



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		University	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
REVENUE					
Commonwealth government financial assistance	2.1, 31	120 486	115 886	120 486	115 808
State government financial assistance	2.2	2 636	2 294	2 636	2 294
Higher Education Contribution Scheme:					
♦ Student contributions	31.1	9 125	8 996	9 125	8 996
♦ Commonwealth contributions	31.1	54 254	52 267	54 254	52 267
Postgraduate Education Loans Scheme (PELS)	31.1	2 222	555	2 222	555
Fees and charges	2.3	69 948	65 403	63 214	58 902
Investment income	2.4	4 801	3 139	6 452	4 778
Royalties, trademarks and licenses	2.5	719	367	712	367
Consultancy and contract research	2.6	15 585	14 873	15 589	14 873
Other revenue	2.7	12 483	5 820	12 880	5 574
		292 259	269 600	287 570	264 414
Superannuation:					
♦ Commonwealth supplementation	20	20 036	21 895	20 036	21 895
♦ Deferred government contributions	20	4 900	16 300	4 900	16 300
Total Revenue from Ordinary Activities		317 195	307 795	312 506	302 609
EXPENSES					
Employee benefits	3.1	173 409	155 965	170 503	153 260
Depreciation and amortisation	3.2	23 214	22 324	23 079	22 163
Buildings and grounds	3.3	9 561	10 811	9 561	10 811
Bad and doubtful debts	3.4	778	491	775	491
Other expenses	3.5	70 545	64 779	69 039	62 857
Borrowing cost expense	4	1 848	1 649	1 848	1 649
		279 355	256 019	274 805	251 231
Superannuation:					
♦ Commonwealth supplemented	3.1, 20	19 429	21 895	19 429	21 895
♦ Deferred employee benefits	3.1, 20	4 900	16 300	4 900	16 300
Total Expenses from Ordinary Activities		303 684	294 214	299 134	289 426
Operating Result from Ordinary Activities		13 511	13 581	13 372	13 183
Direct credits or debits to equity:					
♦ Reserves	17	20 616	(23 383)	20 450	(23 273)
Total Revenue, Expense and Valuation Adjustments attributed to the Parent Entity and Recognised Directly in Equity		20 616	(23 383)	20 450	(23 273)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		34 127	(9 802)	33 822	(10 090)

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



**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003**

	Note	Consolidated		University	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CURRENT ASSETS					
Cash assets	8	103 477	84 952	100 372	81 021
Receivables	9	15 150	13 363	13 809	12 214
Other financial assets	10	2 181	421	583	115
Property, plant and equipment	12	-	6 280	-	6 280
Deferred government superannuation contribution	20	24 800	23 600	24 800	23 600
Other assets	11	3 140	2 311	3 111	2 285
Total Current Assets		148 748	130 927	142 675	125 515
NON-CURRENT ASSETS					
Other financial assets	10	7 328	7 279	7 244	6 664
Property, plant and equipment	12	386 840	357 869	386 408	357 687
Deferred government superannuation contribution	20	257 400	253 700	257 400	253 700
Total Non-Current Assets		651 568	618 848	651 052	618 051
Total Assets		800 316	749 775	793 727	743 566
CURRENT LIABILITIES					
Payables	13	13 485	12 664	13 711	12 589
Provision for state superannuation	20	24 800	23 600	24 800	23 600
Provisions	15	13 874	12 044	13 658	11 886
Other liabilities	16	30 897	25 282	29 960	24 663
Total Current Liabilities		83 056	73 590	82 129	72 738
NON-CURRENT LIABILITIES					
Payables	13	2 515	3 362	2 515	3 362
Interest bearing liabilities	14	15 000	15 000	15 000	15 000
Provision for state superannuation	20	257 400	253 700	257 400	253 700
Provisions	15	19 390	17 270	19 390	17 270
Other liabilities	16	2 800	825	2 800	825
Total Non-Current Liabilities		297 105	290 157	297 105	290 157
Total Liabilities		380 161	363 747	379 234	362 895
Net Assets		420 155	386 028	414 493	380 671
EQUITY					
Reserves	17	28 131	7 515	27 923	7 473
Accumulated results of operations	18	392 024	378 513	386 570	373 198
Total Equity		420 155	386 028	414 493	380 671

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

2003



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	Consolidated		University	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Financial Assistance:					
♦ Commonwealth government		120 768	115 220	120 768	115 143
♦ State government		2 636	2 294	2 636	2 294
Higher Education Contribution Scheme:					
♦ Student payments		9 125	8 996	9 125	8 996
♦ Commonwealth payments		54 293	53 446	54 293	53 446
Postgraduate Education Loans Scheme (PELS)		2 060	555	2 060	555
Fees and charges		72 597	70 072	66 027	63 674
Investment receipts		4 802	3 139	5 500	4 778
Royalties, trademarks and licenses		719	367	712	367
Consultancy and contract research		13 851	14 891	14 040	14 870
Other receipts		4 188	6 196	4 478	5 976
Superannuation supplementation		23 229	21 927	23 229	21 927
Taxes recovered (GST)		4 800	3 021	4 800	3 021
Outflows:					
Staff salaries and related payments		(170 863)	(152 803)	(166 723)	(150 117)
Other payments		(77 639)	(85 648)	(75 803)	(83 586)
Superannuation payments		(21 348)	(21 895)	(21 348)	(21 895)
Interest and loan guarantee fees		(1 848)	(1 890)	(1 848)	(1 890)
Net Cash Provided by Operating Activities	29	41 370	37 888	41 946	37 559
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		7 696	203	7 684	203
Outflows:					
Payments for property plant and equipment		(29 402)	(10 240)	(29 140)	(10 185)
Net Cash Used in Investing Activities		(21 706)	(10 037)	(21 456)	(9 982)
CASH FLOWS FROM FINANCING ACTIVITIES					
Outflows:					
Principal repayments under finance lease		(1 139)	(452)	(1 139)	(452)
Net Cash Used in Financing Activities		(1 139)	(452)	(1 139)	(452)
Net Increase/(Decrease) in Cash Held		18 525	27 399	19 351	27 125
Cash at Beginning of Reporting Period		84 952	57 553	81 021	53 896
CASH AT END OF REPORTING PERIOD	8, 29	103 477	84 952	100 372	81 021

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

Note	Contents	Page No
1.	Summary of Significant Accounting Policies	5
2.	Revenue from Ordinary Activities	11
2.1	Commonwealth Government Financial Assistance	11
2.2	South Australian Government Financial Assistance	11
2.3	Fees and Charges	12
2.4	Investment Income	12
2.5	Royalties, Trademarks and Licenses	12
2.6	Consultancy and Contract Research	12
2.7	Other Revenue	12
3.	Expenses from Ordinary Activities	13
3.1	Employee Benefits	13
3.2	Depreciation and Amortisation	14
3.3	Buildings and Grounds	15
3.4	Bad and Doubtful Debts	15
3.5	Other Expenses	15
4.	Borrowing Cost Expense	15
5.	Sale of Assets	15
6.	Responsible Persons and Executive Officers	16
6.1	Responsible Persons	16
6.2	Executive Officers	16
6.2	Executive Officers (continued)	17
7.	Remuneration of Auditors	17
8.	Cash Assets	17
9.	Receivables	17
10.	Other Financial Assets	18
11.	Other Assets	18
12.	Property, Plant and Equipment	18
13.	Payables	20
14.	Interest Bearing Liabilities	20
15.	Provisions	20
16.	Other Liabilities	21
17.	Reserves	21
18.	Accumulated Result of Operations	22
19.	Commitments for Expenditure	22
20.	Superannuation Plans	23
21.	Contingent Liabilities	26
22.	Joint Venture Operations	26
23.	Joint Venture Entities	27
24.	Controlled Entities	29
25.	Other Entities	30
26.	Disaggregated Information	30
27.	Subsequent Events	31
28.	Assets and Liabilities of Trusts for which the Institution is Trustee	31
29.	Notes to the Statement of Cash Flows	31
30.	Financial Instruments	33
31.	Acquittal of Commonwealth Government Financial Assistance	35
31.1	Teaching and Learning	35
31.2	Australian Research Council	36
31.3	DEST Research Financial Assistance	37
31.3	DEST Research Financial Assistance (continued)	38
31.4	Summary of Unspent Financial Assistance	39



1. Summary of Significant Accounting Policies

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

(a) Basis of Preparation

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

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

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

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

Any changes to accounting policies for 2003 are documented within the notes below.

