



UniSA Experience. The Difference.

# Financial Statements 2007





## University of South Australia

### Report by the Members of the University Council

Members of the University Council present their report on the Consolidated Entity consisting of the University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2007.

#### 2007 Council Members

The following persons were members of the University Council during the whole of the year and up to the date of this report (unless otherwise noted) (an asterisk\* indicates University employees):

Mr David Klingberg, AM, Chancellor  
Professor Peter Høj\*, Vice Chancellor (commenced June 2007)  
Ms Alice McCleary, Deputy Chancellor  
Professor Denise Bradley\*, AC (resigned May 2007)  
Mr William Cossey, AM  
Associate Professor Ingrid Day\* (term commenced January 2007)  
Mr Terry Evans  
Ms Kath Higgins\*  
Ms Kerryne Liddle (resigned January 2008)  
Mr Bruce Linn  
Dr Adele Lloyd  
Ms Jan Lowe  
Mr Finn McCarthy-Adams (term commenced February 2007, term expired 31 December 2007)  
Mr Jim McDowell (term commenced April 2007)  
Mr Ian McLachlan  
Ms Heather Ryland\* (term expired 31 December 2007)  
Ms Anne Skipper, AM (term commenced April 2007)  
Mr Peter Smith, Pro Chancellor  
Dr Sue Vardon, AO  
Ms Dhivya Venugopal (term commenced February 2007, resigned July 2007)  
Dr Michael Venning\*  
Associate Professor Adrian Vicary\*

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

#### Changes in Council Membership since 31 December 2007

The following persons became members of the University Council in 2008 and are members up to the date of this report (an asterisk\* indicates a University employee):

Ms Raelene Barclay*	Term commenced in January 2008
Mr George Jacob	Term commenced in January 2008
Mr Prashant Joshi	Term commenced in January 2008
Mr James Wangmann	Term commenced in January 2008

## Meetings of Members of the University Council

The numbers of meetings of the University Council and of each Council committee held during the year ended 31 December 2007, and the numbers of meetings attended by each member were:

A = Number of meetings attended. B = Number of meetings held during the time the member held office or was a member of the committee during the year.

Member of Council	Council Meetings		Meetings of Council Committees													
	Academic Board		Audit & Risk Management		Finance		Immediate Business		Senior Promotions		Senior Remuneration		Foundation		Governance Legislation	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mr David Klingberg	6	7					12	12			2	2			2	2
Professor Peter Høj	5	5	5	6			8	8	5	5	1	1			2	2
Professor Denise Bradley	2	2	1	3			4	4			1	1				
Ms Alice McCleary	7	7					12	12			2	2	4	4	2	2
Mr William Cossey	6	7													2	2
Assoc Prof Ingrid Day	5	7													2	2
Mr Terry Evans	6	7			4	4										
Ms Kath Higgins	6	7					12	12							1	2
Ms Kerryne Liddle	1	7														
Mr Bruce Linn	6	7							4	4				4		
Dr Adele Lloyd	6	7														
Ms Jan Lowe	6	7											5	5	2	2
Mr Finn McCarthy-Adams	5	7	3	9												
Mr Jim McDowell	4	7														
Mr Ian McLachlan	6	7			4	4			3	4						
Ms Heather Ryland	4	7														
Mr Peter Smith	7	7														
Ms Anne Skipper	4	7														
Ms Sue Vardon	3	7														
Ms Dhivya Venugopal	0	3			3	4										
Dr Michael Venning	7	7					12	12								
Assoc Prof Adrian Vicary	6	7	8	9												

## **Principal Activities**

The principal continuing activities of the Consolidated Entity are:

- To preserve, extend and disseminate knowledge through teaching, research, scholarship, consultancy or any other means;
- To provide tertiary education in such disciplines and areas of study as the University thinks appropriate to meet the needs of industry, commerce, the professions or any other section of the community;
- To provide such tertiary education programs as the University thinks appropriate to meet the needs of Indigenous people;
- To provide such tertiary education programs as the University thinks appropriate to meet the needs of groups within the community that the University considers have suffered disadvantages in education;
- To provide educational programmes for the benefit of the wider community or programmes for the enhancement of the diverse cultural life of the community, as the University thinks fit; and
- To foster and further an active corporate life within the University.

There were no significant changes in the nature of the activities of the Consolidated Entity during the 2007 year.

## **Review of Operations**

The 2007 consolidated surplus was \$24.4 million (2006: \$30.5m). The surplus resulted in a safety margin (operating surplus as a percentage of revenue) of 6.1% (2006: 8.3%), which is considered satisfactory for a 'not for profit' institution. Revenue (before the superannuation supplementation) grew by 8.1% to \$399.0 million. Revenue from fee-paying education services grew by \$8.2 million (10.4%), with the main area of growth being on-shore fee-paying overseas student revenue which was up \$6.1 million.

The University's consolidated financial position remained sound during the 2007 year with cash balances being \$77.9 million at year end (2006: \$72.5 million). Consolidated cash flows from operating activities in 2007 were \$52.7 million (2006: \$53.6m). Cash out flows from Financing Activities were \$15.2 million lower than 2006, which included the repayment of \$15.0 million in SA Government Financing Authority (SAFA) loans.

## **Changes in State of Affairs**

In the opinion of the members of the University Council there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the 2007 year not otherwise disclosed in this report or elsewhere in the annual report.

## **Subsequent Events**

There has not arisen in the interval between the end of the 2007 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the University Council, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

## Likely Developments and Expected Result of Operations

The Consolidated Entity will continue to pursue its principal activities while maintaining its financial sustainability. The University is currently undertaking a program of capital works to support growth in research and to enhance the student campus experience.

## Environmental Regulation

The Consolidated Entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The significant environmental regulations applying to the Consolidated Entity are Dangerous Substance Act (1979), Radiation Protection and Control Act (1982) and the Environmental Protection Act (1993).

University Council members are not aware of any significant breaches during the period covered by this report.

## Insurance of Officers

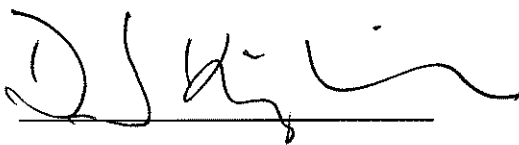
The University has paid insurance premiums in respect to Directors and Officers liability, Directors and Officers supplementary legal expenses and statutory liability, for current and former members of University Council and officers.

Directors and Officers liability insurance does not cover acts that are fraudulent, dishonest or criminal. Statutory liability insurance does not cover breaches that are wilful, intentional or deliberate.

## Legal Proceedings on Behalf of the Consolidated Entity

There are no legal proceedings on behalf of the Consolidated Entity that have arisen during the 2007 year or subsequent to year end that affect significantly the operations of the Consolidated Entity.

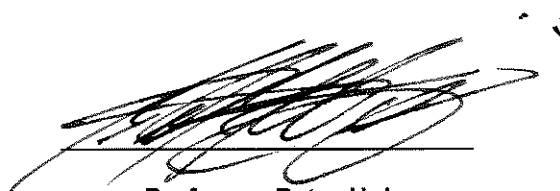
This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 15<sup>th</sup> May 2008.



**Mr David Klingberg, AM**

**Chancellor**

**15<sup>th</sup> May 2008**



**Professor Peter Høj**

**Vice Chancellor and President**

**15<sup>th</sup> May 2008**



## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Revenue from continuing operations</b>					
Australian Government financial assistance					
Australian Government grants	3, 41	165,634	153,554	165,634	153,554
HECS-HELP Australian Government payments	3, 41	68,152	64,353	68,152	64,353
FEE-HELP	3, 41	4,527	3,448	4,527	3,448
State and Local Government financial assistance	4	9,676	8,833	9,676	8,833
HECS-HELP Student payments		11,776	12,129	11,776	12,129
Fees and charges	5	86,826	78,658	86,826	78,658
Investment income	6	6,839	6,276	7,676	7,218
Royalties		591	646	534	504
Consultancy and contract research	7	23,274	18,130	23,400	18,234
Other revenue	8	21,687	23,223	14,259	16,230
		<b>398,982</b>	<b>369,250</b>	<b>392,460</b>	<b>363,161</b>
Superannuation:					
Commonwealth supplementation	3, 32	22,074	22,671	22,074	22,671
Deferred Government contributions	32	(8,700)	-	(8,700)	-
<b>Total revenue from continuing operations</b>		<b>412,356</b>	<b>391,921</b>	<b>405,834</b>	<b>385,832</b>
Other income/(loss)	9	(349)	(346)	(347)	(332)
<b>Total income</b>		<b>412,007</b>	<b>391,575</b>	<b>405,487</b>	<b>385,500</b>
<b>Expenses from continuing operations</b>					
Employee benefits and on-costs	10	235,085	208,759	230,751	205,204
Depreciation and amortisation	11	23,453	21,054	23,260	20,902
Repairs and maintenance	12	6,756	8,402	6,740	8,382
Finance costs	13	40	612	40	612
Bad and doubtful debts	14	(457)	1,055	(457)	1,055
Other expenses	15	109,372	98,266	107,316	96,378
		<b>374,249</b>	<b>338,148</b>	<b>367,650</b>	<b>332,533</b>
Superannuation:					
Commonwealth supplementation	10, 32	22,074	22,671	22,074	22,671
Deferred employee benefits	32	(8,700)	-	(8,700)	-
<b>Total expenses from continuing operations</b>		<b>387,623</b>	<b>360,819</b>	<b>381,024</b>	<b>355,204</b>
<b>Operating result before income tax</b>		<b>24,384</b>	<b>30,756</b>	<b>24,463</b>	<b>30,296</b>
Income tax expense		-	216	-	216
<b>Operating result after income tax for the year attributable to the members of the University of South Australia</b>		<b>24,384</b>	<b>30,540</b>	<b>24,463</b>	<b>30,080</b>

The above Income Statement should be read in conjunction with the accompanying notes.



## BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	16	77,933	72,479	75,698	69,804
Receivables	17	23,356	21,769	21,885	20,600
Other financial assets	19	420	492	420	492
Other non-financial assets	22	7,350	6,877	7,333	6,852
Deferred Government superannuation contribution	32	24,600	26,200	24,600	26,200
<b>Total Current Assets</b>		<b>133,659</b>	<b>127,817</b>	<b>129,936</b>	<b>123,948</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	19	9,571	9,313	10,291	10,069
Property, plant and equipment	20	572,732	480,284	572,333	479,901
Intangible assets	21	2,378	948	2,378	948
Deferred Government superannuation contribution	32	275,300	282,400	275,300	282,400
<b>Total Non-Current Assets</b>		<b>859,981</b>	<b>772,945</b>	<b>860,302</b>	<b>773,318</b>
<b>Total Assets</b>		<b>993,640</b>	<b>900,762</b>	<b>990,238</b>	<b>897,266</b>
<b>CURRENT LIABILITIES</b>					
Payables	23	19,496	15,730	19,058	15,297
Borrowings	24	-	1,005	-	1,005
Provisions	25	16,479	16,688	16,139	16,345
Other liabilities	26	22,704	24,447	22,926	24,652
Income tax payable		632	995	632	995
Provision for superannuation	32	24,600	26,200	24,600	26,200
<b>Total Current Liabilities</b>		<b>83,911</b>	<b>85,065</b>	<b>83,355</b>	<b>84,494</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	23	3,918	3,211	3,918	3,211
Provisions	25	28,377	23,933	28,377	23,933
Provision for superannuation	32	275,300	282,400	275,300	282,400
<b>Total Non-Current Liabilities</b>		<b>307,595</b>	<b>309,544</b>	<b>307,595</b>	<b>309,544</b>
<b>Total Liabilities</b>		<b>391,506</b>	<b>394,609</b>	<b>390,950</b>	<b>394,038</b>
<b>Net Assets</b>		<b>602,134</b>	<b>506,153</b>	<b>599,288</b>	<b>503,228</b>
<b>EQUITY</b>					
Reserves	27(a)	127,983	56,386	127,983	56,386
Retained surplus	27(b)	474,151	449,767	471,305	446,842
<b>Total Equity</b>		<b>602,134</b>	<b>506,153</b>	<b>599,288</b>	<b>503,228</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Total equity at the beginning of the financial year</b>		<b>506,153</b>	<b>474,707</b>	<b>503,228</b>	<b>472,242</b>
Property, plant and equipment revaluation reserve:					
Gain on revaluation of land and buildings	27(a)	70,203	-	70,203	-
Gain/(Loss) on revaluation of library	27(a)	940	669	940	669
Available-for-sale investments reserve:					
Gain on revaluation Available-for-sale financial assets	27(a)	454	237	454	237
<b>Net income recognised directly in equity</b>		<b>71,597</b>	<b>906</b>	<b>71,597</b>	<b>906</b>
<b>Operating result for the year</b>		<b>24,384</b>	<b>30,540</b>	<b>24,463</b>	<b>30,080</b>
<b>Total recognised income and expense for the year</b>		<b>95,981</b>	<b>31,446</b>	<b>96,060</b>	<b>30,986</b>
<b>Total equity at the end of the financial year</b>		<b>602,134</b>	<b>506,153</b>	<b>599,288</b>	<b>503,228</b>
<b>Total recognised income and expense for the year attributable to the University of South Australia</b>		<b>95,981</b>	<b>31,446</b>	<b>96,060</b>	<b>30,986</b>

