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University of
South Australia

Financial Statements 2004

Educating professionals
Creating and applying knowledge
Serving the community



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South Australia



**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000
REVENUE					
Commonwealth Government financial assistance					
Commonwealth Government grants	3, 39	128,356	120,529	128,356	120,529
Higher Education Contributions Scheme					
Student contributions	3,39	9,221	9,125	9,221	9,125
Commonwealth payments	3,39	53,828	54,254	53,828	54,254
Commonwealth loan programmes	3,39	2,349	2,222	2,349	2,222
State Government financial assistance	4	2,576	2,636	2,576	2,636
Fees and charges	5	62,412	57,988	62,412	57,988
Investment income	6	5,162	4,801	5,939	6,452
Royalties	7	779	719	678	712
Consultancy and contract research	8	17,963	15,591	17,963	15,595
Other revenue	9	20,105	24,394	12,899	18,057
		302,751	292,259	296,221	287,570
Superannuation:					
Commonwealth supplementation	3, 32	20,660	20,036	20,660	20,036
Deferred government contributions	32	2,200	4,900	2,200	4,900
Total Revenue from Ordinary Activities		325,611	317,195	319,081	312,506
EXPENSES					
Employee benefits and on costs	10	180,737	166,512	176,968	163,607
Depreciation and amortisation	11	19,567	23,214	19,390	23,079
Repairs and maintenance	12	3,774	3,514	3,774	3,514
Borrowing cost expense	13	1,813	1,848	1,813	1,848
Bad and doubtful debts	14	682	778	682	775
Other expenses	15	82,859	83,489	80,084	81,982
		289,432	279,355	282,711	274,805
Superannuation:					
Commonwealth supplementation	32	20,660	19,429	20,660	19,429
Deferred employee benefits	32	2,200	4,900	2,200	4,900
Total Expenses from Ordinary Activities		312,292	303,684	305,571	299,134
Operating Result from Ordinary Activities		13,319	13,511	13,510	13,372
Net increase in asset revaluation reserve	26	22,954	20,616	22,670	20,450
Fair value adjustment to library collection	1(f), 26	(3,241)	-	(3,241)	-
Total Revenue, Expense and Valuation Adjustments attributed to the Parent Entity and Recognised Directly in Equity		19,713	20,616	19,429	20,450
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		33,032	34,127	32,939	33,822

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

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	Note	Consolidated		University	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
CURRENT ASSETS					
Cash assets	17	49,682	103,477	45,339	100,372
Receivables	18	16,733	15,150	15,947	13,809
Other financial assets	19	631	583	631	583
Property, plant and equipment	20	33,700	-	33,700	-
Other non-financial assets	21	3,129	3,140	3,110	3,111
Deferred government superannuation contribution	32	26,200	24,800	26,200	24,800
Total Current Assets		130,075	147,150	124,927	142,675
NON-CURRENT ASSETS					
Other financial assets	19	8,863	8,926	7,898	7,244
Property, plant and equipment	20	429,897	386,840	429,555	386,408
Deferred government superannuation contribution	32	258,200	257,400	258,200	257,400
Total Non-Current Assets		696,960	653,166	695,653	651,052
Total Assets		827,035	800,316	820,580	793,727
CURRENT LIABILITIES					
Payables	22	17,167	13,485	17,124	13,711
Interest bearing liabilities	23	1,353	1,294	1,353	1,294
Provisions	24	15,507	13,874	15,268	13,658
Other liabilities	25	14,665	29,603	14,247	28,666
Provision for state superannuation	32	26,200	24,800	26,200	24,800
Total Current Liabilities		74,892	83,056	74,192	82,129
NON-CURRENT LIABILITIES					
Payables	22	2,548	2,515	2,548	2,515
Interest bearing liabilities	23	17,108	17,800	17,108	17,800
Provisions	24	21,100	19,390	21,100	19,390
Provision for state superannuation	32	258,200	257,400	258,200	257,400
Total Non-Current Liabilities		298,956	297,105	298,956	297,105
Total Liabilities		373,848	380,161	373,148	379,234
Net Assets		453,187	420,155	447,432	414,493
EQUITY					
Reserves	26(b)	51,085	28,131	50,593	27,923
Retained surplus	26(a)	402,102	392,024	396,839	386,570
Total Equity		453,187	420,155	447,432	414,493

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

2004



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated		University	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Commonwealth Government					
Teaching and learning		107,016	120,636	107,016	120,636
Higher Education Contribution Scheme (HECS) and other loan programmes		51,808	55,823	51,808	55,823
Scholarships		2,418	1,776	2,418	1,776
DEST research		12,192	12,949	12,192	12,949
ARC – discovery		2,086	1,477	2,086	1,477
ARC – linkages		3,609	3,228	3,609	3,228
Other Commonwealth		6,925	5,685	6,925	5,685
State government		2,576	2,636	2,576	2,636
HECS - Student payments		9,558	9,504	9,558	9,504
Fees and charges		68,882	60,753	68,871	60,834
Investment receipts		4,096	4,802	4,815	5,500
Royalties, trademarks and licenses		779	719	678	712
Consultancy and contract research		17,904	14,079	17,595	14,248
Other receipts		20,078	16,597	12,865	10,272
Taxes recovered (GST)		9,300	4,800	9,300	4,800
Outflows:					
Staff salaries and related payments		(198,237)	(187,436)	(194,492)	(183,039)
Other payments		(96,846)	(84,810)	(94,953)	(83,247)
Borrowing cost payments		(1,813)	(1,848)	(1,813)	(1,848)
Net Cash inflow from Operating Activities	37	22,331	41,370	20,854	41,946
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		241	7,696	229	7,684
Proceeds from sale of investments		97	-	4	-
Outflows:					
Payments for property plant and equipment		(74,246)	(29,402)	(74,144)	(29,140)
Payments for investments		(692)	-	(450)	-
Net Cash outflow from Investing Activities		(74,600)	(21,706)	(74,361)	(21,456)
CASH FLOWS FROM FINANCING ACTIVITIES					
Outflows:					
Principal repayments under finance lease		(1,526)	(1,139)	(1,526)	(1,139)
Net Cash outflow from Financing Activities		(1,526)	(1,139)	(1,526)	(1,139)
Net Increase/(Decrease) in Cash Held		(53,795)	18,525	(55,033)	19,351
Cash at Beginning of Reporting Period		103,477	84,952	100,372	81,021
CASH AT END OF REPORTING PERIOD	17, 37	49,682	103,477	45,339	100,372

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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1. Summary 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 are a general purpose financial report and have been prepared on a full accrual basis in accordance with applicable Australian Accounting Standards (AASB), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the Commonwealth Department of Education, Science and Training (DEST).

The financial statements comply with relevant provisions of the South Australian Treasurer's Instructions issued pursuant to the Public Finance and Audit Act 1987 and the Accounting Policy Statements issued pursuant to the Treasurer's Instructions, except where the foregoing conflict with the DEST guidelines.

The financial statements have been prepared on the basis of historic costs and, except where stated, do not take into account changing money values or current valuations of non-current assets.

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

Any changes to accounting policies for 2004 are documented within the notes below.

(b) Principles of consolidation

The consolidated financial statements (the economic entity) comprise the accounts of the University (the parent entity) and all of its controlled entities. The effects of transactions between controlled entities and the University have been eliminated on consolidation.

The accounting policies have been consistently applied by each entity in the economic entity. The list of controlled entities is provided in note 33.

(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 to changes in the presentation of the current year's figures.

(d) Revenue recognition

(i) Grants

◆ Commonwealth financial assistance

The Commonwealth DEST has implemented changes to payment arrangements whereby all recurrent payments in respect of a grant year will be made in that year. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

The first instalment of the DEST financial assistance for 2004, received during December 2003 and received in advance of the operating year to which it related, was recognised by the University as revenue in advance and was presented as a liability in the 2003 Statement of Financial Position. Therefore the above change in the timing of the DEST financial assistance will have a nil effect upon the University's 2004 Statement of Financial Performance or the 2003 Statement of Financial Position as previously reported.

For 2004 the University continues to recognise DEST financial assistance as revenue in the year in which it had been designated for the funding of teaching and research. Since all 2005 DEST financial assistance will be received in 2005 no DEST revenue in advance will be recorded as at 31 December 2004.



(i) **Grants (continued)**

• **Other grants**

Where other grants are received, they are recognised on receipt, or in accordance with the terms and conditions of the grant.

(ii) **Fees and charges**

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

(iii) **Investment Income**

Interest income is recognised as it accrues. Dividend income is recognised only when it is declared, determined or recommended by external entities before the 31 December reporting date.

(iv) **Consultancy and contract research**

Revenue from consultancy and contract research is recognised in the period in which the services are provided.

(v) **Other revenue**

Other revenue is recognised as it accrues.

(e) **Inventories**

Consumable supplies are recognised as an expense at the time of acquisition and are not shown as inventories in the Statement of Financial Position.