(b) Principles of Consolidation

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

The accounting policies have been consistently applied by each entity in the economic entity. The list of controlled entities is provided in note 24.

(c) Comparative Figures

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

(d) Revenue Recognition

(i) Grants

◆ Commonwealth Financial Assistance

Commonwealth financial assistance is provided under the Higher Education Funding Act (HEFA), 1988. In accordance with Australian Accounting Standard AASB1004 Revenue, the first instalment of the Commonwealth financial assistance for 2004, received during December 2003 and therefore received in advance of the operating year to which it relates, has been recognised as revenue in advance and is presented as a liability in the Statement of Financial Position, rather than as revenue for the 2003 year. The Grant relates to funding of teaching and research for the 2004 calendar year.

2003



(d) **Revenue Recognition (continued)**

On the basis of independent professional advice, the University regards the receipt of Commonwealth financial assistance as a "reciprocal transfer" as defined in AASB1004, since the University is required to teach a HECS-funded load in 2004, undertake research, and provide the necessary facilities and services in return for the grant of financial assistance.

Where the Minister is satisfied that a higher education institution has, after receipt of the financial assistance, failed to meet a condition applicable to the financial assistance, the financial assistance or part thereof is required to be returned to the Commonwealth. It is therefore, in the view of the University, a "reciprocal payment".

Under these conditions the revenue received in advance should not be recognised as revenue until the relevant year.

◆ **Other Grants**

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

(ii) **Fees and Charges**

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

(iii) **Investment Income**

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

(iv) **Consultancy and Contract Research**

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

(v) **Other revenue**

Other revenue is recognised as it accrues.

(e) **Inventories**

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

(f) **Property, Plant and Equipment**

The University currently values its property, plant and equipment on the basis of written down current cost, except for property held for resale which is at fair value. A revaluation of all assets to fair value will be undertaken by 31 December 2005 in accordance with the South Australian Treasurer's Accounting Policy Statements. When the University moves to fair value, any write down in the value of assets would be set against revaluation reserves and retained earnings under the transitional provisions of the accounting standards.

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.

221 -



(f) **Property, Plant and Equipment (continued)**

(i) **Property Held for Resale**

Property identified as surplus to requirements and approved for sale has been recognised as property held for resale. Property held for resale is valued at market value based on the eventual sale price. The last valuation was as at 31 December 2003.

(ii) **Land**

Land occupied by the University is either owned by the University or by the State Government. The value of the land, except that associated with property held for resale, is recognised at deprival value on the basis that the University effectively controls the land occupied.

Land is revalued every three years. The last valuation was as at 31 December 2001 by the South Australian Department for Administrative and Information Services. Land will be revalued to fair value at the next valuation date, which is currently planned to be 31 December 2004. Detail of restrictions on assets is provided in note 1(h).

(iii) **Buildings**

Buildings, other than those associated with property held for resale, have been recognised on the basis of written down current cost to reflect their current cost and remaining useful life.

Buildings are revalued every three years. The last valuation was as at 31 December 2001 by the South Australian Department for Administrative and Information Services. Buildings will be revalued to fair value at the next valuation date, which is currently planned to be 31 December 2004.

Buildings under construction are measured at cost.

(iv) **Library Collection**

The library collection is recognised at written down current cost. The collection is at University valuation and was last revalued at 31 December 2001. The library collection will be revalued to fair value at the next valuation date, which is currently planned to be 31 December 2004.

Additions subsequent to the last revaluation are capitalised at cost.

(v) **Plant and Equipment**

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

(g) **Depreciation and Amortisation**

Depreciation is provided for all property, plant and equipment other than land and buildings under construction. Depreciation is calculated on a straight line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

22/11/03



(g) Depreciation and Amortisation (continued)

Asset Class	Useful Life
Property:	
◆ Buildings	50 years
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
◆ Other	10 years
◆ Motor vehicles	5 years
Leased Plant and Equipment:	
◆ IT infrastructure	5 years
◆ IT other	3 years

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

(h) Restrictions on Assets

Land includes \$10.761 million of Crown Lands and \$6.907 million of land dedicated for education use by the Minister of Education. Such lands are unable to be sold.

The University has restrictions on all land by application of the University of South Australia Act, 1990 Section 6(4) which states:

"The University cannot, except with the approval of the Governor and in accordance with any terms or conditions stipulated by the Governor in granting that approval, sell, lease (except for a term not exceeding 21 years), or otherwise dispose of, mortgage or charge any of its real property."

(i) Employee Entitlements

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

(i) Long Service Leave

The long service liability is independently estimated by an actuary using the long hand method prescribed by AASB 1028 Employee Benefits. This takes into account the probability of staff remaining with the University until an unconditional entitlement has been accrued. A future cash outflow has been estimated on the basis of when leave will be taken and that cash flow is discounted using the interest rate in risk free government securities to derive the long service leave liability. The long service leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while on-costs not accruing to employees are recognised as payables.

22/11



(i) Employee Entitlements (continued)

(ii) Annual Leave

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

(iii) Sick Leave

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

(iv) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University are expensed in the Statement of Financial Performance. Note 20 provides details in respect of the individual schemes.

(v) Redundancy/Severance

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

(j) Workers Compensation

The University is responsible for payments of workers' compensation and is registered with WorkCover as an exempt employer. Unisure Pty Ltd administers workers' compensation arrangements on behalf of the University. Note 25 provides details of net assets held by Unisure Pty Ltd on behalf of the University.