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Inflows:					
Australian Government Grants received	3	262,484	244,930	262,484	244,930
State and Local Government grants		10,704	7,803	10,704	7,803
HECS-HELP - Student payments		12,284	12,040	12,284	12,040
Receipts from student fees and other customers		92,556	89,776	91,813	89,776
Dividends received		343	252	1,352	1,358
Interest received		6,201	6,077	6,029	5,913
Royalties		591	1,080	534	938
Consultancy and contract research		22,111	15,658	22,540	15,750
Other receipts		21,416	22,765	13,990	15,770
Taxes recovered (GST)		5,772	6,201	6,247	6,201
Outflows:					
Payments to suppliers and employees (inclusive of GST)		(381,678)	(352,107)	(375,099)	(346,896)
Interest paid		(40)	(867)	(40)	(867)
<b>Net Cash Inflow from Operating Activities</b>	37	<b>52,744</b>	<b>53,608</b>	<b>52,838</b>	<b>52,716</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Inflows:					
Proceeds from sale of property, plant and equipment		119	91	119	91
Proceeds from sale of investments		314	303	260	303
Outflows:					
Payments for property, plant and equipment		(45,599)	(45,328)	(45,389)	(45,026)
Payments for investments		(1,119)	(1,136)	(929)	(996)
<b>Net Cash Outflow from Investing Activities</b>		<b>(46,285)</b>	<b>(46,070)</b>	<b>(45,939)</b>	<b>(45,628)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Outflows:					
Principal repayments under finance lease		(1,005)	(1,169)	(1,005)	(1,169)
Repayment of borrowings		-	(15,000)	-	(15,000)
<b>Net Cash Outflow from Financing Activities</b>		<b>(1,005)</b>	<b>(16,169)</b>	<b>(1,005)</b>	<b>(16,169)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>5,454</b>	<b>(8,631)</b>	<b>5,894</b>	<b>(9,081)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>72,479</b>	<b>81,110</b>	<b>69,804</b>	<b>78,885</b>
<b>Cash and Cash Equivalents at End of Year</b>	16	<b>77,933</b>	<b>72,479</b>	<b>75,698</b>	<b>69,804</b>

Non-cash investing and financing activities – refer to Note 38.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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## 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the University of South Australia (the University) as an individual entity and the Consolidated Entity consisting of the University and its subsidiaries.

### (a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with applicable Australian Accounting Standards (AASB), AASB Interpretations and the Department of Education, Employment and Workplace Relations (DEEWR) requirements.

Except where in conflict with the DEEWR requirements, the financial report is prepared in accordance with the South Australian Treasurer's Instructions and Accounting Policy Statements issued under the provisions of the Public Finance and Audit Act 1987.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars and presented in Australian currency.

#### *Historical cost convention*

The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain assets and liabilities that were valued in accordance with the applicable valuation policy.

#### *Critical accounting estimates*

Compliance with AASB requires certain critical accounting estimates and assumptions to be applied in preparing the financial statements. Further, it requires management to exercise judgement in applying the University's accounting policies. Management's judgement is based on estimates and associated assumptions which are supported by historical experience and other reasonable factors.

The areas involving a high degree of judgement where assumptions and estimates are significant to the financial statements are superannuation receivable and provision, valuation and depreciation of property, plant and equipment and long service leave. Further details are disclosed in the relevant notes to the financial statements.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period which it effects. If the revision affects both current and future periods, the revision is recognised in the period of the revision and future periods.

### (b) Principles of consolidation

#### (i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2007 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Details of subsidiaries are set out in Note 33.



**(ii) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

With the exception of Unisure Pty Ltd, the Group has no material investments in associates. The investment in Unisure Pty Ltd has not been accounted for using the equity method however the University has incorporated its share of the year end balances and the financial transactions of the Unisure Unit Trust within the Group.

Details of associates are set out in Note 34.

**(iii) Joint venture operations**

If material, the proportionate interests in the assets, liabilities and expenses of a joint venture operation are incorporated in the financial statements under the appropriate headings.

Details of joint venture operations are set out in Note 35. The University's interests in these joint ventures are not considered to be material to the University's core activities.

**(iv) Joint venture entities**

If material, the interest in a joint venture entity are accounted for in the consolidated financial statements using the equity method and are carried at cost by the University.

Under the equity method the Group's share of its associates' post acquisition profits or losses is recognised in the Income Statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

Details of joint venture entities are set out in Note 35. The University's interests in these joint ventures are not considered to be material to the University's core activities.

**(c) Foreign currency translation**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

**(i) Financial Assistance**

***DEEWR Financial Assistance (including Commonwealth Grant Scheme, Higher Education Loan Programmes, Scholarships and DEEWR – Research)***

The University recognises DEEWR financial assistance as revenue in the year in which it had been designated for the funding of teaching and research.

***Other Financial Assistance (including ARC, NHMRC, Australian Government and State Government)***

Grants received which have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement imposes on the University a performance obligation. That is, the University is required to consume the future economic benefits of the grant as specified, or return the grant to the grantor. Therefore these grants are deferred until this performance obligation has been extinguished and the grant funds have been expended in accordance with their respective agreement or the grantor has exercised the right for funds to be repaid or transferred.

Other grants which do not contain specified conditions are generally recognised on receipt.



**(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 when the University obtains control or the right to receive the monies and the recognition criteria is met.

**(e) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**(f) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Receivables**

Trade receivables are recognised initially at fair value and subsequently adjusted for any provision for impairment. Trade receivables are normally due for settlement no more than 14 days from the date of recognition.

Student fees receivables are recognised initially at fair value as at census date and are collectible at that point. Periodically these receivables are adjusted for any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. The movement in the provision is recognised in the Income Statement in the period in which receivables are adjusted to an estimated recoverable amount (at least annually).



**(h) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of investments are recognised on trade-date (the date on which the University commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

If the market for a financial asset is not active (e.g. unlisted securities), the University attempts to establish fair value by using other valuation techniques. If no relevant or reliable fair value can be determined then the valuation basis reverts to original cost adjusted for impairment.

The University assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for Available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Income Statement.

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

Property, plant and equipment original cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Revaluation increments are credited directly to the asset revaluation reserve except to the extent that the net increment reverses a net revaluation decrement previously recognised as an expense, in which case the revaluation increment is charged to the Income Statement.

Revaluation decrements are debited directly to the asset revaluation reserve to the extent that a credit balance exists for that asset class. Any remainder of the net revaluation decrement is charged to the Income Statement.

Revaluation increments and decrements are offset against one another within asset classes, but not otherwise.

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) Land**

Land occupied by the University is either owned by the University or by the State Government. All land is recognised on the basis that the University effectively controls the land occupied and is shown at fair value based on periodic, but at least triennial, valuations by external independent valuers.

The last valuation was as at 31 December 2007 and was performed by P. Lornie B Comm (VFM) AAPI and R. Wood B AppSc PRM(VAL) AAPI from 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(k).



**(ii) 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. These fair value estimates are based on periodic, but at least triennial, valuations by external independent valuers.

As at 31 December 2007, the entire buildings portfolio was re-valued independently by P. Lornie B Comm (VFM) AAPI and R. Wood B AppSc PRM(VAL) AAPI from 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.

**(iii) Library collection**

The library collection is valued at 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 which is completed at the end of each year. The 2007 valuation resulted in an increase of \$0.94 million. The full amount of the revaluation was credited to the Library Revaluation Reserve.

**(iv) Plant and equipment**

Plant and equipment includes computer hardware and software, general equipment and vehicles. Plant and equipment is depreciated in accordance with Note 1(j). The carrying value, cost less accumulated depreciation, is deemed to approximate fair value.

**(v) Art collection**

As at 31 December 2007, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation reserve. The 2007 valuation resulted in no change to the valuation of the art collection. The art collection will be internally re-valued every three years.

**(vi) Leased Assets**

Leases of Property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases (Note 31). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Refer to Note 31 for details on operating leases.

**(j) Depreciation and amortisation**

Depreciation is provided for all property, plant and equipment other than land, art collection 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.

<b>Asset class</b>	<b>Useful life</b>
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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

**(k) Restrictions on assets**

Land includes \$42.130 million (2006: \$21.080 million) of Crown Lands and \$19.610 million (2006: \$13.050 million) of land dedicated for educational use by the Minister of Education.

The University has restrictions on the above land by application of the University of South Australia Act, 1990 Section 6(3).

**(l) Intangible Assets**

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Income Statement as an expense when it is incurred.

With respect to internally generated intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is currently 7 years.

Intangibles in progress represent capitalised expenditure where the project was incomplete at balance date. The expenditure will be transferred to Intangibles upon the completion of the project.



**(m) Unfunded superannuation**

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA), now DEEWR, the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income Statement and the Balance Sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. Refer to Note 32.

An arrangement exists between the Australian Government and the South Australian State Government to meet the unfunded liability of the University's beneficiaries of the South Australian State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Balance Sheet as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Group.

**(n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the University prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(o) Employee benefits**

Employee benefits 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.

**(i) Wages, salaries, non-monetary benefits and annual leave**

Liabilities for wages, salaries, non-monetary benefits and annual leave (including the leave loading) expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while related on-costs are recognised as payables.

**(ii) Sick leave**

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

**(iii) Long service leave**

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2007 by Stuart Mules, FIAA, of Mercer Human Resource Consulting Pty Ltd.

The current portion represents the amount expected to be paid in the following 12 months.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The long service leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while related on-costs are recognised as payables.



**(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 and are expensed in the Income Statement. Note 32 provides details in respect of the individual schemes.

**(p) 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.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2007 by Tania Muller, FIAA, of Mercer Finance and Risk Consulting Pty Ltd using the Projected Incurred Cost method. Under the Projected Incurred Cost method the development factors for the case estimated incurred costs are determined based on past experience. These factors are used, together with the assumed payment rates, to project claim payments in future years.

**(q) 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 26).

**(r) 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 (excluding accruals) are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement 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.

**(s) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities. Due to the University's Income Tax Exempt Charitable Entity status, it does not incur Australian income tax. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in the relevant countries. Tax in respect of these operations has been brought to account in the year it is incurred.



## 2. Disaggregated information (consolidated)

Geographical	Revenue		Results		Total Assets	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	381,123	352,074	23,580	28,994	993,640	900,762
Asia	17,638	16,993	794	1,529	-	-
Other	221	183	10	17	-	-
	<b>398,982</b>	<b>369,250</b>	<b>24,384</b>	<b>30,540</b>	<b>993,640</b>	<b>900,762</b>

The University operates in the field of higher education principally in Australia and provides teaching and research services. The results of the geographical segments, other than Australia, are based upon consideration of the variable costs associated with those operations.