(f) **Property, plant and equipment**

As at 31 December 2004 the University valued its property, plant and equipment at fair value, with the exception of buildings under construction, which is carried at cost. In accordance with the provisions of AASB 1041 "Revaluation of Non-Current Assets", any net revaluation increment arising upon revaluing that non-current asset class to their fair value are credited directly to the asset revaluation reserve. Any net revaluation decrement, to the extent that a credit balance exists in the asset revaluation reserve in respect of that non-current asset class, is debited directly to the asset revaluation reserve.

For non-current assets carried at fair value an annual assessment of the frequency and materiality of changes in the fair value of these assets will be completed. Where the fair value of the assets in the class of non-current assets being revalued differs materially from its carrying amount, a revaluation will be completed. It is anticipated that the University's non-current assets will experience only immaterial movements in fair value and therefore a revaluation every three to five years is expected to be sufficient.

Items of property, plant and equipment have been recognised in the financial statements as identified below. Expenditure on a single item of less than \$10,000 is generally not capitalised.

(i) **Property held for resale**

Property identified as surplus to requirements and approved for sale has been recognised as property held for resale. This property is the Underdale campus which was contracted for sale in 2004 with final settlement in April 2005. Consistent with the prior year this property has been valued at its net market value which is based upon the contracted price.

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(ii) Land

Land occupied by the University is either owned by the University or by the State Government. Land is recognised at fair value on the basis that the University effectively controls the land occupied.

The last valuation was as at 31 December 2004 and completed independently by Southwick Goodyear Pty Ltd. Land fair value estimates were based on the highest and best use of the land and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in note 1(i).

(iii) Buildings

Buildings, other than buildings under construction, have been recognised on a fair value basis which Management have concluded is approximated by written down current cost.

The last valuation was as at 31 December 2004 and completed independently by Southwick Goodyear Pty Ltd. Buildings fair value estimates were based on the highest and best use being the existing use as university campuses. The valuation approach adopted was to assess the "written down current cost" for the buildings based upon the "new replacement cost" having regard to the estimated useful and remaining life for each structure.

Buildings under construction are measured at cost.

(iv) Library collection

As at 31 December 2004 the methodology in which the library collection is valued was changed from deprival value to fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation. In prior years the value of donated materials were estimated to be 50% of the current year average collection purchase price, however in 2004, with the move to fair value, 100% of the current year average collection purchase price was applied.

This change in valuation methodology has resulted in a \$3.241 million reduction in the library collection carrying value. In accordance with the transitional provisions of AASB 1041 'Revaluation of Non-Current Assets' this decrement has been offset against Retained Surplus.

(v) Plant and equipment

Plant and equipment includes computer hardware and software, general equipment, vehicles and leased IT equipment. Individual items costing \$10,000 or more are capitalised and recorded in the Statement of Financial Position at cost. Plant and equipment is depreciated in accordance with note 1(g). The carrying value is deemed to approximate fair value.

(vi) Art collection

As at 31 December 2004 the University valued its art collection at fair value. As at 31 December 2003 the art collection's carrying value was \$0.264 million (included in plant and equipment), however during 2004 these assets were transferred to the art collection. As at 31 December 2004 the total art collection (transferred and donated assets plus assets purchased in 2004) were re-valued at fair value (University valuation) resulting in the first time recognition of \$0.630 million in donated assets and an increment of \$0.544 million which was credited to the Asset Revaluation Reserve.

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(g) Depreciation and amortisation

Depreciation is provided for all property, plant and equipment other than property held for resale, land and buildings under construction. The University does not depreciate the art collection because it believes that the collection does not diminish in value over time. Depreciation is calculated on a straight line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

Asset class	Useful life
Property:	
• Buildings	50 years
• Leasehold improvements	Lease term
Library collection:	
• Books	10 years
• Journals	15 years
• Electronic materials	10 years
Plant and equipment:	
• IT infrastructure	5 years
• IT systems	7 years
• IT other	3 years
• Motor vehicles	5 years
• Other	10 years
Leased plant and equipment:	
• IT infrastructure	5 years
• IT other	3 years

Lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the entity will obtain ownership of the asset, the life of the asset (refer note 1(o)).

(h) Investments

Investments (shares and managed funds) have been revalued as at 31 December 2004. Valuations are at market value derived from Managed Fund Statements or closing value on the Australian Stock Exchange (ASX) and the adjustment in valuation has been taken as an increment to the Investment Revaluation Reserve (refer note 26). Significant movements in investment valuations subsequent to year end have been incorporated.

Apart from the investment in Unisure Pty Ltd, the University has no material investments in associates and does not include any amount in the financial statements for its interests in associated entities. Note disclosure of these interests in associated entities are made in note 34.

(i) Restrictions on assets

Land includes \$21.080 million of Crown Lands and \$13.050 million of land dedicated for educational use by the Minister of Education. Such lands are unable to be sold.

The University has restrictions on all land by application of the University of South Australia Act, 1990 Section 6.

(j) Employee entitlements

Employee entitlements expected to be settled within one year have been recognised at their nominal amount. These liabilities are measured at the amounts expected to be paid when the liability is settled. Employee entitlements to be settled later than one year have been measured at the present value of the estimated applicable future cash flows.



(j) **Employee entitlements (continued)**

(i) **Long service leave**

The long service liability is independently estimated by an actuary using the long hand method prescribed by AASB 1028 Employee Benefits. 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 on the basis of when leave will be taken and that cash flow is discounted using the interest rate attached to Commonwealth government securities prevailing at balance date to derive the long service leave liability. The long service leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while on-costs payable on behalf of employees are recognised as payables.

(ii) **Annual leave**

The liability for annual leave (including the leave loading) is calculated on nominal wage rates adjusted for anticipated future salary increases.

(iii) **Sick leave**

No provision has been made for sick leave as all sick leave is non-vesting.

(iv) **Superannuation**

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University are expensed in the Statement of Financial Performance. Note 32 provides details in respect of the individual schemes.

(v) **Redundancy/severance**

Provision is made for redundancy payments in circumstances where the University has formally approved individuals' redundancies and a reliable estimate of the amount of the payments can be determined.

(k) **Workers compensation**

The University is responsible for payments of workers' compensation. Unisure Pty Ltd administers workers' compensation arrangements on behalf of the University. Note 34 provides details of net assets held by Unisure Pty Ltd on behalf of the University.

(l) **Goods and services tax (GST)**

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

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

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

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

(m) **Foreign currency**

Foreign currency transactions were converted to Australian currency at the rates of exchange ruling at the date of the transaction. There are no material foreign currency monetary items outstanding at balance date.



(n) **Doubtful debts**

The collectability of receivables is assessed at balance date and provision made for any doubtful debts.

(o) **Leases**

Leased plant and equipment over which the University or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the Statement of Financial Performance. The leased asset is amortised over its useful life.

Payments made under operating leases are charged as an operating expense 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.

(p) **Funds held on behalf of external entities**

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash assets and a corresponding liability is included in other liabilities (refer note 25).

(q) **International Financial Reporting Standards (IFRS)**

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Consolidated Entity's financial statements for the year ending 31 December 2005.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained surplus as at 1 January 2004.

The University has established a project team to manage the transition to Australian equivalents to IFRS. The project team's analysis of the Australian equivalents to IFRS has identified a number of accounting policy changes that will be contemplated. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to IFRS. Some of these choices are still being analysed to determine the most appropriate accounting policy for the Consolidated Entity.

Issues identified to date affecting the Consolidated Entity's existing accounting policies include the following (references to new AASB standards below are to the Australian equivalents to IFRS issued in July 2004):

(i) **Financial Instruments**

AASB 139 *Financial Instruments: Recognition and Measurement* allows for financial assets to be categorised as either held for trading, held to maturity or available for sale. Investments in shares and managed funds are currently recognised at fair value. The University proposes to categorise these assets as held for trading (ie fair value). It is anticipated that the SA Department of Treasury and Finance Accounting Policy Statements (APS) will be altered therefore allowing the University to continue valuing these financial assets at fair value. Adopting the "held for trading" method is not likely to cause material changes from current policy.



(i) Financial Instruments (continued)

The University currently holds investments at fair value but applies the revaluation increments to a revaluation reserve. If these investments are to be classified as financial assets held for trading in accordance with AASB 139, any revaluation adjustments will be recognised in the Statement of Financial Performance. As at 1 January 2004 the revaluation reserve relating to these assets is likely to be transferred to Retained Surplus.

AASB 139 requires entities to identify and report embedded derivatives. An embedded derivative causes some or all of the cash flows that would otherwise be required by a contract to be modified based on a specific price, index or rate. Embedded derivatives can exist in any contractual arrangement. Although the University is not directly aware of any embedded derivatives a review of contracts is to be performed to determine if any material embedded derivatives do exist.