(k) Goods and Services Tax (GST)

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

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

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

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

(l) Foreign Currency

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

(m) Doubtful Debts

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



(n) Leases

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

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

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

(o) 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 16).

over



	Note	Consolidated		University	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2. Revenue from Ordinary Activities					
2.1 Commonwealth Government Financial Assistance (including Superannuation contribution from Commonwealth, but excluding HECS, PELS and BOTPLS)					
Teaching and Learning:	31.1				
♦ Operating Financial Assistance excluding HECS and PELS and BOTPLS		94 029	92 636	94 029	92 636
♦ Capital Development Pool		1 421	-	1 421	-
ARC:	31.2				
♦ Discovery – Projects		1 327	630	1 327	630
♦ Discovery – Fellowships		157	129	157	129
♦ Discovery - Indigenous research		-	9	-	9
♦ Linkage – Special Research Initiatives		60	-	60	-
♦ Linkage – Infrastructure		398	591	398	591
♦ Linkage – International		44	16	44	16
♦ Linkage – Projects		1 818	1 808	1 818	1 808
♦ Linkage – Special Research Centres		716	698	716	698
DEST Research:	31.3				
♦ Institutional grants scheme		4 552	4 214	4 552	4 214
♦ Research infrastructure		1 249	1 041	1 249	1 041
♦ Research training scheme		7 170	7 216	7 170	7 216
♦ Australian postgraduate awards		1 488	1 343	1 488	1 343
♦ International postgraduate research		288	255	288	255
♦ Other – Shared university projects		37	14	37	14
♦ Innovation program		-	50	-	50
		114 754	110 650	114 754	110 650
Other Commonwealth Government:					
♦ Other Commonwealth government research grants		5 430	4 816	5 430	4 738
♦ Aboriginal tutorial assistance scheme grant		252	235	252	235
♦ Other Commonwealth grants		50	185	50	185
		5 732	5 236	5 732	5 158
		120 486	115 886	120 486	115 808
2.2 South Australian Government Financial Assistance					
Anangu Teacher Education Program (AnTEP)		173	149	173	149
Research grants		2 423	2 145	2 423	2 145
Other		40	-	40	-
		2 636	2 294	2 636	2 294



	Consolidated		University	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2.3 Fees and Charges				
Continuing education	2 680	2 326	2 680	2 326
Fee-paying overseas students	49 070	45 108	49 070	45 108
Fee-paying non-overseas postgraduate students	3 694	3 124	3 694	3 124
Fee-paying non-overseas undergraduate students	-	-	-	-
Fee-paying non-overseas non award students	80	106	80	106
Other fees and charges:				
◆ Open Learning Australia (OLA)	1 300	1 206	1 300	1 206
◆ Fees – civil aviation	501	630	501	630
◆ Hire of facilities	1 472	1 961	1 472	1 961
◆ Secondment support	753	826	753	826
◆ Seminar/workshops	663	710	663	710
◆ All other	9 735	9 406	3 001	2 905
	69 948	65 403	63 214	58 902
2.4 Investment Income				
Dividends	42	28	1 957	1 884
Interest	4 479	2 763	4 225	2 546
Investment income from related parties	280	348	270	348
	4 801	3 139	6 452	4 778
2.5 Royalties, Trademarks and Licenses				
Royalties	719	367	712	367
2.6 Consultancy and Contract Research				
Consultancy fees	4 822	6 154	4 826	6 154
Contract research	10 763	8 719	10 763	8 719
	15 585	14 873	15 589	14 873
2.7 Other Revenue				
Proceeds from sale of assets (refer note 5)	7 696	203	7 684	203
Donations and bequests	873	849	851	467
Scholarships and prizes	594	797	594	797
Other	3 320	3 971	3 751	4 107
	12 483	5 820	12 880	5 574



	Consolidated		University	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3. Expenses from Ordinary Activities				
3.1 Employee Benefits				
Academic				
Salaries	74 070	67 353	74 070	67 353
Contributions to superannuation and pension schemes:				
♦ Emerging cost – operating grant funded	1 138	246	1 138	246
♦ Funded	8 885	8 218	8 885	8 218
Payroll tax	4 716	3 997	4 716	3 997
Workers' compensation	260	428	260	428
Long service leave expense	2 207	1 734	2 207	1 734
Annual leave	4 613	3 256	4 613	3 256
	95 889	85 232	95 889	85 232
Non Academic				
Salaries	58 852	55 457	56 546	53 274
Contributions to superannuation and pension schemes:				
♦ Emerging cost – operating grant funded	952	257	731	56
♦ Funded	6 800	6 205	6 800	6 205
Payroll tax	4 564	3 427	4 407	3 270
Workers' compensation	338	559	321	537
Long service leave expense	1 776	1 516	1 747	1 514
Annual leave	4 238	3 312	4 062	3 173
	77 520	70 733	74 614	68 028
Total employees benefits	173 409	155 965	170 503	153 260
Contributions to superannuation and pension Schemes:- Emerging cost – Commonwealth supplemented				
♦ Academic	16 515	18 611	16 515	18 611
♦ Non Academic	2 914	3 284	2 914	3 284
Deferred employee benefits for superannuation				
♦ Academic	4 165	13 855	4 165	13 855
♦ Non Academic	735	2 445	735	2 445
	24 329	38 195	24 329	38 195

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

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



3.1 Employee Benefits (continued)

Employee benefits include targeted voluntary separation packages as follows:

	2003 Number	2002 Number
Number of targeted voluntary separation packages	28	38
	\$'000	\$'000
Targeted voluntary separation package expenses	1 310	1 687
Accrued annual leave and long service leave payments	532	660
Total amount associated with separations	1 842	2 347

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

In accordance with AASB 1028 "Employee Benefits", employee on-costs are required to be reported as Payables whilst leave liability amounts are reported separately as "Employee Benefits". Below is a composite note showing the total liabilities the University has as at 31 December 2003 relating to employee benefits:

	Consolidated		University	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Annual Leave				
On-costs included in Payables – current	2 327	1 925	2 327	1 925
Employee Benefits - current	9 991	8 623	9 825	8 486
	12 318	10 548	12 152	10 411
Long Service Leave				
On-costs included in Payables – current	411	564	411	564
Employee Benefits - current	3 148	2 840	3 101	2 822
	3 559	3 404	3 512	3 386
On-costs included in Payables – non current	2 465	3 312	2 465	3 312
Employee Benefits – non current	18 606	16 562	18 606	16 562
	21 071	19 874	21 071	19 874
Separations Scheme				
Employee Benefits - current	144	98	144	98
	144	98	144	98
Total Aggregate Employee Benefits Liability	37 092	33 924	36 879	33 769

3.2 Depreciation and Amortisation

Amortisation leased asset	1 104	435	1 104	435
Buildings	10 729	11 839	10 712	11 825
Library collection	7 647	6 366	7 647	6 366
Plant and equipment	3 734	3 684	3 616	3 537
	23 214	22 324	23 079	22 163

BN



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
3.3 Buildings and Grounds				
Building maintenance	9 206	10 208	9 206	10 208
Grounds maintenance	355	603	355	603
	9 561	10 811	9 561	10 811
3.4 Bad and Doubtful Debts				
Doubtful debts	778	491	775	491
3.5 Other Expenses				
Scholarships and prizes	6 212	6 685	6 097	6 649
Telecommunications	3 931	4 021	3 861	3 957
Non-capitalised equipment (non-IT)	1 768	1 700	1 767	1 700
Travel, staff development and entertainment	11 333	11 414	11 220	11 249
External services	15 926	16 838	15 809	16 410
IT hardware and software	6 193	6 098	6 179	6 098
Library subscriptions	1 512	939	1 512	939
Printing	2 198	1 849	2 195	1 849
Operating lease rental expenses	3 344	4 306	3 332	4 306
Carrying amount of assets sold (refer note 5)	8 050	702	8 040	702
Other	10 078	10 227	9 027	8 998
	70 545	64 779	69 039	62 857
<p>Included within external services for 2003 is an amount for consultants of \$1.484 million (\$1.678 million consolidated) exclusive of GST (2002: \$1.275 million, \$1.771 million consolidated). This amount excludes consultant payments in relation to the capital works program.</p>				
4. Borrowing Cost Expense				
Interest expense	1 736	1 517	1 736	1 517
Loan guarantee fees	112	132	112	132
	1 848	1 649	1 848	1 649
5. Sale of Assets				
Property, plant and equipment				
Proceeds from sale	(7 696)	(203)	(7 684)	(203)
Carrying amount of assets sold	8 050	702	8 040	702
Loss on sale of depreciable assets	354	499	356	499



6. Responsible Persons and Executive Officers

6.1 Responsible Persons

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

(a) *Names of 2003 Council Members*

Mr David Klingberg, AM, Chancellor
 Professor Denise Bradley, AO Vice Chancellor *
 Ms Alice McCleary, Deputy Chancellor
 Dr Patricia Crook, AO
 Ms Jan Lowe
 Mr William Cossey
 Ms Virginia Hickey
 Mr Bruce Linn
 Mr Greg Mackie, OAM
 Ms Jillian Miller
 Mr Ian McLachlan
 Mr Peter Smith
 Mr James Birch
 Associate Professor Kazem Abhary *
 Associate Professor Adrian Vicary *
 Dr Michael Venning *
 Mr Ray Stradwick *
 Ms Liz Stinson *
 Mr Scott McFarlane
 Ms Amy King
 Mr Michael Anderson

(b) *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.