	Note	Consolidated		University	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>3. Australian Government Grants including HECS-HELP and other Australian Government loan programmes</b>					
<b>(a) Commonwealth Grants Scheme and Other Grants</b>	41(a)				
Commonwealth Grants Scheme		117,184	109,526	117,184	109,526
Indigenous Support Fund		1,081	871	1,081	871
Equity Programmes		674	694	674	694
Workplace Reform Programme		1,576	1,511	1,576	1,511
Workplace Productivity Programme		-	412	-	412
Capital Development Pool		318	2,874	318	2,874
Superannuation Programme		22,074	22,671	22,074	22,671
Collaboration & Structural Reform Programme		1,141	1,756	1,141	1,756
<b>Total Commonwealth Grants Scheme and Other Grants</b>		<b>144,048</b>	<b>140,315</b>	<b>144,048</b>	<b>140,315</b>
<b>(b) Higher Education Loan Programmes</b>	41(b)				
HECS-HELP		68,152	64,353	68,152	64,353
FEE-HELP		4,527	3,448	4,527	3,448
<b>Total Higher Education Loan Programmes</b>		<b>72,679</b>	<b>67,801</b>	<b>72,679</b>	<b>67,801</b>
<b>(c) Scholarships</b>	41(c)				
Australian Postgraduate Awards		1,748	1,660	1,748	1,660
International Postgraduate Research Scholarships		346	222	346	222
Commonwealth Education Cost Scholarships		1,615	1,123	1,615	1,123
Commonwealth Accommodation Scholarships		2,027	1,473	2,027	1,473
Indigenous Staff Scholarships		(6)	-	(6)	-
<b>Total Scholarships</b>		<b>5,730</b>	<b>4,478</b>	<b>5,730</b>	<b>4,478</b>
<b>(d) DEEWR – Research</b>	41(d)				
Institutional Grants Scheme		4,998	4,773	4,998	4,773
Research Training Scheme		9,280	8,544	9,280	8,544
Research Infrastructure Block Grants		1,870	1,655	1,870	1,655
Implementation Assistance Programme		59	-	59	-
Australian Scheme for Higher Education Repositories		116	-	116	-
Commercialisation Training Scheme		98	-	98	-
<b>Total DEEWR – Research Grants</b>		<b>16,421</b>	<b>14,972</b>	<b>16,421</b>	<b>14,972</b>



	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>3. Australian Government Grants including HECS-HELP and other Australian Government loan programmes (continued)</b>					
<b>(e) Voluntary Student Unionism</b>	41(e)				
VSU Transition Fund		330	-	330	-
<b>Total Voluntary Student Unionism</b>		<b>330</b>	<b>-</b>	<b>330</b>	<b>-</b>
<b>Total DEEWR funding</b>		<b>239,208</b>	<b>227,566</b>	<b>239,208</b>	<b>227,566</b>
<b>(f) Australian Research Council</b>	41(f)				
<b>(i) Discovery</b>					
Project		2,119	2,491	2,119	2,491
<b>Total Discovery</b>		<b>2,119</b>	<b>2,491</b>	<b>2,119</b>	<b>2,491</b>
<b>(ii) Linkages</b>					
International		125	116	125	116
Projects		5,248	4,024	5,248	4,024
Infrastructure		109	-	109	-
<b>Total Linkages</b>		<b>5,482</b>	<b>4,140</b>	<b>5,482</b>	<b>4,140</b>
<b>(iii) Networks and Centres</b>					
Research Networks		334	314	334	314
Centres		818	732	818	732
<b>Total Networks and Centres</b>		<b>1,152</b>	<b>1,046</b>	<b>1,152</b>	<b>1,046</b>
<b>(g) Other Australian Government financial Assistance</b>					
Other Commonwealth Government					
Research Grants		12,025	8,389	12,025	8,389
Aboriginal Tutorial Assistance Scheme Grant		171	152	171	152
Other Commonwealth Grants		230	242	230	242
		<b>12,426</b>	<b>8,783</b>	<b>12,426</b>	<b>8,783</b>
<b>Total Australian Government financial assistance</b>		<b>260,387</b>	<b>244,026</b>	<b>260,387</b>	<b>244,026</b>
<b>Reconciliation</b>					
Australian Government grants		187,708	176,225	187,708	176,225
HECS-HELP – Australian Government payments		68,152	64,353	68,152	64,353
Other Australian Government loan programmes		4,527	3,448	4,527	3,448
<b>Total Australian Government financial assistance</b>		<b>260,387</b>	<b>244,026</b>	<b>260,387</b>	<b>244,026</b>



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>3. Australian Government Grants including HECS-HELP and other Australian Government loan programmes (continued)</b>				
<b>(h) Australian Government Grants received – cash basis</b>				
CGS and Other DEEWR Grants	145,323	140,595	145,323	140,595
Higher Education Loan Programmes	72,680	63,010	72,680	63,010
Scholarships	5,730	4,478	5,730	4,478
DEEWR – Research	16,421	14,972	16,421	14,972
Voluntary Student Unionism	330	-	330	-
ARC grants – Discovery	2,582	2,678	2,582	2,678
ARC grants – Linkages	5,988	5,798	5,988	5,798
ARC grants – Networks and Centres	1,096	1,074	1,096	1,074
Other Australian Government Grants	12,334	12,574	12,334	12,574
<b>Total Australian Government Grants received – cash basis</b>	<b>262,484</b>	<b>245,179</b>	<b>262,484</b>	<b>245,179</b>
OS-Help (Net)	-	(249)	-	(249)
<b>Total Australian Government funding received – cash basis</b>	<b>262,484</b>	<b>244,930</b>	<b>262,484</b>	<b>244,930</b>
<b>4. State and Local Government financial assistance</b>				
Research Grants	5,728	7,271	5,728	7,271
Other	3,948	1,562	3,948	1,562
<b>Total State and Local Government financial assistance</b>	<b>9,676</b>	<b>8,833</b>	<b>9,676</b>	<b>8,833</b>
<b>5. Fees and charges</b>				
<b>Course fees and charges</b>				
Continuing education	1,503	2,309	1,503	2,309
Fee-paying overseas students	69,704	63,619	69,704	63,619
Fee-paying domestic postgraduate students	3,939	3,595	3,939	3,595
<b>Total course fees and charges</b>	<b>75,146</b>	<b>69,523</b>	<b>75,146</b>	<b>69,523</b>
<b>Other fees and charges</b>				
Open Universities Australia (OUA)	4,725	3,502	4,725	3,502
Fees – civil aviation	743	721	743	721
Miscellaneous enrolment fees	5,361	3,713	5,361	3,713
Seminar/workshops	851	1,199	851	1,199
<b>Total other fees and charges</b>	<b>11,680</b>	<b>9,135</b>	<b>11,680</b>	<b>9,135</b>
<b>Total fees and charges</b>	<b>86,826</b>	<b>78,658</b>	<b>86,826</b>	<b>78,658</b>
<b>6. Investment income</b>				
Dividends	343	252	1,352	1,358
Interest	5,917	5,224	5,745	5,060
Investment income from associated entity (Unisure Pty Ltd)	579	800	579	800
<b>Total investment income</b>	<b>6,839</b>	<b>6,276</b>	<b>7,676</b>	<b>7,218</b>



	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>7. Consultancy and contract research</b>					
Consultancy		4,362	3,576	4,416	3,587
Contract research		18,912	14,554	18,984	14,647
<b>Total consultancy and contract research</b>		<b>23,274</b>	<b>18,130</b>	<b>23,400</b>	<b>18,234</b>
<b>8. Other revenue</b>					
Donations and bequests		1,646	3,446	1,646	3,446
Scholarships and prizes		912	340	912	340
Other fees and charges		13,723	13,802	6,293	6,802
Other		5,406	5,635	5,408	5,642
<b>Total other revenue</b>		<b>21,687</b>	<b>23,223</b>	<b>14,259</b>	<b>16,230</b>
<b>9. Other income</b>					
Net gain/(loss) on disposal of property, plant and equipment	9(a)	(399)	(318)	(397)	(304)
Net gain/(loss) on disposal of investments		50	(28)	50	(28)
<b>Total other income</b>		<b>(349)</b>	<b>(346)</b>	<b>(347)</b>	<b>(332)</b>
<b>(a) Net gain/(loss) on disposal of property, plant and equipment</b>					
Proceeds from sale		119	91	119	91
Carrying amount of assets sold		(518)	(409)	(516)	(395)
<b>Net gain/(loss) on disposal of property, plant and equipment</b>		<b>(399)</b>	<b>(318)</b>	<b>(397)</b>	<b>(304)</b>
<b>10. Employee benefits and on-costs</b>					
<b>(a) Employee benefits and on-costs</b>					
<b>Academic</b>					
Salaries		102,328	89,727	102,328	89,727
Contributions to superannuation and pension schemes:					
Emerging cost		1,004	1,003	1,004	1,003
Funded		14,125	12,288	14,125	12,288
Payroll tax		6,414	5,786	6,414	5,786
Workers' compensation		844	550	844	550
Long service leave		3,550	2,431	3,550	2,431
Annual leave		7,110	5,847	7,110	5,847
<b>Total academic</b>		<b>135,375</b>	<b>117,632</b>	<b>135,375</b>	<b>117,632</b>



	Consolidated		University	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>10. Employee benefits and on-costs (continued)</b>				
<b>(a) Employee benefits and on-costs (continued)</b>				
<b>Non-academic</b>				
Salaries	74,125	68,241	70,389	65,159
Contributions to superannuation and pension schemes:				
Emerging cost	996	942	691	690
Funded	10,125	9,215	10,125	9,215
Payroll tax	5,471	4,911	5,248	4,733
Workers' compensation	499	694	473	670
Long service leave	2,702	2,171	2,658	2,159
Annual leave	5,792	4,953	5,792	4,946
<b>Total non-academic</b>	<b>99,710</b>	<b>91,127</b>	<b>95,376</b>	<b>87,572</b>
<b>Total academic &amp; non-academic employee benefits and on-costs</b>	<b>235,085</b>	<b>208,759</b>	<b>230,751</b>	<b>205,204</b>
Contributions to superannuation and pension schemes:				
Emerging cost – Commonwealth supplemented	22,074	22,671	22,074	22,671
Deferred employee benefits for superannuation	(8,700)	-	(8,700)	-
<b>Total deferred employee benefits for superannuation</b>	<b>13,374</b>	<b>22,671</b>	<b>13,374</b>	<b>22,671</b>
<b>Total employee benefits and on-costs</b>	<b>248,459</b>	<b>231,430</b>	<b>244,125</b>	<b>227,875</b>

**(b) Voluntary separation packages**

Employee benefits include voluntary separation packages as follows:

	Consolidated		University	
	2007 Number	2006 Number	2007 Number	2006 Number
Number of voluntary separation packages	36	27	36	27
	\$'000	\$'000	\$'000	\$'000
Voluntary separation package expenses	1,957	1,742	1,957	1,742
Annual leave and long service leave entitlements paid	535	727	535	727
<b>Total amount associated with separations</b>	<b>2,492</b>	<b>2,469</b>	<b>2,492</b>	<b>2,469</b>

There is no entitlement to recover separation payments from the South Australian Department of Premier and Cabinet.



