

UNIVERSITY OF SOUTH AUSTRALIA

OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1996

	<i>Note</i>	Consolidated		University	
		1996	1995	1996	1995
		\$'000	\$'000	\$'000	\$'000
OPERATING REVENUE					
Commonwealth government grants	<i>1(d),3</i>	145 235	132 965	144 873	130 770
Higher Education Contribution Scheme	<i>4</i>	34 831	34 329	34 831	34 329
South Australian government grants	<i>1(d),5</i>	2 353	2 348	2 353	1 781
Other research grants and contracts	<i>1(d)</i>	15 378	14 218	13 222	3 582
Scholarships and prizes		268	221	268	221
Donations and bequests		249	378	108	244
Investment income	<i>1(d)</i>	707	2 109	601	1 949
Fees and charges	<i>1(d),6</i>	16 889	17 949	17 120	18 075
Deferred income - government contributions for superannuation	<i>18</i>	28 600	15 400	28 600	15 400
Other		77	177	-	-
Total operating revenues before abnormal items		244 587	220 094	241 976	206 351
OPERATING EXPENSES					
Academic activities	<i>7</i>	133 988	120 204	133 988	120 199
Libraries	<i>7</i>	11 625	10 333	11 625	10 333
Other academic support services	<i>7</i>	15 410	16 206	15 410	16 206
Student services	<i>7</i>	3 665	3 485	3 665	3 485
Public services	<i>7</i>	3 924	3 512	3 924	3 512
Buildings and grounds	<i>7</i>	11 522	10 390	11 522	10 390
Administration and other general institutional services	<i>7</i>	32 569	30 278	32 453	26 565
Deferred employee benefits for superannuation	<i>18</i>	28 600	15 400	28 600	15 400
Other	<i>7</i>	2 490	10 624	206	684
Total operating expenses before abnormal items		243 793	220 432	241 393	206 774
Operating result before abnormal items		794	(338)	583	(423)
Abnormal items	<i>1(j)</i>	1 244	(5 967)	1 244	(5 967)
Operating result		2 038	(6 305)	1 827	(6 390)
Add accumulated funds at beginning of year		349 441	355 746	348 676	355 066
ACCUMULATED FUNDS AT END OF YEAR		351 479	349 441	350 503	348 676

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

UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 1996

	Note	Consolidated		University	
		1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
CURRENT ASSETS					
Cash		1 646	1 072	1 310	527
Receivables	9	9 807	4 741	10 620	5 555
Investments	10	20 587	15 372	19 739	14 357
Other	11	17 330	15 555	17 330	15 536
Total current assets		49 370	36 740	48 999	35 975
NON-CURRENT ASSETS					
Receivables	9	221	344	221	344
Investments	10	220	-	285	-
Property plant and equipment	12	451 105	456 562	450 804	456 161
Other	11	237 200	210 600	237 200	210 600
Total non-current assets		688 746	667 506	688 510	667 105
Total Assets		738 116	704 246	737 509	703 080
CURRENT LIABILITIES					
Creditors	13	10 355	10 188	10 342	9 748
Borrowings	14	179	163	179	163
Accrued liabilities	15	16 807	14 439	16 799	14 423
Other	16	35 005	28 983	35 395	29 038
Total current liabilities		62 346	53 773	62 715	53 372
NON-CURRENT LIABILITIES					
Borrowings	14	30 496	775	30 496	775
Accrued liabilities	15	16 088	15 841	16 088	15 841
Other	16	237 200	210 600	237 200	210 600
Total non-current liabilities		283 784	227 216	283 784	227 216
Total Liabilities		346 130	280 989	346 499	280 588
Net Assets		391 986	423 257	391 010	422 492
EQUITY					
Asset revaluation reserve	30	40 507	73 816	40 507	73 816
Accumulated results of operations		351 479	349 441	350 503	348 676
TOTAL EQUITY	27	391 986	423 257	391 010	422 492