6.2 Executive Officers

Consolidated		University	
2003	2002	2003	2002
Number	Number	Number	Number

(a) **Executive Officers Remuneration**

The table comprises total remuneration that falls within the prescribed bandwidths for executives whose total remuneration is over \$100,000:

100,000 – 109,999	-	1	-	1
130,000 - 139,999	1	-	1	-
140,000 - 149,999	1	-	1	-
190,000 - 199,999	-	4	-	4
200,000 - 209,999	2	-	2	-
210,000 - 219,999	3	-	3	-
220,000 – 229,999	-	2	-	2
230,000 – 239,999	1	1	1	1
240,000 – 249,999	1	-	1	-
380,000 - 389,999	-	1	-	1
410,000 - 419,999	1	-	1	-
	10	9	10	9

DN



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
6.2 Executive Officers (continued)				
(b) Aggregate Remuneration of Executive Officers	1 931	1 679	1 931	1 679
(c) Aggregate Retirement and Superannuation Benefits of Executive Officers	313	275	313	275

Executives are defined as the Chief Executive Officer and those staff in a senior line position who report directly to that position. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting period.

7. Remuneration of Auditors

Auditing the financial report	213	180	198	167
Other services	-	24	-	24
	213	204	198	191

8. Cash Assets

Cash at bank	1 358	5 974	520	5 527
Short term deposits	102 119	78 978	99 852	75 494
	103 477	84 952	100 372	81 021

9. Receivables

Trade debtors	8 898	7 000	7 557	5 850
Provision for doubtful debts	(346)	(429)	(346)	(428)
	8 552	6 571	7 211	5 422
Student fees	4 961	4 952	4 961	4 952
Provision for doubtful debts	(217)	(502)	(217)	(502)
	4 744	4 450	4 744	4 450
Student loans	7	260	7	260
Provision for doubtful debts	(1)	(124)	(1)	(124)
	6	136	6	136
Commonwealth	1 848	2 206	1 848	2 206
	15 150	13 363	13 809	12 214

Ben



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
10. Other Financial Assets				
Current:				
◆ Workers' compensation investment fund	583	115	583	115
◆ Other investments	1 598	306	-	-
	2 181	421	583	115
Non-Current:				
◆ Investment in controlled entity	-	-	1 575	562
◆ Workers' compensation investment fund	4 893	5 632	4 893	5 632
◆ Share investments	2 435	1 647	776	470
	7 328	7 279	7 244	6 664
11. Other Assets				
◆ Prepayments	1 256	1 301	1 227	1 293
◆ Accrued income	1 884	945	1 884	927
◆ Other	-	65	-	65
	3 140	2 311	3 111	2 285
12. Property, Plant and Equipment				
Current:				
Property Held for Resale				
At valuation 31 December 2002	-	6 280	-	6 280
Non Current:				
Property Held for Resale				
At valuation 31 December 2002	-	13 700	-	13 700
At valuation 31 December 2003	33 700	-	33 700	-
Land				
At valuation 31 December 2001	26 588	26 138	26 588	26 138
Buildings				
At valuation 31 December 2001	464 505	464 300	464 234	464 234
At cost	1 681	171	1 681	171
Accumulated depreciation	(205 850)	(195 121)	(205 769)	(195 057)
	260 336	269 350	260 146	269 348
Buildings Under Construction				
At cost	26 230	5 351	26 230	5 351
Library Collection				
At valuation 31 December 2001	56 361	56 566	56 361	56 566
At cost	3 663	1 772	3 663	1 772
Accumulated depreciation	(38 539)	(30 893)	(38 539)	(30 893)
	21 485	27 445	21 485	27 445



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
12. Property, Plant and Equipment (continued)				
Plant and Equipment				
At cost	37 658	36 851	36 925	36 288
Accumulated depreciation	(23 303)	(22 049)	(22 812)	(21 666)
	14 355	14 802	14 113	14 622
Leased Plant and Equipment				
At cost	5 250	2 176	5 250	2 176
Accumulated amortisation	(1 104)	(1 093)	(1 104)	(1 093)
	4 146	1 083	4 146	1 083
Total Non-Current Property, Plant and Equipment	386 840	357 869	386 408	357 687
Total Property, Plant and Equipment	386 840	364 149	386 408	363 967
Reconciliation of Movements in Property, Plant and Equipment				
Property Held for Resale				
Carrying amount at beginning of year	19 980	-	19 980	-
Disposals	(6 280)	-	(6 280)	-
Reclassification	(450)	43 253	(450)	43 253
Revaluations	20 450	(23 273)	20 450	(23 273)
Carrying amount at end of year	33 700	19 980	33 700	19 980
Land				
Carrying amount at beginning of year	26 138	39 065	26 138	39 065
Disposals	-	(127)	-	(127)
Reclassification	450	(12 800)	450	(12 800)
Carrying amount at end of year	26 588	26 138	26 588	26 138
Buildings				
Carrying amount at beginning of year	269 350	311 279	269 348	311 266
Additions	1 304	174	1 099	171
Depreciation	(10 729)	(11 839)	(10 712)	(11 825)
Reclassification	411	(30 264)	411	(30 264)
Carrying amount at end of year	260 336	269 350	260 146	269 348
Buildings Under Construction				
Carrying amount at beginning of year	5 351	-	5 351	-
Additions	21 290	5 540	21 290	5 540
Reclassification	(411)	(189)	(411)	(189)
Carrying amount at end of year	26 230	5 351	26 230	5 351
Library Collection				
Carrying amount at beginning of year	27 445	32 039	27 445	32 039
Additions	1 893	1 772	1 893	1 772
Disposals	(206)	-	(206)	-
Depreciation	(7 647)	(6 366)	(7 647)	(6 366)
Carrying amount at end of year	21 485	27 445	21 485	27 445