## 10. Employee benefits and on-costs (continued)

### (c) Total aggregate employee benefits liability

In accordance with AASB 119 "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 2007 relating to employee benefits:

	Note	Consolidated		University	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Annual leave</b>					
On-costs included in payables – current	23	2,093	1,881	2,093	1,881
On-costs included in payables – non-current	23	1,008	836	1,008	836
Employee benefits – current	25	9,220	8,138	9,056	7,974
Employee benefits – non-current	25	4,362	3,542	4,362	3,542
		<b>16,683</b>	<b>14,397</b>	<b>16,519</b>	<b>14,233</b>
<b>Long service leave</b>					
On-costs included in payables – current	23	615	948	615	948
On-costs included in payables – non-current	23	2,910	2,375	2,910	2,375
Employee benefits – current	25	5,277	7,664	5,101	7,485
Employee benefits – non-current	25	22,420	18,773	22,420	18,773
		<b>31,222</b>	<b>29,760</b>	<b>31,046</b>	<b>29,581</b>
<b>Separations scheme</b>					
Employee benefits – current		<b>1,384</b>	<b>273</b>	<b>1,384</b>	<b>273</b>
<b>Total aggregate employee benefits liability</b>		<b>49,289</b>	<b>44,430</b>	<b>48,949</b>	<b>44,087</b>

## 11. Depreciation and amortisation

Buildings	13,732	12,872	13,659	12,807
Leasehold Improvements	410	378	410	378
Library collection	2,599	2,505	2,599	2,505
Plant and equipment	5,063	3,753	4,943	3,666
Amortisation – intangible asset	691	443	691	443
Amortisation – leased assets	958	1,103	958	1,103
<b>Total depreciation and amortisation</b>	<b>23,453</b>	<b>21,054</b>	<b>23,260</b>	<b>20,902</b>

## 12. Repairs and maintenance

Buildings	6,052	7,886	6,037	7,870
Grounds	704	516	703	512
<b>Total repairs and maintenance</b>	<b>6,756</b>	<b>8,402</b>	<b>6,740</b>	<b>8,382</b>

## 13. Finance costs

Interest expense	40	576	40	576
Loan guarantee fees	-	36	-	36
<b>Total finance costs expensed</b>	<b>40</b>	<b>612</b>	<b>40</b>	<b>612</b>





	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>14. Bad and doubtful debts</b>				
Doubtful debts	(457)	1,055	(457)	1,055
<b>Total bad and doubtful debts</b>	<b>(457)</b>	<b>1,055</b>	<b>(457)</b>	<b>1,055</b>

**15. Other expenses**

Scholarships, grants and prizes	15,457	11,384	15,457	11,384
Non-capitalised equipment	3,665	2,843	3,661	2,836
Advertising, marketing and promotional expenses	4,231	3,331	4,228	3,336
Telecommunications	3,904	4,631	3,823	4,534
Travel, staff development and entertainment	16,840	15,225	16,671	15,052
External services*	33,209	30,061	32,451	29,271
IT hardware and software	6,722	6,660	6,687	6,646
Library subscriptions	3,076	2,483	3,076	2,483
Printing	2,231	2,034	2,231	2,035
Operating lease rental expenses	2,638	2,709	2,624	2,696
Bank charges, legal costs, insurance and taxes	3,463	2,891	3,412	2,876
General consumables	5,264	6,092	4,855	5,657
Other**	8,672	7,922	8,140	7,572
<b>Total other expenses</b>	<b>109,372</b>	<b>98,266</b>	<b>107,316</b>	<b>96,378</b>

\* Included within external services for 2007 is an amount for consultants of \$1.887 million (\$1.905 million consolidated) exclusive of GST (2006: \$1.938 million, \$1.938 million consolidated). This amount excludes consultant payments in relation to the capital works program.

\*\* Net foreign exchange losses included in other expenses for 2007 were \$0.235 million (\$0.235 million consolidated), (2006: \$0.026 million, \$0.026 million consolidated).

**16. Cash and cash equivalents**

Cash at bank and on hand	3,816	1,525	3,149	879
Deposits at call	74,117	70,954	72,549	68,925
<b>Total cash and cash equivalents</b>	<b>77,933</b>	<b>72,479</b>	<b>75,698</b>	<b>69,804</b>

**(a) Reconciliation to cash at the end of the year**

Balances as above	77,933	72,479	75,698	69,804
<b>Balance per Cash Flow Statement</b>	<b>77,933</b>	<b>72,479</b>	<b>75,698</b>	<b>69,804</b>

**(b) Cash at bank and on hand**

As at 31 December 2007, the deposits earned 6.25% interest (2006: 5.75%) and the interest is credited to the University quarterly in March, June, September and December.

**(c) Deposits at call**

During the year the cash deposits earned interest at a floating rate between 6.32% and 7.25% (2006: between 5.58% and 6.35%). These deposits had an average maturity of 63 days.



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>17. Receivables</b>				
Trade debtors	16,462	13,733	14,991	12,564
Less: Provision for impaired receivables	(590)	(1,057)	(590)	(1,057)
	<b>15,872</b>	<b>12,676</b>	<b>14,401</b>	<b>11,507</b>
Student fees	5,836	5,924	5,836	5,924
Less: Provision for impaired receivables	(1,708)	(1,708)	(1,708)	(1,708)
	<b>4,128</b>	<b>4,216</b>	<b>4,128</b>	<b>4,216</b>
Commonwealth receivable	3,356	4,877	3,356	4,877
<b>Total current receivables</b>	<b>23,356</b>	<b>21,769</b>	<b>21,885</b>	<b>20,600</b>

**(a) Impaired receivables**

As at 31 December 2007 current trade receivables of the Group with a nominal value of \$0.557 million (2006: \$1.020 million) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past-due status and historical collection experience resulting in a further provision of \$0.033 million (2006: \$0.037 million). The total amount of the provision was \$0.590 million (2006: \$1.057 million).

The ageing of these receivables is as follows:

	Consolidated	
	2007	2006
	\$'000	\$'000
Less than 3 months	-	90
3 to 6 months	25	469
Over 6 months	565	498
	<b>590</b>	<b>1,057</b>

As at 31 December 2007, trade receivables of \$7.999 million (2006: \$8.907 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:

	Consolidated	
	2007	2006
	\$'000	\$'000
Less than 3 months	5,708	7,302
3 to 6 months	1,809	1,037
Over 6 months	482	568
	<b>7,999</b>	<b>8,907</b>



**17. Receivables (continued)**

**(a) Impaired receivables (continued)**

Movements in the Trade Debtors provision for impaired receivables are as follows:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	1,057	538
Provision for impairment recognised during the year	388	950
Receivables written off during the year as uncollectable	(10)	(24)
Unused amount reversed and debts collected	(845)	(407)
At 31 December	590	1,057

Movements in the Student Fees provision for impaired receivables are as follows:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	1,708	1,149
Provision for impairment recognised during the year	-	559
At 31 December	1,708	1,708

The creation and release of the provision for impaired receivables has been included in 'Bad and Doubtful Debts Expense' in the Income Statement. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

**(b) Foreign Exchange and Interest Rate risk**

The carrying amount of the Group and the University's current receivables are denominated in Australian dollars.

**(c) Fair value and credit risk**

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

**18. Investments accounted for using the equity method**

With the exception of Unisure Pty Ltd the University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting and carried at cost by the University.

Refer to Note 34 for the accounting methodology adopted for Unisure Pty Ltd.



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>19. Other financial assets</b>				
Current:				
Workers' compensation investment fund	420	492	420	492
<b>Total current other financial assets</b>	<b>420</b>	<b>492</b>	<b>420</b>	<b>492</b>
Non-Current:				
Available-for-sale	6,290	5,130	5,280	4,156
Investment in controlled entities	-	-	1,730	1,730
Workers' compensation investment fund	3,281	4,183	3,281	4,183
<b>Total non-current other financial assets</b>	<b>9,571</b>	<b>9,313</b>	<b>10,291</b>	<b>10,069</b>
<b>Total other financial assets</b>	<b>9,991</b>	<b>9,805</b>	<b>10,711</b>	<b>10,561</b>



**20. Property, plant and equipment**

	Construction in progress	Land	Freehold buildings	Plant and equipment	Leasehold improvements	Leased plant and equipment	Library	Art collection	Total
Consolidated	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>At 1 January 2006</b>									
- Cost	17,360	830	10,322	35,345	2,469	5,101	-	-	71,427
- Valuation	-	47,710	613,947	-	-	-	30,963	1,226	693,846
Accumulated depreciation	-	-	(270,061)	(21,089)	(360)	(2,811)	(15,057)	-	(309,378)
Net book amount	17,360	48,540	354,208	14,256	2,109	2,290	15,906	1,226	455,895
<b>Year Ended 31 December 2006</b>									
Opening net book amount	17,360	48,540	354,208	14,256	2,109	2,290	15,906	1,226	455,895
Revaluation	-	-	-	-	-	-	922	-	922
Additions	34,338	-	118	7,588	-	-	2,445	-	44,489
Disposals	-	-	(9)	(204)	-	(1)	-	(197)	(411)
Reclassifications	(18,607)	-	17,233	462	912	-	-	-	-
Depreciation charge	-	-	(12,872)	(3,753)	(378)	(1,103)	(2,505)	-	(20,611)
Closing net book amount	33,091	48,540	358,678	18,349	2,643	1,186	16,768	1,029	480,284
<b>At 31 December 2006</b>									
- Cost	33,091	830	27,664	40,088	3,231	4,829	-	-	109,733
- Valuation	-	47,710	613,947	-	-	-	32,621	1,029	695,307
Accumulated depreciation	-	-	(282,933)	(21,739)	(588)	(3,643)	(15,853)	-	(324,756)
Net book amount	33,091	48,540	358,678	18,349	2,643	1,186	16,768	1,029	480,284
<b>Year Ended 31 December 2007</b>									
Opening net book amount	33,091	48,540	358,678	18,349	2,643	1,186	16,768	1,029	480,284
Revaluation	-	39,200	31,003	-	-	-	940	-	71,143
Additions	28,939	-	4,961	7,523	-	-	2,836	326	44,585
Disposals	-	-	(1)	(72)	-	(228)	(217)	-	(518)
Reclassifications	(51,151)	-	51,374	(234)	11	-	-	-	-
Depreciation charge	-	-	(13,732)	(5,063)	(410)	(958)	(2,599)	-	(22,762)
Closing net book amount	10,879	87,740	432,283	20,503	2,244	-	17,728	1,355	572,732
<b>At 31 December 2007</b>									
- Cost	10,879	-	666	45,847	3,242	-	-	-	60,634
- Valuation	-	87,740	798,226	-	-	-	34,625	1,355	921,946
Accumulated depreciation	-	-	(366,609)	(25,344)	(998)	-	(16,897)	-	(409,848)
Net book amount	10,879	87,740	432,283	20,503	2,244	-	17,728	1,355	572,732

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**UNIVERSITY OF SOUTH AUSTRALIA**

Financial Statements for the year ended 31 December 2007

University	Construction in progress	Land	Freehold buildings	Plant and equipment	Leasehold improvements	Leased plant and equipment	Library	Art collection	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>At 1 January 2006</b>									
- Cost	17,360	830	10,322	34,499	2,469	5,101	-	-	70,581
- Valuation	-	47,710	613,650	-	-	-	30,963	1,226	693,549
Accumulated depreciation	-	-	(269,865)	(20,390)	(360)	(2,811)	(15,057)	-	(308,483)
Net book amount	17,360	48,540	354,107	14,109	2,109	2,290	15,906	1,226	455,647
<b>Year Ended 31 December 2006</b>									
Opening net book amount	17,360	48,540	354,107	14,109	2,109	2,290	15,906	1,226	455,647
Revaluation	-	-	-	-	-	-	922	-	922
Additions	34,338	-	-	7,404	-	-	2,445	-	44,187
Disposals	-	-	(8)	(190)	-	(1)	-	(197)	(396)
Reclassifications	(18,607)	-	17,233	462	912	-	-	-	-
Depreciation charge	-	-	(12,807)	(3,666)	(378)	(1,103)	(2,505)	-	(20,459)
Closing net book amount	33,091	48,540	358,525	18,119	2,643	1,186	16,768	1,029	479,901
<b>At 31 December 2006</b>									
- Cost	33,091	830	27,547	39,072	3,231	4,829	-	-	108,600
- Valuation	-	47,710	613,650	-	-	-	32,621	1,029	695,010
Accumulated depreciation	-	-	(282,672)	(20,953)	(588)	(3,643)	(15,853)	-	(323,709)
Net book amount	33,091	48,540	358,525	18,119	2,643	1,186	16,768	1,029	479,901
<b>Year Ended 31 December 2007</b>									
Opening net book amount	33,091	48,540	358,525	18,119	2,643	1,186	16,768	1,029	479,901
Revaluation	-	39,200	31,003	-	-	-	940	-	71,143
Additions	28,939	-	4,926	7,347	-	-	2,836	326	44,374
Disposals	-	-	-	(71)	-	(228)	(217)	-	(516)
Reclassifications	(51,151)	-	51,374	(234)	11	-	-	-	-
Depreciation charge	-	-	(13,659)	(4,943)	(410)	(958)	(2,599)	-	(22,569)
Closing net book amount	10,879	87,740	432,169	20,218	2,244	-	17,728	1,355	572,333
<b>At 31 December 2007</b>									
- Cost	10,879	-	666	44,668	3,242	-	-	-	59,455
- Valuation	-	87,740	797,778	-	-	-	34,625	1,355	921,498
Accumulated depreciation	-	-	(366,275)	(24,450)	(998)	-	(16,897)	-	(408,620)
Net book amount	10,879	87,740	432,169	20,218	2,244	-	17,728	1,355	572,333

