997 this loan has been repaid to SAFA directly by USASA and as a result does not appear in the Statement of Cash Flows.

(iv) Financing Facilities

The University has a \$2 million credit card facility with the National Australia Bank. The balance owing at the end of each monthly cycle is automatically paid by transfer from the University's NAB bank account. The unused portion of this facility as at 31 December 1997 was \$1.767 million.

The University has entered into an arrangement with the Department of Treasury and Finance to provide a loan facility of \$35 million for the purpose of building a new campus at the University's City West site. As at 31 December 1997 \$30 million of this loan facility had been used.

In addition, the South Australian Treasurer has agreed to provide a short term credit facility to 30 June 2001 of up to \$10 million. As at 31 December 1997 the unused amount available was \$10 million. A condition of this facility is that any funds drawn down must be repaid prior to 30 June in the relevant financial year.

(v) Cash Balances Not Available for Use

As at 31 December 1997 cash balances of \$0.480 million (1996 : \$0.595 million) are not available for use due to there being held as a bank guarantee for a commercial project. It is expected that this restriction will be removed by the end of 1998.

29. Auditors' Remuneration

Amounts paid or payable to the South Australian Auditor-General's Department and others for auditing services in respect of 1997 is estimated to be \$135 000, (\$125 000 in respect of 1996).

30. Valuation of Salisbury Campus

During 1995 and 1996, the University transferred its academic programs from Salisbury campus to other University campuses. As a result, the campus became surplus to University requirements and it has been placed on the market for sale. In accordance with Australian Accounting Standard 10 the buildings and infrastructure at that campus were revalued at 31 December 1997 as the carrying amount was greater than the recoverable amount. The assets are valued to a market value basis and a revaluation decrement of \$3.570 million was transferred to the asset revaluation reserve.

This was not part of a regular cycle of asset revaluations. The valuation was undertaken by Andrew L Nobes, AVLE (Val) B Com VPM from Colliers Jardine as an independent valuation. As the University is not subject to capital gains tax there are no capital gains tax implications.



UNIVERSITY OF SOUTH AUSTRALIA

CERTIFICATE

FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1997

To the best of our knowledge and belief, the foregoing Statement of Financial Position, Operating Statement, Statement of Cash Flows, and notes thereto, give a true and fair view of the state of affairs at 31 December 1997 and the financial transactions for the year then ended.

Handwritten signature of Basil Hetzel in black ink, written over a horizontal line.

Dr Basil Hetzel, AC
Chancellor

5/6/98

Handwritten signature of Denise Bradley in black ink, written over a horizontal line.

Professor Denise Bradley, AO
Vice Chancellor and President

5/6/98



Auditor-General's Department

INDEPENDENT AUDIT REPORT

TO THE CHANCELLOR
UNIVERSITY OF SOUTH AUSTRALIA

SCOPE

As required by section 31 of the *Public Finance and Audit Act 1987*, and section 19 of the *University of South Australia Act 1990*, I have audited the financial statements of the University of South Australia for the year ended 31 December 1997. The financial statements comprise:

- ◆ An Operating Statement;
- ◆ A Statement of Financial Position;
- ◆ A Statement of Cash Flows;
- ◆ Notes to and forming part of the Financial Statements;
- ◆ Certificate by the Chancellor and Vice Chancellor.

The financial statements include the consolidated accounts of the economic entity, comprising the University of South Australia and the entities it controlled at year end or from time to time during the financial year.

The members of the University Council are responsible for the preparation and presentation of the financial statements and the information contained therein. An independent audit of the financial statements has been conducted in order to express an opinion on them to the Chancellor.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement.

Audit procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. Those procedures were undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, appropriate Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with my understanding of the University of South Australia and the economic entity's financial position, the results of their operations and their cash flows.

The name the entity controlled during all, or part of the financial year, but of which I have not acted as auditor is Techsearch Incorporated. I have, however, received sufficient information and explanations concerning the controlled entity to enable me to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial statements present fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, appropriate Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the University of South Australia and of the economic entity as at 31 December 1997, the results of their operations and their cash flows for the year ended 31 December 1997.



24 June 1998

K I MacPHERSON
AUDITOR-GENERAL