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
12. Property, Plant and Equipment (continued)				
Plant and Equipment				
Carrying amount at beginning of year	14 801	16 144	14 622	15 867
Additions	3 770	2 755	3 579	2 702
Disposals	(491)	(412)	(471)	(410)
Depreciation	(3 725)	(3 685)	(3 617)	(3 537)
Carrying amount at end of year	14 355	14 802	14 113	14 622
Leased Plant and Equipment				
Carrying amount at beginning of year	1 083	1 519	1 083	1 519
Additions	5 250	-	5 250	-
Disposals	(1 083)	-	(1 083)	-
Amortisation	(1 104)	(436)	(1 104)	(436)
Carrying amount at end of year	4 146	1 083	4 146	1 083
Total Property, Plant and Equipment	386 840	364 149	386 408	363 967
13. Payables				
Current:				
♦ Trade creditors	8 144	6 336	8 370	6 261
♦ Accrued expenses	2 603	3 839	2 603	3 839
♦ Annual leave on-costs	2 327	1 925	2 327	1 925
♦ Long service leave on-costs	411	564	411	564
	13 485	12 664	13 711	12 589
Non-Current:				
♦ Long service leave on-costs	2 465	3 312	2 465	3 312
♦ Non interest bearing liabilities	50	50	50	50
	2 515	3 362	2 515	3 362
14. Interest Bearing Liabilities				
♦ SA Government Financing Authority (SAFA) loans	15 000	15 000	15 000	15 000
15. Provisions				
Current:				
♦ Annual leave	9 991	8 623	9 825	8 486
♦ Long service leave	3 148	2 840	3 101	2 822
♦ Separation scheme	144	98	144	98
♦ Workers' compensation liability	591	483	588	480
	13 874	12 044	13 658	11 886

22



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
15. Provisions (continued)				
Non-Current:				
◆ Workers' compensation liability	784	708	784	708
◆ Long service leave	18 606	16 562	18 606	16 562
	19 390	17 270	19 390	17 270

16. Other Liabilities

Current:				
◆ Accrued interest	255	255	255	255
◆ Finance lease	1 294	493	1 294	493
◆ Other	2 430	326	879	-
◆ Funds held on behalf of external entities	2 415	2 270	3 149	2 169
	6 394	3 344	5 577	2 917
◆ Income in advance on incomplete projects	1 435	1 440	1 315	1 248
◆ Fees and charges	4 453	4 877	4 453	4 877
◆ Commonwealth grant	18 236	15 131	18 236	15 131
◆ HECS recovery	379	490	379	490
	23 068	20 498	23 068	20 498
	30 897	25 282	29 960	24 663
Non-Current:				
◆ Finance lease	2 800	825	2 800	825

17. Reserves

The University has two reserves in total. The land and buildings reserve is to record revaluations in land and buildings, while the investment reserve is to record revaluations in investments.

(a) Reserves comprise

Asset Revaluation Reserves				
Land and buildings	27 923	7 473	27 923	7 473
Investment revaluation reserve	208	42	-	-
	28 131	7 515	27 923	7 473
Total Reserves	28 131	7 515	27 923	7 473



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
17. Reserves (continued)				
(b) Movements in Reserves				
Land and Buildings				
Opening balance	7 473	30 746	7 473	30 746
Asset revaluation increment	20 450	1 095	20 450	1 095
Asset revaluation decrement	-	(24 368)	-	(24 368)
Closing Balance	27 923	7 473	27 923	7 473
Investment Revaluation Reserve				
Opening balance	42	152	-	-
Asset revaluation increment	166	-	-	-
Asset revaluation decrement	-	(110)	-	-
Closing Balance	208	42	-	-
Total Reserves	28 131	7 515	27 923	7 473
Total Reserves				
Total Opening Balance	7 515	30 898	7 473	30 746
Total Movement in reserves	20 616	(23 383)	20 450	(23 273)
Total Closing Balance	28 131	7 515	27 923	7 473
18. Accumulated Result of Operations				
Opening balance	378 513	364 932	373 198	360 015
Operating result from ordinary activity	13 511	13 581	13 372	13 183
Closing Balance	392 024	378 513	386 570	373 198
19. Commitments for Expenditure				
(a) Capital Expenditure Commitments				
Capital Expenditure *				
Not later than one year	72 674	4 075	72 674	4 075
Later than one year but not later than five years	563	-	563	-
Later than five years	-	-	-	-
	73 237	4 075	73 237	4 075

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



	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
19. Commitments for Expenditure (continued)				
(b) Lease Commitments				
Operating Leases				
Not later than one year	3 429	2 824	3 425	2 824
Later than one year but not later than five years	6 158	3 511	6 158	3 511
Later than five years	3 355	720	3 355	720
	12 942	7 055	12 938	7 055
Finance Leases				
Not later than one year	1 652	653	1 652	653
Later than one year but not later than five years	3 396	978	3 396	978
Later than five years	-	-	-	-
	5 048	1 631	5 048	1 631
Less future lease finance charges	(954)	(313)	(954)	(313)
	4 094	1 318	4 094	1 318
Lease Liabilities Provided for in the Financial Statement				
Current	1 294	493	1 294	493
Non-current	2 800	825	2 800	825
	4 094	1 318	4 094	1 318

Major operating leases include leases for accommodation and vehicles. The terms of the accommodation lease agreements include renewal or purchase options ranging between 1 and 5 years. At 31 December 2003 the University had finance leases over a computer with a written down value of \$2.912 million and computer pools with a written down value of \$1.234 million.

20. Superannuation Plans

The University contributes to the following employee superannuation funds:

(a) South Australian Superannuation Fund

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

Under current arrangements the Board pays the benefits and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State government.



20. Superannuation Plans (continued)

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed by the Director Superannuation (State Superannuation Office) Department of Treasury and Finance as at 31 December 2003 to be \$297.1 million (31 December 2002: \$292.1 million). The assessment took into account an actuarial review of the South Australian Superannuation Fund as at 30 June 1998.

The University's liability under the schemes has been partly funded by an amount of \$14.9 million (2002: \$14.8 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$282.2 million (2002: \$277.3 million). The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth government. The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

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

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

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

These assumptions have not changed since 1999.

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

(b) UniSuper

The University contributes to the following employee superannuation funds:

(i) UniSuper Defined Benefit Plan or Investment Choice Plan

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

The last actuarial investigation as at 31 July 2003 was conducted by Grant Harslett, FIA, FIAA on 31 July 2003.

A funding and solvency certificate required under regulation 9.09(i) of the Superannuation (Supervision) Industry Regulations has been obtained from UniSuper with a date of effect of 31 July 2003 ceasing on 31 December 2007.

As at 30 June 2003 the University of South Australia's share of the fund as it relates to the defined benefits scheme was:

	2003 \$'000	2002 \$'000
Net market value	73 962	70 692
Accrued benefits	70 135	60 764
Difference	3 827	9 928
Vested Benefits	83 936	75 999

22W -



20. Superannuation Plans (continued)

UniSuper advised a change in accounting policy in relation to the basis of calculation of the accrued benefits. Accrued benefits are calculated as the present value of expected future payments of benefits to members which arise from membership of the fund up to the reporting date, using the actuary's current expectations of earnings of the Fund's assets, future inflation, salary levels and other relevant assumptions. In prior years the accrued benefits were determined as the greater of the present value of future payments of benefits and the vested benefits. UniSuper advised that, as there are more than 100 participating employers in the Fund, they consider accrued benefits to be the more relevant measure of UniSuper's accrued liability because all members are not expected to voluntarily leave service at one time.

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

(ii) UniSuper Award Plus Plan

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

The University also makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee Charge (SGC).

(c) Deferred Government Superannuation Contribution

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

In 2003, an amount of \$4.9 million was brought to account to reflect the increase in the net unfunded past service cost for State superannuation (2002: an increase of \$16.3 million).