2007

**21. Intangible assets**

<b>Consolidated</b>	<b>Intangibles in Progress \$'000</b>	<b>Intangibles \$'000</b>	<b>Total \$'000</b>
<b>At 1 January 2006</b>			
Cost	-	4,036	4,036
Accumulated amortisation	-	(2,707)	(2,707)
Net book amount	-	<b>1,329</b>	<b>1,329</b>
<b>Year Ended 31 December 2006</b>			
Opening net book amount	-	1,329	1,329
Additions	-	62	62
Amortisation charge	-	(443)	(443)
Closing net book amount	-	<b>948</b>	<b>948</b>
<b>At 31 December 2006</b>			
Cost	-	4,098	4,098
Accumulated amortisation	-	(3,150)	(3,150)
Net book amount	-	<b>948</b>	<b>948</b>
<b>Year Ended 31 December 2007</b>			
Opening net book amount	-	948	948
Additions	1,921	200	2,121
Amortisation charge	-	(691)	(691)
Closing net book amount	<b>1,921</b>	<b>457</b>	<b>2,378</b>
<b>At 31 December 2007</b>			
Cost	1,921	4,298	6,219
Accumulated amortisation	-	(3,841)	(3,841)
Net book amount	<b>1,921</b>	<b>457</b>	<b>2,378</b>



21. Intangibles (continued)

University	Intangibles in Progress \$'000	Intangibles \$'000	Total \$'000
<b>At 1 January 2006</b>			
Cost	-	4,036	4,036
Accumulated amortisation	-	(2,707)	(2,707)
Net book amount	-	<b>1,329</b>	<b>1,329</b>
<b>Year Ended 31 December 2006</b>			
Opening net book amount	-	1,329	1,329
Additions	-	62	62
Amortisation charge	-	(443)	(443)
Closing net book amount	-	<b>948</b>	<b>948</b>
<b>At 31 December 2006</b>			
Cost	-	4,098	4,098
Accumulated amortisation	-	(3,150)	(3,150)
Net book amount	-	<b>948</b>	<b>948</b>
<b>Year Ended 31 December 2007</b>			
Opening net book amount	-	948	948
Additions	1,921	200	2,121
Amortisation charge	-	(691)	(691)
Closing net book amount	<b>1,921</b>	<b>457</b>	<b>2,378</b>
<b>At 31 December 2007</b>			
Cost	1,921	4,298	6,219
Accumulated amortisation	-	(3,841)	(3,841)
Net book amount	<b>1,921</b>	<b>457</b>	<b>2,378</b>





	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>22. Other non-financial assets</b>				
<b>Current:</b>				
Prepayments	5,564	4,825	5,547	4,800
Accrued income	1,786	2,052	1,786	2,052
<b>Total current other non-financial assets</b>	<b>7,350</b>	<b>6,877</b>	<b>7,333</b>	<b>6,852</b>
<b>23. Payables</b>				
<b>Current:</b>				
Trade creditors	14,295	11,139	13,857	10,706
Accrued expenses	2,493	1,762	2,493	1,762
Annual leave on-costs	2,093	1,881	2,093	1,881
Long service leave on-costs	615	948	615	948
<b>Total current payables</b>	<b>19,496</b>	<b>15,730</b>	<b>19,058</b>	<b>15,297</b>
<b>Non-current:</b>				
Annual leave on-costs	1,008	836	1,008	836
Long service leave on-costs	2,910	2,375	2,910	2,375
<b>Total non-current payables</b>	<b>3,918</b>	<b>3,211</b>	<b>3,918</b>	<b>3,211</b>
<b>Total payables</b>	<b>23,414</b>	<b>18,941</b>	<b>22,976</b>	<b>18,508</b>

**(a) Foreign exchange and interest rate risk**

The carrying amount of the Group and the University's current payables are denominated in Australian dollars.

**24. Borrowings****Current:**

## Secured:

Lease liabilities	-	1,005	-	1,005
<b>Total current interest bearing liabilities</b>	<b>-</b>	<b>1,005</b>	<b>-</b>	<b>1,005</b>

**(a) Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

## Non-current:

*Finance lease*

Plant and equipment	-	1,186	-	1,186
<b>Total assets pledged as security</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>1,186</b>



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>24. Borrowings (continued)</b>				
<b>(b) Financing arrangements</b>				
Unrestricted access was available at balance date to the following lines of credit:				
<b>Credit standby arrangements</b>				
Total facilities:				
Credit card facility with National Australia Bank (NAB)	5,000	5,000	5,000	5,000
Credit card facility with Amex	1,500	1,500	1,500	1,500
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2,000	2,000	2,000	2,000
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>
Used at balance date:				
Credit card facility with NAB	870	757	870	757
Credit card facility with Amex	202	-	202	-
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	21	72	21	72
Bank Guarantee	3,619	3,719	3,619	3,719
	<b>4,712</b>	<b>4,548</b>	<b>4,712</b>	<b>4,548</b>
Unused at balance date:				
Credit card facility with NAB	4,130	4,243	4,130	4,243
Credit card facility with Amex	1,298	1,500	1,298	1,500
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2,000	2,000	2,000	2,000
IT lease facility with Commonwealth Bank	4,979	4,928	4,979	4,928
Bank Guarantee	1,481	1,381	1,481	1,381
	<b>14,088</b>	<b>14,252</b>	<b>14,088</b>	<b>14,252</b>
<b>Bank loan facilities</b>				
NAB facilities	35,000	35,000	35,000	35,000
Total facilities	35,000	35,000	35,000	35,000
Used at balance date	-	-	-	-
<b>Unused at balance date</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>

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	Consolidated		University	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>25. Provisions</b>				
<b>Current:</b>				
Annual leave	9,220	8,138	9,056	7,974
Long service leave	5,277	7,664	5,101	7,485
Separation scheme	1,384	273	1,384	273
Workers' compensation liability	598	613	598	613
<b>Total current provisions</b>	<b>16,479</b>	<b>16,688</b>	<b>16,139</b>	<b>16,345</b>
<b>Non-Current:</b>				
Annual leave	4,362	3,542	4,362	3,542
Long service leave	22,420	18,773	22,420	18,773
Workers' compensation liability	1,595	1,618	1,595	1,618
<b>Total non-current provisions</b>	<b>28,377</b>	<b>23,933</b>	<b>28,377</b>	<b>23,933</b>
<b>Total provisions</b>	<b>44,856</b>	<b>40,621</b>	<b>44,516</b>	<b>40,278</b>

Movements in the workers' compensation liability is set out below:

#### Workers' compensation liability

##### Current:

Carrying amount at the start of year	613	574	613	574
Movement in provision based upon actuarial assessment	(15)	39	(15)	39
Carrying amount at the end of year	<b>598</b>	<b>613</b>	<b>598</b>	<b>613</b>

##### Non Current:

Carrying amount at the start of year	1,618	1,482	1,618	1,482
Movement in provision based upon actuarial assessment	(23)	136	(23)	136
Carrying amount at the end of year	<b>1,595</b>	<b>1,618</b>	<b>1,595</b>	<b>1,618</b>

#### 26. Other liabilities

##### Current:

Other	570	702	792	907
Funds held on behalf of external entities	1,605	3,511	1,605	3,511
	<b>2,175</b>	<b>4,213</b>	<b>2,397</b>	<b>4,418</b>

Income in advance on incomplete projects	<b>2,479</b>	<b>2,075</b>	<b>2,479</b>	<b>2,075</b>
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##### Other income in advance:

Fees and charges	8,242	8,973	8,242	8,973
Commonwealth & State Government grants	9,808	9,186	9,808	9,186
	<b>18,050</b>	<b>18,159</b>	<b>18,050</b>	<b>18,159</b>

<b>Total other liabilities</b>	<b>22,704</b>	<b>24,447</b>	<b>22,926</b>	<b>24,652</b>
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	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>27. Reserves and retained surplus</b>				
<b>(a) Reserves</b>				
Property, plant and equipment revaluation reserve				
Land and buildings	124,494	54,291	124,494	54,291
Art collection	294	294	294	294
Library	1,609	669	1,609	669
	<u>126,397</u>	<u>55,254</u>	<u>126,397</u>	<u>55,254</u>
Available-for-sale investments revaluation reserve	1,586	1,132	1,586	1,132
<b>Total reserves</b>	<b><u>127,983</u></b>	<b><u>56,386</u></b>	<b><u>127,983</u></b>	<b><u>56,386</u></b>
<b>Movements in reserves</b>				
<b>Property, plant and equipment revaluation reserve</b>				
<i>Land and buildings</i>				
Opening balance	54,291	54,291	54,291	54,291
Asset revaluation increment	70,203	-	70,203	-
Closing balance	<u>124,494</u>	<u>54,291</u>	<u>124,494</u>	<u>54,291</u>
<i>Art collection</i>				
Opening balance	294	294	294	294
Asset revaluation decrement	-	-	-	-
Closing balance	<u>294</u>	<u>294</u>	<u>294</u>	<u>294</u>
<i>Library</i>				
Opening balance	669	-	669	-
Asset revaluation increment	940	669	940	669
Closing balance	<u>1,609</u>	<u>669</u>	<u>1,609</u>	<u>669</u>
<b>Total property, plant and equipment revaluation reserve</b>	<b><u>126,397</u></b>	<b><u>55,254</u></b>	<b><u>126,397</u></b>	<b><u>55,254</u></b>
<b>Available-for-sale investments revaluation reserve</b>				
Opening balance	1,132	895	1,132	895
Asset revaluation increment	454	237	454	237
<b>Closing balance</b>	<b><u>1,586</u></b>	<b><u>1,132</u></b>	<b><u>1,586</u></b>	<b><u>1,132</u></b>



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>27. Reserves and retained surplus (continued)</b>				
<b>(b) Retained surplus</b>				
Movement in retained surplus were as follows:				
Retained surplus at 1 January	449,767	419,227	446,842	416,762
Operating result for the year	24,384	30,540	24,463	30,080
<b>Retained surplus at 31 December</b>	<b>474,151</b>	<b>449,767</b>	<b>471,305</b>	<b>446,842</b>

**(c) Nature and purpose of reserves**

The University has four reserves. The land and buildings reserve records revaluations in land and buildings, the available-for-sale investments reserve records revaluations in investments, the library revaluation reserve records revaluations in the library collection and the art collection revaluation reserve records revaluations in the art collection.

**28. Responsible persons and executive officers****(a) Names of responsible persons**

The following persons were responsible persons of the University during the 2007 year. Council members include University employees who may be ex-officio members or elected staff members. An asterisk indicates University employees.