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

UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 1996

	<i>Note</i>	Consolidated		University	
		1996	1995	1996	1995
		\$'000	\$'000	\$'000	\$'000
		inflows	inflows	inflows	inflows
		(outflows)	(outflows)	(outflows)	(outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Higher Education Contribution Scheme:					
Student payments		6 191	5 483	6 191	5 483
Higher Education Trust Fund		29 060	28 862	29 060	28 862
Interest received		728	2 104	622	1 976
Fees and charges		37 363	33 677	35 738	22 721
Transfer of funds from controlled entity		-	-	463	-
Outflows:					
Staff salaries		(105 193)	(109 583)	(103 671)	(105 034)
Staff salary related costs		(40 080)	(34 345)	(39 946)	(33 402)
Interest and other costs of finance paid		(828)	(74)	(828)	(74)
Other		(51 791)	(51 416)	(51 514)	(42 236)
Net cash used in operating activities	<i>28(ii)</i>	(124 550)	(125 292)	(123 885)	(121 704)
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of plant and equipment		242	443	242	112
Outflows:					
Share investment		(220)	-	(220)	-
Payments for property plant and equipment		(44 830)	(25 300)	(44 757)	(25 035)
Net cash used in investing activities		(44 808)	(24 857)	(44 735)	(24 923)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Borrowings		30 000	-	30 000	-
Outflows:					
Repayment of borrowings		(163)	(149)	(163)	(149)
Net cash used in financing activities		29 837	(149)	29 837	(149)
CASH FLOWS FROM GOVERNMENT					
Inflows:					
Commonwealth government grants		144 316	128 998	143 954	126 802
South Australian government grants		2 278	2 341	2 278	1 774
Net cash from government		146 594	131 339	146 232	128 576
Net increase/(decrease) in cash held		7 073	(18 959)	7 449	(18 200)
Cash at beginning of reporting year		13 622	32 581	12 062	30 262
Cash at End of Reporting Period	<i>28(i)</i>	20 695	13 622	19 511	12 062

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

1. Statement of Significant Accounting Policies

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

(a) Basis of Preparation

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

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

(b) Principles of Consolidation

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

(c) Comparative Figures

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

Had superannuation oncosts in relation to leave liabilities and salaries accrual amounts as highlighted in Note 2 (Change in Accounting Policy) been applied in 1995, the 1995 operating result would have been adjusted downwards by \$1.761 million.

(d) Revenue Recognition

(i) Grants

Grant income from DEETYA is recognised in the period to which it relates. The DEETYA advance of \$13.263 million received in December 1996 for the 1997 academic year has been recognised as income in advance of the operating year and recorded as a liability. Other grants are recognised as income when they are received.

(ii) Other Research Grants and Contracts

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

(iii) Fees and Charges

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

(iv) Investment Income

Interest income is recognised as it accrues.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

(e) Inventories

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

(f) Projects

(i) Work in Progress

Work in progress (WIP) is the value of project expenditure capitalised at 31 December 1996. The value of WIP is the result of expenses incurred on projects which are yet to be invoiced. Work in progress cost includes variable and fixed costs which can be related to specific projects.

(ii) Recognition of Profit

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

(g) Property, Plant and Equipment

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

(i) Land

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

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

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

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

(ii) Buildings

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

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

Buildings under construction are valued at the cost of construction.

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

(g) Property, Plant and Equipment (cont)

(iii) Infrastructure

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

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

Infrastructure is reviewed at least every five years for valuation purposes. Where the infrastructure valuation is above its recoverable amount, the infrastructure valuation is reduced to its recoverable amount in accordance with AAS10.

(iv) Library Collection

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

(v) Plant and Equipment

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

(vi) Leased Property, Plant and Equipment

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

The University has not entered into any finance leases.

(h) Depreciation

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

(i) Accrued Liabilities

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

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

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

(j) Abnormal Items

(i) Income

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

(ii) Expenses

The amount shown as Abnormal items in 1996 represents amounts expensed in 1996 for the Early Retirement and Voluntary Separation Schemes of \$0.703 million and the inclusion of superannuation oncosts for the first time in the calculation of leave liabilities and salary accruals of \$1.606 million. The amount shown in 1995 represents \$5.967 million for Early Retirement and Voluntary Separation expense in 1995.

2. Change in Accounting Policy

In accordance with the requirements of AAS30, the University has included superannuation oncosts in the calculation of leave liabilities and salary accruals for the first time in 1996. This has resulted in an increase in those items of \$1.606 million in 1996. As this increase is abnormally large due to its inclusion for the first time it has been classified as an abnormal item.

The University has adopted the long hand method of assessing the long service leave liability for the first time (previously the short hand method had been used). The change in policy had no material impact on the financial statements.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

3.1 Commonwealth Government Grants Excluding HECS

	University 1996 \$'000	University 1995 \$'000
Pursuant to the <i>Higher Education Funding Act 1988</i> , excluding HECS: <i>Operating purposes excluding HECS</i>	134 615	122 291
Special research assistance:		
Large research grants	702	592
Small research grants	195	161
Collaborative research grants	1 407	363
Research infrastructure grants	2 018	2 598
Key centres of teaching and research	-	-
Research fellowships	135	155
International research fellowships	40	-
Australian postgraduate awards	516	484
Australian postgraduate awards (industry)	232	279
Overseas postgraduate research scholarships	150	155
Sub-total Higher Education Funding Act 1988	<u>140 010</u>	<u>127 078</u>
Other Commonwealth government grants	<u>4 863</u>	<u>3 692</u>
Total Commonwealth government grants excluding HECS	<u><u>144 873</u></u>	<u><u>130 770</u></u>