(ii) Internally developed software

Under the current accounting policy, the carrying amount of internally developed software is reported at cost and classified as a part of plant and equipment. Under AASB 138 *Intangible Assets*, internally developed software will be reported at cost and classified as intangible assets provided they meet the new standard's recognition criteria.

(iii) Defined benefit plans

Under the new AASB 119 *Employee Benefits* the net position of each defined benefit superannuation scheme must be recognised as an asset or liability, as applicable. This change in policy would require the net defined benefit superannuation scheme position to be recognised at time of adoption with a corresponding adjustment to opening Retained Surplus. Movements in the carrying amount of this liability or asset will likely be recognised as a revenue or expense and would possibly result in increased earnings volatility.

The University contributes to a defined benefit plan through UniSuper, a multi employer fund. Advice received from the Uni Super fund manager has indicated that as there is no direct liability from the universities to contribute to the fund and due to the difficulties in establishing a reliable allocation of benefit liabilities, assets and costs, only note disclosure will be required under IFRS. This issue impacts universities across Australia and the appropriate recognition (if any) and disclosure should be clarified with DEST prior to the end of 2005.

(iv) Impairment of assets

Under the new AASB 136 *Impairment of Assets*, all assets will be subject to an annual assessment for impairment. Impairment must be measured for non-current assets with indications of impairment and for intangible assets not yet available for use. Impairment is measured by comparing the asset's fair value less costs to sell and its value in use. The carrying value of the asset must not exceed the greater of these two measurements.

The University has a policy of carrying non-current assets at fair value and does not believe the new standard will materially impact its asset values.

(v) Asset revaluation reserve (opening value)

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* allows election of either fair value for the opening balances of property, plant and equipment or fair value as at 1 January 2004 as deemed cost. The SA Department of Treasury and Finance has issued an APS that requires the University to use fair value, account for revaluations on a class basis and the existing asset revaluation reserve balance should be retained.

(vi) Property, plant and equipment (componentisation)

AASB 116 *Property, Plant and Equipment* requires that an asset having a significant component in relation to the total cost should be depreciated separately. SA Department of Treasury and Finance (APS) have set a component value guideline of \$1.0 million and an estimated life of three years. The APS is not sufficiently clear for universities to apply a consistent policy, however, the University has been informed by the SA Department of Treasury and Finance that further guidance will be provided.

**(vii) Property, Plant and Equipment (major inspection costs)**

AASB 116 *Property, Plant and Equipment* requires major inspection costs to be recognised in the carrying amount of property, plant and equipment as a separate component of the asset. The University owns aircraft and the maintenance of these aircraft is a significant cost. The quantum of these major inspection costs will be determined and consideration will be given to the capitalisation of an appropriate amount as at 1 January 2004.

(viii) Consolidated and Separate Financial Statements

Under AASB 127 *Consolidated and Separate Financial Statements* the University will be required to assess the differences between its accounting policies and those used by its controlled entities. Any material differences will need to be adjusted on consolidation.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have yet been analysed in detail, some decisions have not yet been made where choices of accounting policies are available and further guidance/clarification is being sought from the SA Department of Treasury.

For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the Consolidated Entity's financial position and reported results.

2. Disaggregated Information (Consolidated)

Geographical	Revenue		Results		Total Assets	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Australia	283,804	270,853	11,613	10,270	827,035	800,316
Asia	18,417	21,120	1,658	3,168	-	-
Other	530	486	48	73	-	-
	302,751	292,259	13,319	13,511	827,035	800,316

The University operates in the field of higher education principally in Australia and provides teaching and research services.



	Note	Consolidated		University	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
3. Commonwealth Government financial assistance (including HECS and other Commonwealth loan programmes)					
DEST Teaching and learning	39.1				
Operating financial assistance *		120,542	114,064	120,542	114,064
Capital development pool		-	1,421	-	1,421
Total DEST teaching and learning		120,542	115,485	120,542	115,485
HECS and other Commonwealth loan programmes	39.2				
HECS – Student contributions		9,221	9,125	9,221	9,125
HECS – Commonwealth payments		53,828	54,254	53,828	54,254
PELS		2,336	2,222	2,336	2,222
BOTPLS		13	-	13	-
Total HECS and other Commonwealth loan programmes		65,398	65,601	65,398	65,601
Scholarships	39.3				
Australian postgraduate awards		1,520	1,488	1,520	1,488
International postgraduate research		298	288	298	288
Commonwealth education costs		204	-	204	-
Commonwealth accommodation		396	-	396	-
Total scholarships		2,418	1,776	2,418	1,776
DEST Research	39.4				
Institutional grants scheme		4,766	4,552	4,766	4,552
Research training scheme		7,157	7,170	7,157	7,170
Research infrastructure block grants		1,329	1,249	1,329	1,249
Total DEST research		13,252	12,971	13,252	12,971
Total DEST		201,610	195,833	201,610	195,833
Australian Research Council	39.5				
Discovery					
Project		2,217	1,327	2,217	1,327
Fellowships		(2)	157	(2)	157
Total Discovery		2,215	1,484	2,215	1,484
Linkages					
Special research initiatives		-	60	-	60
Infrastructure		877	398	877	398
International		41	44	41	44
Projects		2,022	1,908	2,022	1,908
Research networks		150	-	150	-
Centres		845	752	845	752
Total Linkages		3,935	3,162	3,935	3,162
Other Commonwealth financial assistance					
Other Commonwealth government research grants		6,297	5,385	6,297	5,385
Aboriginal tutorial assistance scheme grant		234	252	234	252
Other Commonwealth grants		123	50	123	50
Total other Commonwealth financial assistance		6,654	5,687	6,654	5,687
Total Commonwealth financial assistance		214,414	206,166	214,414	206,166

* Operating financial assistance includes superannuation programme and workplace reform programme.

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	Note	Consolidated		University	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
3. Employee Commonwealth Government financial assistance (including HECS and other Commonwealth loan programmes) (continued)					
Reconciliation					
Commonwealth Government grants		128,356	120,529	128,356	120,529
HECS – Student contributions		9,221	9,125	9,221	9,125
HECS – Commonwealth payments		53,828	54,254	53,828	54,254
Commonwealth loan programmes		2,349	2,222	2,349	2,222
Commonwealth supplementation		20,660	20,036	20,660	20,036
Total Commonwealth financial assistance		214,414	206,166	214,414	206,166
4. State Government financial assistance					
Anangu Teacher Education Program (AnTEP)		-	173	-	173
Research grants		2,278	2,194	2,278	2,194
Other		298	269	298	269
		2,576	2,636	2,576	2,636
5. Fees and charges					
Continuing education		2,603	1,452	2,603	1,452
Fee-paying overseas students		51,349	49,070	51,349	49,070
Fee-paying non-overseas postgraduate students		3,635	3,694	3,635	3,694
Fee-paying non-overseas non-award students		-	80	-	80
Other fees and charges:					
• Open Learning Australia (OLA)		1,759	1,300	1,759	1,300
• Fees – civil aviation		536	501	536	501
• Miscellaneous enrolment fees		1,253	1,228	1,253	1,228
• Seminar/workshops		1,277	663	1,277	663
		62,412	57,988	62,412	57,988
6. Investment income					
Dividends		124	42	1,232	1,957
Interest		4,697	4,479	4,366	4,225
Investment income from related parties (Unisure Pty Ltd)		341	280	341	270
		5,162	4,801	5,939	6,452
7. Royalties					
Royalties		779	719	678	712
8. Consultancy and contract research					
Consultancy fees		4,940	4,822	4,940	4,826
Sponsored research grants		13,023	10,769	13,023	10,769
		17,963	15,591	17,963	15,595



	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
9. Other revenue				
Proceeds from sale of assets (refer note 16)	241	7,696	229	7,684
Donations and bequests	2,300	823	1,386	801
Scholarships and prizes	362	594	362	594
Other fees and charges	11,291	11,961	5,166	5,227
Other	5,911	3,320	5,756	3,751
	20,105	24,394	12,899	18,057
10. Employee benefits and on costs				
Academic				
Salaries	74,399	69,821	74,399	69,821
Contributions to superannuation and pension schemes:				
Emerging cost	1,097	1,138	1,097	1,138
Funded	10,535	8,885	10,535	8,885
Payroll tax	5,172	4,716	5,172	4,716
Workers' compensation	579	260	579	260
Long service leave expense	2,547	2,207	2,547	2,207
Annual leave	5,616	4,613	5,616	4,613
	99,945	91,640	99,945	91,640
Non academic				
Salaries	59,349	56,205	56,248	53,898
Contributions to superannuation and pension schemes:				
Emerging cost	1,003	952	743	731
Funded	8,107	6,800	8,107	6,800
Payroll tax	4,415	4,564	4,231	4,407
Workers' compensation	686	338	660	321
Long service leave expense	2,164	1,776	2,110	1,747
Annual leave	5,068	4,237	4,924	4,053
	80,792	74,872	77,023	71,967
Total academic & non academic employee benefits and on costs	180,737	166,512	176,968	163,607

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10. Employee benefits and on costs (continued)

Full and fractional time staff (full-time equivalent) comprised:

	2004 Number	2003 Number
Academic	933	902
Non-academic	1,213	1,211
Total staff	2,146	2,133

Annual leave expense includes amounts paid for annual leave and the net movement in the provision for annual leave.