**2007 Council Members**

Mr David Klingberg, AM, Chancellor  
 Professor Peter Høj\*, Vice Chancellor (commenced June 2007)  
 Ms Alice McCleary, Deputy Chancellor  
 Ms Dhivya Venugopal (term commenced February 2007, resigned July 2007)  
 Professor Denise Bradley\*, AC (resigned May 2007)  
 Mr William Cossey, AM  
 Associate Professor Ingrid Day\* (term commenced January 2007)  
 Mr Terry Evans  
 Ms Kath Higgins\*  
 Ms Kerryne Liddle (resigned January 2008)  
 Mr Bruce Linn  
 Dr Adele Lloyd  
 Ms Jan Lowe  
 Mr Finn McCarthy-Adams (term commenced February 2007, term expired 31 December 2007)  
 Mr Jim McDowell (term commenced April 2007)  
 Mr Ian McLachlan  
 Ms Heather Ryland\* (term expired 31 December 2007)  
 Ms Anne Skipper, AM (term commenced April 2007)  
 Mr Peter Smith, Pro Chancellor  
 Dr Sue Vardon, AO  
 Dr Michael Venning\*  
 Associate Professor Adrian Vicary\*

**28. Responsible persons and executive officers (continued)****(b) Remuneration of Council members and Executive Officers****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. Directors of Subsidiary companies received remuneration for their services as Director.

	Consolidated		University	
	2007	2006	2007	2006
	Number	Number	Number	Number
<b>Remuneration of Directors of Subsidiary companies</b>				
\$10,000 to \$19,999	-	1	-	-
\$20,000 to \$29,999	1	-	-	-
\$30,000 to \$39,999	-	1	-	-
\$40,000 to \$49,999	1	-	-	-
	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>

The total remuneration received and receivable by those Directors was \$65,000 (2006: \$54,167).

	Consolidated		University	
	2007	2006	2007	2006
	Number	Number	Number	Number
<b>Remuneration of executive officers</b>				
\$140,000 to \$149,999	1	-	1	-
\$150,000 to \$159,999	-	1	-	1
\$190,000 to \$199,999	-	1	-	1
\$220,000 to \$229,999	-	1	-	1
\$230,000 to \$239,999	-	1	-	1
\$240,000 to \$249,999	2	-	2	-
\$250,000 to \$259,999	1	2	1	2
\$260,000 to \$269,999	1	-	1	-
\$270,000 to \$279,999	3	2	3	2
\$280,000 to \$289,999	-	1	-	1
\$300,000 to \$309,999	1	-	1	-
\$310,000 to \$319,999	-	1	-	1
\$330,000 to \$339,999	2	-	2	-
\$490,000 to \$499,999	-	1	-	1
	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

Executives are defined as the Vice Chancellor & President 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.

**(c) Executive Officers' compensation**

	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	2,520	2,412	2,520	2,412
Post-employment benefits	395	403	395	403
Other long-term benefits	443	109	443	109
Termination benefits	-	160	-	160
	<b>3,358</b>	<b>3,084</b>	<b>3,358</b>	<b>3,084</b>

**28. Responsible persons and executive officers (continued)****(d) Related party transactions**

From time to time University Council members have interests or positions in entities with which the University conducts business. In all cases, transactions with these entities are undertaken on a normal commercial basis.

**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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Assurance Services</b>				
Audit services:				
Fees paid to the Auditor-General's Department:				
Auditing the financial report	210	222	210	211
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the Consolidated Entity	12	15	-	-
	<b>222</b>	<b>237</b>	<b>210</b>	<b>211</b>

**30. Contingent liabilities**

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETAFFE) 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. As at 31 December 2007 this contingent liability reduced to \$0.534 million.

No material losses are anticipated in respect of any of the above contingent liabilities.

The University has no other material contingent liabilities.

**31. Commitments for expenditure****(a) Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, plant and equipment payable:				
Within one year	24,012	9,710	24,012	9,710
Later than one year but not later than five years	-	200	-	200
	<b>24,012</b>	<b>9,910</b>	<b>24,012</b>	<b>9,910</b>

**(b) Lease commitments****(i) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Income Statement on a straight-line basis over the period of the lease.



31. Commitments for expenditure (continued)

(b) Lease commitments (continued)

(i) Operating leases (continued)

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities (i.e. operating leases), are payable as follows:

	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Within one year	3,292	3,742	3,292	3,742
Later than one year but not later than five years	5,662	7,162	5,662	7,162
Later than five years	543	1,550	543	1,550
	<b>9,497</b>	<b>12,454</b>	<b>9,497</b>	<b>12,454</b>

Major operating leases include leases for office space, vehicles and computers. The terms of the office space lease agreements include renewal or purchase options ranging between 1 and 10 years.

(ii) Finance leases

Commitments in relation to finance leases are payable as follows:

Within one year	-	1,324	-	1,324
Minimum lease payments	-	1,324	-	1,324
Future finance charges	-	(319)	-	(319)
<b>Total lease liabilities</b>	<b>-</b>	<b>1,005</b>	<b>-</b>	<b>1,005</b>
Representing lease liabilities:				
Current	-	1,005	-	1,005
<b>Total lease liabilities</b>	<b>-</b>	<b>1,005</b>	<b>-</b>	<b>1,005</b>

The weighted average interest rate implicit in the finance leases in 2006 was 6.81%.

(c) Other expenditure commitments

Commitments for other expenditure in existence at the reporting date but not recognised as liabilities, payable:

Within one year	5,435	7,276	5,435	7,276
Later than one year but not later than five years	12,857	16,139	12,857	16,139
Later than five years	220	474	220	474
<b>Total other expenditure commitments</b>	<b>18,512</b>	<b>23,889</b>	<b>18,512</b>	<b>23,889</b>





## 32. Superannuation plans

The University contributes to the following employee superannuation funds:

### (a) South Australian superannuation fund (Super SA)

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 employees' 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.

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed (the Assessment) by the Director Superannuation (State Superannuation Office) Department of Treasury and Finance as at 31 December 2007 to be \$326.0 million (2006: \$330.9 million). The assessment took into account the latest triennial actuarial investigation of the South Australian Superannuation Fund as at 30 June 2007. This was performed by LC Brett, FIA, FIAA, of Brett and Watson Pty Ltd.

The University's liability under the schemes has been partly funded by an amount of \$26.1 million (2006: \$22.3 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$299.9 million (2006: \$308.6 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 DEEWR 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) | 3.0% per annum (2006: 2.5%) |
| • Rate of salary increases                           | 4.5% per annum (2006: 4.0%) |
| • Investment earnings                                | 8.0% per annum (2006: 7.5%) |

These assumptions have changed as a result of the latest triennial actuarial investigation of the South Australian Superannuation Fund as at 30 June 2007.

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) 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 2007 an amount of \$8.7 million was brought to account (both as revenue and as expense) to reflect the decrease in the net unfunded past service cost for State Superannuation (2006: nil).



32. Superannuation plans (continued)

(b) Deferred Government superannuation contribution (continued)

	2007 \$'000	2006 \$'000
Deferred Government superannuation contribution at the beginning of the year	308,600	308,600
Increase/(decrease) in amount owing for unfunded liability	(8,700)	-
<b>Deferred Government superannuation contribution at the end of the year</b>	<b>299,900</b>	<b>308,600</b>
Comprising:		
• Current asset	24,600	26,200
• Non-current asset	275,300	282,400
	<b>299,900</b>	<b>308,600</b>

(c) UniSuper

The University contributes to the following employee superannuation funds:

(i) **UniSuper Defined Benefit Division (DBD)**

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

At its 23 November 2006 meeting the Board approved an amendment to Clause 34 of the UniSuper Trust Deed, effective 31 December 2006, altering its classification from a Defined Benefit Plan to a Defined Contribution Plan. Previously under Clause 34 if the UniSuper assets were considered by the Trustee to be insufficient to provide benefits payable under the Deed, the trust could request additional contributions from employers, provided they are given notice that such a request may be made 4 years in advance. If such a request was agreed to by employers then members were required to also make additional contributions equal to one-half of the rate which their employer is prepared to contribute.

Clause 34 now states that where the Trustee considers the assets to be insufficient to provide benefits payable under the Deed, the Trustee must reduce the benefits on a fair and equitable basis.

As set out under paragraph 25 of AASB119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2007 the assets of the DBD in aggregate (i.e. entire multiemployer DBD plan) were estimated to be:

- \$1,683.0 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.
- \$2,587.0 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

**32. Superannuation plans (continued)****(i) UniSuper Defined Benefit Division (DBD) (continued)**

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 13 July 2006 on the actuarial investigation of the DBD as at 31 December 2005. The financial assumptions used were:

	<b>Vested Benefits</b>	<b>Accrued Benefits</b>
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases next two years	5.0% p.a.	5.0% p.a.

Additional promotional salary increases are assumed to apply based on past experience. Assets have been included at their net market value, i.e. allowing for realisation costs.

**(ii) UniSuper Accumulation Super 2 (Accum 2)**

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 benefits based on the defined contributions of the University and employee during the membership of the employee.

Employees may have an Accum 2 account if they had elected within the first 12 months of membership to transfer their benefit calculation from the DBD to the Accum 2. Contributions made by both the employee and employer remain unchanged.

**(iii) UniSuper Accumulation Super 1 (Accum 1)**

The University makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee (SG) and Award obligations. 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 has recognised an expense of \$16.371 million (2006: \$14.472 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$7.865 million (2006: \$7.001 million) in respect of Accum 1.



**33. Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100

**(a) ITEK Pty Ltd (ITEK)**

ITEK Pty Ltd was formed on 1 July 1999 and since this time has had a year end date of 30 June. 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 (Foundation)**

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2007. This company will remain legally intact indefinitely to ensure that any future donations, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

The Foundation's purpose was to partner the University, its alumni and its supporters in industry and elsewhere in generating philanthropic support for the benefit of the University.

**34. Investments in associates**

The University has an interest in Unisure Pty Ltd and SABRENet Ltd as described below:

**(a) Unisure Pty Ltd (Unisure)**

The University is a shareholder 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. The University's interest (33.3%) in Unisure Pty Ltd is not considered to be material to the University's core activities. Consequently, the investment in the Associate has not been accounted for using the equity method as per the Australian Accounting Standard AASB 128 'Investment in Associates' however, consistent with prior years, it has incorporated its share of the year end balances and the financial transactions of the Unisure Unit Trust within the University.

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 2007 the Unit Trust held net assets of \$1.508 million on behalf of the University of South Australia (2006: \$2.444 million).

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**34. Investments in associates (continued)**

**(b) SABRENet Ltd (SABRENet)**

SABRENet Ltd was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the Australian Tax Office as a tax exempt entity. The founding members are the three South Australian Universities and the South Australia Government.

The objects for which the company was established are to be a non-profit institution to further the use of advanced data networking for the conduct of research and education in South Australia for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally.

While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset (the network). That is, the University receives no return for its interest in SABRENet. To date, the University has provided \$0.250 million to SABRENet which has been recognised as an expense in the year payment was made.

Each of the above associates is incorporated in Australia.

**Carrying amounts:**

Information relating to associates is set out below:

Entity	Principal activity	Ownership interest		Consolidated carrying amount		University carrying amount	
		2007 %	2006 %	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Unisure Pty Ltd*	Manages workers' compensation claims on behalf of the University.	33%	33%	1,508	2,444	1,508	2,444
				<u>1,508</u>	<u>2,444</u>	<u>1,508</u>	<u>2,444</u>

\* As discussed above the University's investment in Unisure is proportionately consolidated within the University and Consolidated Entity. Therefore the carrying amount denoted here represents the net assets carried within the accounts.