	2003 \$'000	2002 \$'000
Deferred government superannuation contribution at the beginning of the year	277 300	261 000
Increase/(decrease) in amount owing for unfunded liability	4 900	16 300
Deferred government superannuation contribution at the end of the year	282 200	277 300
Comprising:		
♦ Current asset	24 800	23 600
♦ Non-current asset	257 400	253 700
	282 200	277 300

29



21. Contingent Liabilities

The University has entered into an agreement with the Minister of the Department of Education, Training and Employment to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated within the first seven years an amount of \$0.680 million being the Minister's contribution to the Child Care Centre will be refunded. If the agreement is terminated after seven years a sum of \$0.680 million to be repaid is reduced on a pro rata basis reducing to zero after 21 years.

In 1994 the University received a South Australian government grant of \$1.0 million towards establishing the Ian Wark Research Institute (IWRI). Under the conditions the grant was awarded if the IWRI ceases to operate the University is liable to repay 10% of the grant for each complete year the IWRI fails to operate up to 2004.

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

The University has no other material contingent liabilities.

22. Joint Venture Operations

Mawson Centre Building

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

As at 31 December 2003, the University's share of the Mawson Centre development totalled \$0.509 million. This amount is reported in the value for buildings under construction in property, plant and equipment (refer note 12). The amounts outstanding from the joint venturers total \$0.008 million and are reported under trade debtors (refer note 9).

Other Joint Venture Operations

The University's other interests in joint ventures is by note disclosure only, as these interests are immaterial in relation to the University's core activities. These other joint venture operations are:

	Reporting date	Output Interest	
		2003	2002
SPRI (Building)	30 June	30%	30%
SAPAC	30 June	20%	-

**22. Joint Venture Operations (continued)****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.

South Australian Partnership for Advanced Computing (SAPAC)

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

23. Joint Venture Entities

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

Entity (refer below)	Reporting Date	Ownership Interest	
		2003	2002
(a) CIEAM	30 June	11.39%	N/A
(b) CRCIF	30 June	-	N/A
(c) CRCIMST	30 June	8%	8%
(d) CRCRET	30 June	8.3%	8.3%
(e) CRCSS	30 June	28%	24%
(f) CRCST	30 June	5%	5%
(g) CSSIP	30 June	5.2%	5.2%
(h) CWQT	30 June	5%	5%
(i) DK-CRC	30 June	4.6%	N/A
(j) DSTC Pty Ltd	30 June	8.3%	N/A
(k) SAARDNET	31 December	20%	20%
(l) SACITT	31 December	33.3%	N/A
(m) SACRRH	31 December	50%	50%
(n) SATAC	30 June	25%	25%

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

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



23. Joint Venture Entities (continued)

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

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

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

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

(d) **Co-operative Research Centre for Railway Engineering and Technologies (CRCRET)**

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

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

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

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

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

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

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

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

The CWQT is a national co-operative research centre. Its purpose is to enhance scientific and technological capabilities, support scientific research and encourage applications of science and technology in industry and other areas in the area of water quality and treatment.

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

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

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

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



23. Joint Venture Entities (continued)

(k) South Australian Academic Research and Development Network (SAARDNet)

SAARDNet is a joint venture by the University of Adelaide, Flinders University of South Australia, University of South Australia, DSTO and CSIRO to provide members with an enhanced network and shared resources. SAARDNet facilitates greater data, voice and video communications between higher education and research organisations in South Australia.

(l) South Australian Consortium for Information Technology and Telecommunications (SACITT)

SACITT brings together the three universities of SA and is supported by an Advisory Board comprising industry and government representatives. Its purposes are to establish SA as an international centre for IT&T research and academic excellence, to create a single point of focus for marketing the state as centre for IT&T research and academic excellence, to create a forum for information sharing and collaboration, to coordinate future IT&T research demands by SA industry, and to enable the three universities to plan jointly for education provision in IT&T through advice to the South Australian Vice-Chancellors Committee.

(m) South Australian Centre for Rural and Remote Health (SACRRH)

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

(n) South Australian Tertiary Admissions Centre (SATAC)

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

24. Controlled Entities

The University has 100% ownership of three controlled entities:

(a) ITEK Pty Ltd

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

(b) University of South Australia Foundation Incorporated

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

The University funds the operating costs of the Foundation directly so that donations and bequests received are wholly used for the intended purpose.

(c) Knowledge South Pty Ltd

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



25. Other Entities

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

Unisure Pty Ltd

The University of South Australia is an exempt employer under the Workers Rehabilitation and Compensation Act 1986 and 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. 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 2003 the Unit Trust held net assets of \$4.104 million on behalf of the University of South Australia (2002: \$4.559 million).

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

	University	
	2003	2002
	\$'000	\$'000
Current assets	583	115
Non-current assets	4 893	5 632
Total Assets	5 476	5 747
Current liabilities	588	480
Non-current liabilities	784	708
Total Liabilities	1 372	1 188
Net Assets	4 104	4 559

Refer to notes 10 and 15.

26. Disaggregated Information

Industry	Revenue		Results		Total Assets	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Higher Education	292 259	269 600	13 511	13 581	800 316	749 775

Geographical	Revenue		Results		Total Assets	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	270 653	245 122	10 270	9 419	800 316	749 775
Asia	21 120	24 321	3 168	4 135	-	-
Other	486	157	73	27	-	-
	292 259	269 600	13 511	13 581	800 316	749 775

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



27. Subsequent Events

Subsequent to 31 December 2003, a contract was signed for the sale of the Underdale campus. The settlement is scheduled for 31 March 2005. The financial effect of the sale has not been recognised as at 31 December 2003, however the Underdale campus was revalued to its net market value which was based on the contract price. Other than this, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, event of a material or unusual nature likely to affect significantly the operation of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

28. Assets and Liabilities of Trusts for which the Institution is Trustee

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

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

29. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits net of outstanding bank overdrafts and unrepresented cheques. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		University	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Cash at bank	1 358	5 974	520	5 527
Short term deposits	102 119	78 978	99 852	75 494
	103 477	84 952	100 372	81 021

22



29. Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of Operating Result from Ordinary Activities to Net Cash Provided by Operating Activities

Operating result from ordinary activities	13 511	13 581	13 372	13 183
Add/(less) items classified as investing activities:				
• (Profit)/loss on sale of plant and equipment	354	499	356	499
Add/(less) non-cash items				
• Depreciation and amortisation	23 214	22 324	23 079	22 163
• Non cash donations	(62)	(165)	(62)	(165)
• Other	-	(564)	-	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	(1 787)	(2 152)	(1 594)	(1 973)
(Increase)/decrease in other assets	(2 638)	(362)	(1 876)	249
Increase/(decrease) in payables	(26)	180	276	247
Increase/(decrease) in provisions	3 950	(682)	3 892	(699)
Increase/(decrease) in other liabilities	4 854	5 229	4 503	4 055
Net Cash provided by Operating Activities	41 370	37 888	41 946	37 559

(c) Non Cash Financing and Investing Activities

The University received in the reporting period donations of works of art and library materials with a fair value of \$62 000 (2002: \$165 000). These non-cash acquisitions are not reflected in the Statement of Cash Flows.

(d) Credit Standby Arrangements

The University has a \$5.0 million (2002: \$5.0 million) credit card facility with the National Australia Bank (NAB). The unused portion of this facility as at 31 December 2003 was \$4.431 million (2002: \$4.413 million).

The University has a \$0.855 million credit card facility with AMEX (2002: \$0.760 million). The unused portion of this facility as at 31 December 2003 was \$0.854 million (2002: \$0.750 million).

The University has a \$0.200 million (2002 nil) documentary letter of credit facility with the NAB to allow issue of Letters of Credit. The unused portion of this facility as at 31 December 2003 was \$0.200 million (2002 nil).