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

Employee benefits include targeted voluntary separation packages as follows:

	2004 Number	2003 Number
Number of targeted voluntary separation packages	20	28
	\$'000	\$'000
Targeted voluntary separation package expenses	962	1,310
Accrued annual leave and long service leave payments	324	532
Total amount associated with separations	1,286	1,842

There is no entitlement to recover separation payments from the Office of the Commissioner of Public Employment.

In accordance with AASB 1028 "Employee Benefits", employee on-costs are required to be reported as Payables whilst leave liability amounts are reported separately as "Employee Benefits". Below is a composite note showing the total liabilities the University has as at 31 December 2004 relating to employee benefits:

	Consolidated		University	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Annual leave				
On-costs included in payables – current	2,603	2,327	2,603	2,327
Employee benefits - current	10,517	9,991	10,379	9,825
	13,120	12,318	12,982	12,152
Long service leave				
On-costs included in payables – current	525	411	525	411
Employee benefits - current	4,061	3,148	3,960	3,101
	4,586	3,559	4,485	3,512
On-costs included in payables – non current	2,548	2,465	2,548	2,465
Employee benefits – non current	19,230	18,806	19,230	18,606
	21,778	21,071	21,778	21,071
Separations scheme				
Employee benefits - current	389	144	389	144
	389	144	389	144
Total aggregate employee benefits liability	39,873	37,092	39,634	36,879



	Consolidated		University	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
11. Depreciation and amortisation				
Amortisation leased asset	1,500	1,104	1,500	1,104
Buildings	10,849	10,729	10,791	10,712
Library collection	3,779	7,647	3,779	7,647
Plant and equipment	3,439	3,734	3,320	3,616
	19,567	23,214	19,390	23,079
12. Repairs and maintenance				
Buildings	3,390	3,159	3,390	3,159
Grounds	375	355	375	355
Leasehold premises	9	-	9	-
	3,774	3,514	3,774	3,514
13. Borrowing costs				
Interest expense	1,700	1,736	1,700	1,736
Loan guarantee fees	113	112	113	112
	1,813	1,848	1,813	1,848
14. Bad and doubtful debts				
Doubtful debts	682	778	682	775
15. Other expenses				
Scholarships and prizes	8,158	6,876	8,032	6,185
Telecommunications	4,255	3,931	4,210	3,861
Non-capital equipment (non-IT)	2,019	1,741	2,019	1,740
Travel, staff development and entertainment	12,658	11,333	12,547	11,220
External services*	22,709	20,784	22,792	20,671
IT hardware and software	6,147	6,193	6,137	6,179
Library subscriptions	539	1,512	539	1,512
Printing	1,800	1,716	1,800	1,713
Operating lease rental expenses	2,754	3,344	2,746	3,332
Advertising, marketing and promotional expenses	2,113	1,918	2,128	1,922
Bank charges, legal costs, insurance and taxes	3,091	2,806	3,072	2,793
General consumables	7,495	6,602	5,808	5,476
Carrying amount of assets sold (refer note 16)	231	8,050	216	8,040
Other	8,890	6,683	8,038	7,338
	82,859	83,489	80,084	81,982

* Included within external services for 2004 is an amount for consultants of \$1.476 million (\$1.490 million consolidated) exclusive of GST (2003: \$1.484 million, \$1.678 million consolidated). This amount excludes consultant payments in relation to the capital works program.



	Consolidated		University	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
16. Sale of assets				
Property, plant and equipment				
Proceeds from sale	241	7,696	229	7,684
Carrying amount of assets sold	(231)	(8,050)	(216)	(8,040)
Net (gain) loss on sale of depreciable assets	(10)	354	(13)	356
17. Cash assets				
Cash	3,544	1,358	2,418	520
Short term deposits	46,138	102,119	42,921	99,852
	49,682	103,477	45,339	100,372
18. Receivables				
Trade debtors	10,909	8,898	10,123	7,557
Provision for doubtful debts	(319)	(346)	(319)	(346)
	10,590	8,552	9,804	7,211
Student fees	4,276	4,961	4,276	4,961
Provision for doubtful debts	(693)	(217)	(693)	(217)
	3,583	4,744	3,583	4,744
Student loans	-	7	-	7
Provision for doubtful debts	-	(1)	-	(1)
	-	6	-	6
Commonwealth receivable	2,560	1,848	2,560	1,848
Total receivables	16,733	15,150	15,947	13,809
19. Other financial assets				
Current:				
Workers' compensation investment fund	631	583	631	583
Non-Current:				
Investment in controlled entities	-	-	1,730	1,575
Workers' compensation investment fund	4,818	4,803	4,818	4,893
Share investments	3,795	4,033	1,100	776
International Development Programs (IDP) loan	250	-	250	-
	8,863	8,926	7,898	7,244



	Consolidated		University	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
20. Property, plant and equipment				
Current:				
Property held for resale				
At valuation 31 December 2003	33,700	-	33,700	-
Non Current:				
Art collection				
At valuation 31 December 2004	1,476	-	1,476	-
Property held for resale				
At valuation 31 December 2003	-	33,700	-	33,700
Land				
At valuation 31 December 2001	-	26,588	-	26,588
At valuation 31 December 2004	47,710	-	47,710	-
	47,710	26,588	47,710	26,588
Buildings				
At valuation 31 December 2001	-	464,505	-	464,234
At valuation 31 December 2004	520,526	-	520,231	-
At cost (Leasehold improvements)	682	1,681	682	1,681
Accumulated depreciation	(258,603)	(205,850)	(258,464)	(205,769)
	262,605	260,336	262,449	260,146
Buildings under construction				
at cost	83,330	26,230	83,330	26,230
Library collection				
At valuation 31 December 2001	-	56,361	-	56,361
At valuation 31 December 2004	32,113	-	32,113	-
At cost	-	3,663	-	3,663
Accumulated depreciation	(15,628)	(38,539)	(15,628)	(38,539)
	16,485	21,485	16,485	21,485
Plant and equipment				
At cost	38,483	37,658	37,703	36,925
Accumulated depreciation	(23,733)	(23,303)	(23,139)	(22,812)
	14,750	14,355	14,564	14,113
Leased plant and equipment				
At cost	6,473	5,250	6,473	5,250
Accumulated amortisation	(2,932)	(1,104)	(2,932)	(1,104)
	3,541	4,146	3,541	4,146
Total non-current property, plant and equipment	429,897	386,840	429,555	386,408
Total property, plant and equipment	463,597	386,840	463,255	386,408



	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
20. Property, plant and equipment (continued)				
Reconciliation of Movements in Property, Plant and Equipment				
Property held for resale				
Carrying amount at beginning of year	33,700	19,980	33,700	19,980
Disposals	-	(6,280)	-	(6,280)
Reclassification	-	(450)	-	(450)
Revaluations	-	20,450	-	20,450
Carrying amount at end of year	33,700	33,700	33,700	33,700
Art collection				
Carrying amount at beginning of year	-	-	-	-
Additions	668	-	668	-
Reclassification	264	-	264	-
Revaluations	544	-	544	-
Carrying amount at end of year	1,476	-	1,476	-
Land				
Carrying amount at beginning of year	26,588	26,138	26,588	26,138
Reclassification	-	450	-	450
Revaluations	21,122	-	21,122	-
Carrying amount at end of year	47,710	26,588	47,710	26,588
Buildings				
Carrying amount at beginning of year	260,336	269,350	260,146	269,348
Additions	1,503	1,304	1,479	1,099
Depreciation	(10,849)	(10,729)	(10,791)	(10,712)
Reclassification	10,776	411	10,776	411
Revaluations	839	-	839	-
Carrying amount at end of year	262,605	260,336	262,449	260,146
Buildings under construction				
Carrying amount at beginning of year	26,230	5,351	26,230	5,351
Additions	67,900	21,290	67,900	21,290
Reclassification	(10,800)	(411)	(10,800)	(411)
Carrying amount at end of year	83,330	26,230	83,330	26,230