	Consolidated	
	2007 \$'000	2006 \$'000
<b>Movements in carrying amounts</b>		
Carrying amount at the beginning of the financial year	2,444	3,130
Share of profits/(losses)	(936)	(686)
Carrying amount at the end of the financial year	<u>1,508</u>	<u>2,444</u>

**Summarised financial information of associates**

	Consolidated Entity's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
<b>2007</b>				
Unisure Pty Ltd	<u>3,701</u>	<u>2,193</u>	<u>579</u>	<u>(936)</u>
<b>2006</b>				
Unisure Pty Ltd	<u>4,675</u>	<u>2,231</u>	<u>800</u>	<u>(686)</u>

*new*



### 35. Interests in joint ventures

#### (a) Joint venture operations

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

Entity	Reporting date	Output interest	
		2007	2006
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) Signal Processing Research Institute (SPRI) Building	30 Jun	30.00%	30.00%
(iii) South Australian Partnership for Advanced Computing (SAPAC)	31 Dec	23.08%	20.00%
(v) SA node of the Australian National Fabrication Facility (ANFF)	30 Jun	-	-

#### (i) Mawson Centre Building

The University, 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.

In 2007 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2007 is \$6.8 million (2006: \$6.1 million) which is included in Buildings.

#### (ii) 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 2007 the building was independently re-valued and the University's 30% share of the asset's carrying amount as at 31 December 2007 is \$2.327 million (2006: \$1.838 million) which is included in Buildings.

The University's share of this joint venture's operations has not been included in the consolidated report due to them being immaterial to the University's activities.

#### (iii) South Australian Partnership for Advanced Computing (SAPAC)

SAPAC is an unincorporated 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. The University's 23.08% share of this joint venture has not been included in the consolidated report due to them being immaterial to the University's activities.

#### (iv) South Australian node of the Australia National Fabrication Facility (ANFF)

Established in 2007, under the National Collaborative Research Infrastructure Strategy, the ANFF links seven university-based nodes to provide researchers and industry with access to state-of-the-art fabrication facilities. Each node offers a specific area of expertise including advanced materials, nanoelectronics and photonics and bio nano applications. No contributions were made to ANFF during the year so no formal ownership interest has been established.

**35. Interests in joint ventures (continued)****(b) Joint venture entities**

The University has an interest in a number of joint venture entities as described below. The University's interests in these joint ventures are not considered to be material 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 131 Interest in Joint Ventures.

Entity	Reporting Date	Ownership Interest	
		2007	2006
(i) Australian Centre for Community Ageing	30 Jun	20.00%	20.00%
(ii) Co-operative Research Centre for Integrated Engineering Asset Management	30 Jun	10.74%	10.74%
(iii) Co-operative Research Centre for Irrigation Futures	30 Jun	2.95%	2.95%
(iv) Co-operative Research Centre for Intelligent Manufacturing Systems and Technologies	30 Jun	-	8.00%
(v) Co-operative Research Centre for Railway Engineering and Technologies	30 Jun	8.30%	8.30%
(vi) Co-operative Research Centre for Satellite Systems	30 Jun	-	24.00%
(vii) Co-operative Research Centre for Sustainable Tourism Pty Ltd	30 Jun	5.00%	5.00%
(viii) Co-operative Research Centre for Sensor Signal and Information Processing	30 Jun	-	5.20%
(ix) Centre for Water Quality and Treatment	30 Jun	5.13%	5.13%
(x) Desert Knowledge Co-operative Research Centre	30 Jun	4.60%	4.60%
(xi) South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33%	33.33%
(xii) Spencer Gulf Rural Health School	31 Dec	50.00%	50.00%
(xiii) South Australian Tertiary Admissions Centre	30 Jun	25.00%	25.00%
(xiv) Co-operative Research Centre for Advanced Automotive Technologies	30 Jun	8.09%	8.09%
(xv) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	4.00%	4.00%
(xvi) Co-operative Research Centre for Polymers	30 Jun	1.85%	1.85%
(xvii) Co-operative Research Centre for Rail Innovation	30 Jun	5.00%	-
(xviii) Australian Seafood Co-operative Research Centre	30 Jun	3.00%	-
(xix) Australian Synchrotron	30 Jun	1.00%	-

**(i) ACCA – Australian Centre for Community Ageing**

ACCA is a joint venture collaboration involving internationally recognised education and training organisations, a major aged care provider, an international developer of urban communities and an internationally respected Research Centre. The collaboration involves the 'pooling' of expertise contributed by each of the joint venture members with an aim of applying outcomes of quality research in ageing issues into practical solutions for older people, as well as informing those who supply older people with goods and services.

**35. Interests in joint ventures (continued)****(b) Joint venture entities (continued)****(ii) CIEAM - Co-operative Research Centre for Integrated Engineering Asset Management**

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.

**(iii) CRCIF - Co-operative Research Centre for Irrigation Futures**

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.

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

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. CRCIMST ceased operations in 2006.

**(v) Rail CRC - Co-operative Research Centre for Railway Engineering and Technologies**

Rail CRC is a collaborative venture between leading organizations in the Australian rail industry and Australian Universities; and it is supported by the Commonwealth Government. It is a national co-operative research centre with a purpose 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.

**(vi) CRCSS - Co-operative Research Centre for Satellite Systems**

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. CRCSS ceased operations in 2006.

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

The CRCST is a national co-operative research centre with a focus on delivering innovations and strategic knowledge to business, community and government to enhance the environmental, economic and social sustainability of tourism.

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

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. CSSIP ceased operations in 2006.

**(ix) CWQT - Centre for Water Quality and Treatment**

The CWQT is a national co-operative research centre, providing a national strategic research capacity for the Australian water industry. 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.



**35. Interests in joint ventures (continued)****(b) Joint venture entities (continued)****(x) DK-CRC - Desert Knowledge Co-operative Research Centre**

The DK-CRC is a national co-operative research centre and brokerage institution that links researchers with 27 partners. 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.

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

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 South Australia 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 South Australia 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.

**(xii) SGRHS - Spencer Gulf Rural Health School (formerly SACRRH – South Australian Centre for Rural and Remote Health)**

The Spencer Gulf Rural Health School (SGRHS) is a regional multi-disciplinary school of health science created as a joint initiative of the University of Adelaide and the University of South Australia, supported by the Commonwealth Government. It is 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.

**(xiii) SATAC - South Australian Tertiary Admissions Centre**

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 TAFE SA, Charles Darwin University and the three universities in South Australia.

**(xiv) Auto CRC - Co-operative Research Centre for Advanced Automotive Technologies**

The Cooperative Research Centre for Advanced Automotive Technology (AutoCRC) was created in December 2005, as part of a national strategy to secure Australia's position in the global automotive industry. AutoCRC aims to deliver outcomes that will directly enhance the viability and sustainability of the Australian automotive industry, its capability to export and its productivity. The Auto CRC will provide the incentive for industry to work with research providers in design, engineering and manufacturing research, which will also develop skilled professionals to utilise the outcomes generated.

**(xv) CRC CARE - Co-operative Research Centre for Contamination Assessment and Remediation of the Environment**

CRC CARE was established under the Federal Government's CRC Program in 2005 to bring together Australia's foremost expertise in science, industry and government. CRC CARE is a research and development organization providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air.

**(xvi) CRC Polymers - Co-operative Research Centre for Polymers**

The CRC for Polymers conducts leading-edge polymer research to deliver the technically advanced polymeric materials and polymer engineering required to transform Australian industries and to establish and expand companies in emerging high-growth areas of the economy. Its research activities are conducted in four programs: biomedical polymers; advanced polymeric materials; polymers for sustainable development; and engineering and design. The Centre is an incorporated joint venture between organisations that include companies, universities and government research laboratories.

**35. Interests in joint ventures (continued)****(b) Joint venture entities (continued)****(xx) CRC for Rail Innovation - Co-operative Research Centre for Rail Innovation**

The CRC for Rail Innovation commenced 1 July 2007 and is a collaborative joint venture between leading organisations in the Australian rail industry and Australian Universities and is supported by the Commonwealth Government. It seeks to build on the successful collaborative arrangements and approaches from the former Rail CRC by meeting growing transport needs identified by both the rail industry and researchers.

**(xxi) Australian Seafood CRC – Australian Seafood Co-operative Research Centre for Polymers**

The Australian Seafood CRC has a vision to assist the seafood industry to profitably deliver safe, high quality and nutritious Australian seafood products to premium domestic and overseas markets. It aims to stimulate and provide comprehensive seafood related research and development and industry leadership on a national basis to address institutional and market failure in many of the Australian seafood industry's value chains. The CRC will undertake research programmes covering value chain profitability and product quality and integrity.

**(xxii) Australian Synchrotron (via the SA / La Trobe consortium)**

The Australian Synchrotron is a joint venture entity funded by the Victorian State Government and various funding partners, one of which is The University of South Australia, a founding member as part of the South Australia / La Trobe University consortium. The Australian Synchrotron was established with an initial subscription of \$150million and is an essential tool for new science providing world leading technical capability to serve universities, research organisations and industry. The facility promotes the international collaboration for important to leading-edge R&D, and is a hub for research that will greatly benefit Australia and our regional neighbours.

**36. Events occurring after the Balance Sheet date**

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 and unusual nature likely to affect significantly the operation of the Consolidated Entity, the results of operations, or the state of affairs of the Consolidated Entity in future periods.



	Consolidated		University	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>37. Reconciliation of operating result after income tax to net cash inflow from operating activities</b>				
Operating result for the year	24,384	30,540	24,463	30,080
Add/(less) items classified as investing activities:				
(Profit)/loss on sale of plant and equipment	399	318	397	304
Add/(less) non-cash items:				
Depreciation and amortisation	23,453	21,054	23,260	20,902
Non-cash donations	(378)	(442)	(378)	(442)
Capital assets	(630)	1,540	(729)	1,254
Non-cash investments	-	252	-	252
Interest rate swap	-	(509)	-	(509)
Available-for-sale asset revaluation	-	245	-	390
Change in assets and liabilities:				
(Increase)/decrease in receivables	(1,587)	(1,065)	(1,285)	(1,077)
(Increase)/decrease in other assets	501	(2,898)	493	(2,885)
Increase/(decrease) in payables	4,473	(2,462)	4,468	(2,520)
Increase/(decrease) in provisions	4,235	1,961	4,238	1,943
Increase/(decrease) in other liabilities	(2,106)	5,074	(2,089)	5,024
<b>Net cash provided by operating activities</b>	<b>52,744</b>	<b>53,608</b>	<b>52,838</b>	<b>52,716</b>

**38. Non-cash investing and financing activities**

Donations of works of art and library materials	378	442	378	442
	<b>378</b>	<b>442</b>	<b>378</b>	<b>442</b>

**39. Assets and liabilities of trusts for which the University is trustee**

The University was trustee or custodian for the following Funds during the year:

Aborigines Advancement League;  
 Constance Gordon-Johnson Fund;  
 Davy Scholarship;  
 Don Hawke Memorial Scholarship;  
 Donald Dyer Scholarship;  
 Gladys Elphick Memorial Scholarship;  
 Lydia Longmore Memorial Fund;  
 PW Stephens Engineering Prize;  
 Sansom Pharmacy Fund;  
 William T Southcott Scholarship; and  
 Bob Hawke Prime Ministerial Centre.



#### 40. Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The University currently does not hold any derivative instruments.

The University uses different methods to measure different types of risk to which it is exposed. These methods include informal sensitivity analyses and seeking professional advice with respect to managing the market risk of its investments.

Risk management is co-ordinated by the University under policies approved by Council. The University identifies, evaluates financial risks in close co-operation with the University's operating units.

##### (a) Market risk

###### (i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2007 the University held US\$0.032 million (AUD\$0.036 million) (2006: US\$0.277 million (AUD\$0.350 million)) and RM\$0.209 million (AUD\$0.072 million) - Malaysian Ringgit (2006: RM\$0.170 million (AUD\$0.061 million)) in offshore bank accounts. During 2007 the University did not enter into any hedging contracts to mitigate foreign exchange risk as transactions in foreign currencies are partially offset by natural hedging arrangements. Currency conversion gains and losses are included in the operating result for the year.

###### (ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The above \$35.0 million bill facility with the NAB is at a floating rate of interest.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

###### (ii) Risk associated with Available-for-sale assets

Investments mainly comprise investments in listed entities. The University has a prudent investment strategy. It is acknowledged there may be short-term fluctuations in asset values from time to time, however historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the short to medium term.