The University has a pre-approved lease / lease purchase limit of \$2.0 million (2002 nil) with the NAB for the funding of leaseable equipment. The unused portion of this facility as at 31 December 2003 was \$2.0 million (2002 nil).

(e) Loan Facilities

The University has \$15.0 million of borrowings remaining at 31 December 2003 from a loan facility with the South Australian Department of Treasury and Finance. No security is provided against the borrowings.

The University has a \$25.0 million facility and a \$10.0 million standby facility with the NAB for financing the Blueprint capital program. The unused portion of these facilities as at 31 December 2003 were \$25.0 million and \$10.0 million respectively.



30. Financial Instruments

30.1 Interest Rate Risk 2003

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

	Variable interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
		Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2003						
Financial assets:						
◆ Cash assets	103 477	-	-	-	-	103 477
◆ Receivables	-	-	-	-	15 150	15 150
◆ Other financial assets	5 476	-	-	-	4 033	9 509
	108 953	-	-	-	19 183	128 136

Weighted average interest rate 5.15%

Financial liabilities:

◆ Trade Creditors	-	-	-	-	8 144	8 144
◆ Accrued Expenses	-	-	-	-	2 603	2 603
◆ Annual Leave and long service leave on-costs	-	-	-	-	5 203	5 203
◆ (Non) Interest bearing liabilities	-	-	15 000	-	50	15 050
◆ Finance lease	-	1 294	2 800	-	-	4 094
◆ Funds held on behalf of external entities	-	-	-	-	2 415	2 415
	-	1 294	17 800	-	18 415	37 509

Weighted average interest rate 7.32% 9.73%

30.2 Interest Rate Risk 2002

The following table sets out the economic entity's exposure to interest rate risk as at 31 December 2002:

	Variable interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
		Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2002						
Financial assets:						
◆ Cash assets	84 952	-	-	-	-	84 952
◆ Receivables	-	-	-	-	13 363	13 363
◆ Other financial assets	5 747	-	-	-	1 953	7 700
	90 699	-	-	-	15 316	106 015

Weighted average interest rate 4.67%



30. Financial Instruments (continued)

	Variable interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
		Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2002						
Financial liabilities:						
◆ Trade Creditors	-	-	-	-	6 336	6 336
◆ Accrued Expenses	-	-	-	-	3 839	3 839
◆ Annual leave and long service leave on-costs	-	-	-	-	5 801	5 801
◆ (Non) Interest bearing liabilities	-	-	15 000	-	50	15 050
◆ Finance lease	-	493	825	-	-	1 318
◆ Funds held on behalf of external entities	-	-	-	-	2 270	2 270
	-	493	15 825	-	18 296	34 614

Weighted average interest rate 11.89% 10.27%

Currency Risk

The University assesses the foreign exchange risk for its transnational activities and for asset acquisitions (library and plant & equipment), and enters into hedging arrangements if appropriate. As at 31 December 2003 the University held US\$0.589 million (2002: US\$0.989 million) and RM\$0.118 million (2002: RM\$0.109 million - Malaysian Ringgitt) in foreign currency.

Credit Risk

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

(i) On-Balance Sheet Financial Instruments

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

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

Net Fair Values of Financial Assets and Liabilities

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

2003 Carrying Amount \$'000	2003 Net Fair Value \$'000	2002 Carrying Amount \$'000	2002 Net Fair Value \$'000
15 000	16 402	15 000	17 223

Unlisted share investments of \$0.776 million and investments in controlled entities of \$1.575 million are carried at cost, which are deemed to be fair value.



31. Acquittal of Commonwealth Government Financial Assistance

	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
31.1 Teaching and Learning				
	Operating Financial Assistance excluding HECS		Capital Development Pool	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	9 151	8 702	-	-
<i>plus</i> Financial Assistance received during reporting period	118 082	113 947	1 421	-
<i>less</i> Financial Assistance in Advance (received in reporting period for the next reporting period)	(9 306)	(9 151)	-	-
Total from DEST	117 927	113 498	1 421	-
Accrual Adjustments:				
◆ (Over)/under funding for the year	(2 330)	2 139	-	-
◆ Permanent accrual adjustments	606	-	-	-
◆ Reversal prior year accrual	(2 139)	(1 105)	-	-
Revenue attributed to the reporting period	114 064	114 532	1 421	-
plus Surplus/(Deficit) prior year	264	361	154	717
Funds available for the reporting period	114 328	114 893	1 575	717
less Expenses for current period	(113 681)	(114 629)	(138)	(563)
Surplus/(Deficit) for reporting period	647	264	1 437	154
	HECS		PELS	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	4 333	4 153	-	-
<i>plus</i> Financial Assistance received during reporting period	54 270	52 747	2 060	555
<i>plus</i> Contributions actually received from students	9 125	8 996	-	-
<i>less</i> Financial Assistance in Advance (received in reporting period for the next reporting period)	(4 460)	(4 333)	-	-
Total from DEST	63 268	61 563	2 060	555
Accrual Adjustments:				
◆ (Over)/under funding for the year	(379)	(490)	162	-
◆ Reversal prior year accrual	490	190	-	-
Revenue attributed to the reporting period	63 379	61 263	2 222	555
plus Surplus/(Deficit) prior year	-	-	-	-
Funds available for the reporting period	63 379	61 263	2 222	555
less Expenses for current period	(63 379)	(61 263)	(2 222)	(555)
Surplus/(Deficit) for reporting period	-	-	-	-

222



31.2 Australian Research Council

	Discovery – Projects		Discovery – Fellowships	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	44	-	5	-
plus Financial Assistance received during reporting period	1 276	688	152	78
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	(44)	-	(5)
Total from ARC	1 320	644	157	73
Transfer to/from other shared University projects	7	(14)	-	56
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	1 327	630	157	129
plus Surplus/(Deficit) Prior Year	263	237	52	34
Funds available for the reporting period	1 590	867	209	163
less Expenses for current period	(1 043)	(604)	(154)	(111)
Surplus/(Deficit) for reporting period	547	263	55	52
	Discovery – Indigenous Research		Special Research Initiatives	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	-	-	-	-
plus Financial Assistance received during reporting period	-	9	60	-
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	-	-	-
Total from ARC	-	9	60	-
Transfers to/from other shared University projects	-	-	-	-
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	-	9	60	-
plus Surplus/(Deficit) Prior Year	30	29	-	-
Funds available for the reporting period	30	38	60	-
less Expenses for current period	(30)	(8)	-	-
Surplus/(Deficit) for reporting period	-	30	60	-
	Linkage - Infrastructure		Linkage – International	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	398	-	2	-
plus Financial Assistance received during reporting period	-	989	42	18
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	(398)	-	(2)
Total from ARC	398	591	44	16
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	398	591	44	16
plus Surplus/(Deficit) Prior Year	-	-	6	22
Funds available for the reporting period	398	591	50	38
less Expenses for current period	(398)	(591)	(27)	(32)
Surplus/(Deficit) for reporting period	-	-	23	6



2003 2002 2003 2002
\$'000 \$'000 \$'000 \$'000

31.2 Australian Research Council (continued)

	Linkage – Projects		Linkage – Special Research Centres	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	105	-	57	-
plus Financial Assistance received during reporting period	1 762	1 950	659	755
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	(105)	-	(57)
Total from ARC	1 867	1 845	716	698
Transfers to/from other shared University projects	(49)	(37)	-	-
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	1 818	1 808	716	698
plus Surplus/(Deficit) Prior Year	993	821	103	204
Funds available for the reporting period	2 811	2 629	819	902
less Expenses for current period	(1 907)	(1 636)	(662)	(799)
Surplus/(Deficit) for reporting period	904	993	157	103