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	Consolidated		University	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
20. Property, plant and equipment (continued)				
Library collection				
Carrying amount at beginning of year	21,485	27,445	21,485	27,445
Additions	2,020	1,893	2,020	1,893
Disposals	-	(206)	-	(206)
Depreciation	(3,779)	(7,647)	(3,779)	(7,647)
Fair value revaluation	(3,241)	-	(3,241)	-
Carrying amount at end of year	16,485	21,485	16,485	21,485
Plant and equipment				
Carrying amount at beginning of year	14,355	14,801	14,113	14,622
Additions	4,304	3,770	4,226	3,579
Disposals	(230)	(491)	(215)	(471)
Depreciation	(3,439)	(3,725)	(3,320)	(3,617)
Reclassification	(240)	-	(240)	-
Carrying amount at end of year	14,750	14,355	14,564	14,113
Leased plant and equipment				
Carrying amount at beginning of year	4,146	1,083	4,146	1,083
Additions	895	5,250	895	5,250
Disposals	-	(1,083)	-	(1,083)
Amortisation	(1,500)	(1,104)	(1,500)	(1,104)
Carrying amount at end of year	3,541	4,146	3,541	4,146
Total property, plant and equipment	463,597	386,840	463,255	386,408
21. Other non-financial assets				
Prepayments	2,370	1,256	2,352	1,227
Accrued income	759	1,884	758	1,884
	3,129	3,140	3,110	3,111

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	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
22. Payables				
Current:				
Trade creditors	12,798	8,144	12,755	8,370
Accrued expenses	1,241	2,603	1,241	2,603
Annual leave on-costs	2,603	2,327	2,603	2,327
Long service leave on-costs	525	411	525	411
	17,167	13,485	17,124	13,711
Non-current:				
Long service leave on-costs	2,548	2,465	2,548	2,465
Non interest bearing liabilities	-	50	-	50
	2,548	2,515	2,548	2,515
23. Interest bearing liabilities				
Current:				
Finance leases	1,353	1,294	1,353	1,294
Non-current:				
Finance leases	2,108	2,800	2,108	2,800
SA Government Financing Authority (SAFA) loan	15,000	15,000	15,000	15,000
	17,108	17,800	17,108	17,800
No assets have been pledged as security.				
24. Provisions				
Current:				
Annual leave	10,517	9,991	10,379	9,825
Long service leave	4,061	3,148	3,960	3,101
Separation scheme	389	144	389	144
Workers' compensation liability	540	591	540	588
	15,507	13,874	15,268	13,658
Non Current:				
Workers' compensation liability	1,870	784	1,870	784
Long service leave	19,230	18,606	19,230	18,606
	21,100	19,390	21,100	19,390



	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
25. Other liabilities				
Current:				
Accrued interest	255	255	255	255
Other	1,560	2,430	681	879
Funds held on behalf of external entities	3,748	2,415	4,230	3,149
	5,563	5,100	5,166	4,283
Income in advance on incomplete projects	2,488	1,435	2,467	1,315
Fees and charges	5,314	4,453	5,314	4,453
Commonwealth payables and grants	583	18,236	583	18,236
HECS recovery	717	379	717	379
	6,614	23,068	6,614	23,068
	14,665	29,603	14,247	28,666

26. Reserves and retained surplus

The University has three reserves. The land and buildings reserve records revaluations in land and buildings, the investment reserve records revaluations in investments, and the art collection revaluation reserve records revaluations in the art collection.

(a) Retained surplus comprise

Opening balance	392,024	378,513	386,570	373,198
Operating result from ordinary activity	13,319	13,511	13,510	13,372
Fair value adjustment to library collection (refer note 1(f))	(3,241)	-	(3,241)	-
Closing balance	402,102	392,024	396,839	386,570

(b) Reserves comprise

Land and buildings	49,885	27,923	49,885	27,923
Art collection	544	-	544	-
Investment revaluation reserve	656	208	164	-
Total reserves	51,085	28,131	50,593	27,923
Total reserves and retained surplus	453,187	420,155	447,432	414,493



	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
26. Reserves and retained surplus (continued)				
(c) Movements in reserves				
Land and buildings				
Opening balance	27,923	7,473	27,923	7,473
Asset revaluation increment	21,962	20,450	21,962	20,450
Closing balance	<u>49,885</u>	<u>27,923</u>	<u>49,885</u>	<u>27,923</u>
Art collection				
Opening balance	-	-	-	-
Asset revaluation increment	544	-	544	-
Closing balance	<u>544</u>	<u>-</u>	<u>544</u>	<u>-</u>
Investment revaluation reserve				
Opening balance	208	42	-	-
Asset revaluation increment	448	166	164	-
Closing balance	<u>656</u>	<u>208</u>	<u>164</u>	<u>-</u>
Total reserves	<u>51,085</u>	<u>28,131</u>	<u>50,593</u>	<u>27,923</u>



27. Financial instruments

27.1 Interest rate risk 2004

The following table sets out the economic entity's exposure to interest rate risk as at 31 December 2004:

	Note	Fixed Interest Rate Maturity				Non interest bearing	Total
		Variable interest rate	Less than 1 year	1 to 5 years	More than 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2004							
Financial assets:							
Cash assets	17	49,882	-	-	-	-	49,882
Receivables	18	-	-	-	-	16,733	16,733
Other financial assets	19	5,449	-	-	-	4,045	9,494
		55,131	-	-	-	20,778	75,909
Weighted average interest rate		5.37%					
Financial liabilities:							
Trade Creditors	22	-	-	-	-	12,798	12,798
Accrued Expenses	22	-	-	-	-	1,241	1,241
Annual Leave and long service leave on-costs	22	-	-	-	-	5,676	5,676
Interest bearing liabilities	23	-	-	15,000	-	-	15,000
Finance lease	23	-	1,353	2,108	-	-	3,461
Funds held on behalf of external entities	25	-	-	-	-	3,748	3,748
		-	1,353	17,108	-	23,463	41,924
Weighted average interest rate			6.57%	9.73%			

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27.2 Interest rate risk 2003

The following table sets out the economic entity's exposure to interest rate risk as at 31 December 2003:

	Note	Variable interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2003							
Financial assets:							
Cash assets	17	103,477	-	-	-	-	103,477
Receivables	18	-	-	-	-	15,150	15,150
Other financial assets	19	5,476	-	-	-	4,033	9,509
		108,953	-	-	-	19,183	128,136
Weighted average interest rate		5.15%					
Financial liabilities:							
Trade Creditors	22	-	-	-	-	8,144	8,144
Accrued Expenses	22	-	-	-	-	2,603	2,603
Annual Leave and long service leave on-costs	22	-	-	-	-	5,203	5,203
Interest bearing liabilities	23	-	-	15,000	-	50	15,050
Finance lease	23	-	1,294	2,800	-	-	4,094
Funds held on behalf of external entities	25	-	-	-	-	2,415	2,415
		-	1,294	17,800	-	18,415	37,509
Weighted average interest rate			7.32%	9.73%			

Currency risk

The University assesses the foreign exchange risk for its transnational activities and for asset acquisitions (library and plant & equipment), and will enter into hedging arrangements if considered appropriate. As at 31 December 2004 the University held US\$0.412 million (2003: US\$0.589 million) and RM\$0.117 million (2003: RM\$0.118 million – Malaysian Ringgit) in foreign currency.

Credit risk

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted.

- **On-balance sheet financial instruments**

The credit risk on financial assets excluding investments of the economic entity which have been recognised in the Statement of Financial Position is the carrying amount net of any provisions for doubtful debts.

The economic entity is not materially exposed to any specific overseas country or individual customer.



Net fair values of financial assets and liabilities

At reporting date the carrying amount of financial assets and liabilities approximates their net fair values, other than the SAFA loans which are carried at cost. The net fair values of the SAFA loans are:

	2004	2004	2003	2003
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Interest Bearing Liabilities	15,000	15,981	15,000	16,402

Listed and unlisted share investments of \$1.834 million Consolidated (\$1.100 million University) and investments in controlled entities of \$1.730 million are carried at fair value.

28. Responsible persons and executive officers

28.1 Responsible persons

The principal governing body of the University is the Council. Council members include University employees who may be ex-officio members or elected staff members. An asterisk indicates University employees.

(i) Names of 2004 Council Members

Mr David Klingberg, AM, Chancellor
 Professor Denise Bradley, AO Vice Chancellor *
 Ms Alice McCleary, Deputy Chancellor
 Dr Patricia Crook, AO (resigned 14 December 2004)
 Ms Jan Lowe
 Mr William Cossey
 Ms Virginia Hickey (resigned 14 December 2004)
 Mr Bruce Linn
 Mr Greg Mackie, OAM
 Ms Jillian Miller
 Mr Ian McLachlan
 Mr Peter Smith
 Mr James Birch
 Associate Professor Kazom Abhary *
 Associate Professor Adrian Vicary *
 Dr Michael Venning *
 Mr Ray Stradwick *
 Ms Liz Stinson *
 Mr Andrew Christie (appointed 1 January 2004)
 Ms Kristen Huynh (appointed 1 January 2004)
 Mr Ryan Manuel (appointed 1 January 2004)

(ii) Remuneration of Council Members

No member of Council received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

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28. Responsible persons and executive officers (continued)

28.2 Executive officers

	Consolidated		University	
	2004	2003	2004	2003
	Number	Number	Number	Number
(a) Executive officers remuneration				
The table comprises total remuneration that falls within the prescribed bandwidths for executives whose total remuneration is over \$100,000:				
110,000 – 119,999	1	-	1	-
130,000 - 139,999	-	1	-	1
140,000 - 149,999	-	1	-	1
200,000 - 209,999	3	2	3	2
210,000 - 219,999	1	3	1	3
230,000 – 239,999	2	1	2	1
240,000 – 249,999	-	1	-	1
250,000 – 259,999	1	-	1	-
260,000 – 269,999	2	-	2	-
410,000 - 419,999	-	1	-	1
450,000 - 459,999	1	-	1	-
	11*	10	11*	10
(b) Aggregate remuneration of executive officers	2,395*	1,931	2,395*	1,931

Executives are defined as the Chief Executive Officer and those staff in a senior line position who report directly to that position. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting period. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

* Additional executive remuneration resulted from the retirement of an executive officer during the 2004 year.