3.2 Amounts received pursuant to the *Higher Education Funding Act 1988* excluding HECS and amounts expended

<i>Operating purposes excluding HECS</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	9 071	11 677
carry-over from previous period	3 658	-
<i>sub-total amount received in previous period</i>	<u>12 729</u>	<u>11 677</u>
<i>Amount received in the reporting period</i>	<u>134 381</u>	<u>119 685</u>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(8 837)	(9 071)
under-expenditure in reporting period	(4 148)	(3 658)
sub-total amount attributable to future period	<u>(12 985)</u>	<u>(12 729)</u>
<i>Amount expended in the reporting period</i>	<u><u>134 125</u></u>	<u><u>118 633</u></u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	University 1996 \$'000	University 1995 \$'000
3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)		
<i>Large Research Grants</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	55	34
carry-over from previous period	35	5
sub-total amount received in previous period	90	39
<i>Amount received in the reporting period</i>	682	613
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(35)	(55)
under-expenditure in the reporting period	(99)	(35)
sub-total amount attributable to future period	(134)	(90)
<i>Amount expended in the reporting period</i>	638	562
<i>Small Research Grants</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	13
carry-over from previous period	21	18
sub-total amount received in previous period	21	31
<i>Amount received in the reporting period</i>	195	148
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(57)	(21)
sub-total amount attributable to future period	(57)	(21)
<i>Amount expended in the reporting period</i>	159	158

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	University 1996 \$'000	University 1995 \$'000
3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)		
<i>Collaborative Research Grants</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	505	50
carry-over from previous period	109	1 148
sub-total amount received in previous period	614	1 198
<i>Amount received in the reporting period</i>	1 794	818
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(892)	(505)
under-expenditure in the reporting period	(166)	(109)
sub-total amount attributable to future period	(1 058)	(614)
<i>Amount expended in the reporting period</i>	1 350	1 402
<i>Research Infrastructure Grants</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	206
carry-over from previous period	-	188
sub-total amount received in previous period	-	394
<i>Amount received in the reporting period</i>	2 074	2 392
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(56)	-
under-expenditure in the reporting period	(122)	-
sub-total amount attributable to future period	(178)	-
<i>Amount expended in the reporting period</i>	1 896	2 786
<i>Australian Postgraduate Awards</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	45	39
carry-over from previous period	52	197
sub-total amount received in previous period	97	236
<i>Amount received in the reporting period</i>	527	490
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(56)	(45)
under-expenditure in the reporting period	(41)	(52)
sub-total amount attributable to future period	(97)	(97)
<i>Amount expended in the reporting period</i>	527	629

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	University 1996 \$'000	University 1995 \$'000
3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)		
<i>Australian Postgraduate Awards (Industry)</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	10	16
carry-over from previous period	34	13
sub-total amount received in previous period	44	29
<i>Amount received in the reporting period</i>	235	273
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(13)	(10)
under-expenditure in the reporting period	(37)	(34)
sub-total amount attributable to future period	(50)	(44)
<i>Amount expended in the reporting period</i>	229	258
<i>Research Fellowships</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	11	12
carry-over from previous period	-	-
sub-total amount received in previous period	11	12
<i>Amount received in the reporting period</i>	124	154
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	(11)
under-expenditure in the reporting period	-	-
sub-total amount attributable to future period	-	(11)
<i>Amount expended in the reporting period</i>	135	155
<i>International Research Fellowships</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	-	-
sub-total amount received in previous period	-	-
<i>Amount received in the reporting period</i>	40	-
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(13)	-
sub-total amount attributable to future period	(13)	-
<i>Amount expended in the reporting period</i>	27	-

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	University 1996 \$'000	University 1995 \$'000
3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)		
<i>Overseas Postgraduate Research Scholarships</i>		
<i>Amount received in previous period:</i>		
advance payment received in previous period	-	-
carry-over from previous period	-	-
sub-total amount received in previous period	-	-
<i>Amount received in the reporting period</i>	150	155
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	-	-
sub-total amount attributable to future period	-	-
<i>Amount expended in the reporting period</i>	150	155

3.3 Acquittal of Commonwealth Government Grants pursuant to the Higher Education Funding Act 1988

The following Commonwealth government grants were under-expended in the 1996 reporting period:

	University		
	Grant available in respect of the reporting period \$'000	Amount expended in the reporting period \$'000	Under- expenditure in the reporting period \$'000
Operating purpose excluding HECS:			
• Quality Assurance	4 445	2 365	2 080
• National Priority (Reserve) Fund	1 700	719	981
• Equality of Opportunity	348	237	111
• Joint Commonwealth/Industry Places	59	47	12
• Staff Development	964	-	964
Sub-total all grant categories for operating	7 516	3 368	4 148
Large Research Grants	736	637	99
Small Research Grants	215	158	57
Collaborative Research Grants	1 516	1 350	166
Research Infrastructure	2 018	1 896	122
Australian Postgraduate Awards	570	529	41
Australian Postgraduate Awards (Industry)	266	229	37
International Research Fellowships	40	27	13

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

4. Higher Education Contribution Scheme

	University 1996 \$'000	University 1995 \$'000
(a) Amounts received pursuant to the Higher Education Funding Act 1988 from HECS Trust Fund and amounts expended:		
<i>Amount received in previous period:</i>		
advance payment received in previous period	2 380	2 361
carry-over from previous period	-	-
sub-total amount received in previous period	<u>2 380</u>	<u>2 361</u>
<i>Amount received in the reporting period</i>	<u>29 191</u>	<u>28 863</u>
<i>Amount attributable to future period:</i>		
advance payment received in respect of next period	(2 891)	(2 380)
under-expenditure in the reporting period	-	-
sub-total amount attributable to future period	<u>(2 891)</u>	<u>(2 380)</u>
<i>Amount expended in the reporting period</i>	<u><u>28 680</u></u>	<u><u>28 844</u></u>
(b) HECS contributions actually received from students	<u><u>6 151</u></u>	<u><u>5 485</u></u>
(c) Total HECS revenue for the reporting period	<u><u>34 831</u></u>	<u><u>34 329</u></u>

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

5. South Australian Government Grants

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

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
DETAFE	513	999	513	999
Other	1 840	1 349	1 840	782
	<u>2 353</u>	<u>2 348</u>	<u>2 353</u>	<u>1 781</u>