31.3 DEST Research Financial Assistance

	Institutional Grants Scheme		Research Infrastructure	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	362	337	100	83
plus Financial Assistance received during reporting period	4 549	4 239	1 255	1 058
less Financial Assistance in Advance (received in reporting period for the next reporting period)	(381)	(362)	(106)	(100)
Total from DEST	4 530	4 214	1 249	1 041
Accrual Adjustments	22	-	-	-
Revenue attributed to the reporting period	4 552	4 214	1 249	1 041
plus Surplus/(Deficit) Prior Year	-	-	-	-
Funds available for the reporting period	4 552	4 214	1 249	1 041
less Expenses for current period	(4552)	(4 214)	(1 249)	(1 041)
Surplus/(Deficit) for reporting period	-	-	-	-

	Research Training Scheme		Australian Postgraduate Awards Pre 2002	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	573	577	-	-
plus Financial Assistance received during reporting period	7 170	7 212	564	1 343
less Financial Assistance in Advance (received in reporting period for the next reporting period)	(573)	(573)	-	-
Total from DEST	7 170	7 216	564	1 343
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	7 170	7 216	564	1 343
plus Surplus/(Deficit) Prior Year	-	-	21	80
Funds available for the reporting period	7 170	7 216	585	1 423
less Expenses for current period	(7 170)	(7 216)	(483)	(1 402)
Surplus/(Deficit) for reporting period	-	-	102	21

2004



2003 2002 2003 2002
\$'000 \$'000 \$'000 \$'000

31.3 DEST Research Financial Assistance (continued)

	Australian Postgraduate Awards – 2002 Onwards		International Postgraduate Research	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	-	-	-	-
plus Financial Assistance received during reporting period	924	-	288	255
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	-	-	-
Total from DEST	924	-	288	255
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	924	-	288	255
plus Surplus/(Deficit) Prior Year	-	-	-	-
Funds available for the reporting period	924	-	288	255
less Expenses for current period	(823)	-	(288)	(255)
Surplus/(Deficit) for reporting period	101	-	-	-
	Other – Shared University Projects		Innovation Program	
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	-	-	-	-
plus Financial Assistance received during reporting period	-	-	-	50
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	-	-	-
Total from DEST	-	-	-	50
Transfers to/from other shared University projects	37	14	-	-
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	37	14	-	50
plus Surplus/(Deficit) Prior Year	14	8	50	-
Funds available for the reporting period	51	22	50	50
less Expenses for current period	(37)	(8)	(28)	-
Surplus/(Deficit) for reporting period	14	14	22	50
	Small Research Grants			
Financial Assistance in Advance (paid in previous reporting period for current reporting period)	-	-	-	-
plus Financial Assistance received during reporting period	-	-	-	-
less Financial Assistance in Advance (received in reporting period for the next reporting period)	-	-	-	-
Total from DEST	-	-	-	-
Accrual Adjustments	-	-	-	-
Revenue attributed to the reporting period	-	-	-	-
plus Surplus/(Deficit) Prior Year	36	81	-	-
Funds available for the reporting period	36	81	-	-
less Expenses for current period	(25)	(45)	-	-
Surplus/(Deficit) for reporting period	11	36	-	-



31.4 Summary of Unspent Financial Assistance

	Amount of unspent grant as at 31 December 2003	Amount of unspent grant that it is more likely to be approved by the Commonwealth for carry forward	Amount of unspent grant that it is more likely to be recovered by the Commonwealth
	\$'000	\$'000	\$'000
Teaching and Learning:			
◆ Higher Education Innovation Program	45	45	-
◆ Equity Program – Other	80	80	-
◆ Regional Disability Liaison Officer	62	62	-
◆ Student Disability Educational Support	50	50	-
◆ Other HEIP Programs	410	410	-
◆ Capital Development Pool	1 437	1 421	16
	2 084	2 068	16
Australian Research Council:			
◆ Discovery – Projects	547	512	35
◆ Discovery – Fellowships	55	55	-
◆ Linkage – Special Research Initiatives	60	60	-
◆ Linkage – International	23	23	-
◆ Linkage – Projects	904	896	8
◆ Linkage – Special Research Centres	157	157	-
	1 746	1 703	43
DEST Research Financial Assistance:			
Australian Postgraduate Awards – Pre 2002	102	102	-
Australian Postgraduate Awards – 2002 Onwards	101	101	-
Other – Shared University Projects	14	14	-
Innovation Program	22	22	-
Small Research Grants	11	11	-
	250	250	-
Total	4 080	4 021	59

See -



University of South Australia

CERTIFICATE

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2003**

To the best of our knowledge and belief:

- the financial statements represent a true and fair view of matters and present fairly, in accordance with Statements of Accounting Concepts, applicable Accounting Standards, Urgent Issues Consensus Views and the Public Finance and Audit Act 1987, as amended, the financial position of the University as at 31 December 2003 and the results of operations and cash flows for the year then ended, and conform with Commonwealth guidelines;
- at the time of the certificate there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- the amount of Commonwealth financial assistance expended during the reporting period was for the purpose(s) for which it was provided; and
- that internal controls over financial reporting have been effective throughout the reporting period.

Handwritten signature of Mr David Klingberg in black ink.

**Mr David Klingberg
Chancellor**

15/16/2004

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

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

15/16/2004

ran



INDEPENDENT AUDIT REPORT

TO THE CHANCELLOR UNIVERSITY OF SOUTH AUSTRALIA

SCOPE

As required by section 31 of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, I have audited the financial report of the University of South Australia for the financial year ended 31 December 2003. The financial report comprises:

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

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

The University Council are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on it to the Chancellor.

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

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

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

QUALIFICATION

The University has reported as part of Other Liabilities in Note 16 to the financial statements, Commonwealth Grants representing revenue received in advance of \$18.2 million (\$15.1 million in 2002).

The 2001 Department of Education, Science and Training (DEST) Guidelines were changed to remove the requirement to account for the advance grant as a liability. As a result, the requirements of Australian Accounting Standard AASB 1004 'Revenue' became applicable for the first time in 2001. The Commonwealth Operating grant received from DEST is considered to be a non-reciprocal transfer and as a consequence the University has control of the funds upon receipt. In accordance with AASB 1004 'Revenue', the advance grant should have been recognised as revenue in the year of receipt. The University has recognised Commonwealth Grants of \$15.1 million received in 2002 as revenue in 2003 and \$18.2 million received in 2003 as Other Liabilities.

As a result, the revenue received under the Higher Education Funding Act 1988 recognised in Commonwealth Government Financial Assistance and the Operating Result From Ordinary Activities are both understated by \$3.1 million (\$1.2 million in 2002); Accumulated Results of Operations is understated by \$18.2 million (\$15.1 million in 2002) and Current Liabilities-Other are overstated by \$18.2 million (\$15.1 million in 2002). The University has disclosed its accounting treatment of the operating grant received from DEST in Note 1(d) to the financial statements.

QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial report of the matter referred to in the qualification paragraphs, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, the Higher Education Funding Act 1988, applicable Australian Accounting Standards and other mandatory professional reporting requirements, the financial position of the University of South Australia and of the economic entity as at 31 December 2003, the results of their operations and their cash flows for the year then ended.



22 June 2004

**S O'Neill
DEPUTY AUDITOR-GENERAL**