(c) Related party Transactions

There were no related party transactions during the reporting period.

29. Remuneration of auditors

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

	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Assurance Services				
1. Audit services				
Fees paid to the Auditor General's Department:				
Auditing the financial report	186	201	182	198
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the consolidated entity	12	12	-	-
	198	213	182	198



30. Contingent liabilities

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETAPE) on 20 February 1997 to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of \$0.680 million is to be repaid on a pro rata basis reducing to zero after 21 years.

The University has entered into an agreement to develop software based on agreed milestones. If the University causes significant delays according to the milestones, the Commonwealth Government may impose fines up to 10% of the full contract price of \$3.2m.

The University has no other material contingent liabilities.

31. Commitments for expenditure

(a) Capital commitments

Capital expenditure *				
Not later than one year	14,220	72,674	14,220	72,674
Later than one year but not later than five years	3,055	563	3,055	563
Later than five years	-	-	-	-
	<u>17,275</u>	<u>73,237</u>	<u>17,275</u>	<u>73,237</u>

* Relates to Blueprint 2005 capital works, the University's building plan to upgrade its facilities

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	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
31. Commitments for expenditure (continued)				
(b) Lease commitments				
Operating leases				
Not later than one year	3,071	3,429	3,071	3,425
Later than one year but not later than five years	3,843	6,158	3,843	6,158
Later than five years	2,046	3,355	2,046	3,355
	8,960	12,942	8,960	12,938
Finance leases				
Not later than one year	1,847	1,652	1,847	1,652
Later than one year but not later than five years	2,783	3,396	2,783	3,396
Later than five years	-	-	-	-
	4,630	5,048	4,630	5,048
Less future lease finance charges	(1,169)	(954)	(1,169)	(954)
	3,461	4,094	3,461	4,094
Lease liabilities provided for in the financial statements				
Current	1,353	1,294	1,353	1,294
Non-current	2,108	2,800	2,108	2,800
	3,461	4,094	3,461	4,094

Major operating leases include leases for office space and vehicles. The terms of the office space lease agreements include renewal or purchase options ranging between 1 and 5 years. At 31 December 2004 the University had finance leases over computers with a written down value of \$2.713 million and computer pools with a written down value of \$0.828 million.

32. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) 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 for the shortfall in the employer's contribution. The Commonwealth government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State government.



32. Superannuation Plans (continued)

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 2004 to be \$301.4 million (31 December 2003: \$297.1 million). The assessment took into account an actuarial review of the South Australian Superannuation Fund as at 30 June 2001.

The University's liability under the schemas has been partly funded by an amount of \$17.0 million (2003: \$14.9 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$284.4 million (2003: \$282.2 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. 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 DEST Guidelines 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), South Australian Department of Treasury and Finance in determining the University's liability were:

- Rate of increase in the Consumer Price Index (CPI) 2.5% per annum
- Rate of salary increases 4.0% per annum
- Investment earnings 7.5% per annum

These assumptions have not changed since 2001.

These rates provide for a 1.5% real gap between CPI and salary increases and a further 3.5% real gap between salary increases and investment earnings.

(b) UniSuper

The University contributes to the following employee superannuation funds:

(i) *UniSuper defined benefit plan or investment choice plan*

The University contributes to the scheme at a rate double the contributions made by employees. Employees' contributions are normally 7% of their gross salaries. The fund provides defined benefits based on years of service and final average salary or choice of investment funds.

The last actuarial investigation as at 31 December 2002 was conducted by Grant Harslett, FIA, FIAA on 16 May 2003.

A funding and solvency certificate issued by the Actuary on 31 July 2003, required under regulation 9.09(i) of the Superannuation (Supervision) Industry Regulations, has been obtained from UniSuper with a date of effect of 5 November 2004 ceasing on 5 November 2009.

As at 30 June 2004 the University of South Australia's share of the fund as it relates to the defined benefits scheme was:

	2004 \$'000	2003 \$'000
Net market value	96,940	73,962
Accrued benefits	86,128	70,135
Difference (Net market value in excess of accrued benefits)	10,812	3,827
Vested benefits	100,123	83,936

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32. Superannuation plans (continued)

Accrued benefits are calculated as the present value of expected future payments of benefits to members which arise from membership of the fund up to the reporting date, using the actuary's current expectations of earnings of the Fund's assets, future inflation, salary levels and other relevant assumptions. Vested benefits are calculated as the total benefits that would be payable if all members voluntarily left the service of the University on the reporting date. UniSuper advised that, as there are more than 100 participating employers in the Fund, they consider accrued benefits to be the more relevant measure of UniSuper's accrued liability because all members are not expected to voluntarily leave service at one time.

UniSuper as Trustee may approach the employer universities for additional contributions where UniSuper assets are determined to be insufficient to match the benefits. If the Trustee approaches the employers, the employers must jointly notify the Trustee as to the rate at which they are prepared to contribute to UniSuper. If employers fail to give notice to the Trustee, the Trustee must reduce the benefits payable.

(ii) *UniSuper award plus plan*

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 Charge (SGC).

(c) **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 2004, an amount of \$2.2 million was brought to account to reflect the increase in the net unfunded past service cost for State superannuation (2003: an increase of \$4.9 million).

	2004 \$'000	2003 \$'000
Deferred government superannuation contribution at the beginning of the year	282,200	277,300
Increase/(decrease) in amount owing for unfunded liability	2,200	4,900
Deferred government superannuation contribution at the end of the year	284,400	282,200
Comprising:		
• Current asset	26,200	24,800
• Non-current asset	258,200	257,400
	284,400	282,200

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33. Investments in controlled entities

The University has 100% ownership of three controlled entities:

(a) **ITEK Pty Ltd**

ITEK Pty Ltd was formed on 1 July 1999. ITEK Pty Ltd is trustee for the ITEK trust and has a 100% controlling interest in GTA Pty Ltd which is trustee for the GTA trust. The ITEK trust provides the University with business incubation and technology commercialisation services. ITEK's role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

(b) **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 seeks 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 donations and bequests received are wholly used for the intended purpose.

Due to changes in tax law governing charities that comes into effect on 1 July 2005 the Foundation will no longer qualify as a tax exempt charity. As the University will continue to qualify as a tax exempt body it will be necessary to bring the activities of Foundation into the University as of 1 July 2005.

(c) **Knowledge South Pty Ltd**

Knowledge South Pty Ltd is a company wholly owned by the University of South Australia. It is the commercial entity for the development, marketing and implementation of the University's portal and online learning. Its purpose is to provide e-learning and website development services.

**34. Investments in associates**

The University also has an interest in Unisure Pty Ltd as described below.

Unisure Pty Ltd

The University of South Australia is a shareholder along with the University of Adelaide and the Flinders University of South Australia in Unisure Pty Ltd (each with 33.33% interest) which manages workers' compensation claims on behalf of the three institutions. Unisure Pty Ltd is the trustee of the Unisure Unit Trust which holds the University's workers' compensation liabilities and the associated investment funds. As at 31 December 2004 the Unit Trust held net assets of \$3.039 million on behalf of the University of South Australia (2003: \$4.104 million).

The University's annual financial statements incorporate the financial transactions of the Unisure Unit Trust within the University column. The net assets employed in Unisure are as follows.

	University	
	2004 \$'000	2003 \$'000
Current assets	631	583
Non-current assets	4,818	4,893
Total Assets	5,449	5,476
Current liabilities	540	588
Non-current liabilities	1,870	784
Total Liabilities	2,410	1,372
Net Assets	3,039	4,104

35. Interests in joint ventures**(a) Mawson centre building – Joint Venture Operation**

The University together with the City of Salisbury, the Land Management Corporation, Delfin Lend Lease and the Department of Education and Children's Services (DECS) entered into an agreement in 2003 to design, develop, construct and eventually operate the Mawson Centre at Mawson Lakes. This multi-purpose community centre will assist in meeting the cultural, entertainment, recreational and educational needs of the Mawson Lakes residents, employees and adjacent community. The University has a 63% share of the joint venture and management responsibility for the centre, with the City of Salisbury holding a 19% share and DECS holding an 18% share.