The nature of the University's activities are generally low risk. Investments tend to be largely held in term deposits with banking institutions and debtors are spread across a large number of customers. Derivative instruments are rarely used. Due to the nature and value of the financial instruments held by the University, sensitivity analysis has not been provided.

##### (b) Credit risk

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

The credit risk on financial assets excluding investments of the University which have been recognised in the Balance Sheet is the carrying amount net of any provisions for impaired receivables.

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



**40. Financial Risk Management (continued)**

**(c) Liquidity risk**

The University maintains a \$35.0 million bill facility with the NAB which has a drawdown facility, available to 31 December 2016. As at 31 December 2007 this facility has not been drawn down.

**(d) Fair value estimation**

The carrying amounts of financial assets and liabilities at the reporting date all approximate the net fair values.





2007 \$'000    2006 \$'000    2007 \$'000    2006 \$'000    2007 \$'000    2006 \$'000    2007 \$'000    2006 \$'000

**41. Acquittal of Commonwealth Government financial assistance (continued)**

**41(b) HECS and other Commonwealth Loan Programmes**

	HECS-HELP	FEE-HELP	Total	OS-HELP
Financial assistance received in cash during reporting period	68,164	4,516	72,680	196
Net accrual adjustments	(12)	11	(1)	3
<b>Revenue for the period</b>	<b>68,152</b>	<b>4,527</b>	<b>72,679</b>	<b>199</b>
Surplus/(deficit) from the previous year	-	-	-	-
<b>Total revenue including accrued revenue</b>	<b>68,152</b>	<b>4,527</b>	<b>72,679</b>	<b>199</b>
less expenses including accrued expenses	(68,152)	(4,527)	(72,679)	(199)
<b>Surplus/(deficit) for reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**41(c) Scholarships**

	Australian Postgraduate Awards	International Postgraduate Research Scholarships	Commonwealth Education Costs Scholarships	Commonwealth Accommodation Scholarships	Indigenous Staff Scholarships
Financial assistance received in cash during reporting period	1,748	346	1,615	2,027	-
Net accrual adjustments	-	-	-	-	(6)
<b>Revenue for the period</b>	<b>1,748</b>	<b>346</b>	<b>1,615</b>	<b>2,027</b>	<b>(6)</b>
Surplus/(deficit) from the previous year	494	-	267	360	6
<b>Total revenue including accrued revenue</b>	<b>2,242</b>	<b>346</b>	<b>1,882</b>	<b>2,387</b>	<b>6</b>
less expenses including accrued expenses	(1,586)	(346)	(1,882)	(2,192)	-
<b>Surplus/(deficit) for reporting period</b>	<b>656</b>	<b>-</b>	<b>-</b>	<b>195</b>	<b>-</b>



	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

**41. Acquittal of Commonwealth Government financial assistance (continued)**

**41 (c) Scholarships (continued)**

	Total	
Financial assistance received in cash during reporting period	5,730	4,478
Net accrual adjustments	-	-
<b>Revenue for the period</b>	<b>5,730</b>	<b>4,478</b>
Surplus/(deficit) from the previous year	1,127	528
<b>Total revenue including accrued revenue</b>	<b>6,857</b>	<b>5,006</b>
less expenses including accrued expenses	(6,006)	(3,879)
<b>Surplus/(deficit) for reporting period</b>	<b>851</b>	<b>1,127</b>

**41(d) DEEWR – Research**

	Institutional Grants Scheme	Research Training Scheme	Infrastructure Grants	Research Block	Assistance Program	Australian Scheme for Higher Education Repositories
Financial assistance received in cash during reporting period	4,998	4,773	8,544	1,870	59	116
Net accrual adjustments	-	-	-	-	-	-
<b>Revenue for the period</b>	<b>4,998</b>	<b>4,773</b>	<b>8,544</b>	<b>1,870</b>	<b>59</b>	<b>116</b>
Surplus/(deficit) from the previous year	-	-	-	-	-	-
<b>Total revenue including accrued revenue</b>	<b>4,998</b>	<b>4,773</b>	<b>8,544</b>	<b>1,870</b>	<b>59</b>	<b>116</b>
less expenses including accrued expenses	(4,998)	(4,773)	(8,544)	(1,870)	(59)	(116)
<b>Surplus/(deficit) for reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
\$ '000	\$ '000	\$ '000	\$ '000

**41. Acquittal of Commonwealth Government financial assistance (continued)**

**41(d) DEEWR – Research (continued)**

	<b>Commercialisation Training Scheme</b>	<b>Total</b>
Financial assistance received in cash during reporting period	98	16,421
Net accrual adjustments	-	14,972
<b>Revenue for the period</b>	<b>98</b>	<b>16,421</b>
Surplus/(deficit) from the previous year	-	-
<b>Total revenue including accrued revenue</b>	<b>98</b>	<b>16,421</b>
less expenses including accrued expenses	(94)	(14,972)
<b>Surplus/(deficit) for reporting period</b>	<b>4</b>	<b>4</b>

**41(e) Voluntary Student Unionism**

	<b>VSU Transition Fund</b>	<b>Total</b>
Financial assistance received in cash during reporting period	330	330
Net accrual adjustments	-	-
<b>Revenue for the period</b>	<b>330</b>	<b>330</b>
Surplus/(deficit) from the previous year	-	-
<b>Total revenue including accrued revenue</b>	<b>330</b>	<b>330</b>
less expenses including accrued expenses	(324)	(324)
<b>Surplus/(deficit) for reporting period</b>	<b>6</b>	<b>6</b>



	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

**41. Acquittal of Commonwealth Government financial assistance (continued)**

**41(f) Australian Research Council Grants**

**(i) Discovery**

Financial assistance received in cash during reporting period

	Projects	Total
Net accrual adjustments:		
Movement in accrued income	56	56
Movement in deferred income	(243)	(243)
<b>Revenue for the period</b>	<b>2,491</b>	<b>2,491</b>
Movement in deferred income	137	137
Surplus/(deficit) from the previous year	1,599	1,599
<b>Total revenue including accrued revenue</b>	<b>3,855</b>	<b>4,090</b>
less expenses including accrued expenses	(2,491)	(2,491)
<b>Surplus/(deficit) for reporting period</b>	<b>1,736</b>	<b>1,736</b>

**(ii) Linkages**

Financial assistance received in cash during reporting period

	Special Research Initiatives	Infrastructure	International	Projects
Net accrual adjustments:				
Movement in accrued income	-	-	-	(996)
Movement in deferred income	-	(41)	22	509
<b>Revenue for the period</b>	-	<b>109</b>	<b>125</b>	<b>5,248</b>
Movement in deferred income	-	41	(22)	3
Surplus/(deficit) from the previous year	-	-	161	1,937
<b>Total revenue including accrued revenue</b>	-	<b>150</b>	<b>264</b>	<b>7,641</b>
less expenses including accrued expenses	-	(109)	(126)	(5,248)
<b>Surplus/(deficit) for reporting period</b>	-	<b>41</b>	<b>138</b>	<b>2,393</b>

*raw*



	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

**41. Acquittal of Commonwealth Government financial assistance (continued)**

**41(f) Australian Research Council Grants (continued)**

**(ii) Linkages (continued)**

Financial assistance received in cash during reporting period

Net accrual adjustments:

Movement in accrued income

Movement in deferred income

**Revenue for the period**

Movement in deferred income

Surplus/(deficit) from the previous year

**Total revenue including accrued revenue**

less expenses including accrued expenses

**Surplus/(deficit) for reporting period**

**Total**

	5,988	5,798				
	(996)	(690)				
	490	(968)				
	<b>5,482</b>	<b>4,140</b>				
	(490)	968				
	3,063	2,095				
	<b>8,055</b>	<b>7,203</b>				
	(5,483)	(4,140)				
	<b>2,572</b>	<b>3,063</b>				

**(iii) Networks and Centres**

Financial assistance received in cash during reporting period

Net accrual adjustments:

Movement in accrued income

Movement in deferred income

**Revenue for the period**

Movement in deferred income

Surplus/(deficit) from the previous year

**Total revenue including accrued revenue**

less expenses including accrued expenses

**Surplus/(deficit) for reporting period**

	Research Networks	Centres	Total
	318	778	1,096
	312	762	1,074
	-	-	20
	16	40	(48)
	<b>334</b>	<b>818</b>	<b>1,152</b>
	(16)	(40)	48
	246	161	407
	<b>564</b>	<b>939</b>	<b>1,503</b>
	(334)	(818)	(1,152)
	<b>230</b>	<b>121</b>	<b>351</b>
	<b>246</b>	<b>161</b>	<b>407</b>



University of South Australia

**CERTIFICATE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

To the best of our knowledge and belief:

- the financial statements:
  - are in accordance with the accounts and records of the University and give an accurate indication of the financial transactions of the University for the year then ended;
  - comply with the relevant Treasurer's Instructions promulgated under the provisions of the South Australian Public Finance and Audit Act 1987;
  - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in Note 1 Summary of Significant Accounting Policies and the Independent Audit Report; and
  - present a true and fair view of the financial position of the University as at 31 December 2007 and the result of its operations and its cash flows for the year then ended;
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure; and
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Mr David Klingberg, AM  
Chancellor

15/5/2008

Professor Peter Høj  
Vice Chancellor and President

15/5/2008

Mr Paul Beard  
Executive Director:  
Finance & Resources

15/5/2008

# INDEPENDENT AUDITOR'S REPORT



Government of South Australia  
Auditor-General's Department

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## TO THE CHANCELLOR UNIVERSITY OF SOUTH AUSTRALIA

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 accompanying financial report of the University of South Australia and controlled entities for the financial year ended 31 December 2007. The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Statement of Recognised Income and Expense;
- A Cash Flow Statement;
- Notes to and forming part of the Financial Statements;
- Certificate by the Chancellor, Vice Chancellor and Executive Director Finance and Resources.

The financial report includes the consolidated financial statements of the consolidated entity, comprising the University of South Australia and the entities it controlled at the year's end or from time to time during the financial year.

### The Responsibility of the University Council for the Financial Report

The University Council are responsible for the preparation and fair presentation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Supporting Act 2003* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the University Council, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Basis for Qualified Auditor's Opinion**

The University has recognised \$10.6 million (\$8.9 million in 2006) of unspent government grants as a liability for the year ended 31 December 2007. The amount has been recognised as income received in advance and included in 'Other Liabilities' - Commonwealth and State Government Grants and Income in Advance on Incomplete Projects in Note 26 to the financial statements. The University has disclosed its accounting treatment for these grants in Note 1(d) to the financial statements.

In my opinion, the government grants are contributions and meet the criteria for recognition as income in accordance with Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework V 'Income Framework'. The University controls these funds upon receipt and it is highly probable that any unspent funds will be spent in accordance with grant conditions. It is improbable that unspent funds will be repaid to the granting bodies and as such grant funds received, including any unspent portion, should be recognised as income at the time of receipt.

As a result, the following has been misstated in the 2007 Financial Report:

- the revenue recognised as State and Local Government Financial Assistance is understated by \$2.2 million (\$3.8 million understated in 2006);
- the revenue recognised as Australian Government Grants is overstated by \$0.5 million (\$1.3 million understated in 2006);
- Net Operating Result and Retained Surplus is understated by \$1.7 million (\$5.1 million understated in 2006) and \$8.9m (\$3.8 million understated in 2006) respectively;
- Other Liabilities is overstated by \$10.6 million (\$8.9 million in 2006).

### **Qualified Auditor's Opinion**

In my opinion, except for the effects of the matters referred to in the preceding paragraphs, the financial report presents fairly, in all material respects, the financial position of the University of South Australia and of the economic entity as at 31 December 2007, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Supporting Act 2003*, and Australian Accounting Standards (including the Australian Accounting Interpretations).



**S O'Neill**  
**AUDITOR-GENERAL**  
26 May 2008





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### City East campus

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South Australia 5000

### Mawson Lakes campus

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