As at 31 December 2004, the University's share of the Mawson Centre development totalled \$4.073 million (2003: 0.509 million). This amount is reported in the value for buildings under construction in property, plant and equipment (refer note 20). The advance contributions from the joint venturers total \$0.580 million (2003: \$0.008 million receivable) and are reported under payables (refer note 22).

(b) Other joint venture operations

The University's interests in other joint venture operations are as follows:

	Reporting date	Output Interest	
		2004	2003
SPRI (Building)	30 June	30%	30%
SAPAC	30 June	20%	20%



(b) Other joint venture operations (continued)

(i) Signal Processing Research Institute (SPRI) Building

The University and the Technology Development Corporation (subsumed by the MFP Development Corporation and subsequently the Land Management Corporation) entered into an agreement in 1991 to establish a building to house the SPRI at Mawson Lakes. 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 Land Management Corporation holding the remaining 70% share. In 2004 the building was independently re-valued and the University's 30% share of the asset's carrying amount (\$1.940 million) is included in Buildings. The University's share of this joint venture's operations have not been included in the consolidated report due to them being immaterial in relation to the University's activities.

(ii) South Australian Partnership for Advanced Computing (SAPAC)

SAPAC is a joint venture of the three South Australian universities and its mission is to act as a point of focus for the support of advanced, high-performance and grid computing in Australia.

(c) Joint venture entities

The University has an interest in a number of joint venture entities as described below. The University's interest in these joint ventures are not considered to be material in relation to the University's core activities. Consequently, they have not been taken up in the accounts on an equity basis as per the Australian Accounting Standard AASB 1006 *Interest in Joint Ventures*.

Entity (refer below)	Reporting Date	Ownership Interest	
		2004	2003
(a) CIEAM	30 June	11.39%	11.39%
(b) CRCIF	30 June	N/A	N/A
(c) CRCIMST	30 June	8%	8%
(d) RAIL CRC	30 June	11.78%	8.3%
(e) CRCSS	30 June	26%	28%
(f) CRCST	30 June	5%	5%
(g) CSSIP	30 June	5.2%	5.2%
(h) CWQT	30 June	4.21%	5%
(i) DK-CRC	30 June	4.6%	4.6%
(j) DSTC Pty Ltd	30 June	9.09%	8.3%
(k) SACITT	31 December	33.3%	33.3%
(l) SACRRH	31 December	50%	50%
(m) SATAC	30 June	25%	25%

(a) Co-operative Research Centre for Integrated Engineering Asset Management (CIEAM)

The CIEAM is a national co-operative research centre which involves a multidisciplinary team of Australia's leading researchers in engineering, IT, business and humanities, and six major industry partners in a novel, coordinated and comprehensive approach to the maintenance of Australia's national engineering infrastructure. It will be a leading international research centre focusing on innovative industry directed R&D, education and commercialisation in an integrated approach to life-cycle physical asset management to meet present and future needs to ensure international competitiveness and sustainability of Australian industry.

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35. Interests in joint ventures (continued)

(b) Co-operative Research Centre for Irrigation Futures (CRCIF)

The CRCIF is a national co-operative research centre. Its goals are to double profitability and halve water use of Australian irrigation. It also intends to define and promote sustainable irrigation areas and practices.

(c) Co-operative Research Centre for Intelligent Manufacturing Systems and Technologies (CRCIMST)

The CRCIMST is a national co-operative research centre. Its purpose is to establish a world class research centre with representation from both industry and universities in areas of research to provide a technology base for the sustainable development in Australia of internationally competitive manufacturing.

(d) Co-operative Research Centre for Railway Engineering and Technologies (RAIL CRC)

The CRCRET is a national co-operative research centre. Its purpose is to promote the development of an internationally competitive, efficient and sustainable rail service to facilitate the development of an Australian export industry in railway technologies.

(e) Co-operative Research Centre for Satellite Systems (CRCSS)

The CRCSS is a national co-operative research centre. Its mission is to deliver a new sustainable advantage for Australian industries and government agencies involved in services based on the applications of future generations of small satellites.

(f) Co-operative Research Centre for Sustainable Tourism Pty Ltd (CRCST Pty Ltd)

The CRCST is a national co-operative research centre. It focuses on developing a dynamic, internationally competitive and sustainable tourism industry, through delivering innovations and strategic knowledge to business, community and government to enhance the environmental, economic and social sustainability of tourism.

(g) Co-operative Research Centre for Sensor Signal and Information Processing (CSSIP)

The CSSIP is a national co-operative research centre. Its purpose is to provide research and postgraduate education in signal and information processing for sensors.

(h) Centre for Water Quality and Treatment (CWQT)

The CWQT is a national co-operative 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.

(i) Desert Knowledge Co-operative Research Centre (DK-CRC)

The DK-CRC is a national co-operative research centre. Its purpose is to develop and disseminate an understanding of sustainable living in remote desert environments, delivering enduring regional economies and livelihoods based on Desert Knowledge, and creating the networks to market this knowledge in other desert lands.

(j) CRC for Enterprise Distributed Systems Technologies (DSTC Pty Ltd)

DSTC is a national co-operative research centre. Its purpose is to achieve fundamental improvements in Australian organisational competitiveness and efficiency through conducting and exploiting research into enterprise distributed systems.



35. Interests in joint ventures (continued)

(k) **South Australian Consortium for Information Technology and Telecommunications (SACITT)**

SACITT brings together the three universities of SA and is supported by an Advisory Board comprising industry and government representatives. Its purposes are to establish SA as an international centre for IT&T research and academic excellence, to create a single point of focus for marketing the state as centre for IT&T research and academic excellence, to create a forum for information sharing and collaboration, to coordinate future IT&T research demands by SA industry, and to enable the three universities to plan jointly for education provision in IT&T through advice to the South Australian Vice-Chancellors Committee. The final composition of the joint venture has not been established as at the reporting date.

(l) **South Australian Centre for Rural and Remote Health (SACRRH)**

The University of South Australia and the University of Adelaide have been chosen by the Commonwealth to establish a University Department of Rural Health, known as SACRRH and located at the University of South Australia, Whyalla campus. The aim of the Centre is to improve access to appropriate health care services for rural and remote communities.

(m) **South Australian Tertiary Admissions Centre (SATAC)**

SATAC is a joint venture of the three South Australian universities and the Minister for Education Training and Employment. SATAC receives and processes undergraduate and postgraduate applications for admission to the eight Institutes of TAFE and the three universities in South Australia.

36. **Events occurring after the reporting date**

On 23 March 2005 the University entered into a contract to purchase an office building, which it currently partially tenants, located at 160 Curric Street, Adelaide. The price of this acquisition was \$6.000 million and the transaction is expected to settle on 24 June 2005.

Since year end the University has obtained approval to commence construction of a building, on land located at its City West campus, with an estimated total cost of \$35.000 million. In April 2005 the University appointed a Managing Contractor to assist with the building construction.

Other than noted above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, event of a material or unusual nature likely to affect significantly the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

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37. Reconciliation of operating result from ordinary activities after income tax to net cash inflow from operating activities

(a) Reconciliation of cash

	Consolidated		University	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Operating result from ordinary activities	13,319	13,511	13,510	13,372
Add/(less) items classified as investing activities:				
• (Profit)/loss on sale of plant and equipment	(10)	354	(13)	356
Add/(less) non-cash items				
• Depreciation and amortisation	19,567	23,214	19,390	23,079
• Non cash donations	(1,054)	(62)	(1,054)	(62)
• Non cash investments	-	-	(155)	-
• Loss on sale of investment	70	-	-	-
• Revaluation expense	390	-	164	-
• Art collection	630	-	630	-
• Capital assets	(1,144)	-	(1,126)	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	(1,583)	(1,787)	(2,138)	(1,594)
(Increase)/decrease in other assets	26	(2,638)	(701)	(1,876)
Increase/(decrease) in payables	3,715	(26)	3,446	276
Increase/(decrease) in provisions	3,343	3,950	3,320	3,892
Increase/(decrease) in other liabilities	(14,938)	4,854	(14,419)	4,503
Net cash provided by operating activities	22,331	41,370	20,854	41,946

(b) Non cash financing and investing activities

The University recorded in the reporting period donations of works of art and library materials with a fair value of \$1.054 million (2003: \$0.062 million). These non-cash acquisitions are not reflected in the Statement of Cash Flows.

(c) Credit standby arrangements

The University has a \$5.0 million (2003: \$5.0 million) credit card facility with the National Australia Bank (NAB). The unused portion of this facility as at 31 December 2004 was \$4.316 million (2003: \$4.431 million).

The University has a \$0.950 million credit card facility with AMEX (2003: \$0.855 million). The unused portion of this facility as at 31 December 2004 was \$0.667 million (2003: \$0.854 million).

The University has a \$0.200 million (2003: \$0.200 million) documentary letter of credit facility with the NAB to allow issue of Letters of Credit. The unused portion of this facility as at 31 December 2004 was \$0.200 million (2003: \$0.200 million).

The University has a pre-approved lease / lease purchase limit of \$2.0 million (2003: \$2.0 million) with the NAB for the funding of lease able equipment. The unused portion of this facility as at 31 December 2004 was \$2.0 million (2003: \$2.0 million).

The University has a pre-approved IT lease facility limit of \$5.0 million (2003: nil) with the Commonwealth Bank to assist with the purchase of IT equipment. The unused portion of this facility as at 31 December 2004 was \$4.775 million (2003: nil).



37. Reconciliation of operating result from ordinary activities after income tax to net cash inflow from operating activities (continued)

(d) Loan Facilities

The University has \$15.0 million of borrowings remaining at 31 December 2004 from a loan facility with the South Australian Government Financing Authority (SAFA). No security is provided against the borrowings.

The University has a \$25.0 million facility and a \$10.0 million standby facility with the NAB for financing the Blueprint capital program. The unused portion of these facilities as at 31 December 2004 were \$25.0 million and \$10.0 million respectively.

38. Assets and liabilities of trusts for which the institution is trustee

Within the controlled group, the University of South Australia Foundation Inc is trustee or custodian for the following trusts:

- Aborigines Advancement League;
- KM Bodnar
- Constance Gordon-Johnson Fund;
- Davy Scholarship;
- Donald Dyer Scholarship;
- Lydia Longmore Memorial Fund;
- PW Stephens Engineering Prize;
- Sansom Pharmacy Trust; and
- William T Southcott Scholarship.

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39. Acquittal of Commonwealth government financial assistance

39.1 Teaching and learning

	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Grant	107,015	108,776	-	1,421	107,015	110,197		
Capital Development Pool	13,527	5,288	-	-	13,527	5,288		
Revenue for the period	120,542	114,064	-	1,421	120,542	115,485		
Surplus/(deficit) from the previous year	647	264	1,437	154	2,084	418		
Total revenue including accrued revenue less expenses including accrued expenses	121,189	114,328	1,437	1,575	122,626	115,903		
	(119,575)	(113,681)	(1,390)	(138)	(120,965)	(113,819)		
Surplus/(deficit) for reporting period	1,614	647	47	1,437	1,661	2,084		

39.2 HECS and other Commonwealth loan programmes

	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HECS	58,210	58,935	2,807	2,060	13	-	61,030	60,995
PELS	4,839	4,444	(471)	162	-	-	4,368	4,606
BOTPLS	63,049	63,379	2,336	2,222	13	-	65,398	65,601
Financial assistance received in cash during reporting period								
Net accrual adjustments								
Revenue for the period								
Surplus/(deficit) from the previous year								
Total revenue including accrued revenue less expenses including accrued expenses	63,049	63,379	2,336	2,222	13	-	65,398	65,601
	(63,049)	(63,379)	(2,336)	(2,222)	(13)	-	(65,398)	(65,601)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-

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39.3 Scholarships

	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Australian Postgraduate Awards Pre 2002	Australian Postgraduate Awards Post 2002	Australian Postgraduate Awards Post 2002	Australian Postgraduate Awards Post 2002	International Postgraduate Research Scholarships	International Postgraduate Research Scholarships	International Postgraduate Research Scholarships	Commonwealth Education Costs Scholarships
Financial assistance received in cash during reporting period	208	564	1,314	924	298	288	204	-
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	208	564	1,314	924	298	288	204	-
Surplus/(deficit) from the previous year	102	21	101	-	-	-	-	-
Total revenue including accrued revenue	308	585	1,415	924	298	288	204	-
less expenses including accrued expenses	(178)	(483)	(1,171)	(823)	(263)	(288)	(191)	-
Surplus/(deficit) for reporting period	130	102	244	101	35	-	13	-

2004	2003	2004	2003
\$'000	\$'000	\$'000	\$'000
Commonwealth Accommodation Scholarships	396	-	2,418
	-	-	1,776
Revenue for the period	396	2,418	1,776

2004	2003	2004	2003
\$'000	\$'000	\$'000	\$'000
Commonwealth Accommodation Scholarships	396	-	2,418
	-	-	1,776
Revenue for the period	396	2,418	1,776

Financial assistance received in cash during reporting period

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

less expenses including accrued expenses

Surplus/(deficit) for reporting period

2004



39.5 Australian Research Council Grants (continued)

(b) Linkages (continued)

Financial assistance received in cash during reporting period

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenues

less expenses including accrued expenses

Surplus/(deficit) for reporting period

	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Research Networks	150	-	732	752	3,606	3,211
	-	-	113	-	327	(49)
	150	-	845	752	3,935	3,162
Centres	-	-	193	103	1,270	1,102
	150	-	1,038	855	5,205	4,264
	-	-	(788)	(662)	(3,525)	(2,994)
	150	-	250	193	1,680	1,270
Total						



39.6 Summary of Unspent Financial Assistance

	Amount of unspent grant as at 31 December 2004 \$'000	Amount of unspent grant that it is more likely to be approved by the Commonwealth for carry forward \$'000	Amount of unspent grant that it is more likely to be recovered by the Commonwealth \$'000
Operating grant:			
• HEIP – Chair in child protection	1,309	1,309	-
• HEIMS innovation programme	77	77	-
• Regional disability liaison officer	83	83	-
• Student disability educational support	22	22	-
• Teaching awards	55	55	-
• 2003 equity programme	68	68	-
	1,614	1,614	-
Capital development pool	47	31	16
	47	31	16
Scholarships:			
• Australian postgraduate awards pre 2002	130	130	-
• Australian postgraduate awards post 2002	244	244	-
• International postgraduate research scholarships	35	35	-
• Commonwealth education costs scholarships	13	13	-
• Commonwealth accommodation scholarships	8	8	-
	430	430	-
ARC research grants - discovery:			
• Projects	942	942	-
	942	942	-
ARC research grants - linkages:			
• Special research initiatives	8	8	-
• Infrastructure	122	122	-
• International	44	44	-
• Projects	1,106	1,098	8
• Research networks	150	150	-
• Centres	250	250	-
	1,680	1,672	8
	4,713	4,689	24

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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 report of the University of South Australia for the financial year ended 31 December 2004. The financial report comprises:

- A Statement of Financial Performance;
- 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 report includes the consolidated financial statements 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 University Council are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on it 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 that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Funding Act 1998*, Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with my understanding of the University of South Australia's and of the economic entity's financial position, their financial performance and their cash flows.

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

QUALIFICATION

The University has recognised Commonwealth Government Grants of \$18.2 million received in 2003 as revenue in 2004. In 2003, the University reported this amount as part of Other Liabilities in Note 25 to the financial statements (Commonwealth Grants) representing revenue received in advance.

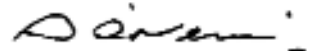
The 2001 Department of Education, Science and Training (DEST) Guidelines were changed to remove the requirement to account for the advance grant as a liability. As a result, the requirements of Australian Accounting Standard AASB 1004 'Revenue' became applicable for the first time in 2001. The Commonwealth Operating grant received from DEST is considered to be a non-reciprocal transfer and as a consequence the University has control of the funds upon receipt. In accordance with AASB 1004 'Revenue', the advance grant should have been recognised as revenue in the year of receipt.

As a result, the revenue received under the *Higher Education Funding Act 1988* recognised in Commonwealth Government Financial Assistance - Commonwealth Government Grants and the Operating Result From Ordinary Activities are both overstated by \$18.2 million (\$3.1 million in 2003).

In 2004 DEST changed its payment arrangements whereby all recurrent payments in respect of a grant year will be made in that year. The first payment of the 2005 grant year was made in January 2005 instead of December 2004. As a result, the Retained Surplus is correctly stated as at 31 December 2004 (understated by \$18.2 million in 2003). The Current Liabilities - Other was also correctly stated as at 31 December 2004 (overstated by \$18.2 million in 2003). The University has disclosed its accounting treatment of the operating grant received from DEST in Note 1(d) to the financial statements.

QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial report of the matter referred to in the qualification paragraphs, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Funding Act 1988*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the University of South Australia and of the economic entity as at 31 December 2004, their financial performance and their cash flows for the year then ended.



16 June 2005

S O'NEILL
DEPUTY AUDITOR-GENERAL



University of South Australia

CERTIFICATE

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2004**

To the best of our knowledge and belief:

- the financial statements present fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the University as at 31 December 2004 and the result of its operations and its cash flows for the year then ended;
- at the time of the certificate there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- the amount of Commonwealth financial assistance expended during the reporting period was for the purpose(s) for which it was provided; and
- that internal controls over financial reporting have been effective throughout the reporting period.

Handwritten signature of Mr David Klingberg in black ink.

**Mr David Klingberg
Chancellor**

14 16/2005

Handwritten signature of Professor Denise Bradley, AO in black ink.

**Professor Denise Bradley, AO
Vice Chancellor and President**

14 16/2005

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