6. Fees and Charges

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

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Full Fee Paying Overseas Students	11 591	10 648	11 591	10 648
Fee Paying Postgraduate Students	1 335	1 088	1 335	1 088
Open Learning Agency Australia (OLAA)	636	540	636	540
Fees - Flying School	1 043	870	1 043	870
Rental Income	785	1 294	785	1 294
Hire of Facilities	419	289	419	289
Parking Charges	260	305	260	305
Other Fees and Charges	820	2 915	1 051	3 041
	<u>16 889</u>	<u>17 949</u>	<u>17 120</u>	<u>18 075</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
7. Expenses Attributed to Functions				
Academic activities:				
Academic staff salaries	60 768	57 171	60 768	57 171
Academic staff salary related costs	26 178	21 385	26 178	21 385
Non-academic staff salaries	13 835	11 765	13 835	11 765
Non-academic staff salary related costs	3 200	3 335	3 200	3 335
Depreciation expense:				
Buildings and infrastructure	8 292	7 836	8 292	7 836
Plant and equipment	1 449	1 266	1 449	1 266
Sub-total depreciation expense	9 741	9 102	9 741	9 102
Other expenses	20 266	17 446	20 266	17 441
	<u>133 988</u>	<u>120 204</u>	<u>133 988</u>	<u>120 199</u>
Libraries:				
Academic staff salaries	356	376	356	376
Academic staff salary related costs	153	136	153	136
Non-academic staff salaries	5 383	4 906	5 383	4 906
Non-academic staff salary related costs	1 245	1 280	1 245	1 280
Depreciation expense:				
Buildings and infrastructure	984	955	984	955
Library collection	2 080	2 016	2 080	2 016
Plant and equipment	19	17	19	17
Sub-total depreciation expense	3 083	2 988	3 083	2 988
Other expenses	1 405	647	1 405	647
	<u>11 625</u>	<u>10 333</u>	<u>11 625</u>	<u>10 333</u>
Other academic support services:				
Academic staff salaries	1 420	1 202	1 420	1 202
Academic staff salary related costs	612	430	612	430
Non-academic staff salaries	6 648	5 475	6 648	5 475
Non-academic staff salary related costs	1 538	1 664	1 538	1 664
Depreciation expense:				
Buildings and infrastructure	464	450	464	450
Plant and equipment	685	551	685	551
Sub-total depreciation expense	1 149	1 001	1 149	1 001
Other expenses	4 043	6 434	4 043	6 434
	<u>15 410</u>	<u>16 206</u>	<u>15 410</u>	<u>16 206</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Expenses Attributed to Functions (continued)				
Student Services:				
Academic staff salaries	-	6	-	6
Academic staff salary related costs	-	1	-	1
Non-academic staff salaries	1 350	1 297	1 350	1 297
Non-academic staff salary related costs	312	333	312	333
Depreciation expense:				
Buildings and infrastructure	780	757	780	757
Sub-total depreciation expense	780	757	780	757
Other expenses	1 223	1 091	1 223	1 091
	<u>3 665</u>	<u>3 485</u>	<u>3 665</u>	<u>3 485</u>
Public Services:				
Academic staff salaries	1 695	1 685	1 695	1 685
Academic staff salary related costs	730	524	730	524
Non-academic staff salaries	293	244	293	244
Non-academic staff salary related costs	68	73	68	73
Depreciation expense:				
Buildings and infrastructure	113	110	113	110
Plant and equipment	1	-	1	-
Sub-total depreciation expense	114	110	114	110
Other expenses	1 024	876	1 024	876
	<u>3 924</u>	<u>3 512</u>	<u>3 924</u>	<u>3 512</u>
Buildings and grounds:				
Academic staff salaries	-	-	-	-
Academic staff salary related costs	-	-	-	-
Non-academic staff salaries	1 506	2 579	1 506	2 579
Non-academic staff salary related costs	349	742	349	742
Depreciation expense:				
Buildings and infrastructure	211	208	211	208
Plant and equipment	32	36	32	36
Sub-total depreciation expense	243	244	243	244
Other expenses	9 424	6 825	9 424	6 825
	<u>11 522</u>	<u>10 390</u>	<u>11 522</u>	<u>10 390</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Expenses Attributed to Functions (continued)				
Administration and other general institutional services:				
Academic staff salaries	1 042	799	1 042	799
Academic staff salary related costs	449	281	449	281
Non-academic staff salaries	14 120	13 339	14 120	11 672
Non-academic staff salary related costs	3 272	3 943	3 272	3 000
Depreciation expense:				
Buildings and infrastructure	679	658	679	658
Plant and equipment	260	337	260	215
Sub-total depreciation expense	939	995	939	873
Other expenses	12 747	10 921	12 631	9 940
	<u>32 569</u>	<u>30 278</u>	<u>32 453</u>	<u>26 565</u>
Other:				
Academic staff salaries	81	850	81	55
Academic staff salary related costs	35	-	35	-
Non-academic staff salaries	1 542	2 231	20	144
Non-academic staff salary related costs	142	-	5	-
Depreciation expense:				
Buildings and infrastructure	-	-	-	-
Plant and equipment	99	-	-	-
Sub-total depreciation expense	99	-	-	-
Other expenses	591	7 543	65	485
	<u>2 490</u>	<u>10 624</u>	<u>206</u>	<u>684</u>
All Functions:				
Academic staff salaries	65 362	62 089	65 362	61 294
Academic staff salary related costs	28 157	22 757	28 157	22 757
Non-academic staff salaries	44 677	41 836	43 155	38 082
Non-academic staff salary related costs	10 126	11 370	9 989	10 427
Depreciation expense:				
Buildings and infrastructure	11 523	10 974	11 523	10 974
Library collection	2 080	2 016	2 080	2 016
Plant and equipment	2 545	2 207	2 446	2 085
Sub-total depreciation expense	16 148	15 197	16 049	15 075
Other expenses	50 723	51 783	50 081	43 739
	<u>215 193</u>	<u>205 032</u>	<u>212 793</u>	<u>191 374</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
8. Salary Related Expenses				
The following salary related expenses (see Note 7) were incurred during the reporting period:				
Contributions to superannuation and pension schemes:				
Emerging cost	17 016	12 870	17 016	12 870
Funded	9 204	8 555	9 139	8 210
Payroll tax	6 614	7 790	6 556	7 439
Workers compensation	824	852	813	809
Long service leave	3 693	3 552	3 693	3 514
Annual leave	910	463	907	342
Other	22	45	22	-
	<u>38 283</u>	<u>34 127</u>	<u>38 146</u>	<u>33 184</u>
Provision for emerging superannuation costs	<u>28 600</u>	<u>15 400</u>	<u>28 600</u>	<u>15 400</u>
	<u>66 883</u>	<u>49 527</u>	<u>66 746</u>	<u>48 584</u>

Payments for annual leave are shown as direct salaries (Refer Note 7). The movement in the provision for annual leave is \$1.927 million which comprises \$0.907 million as the annual leave expense shown above and an abnormal item of \$1.020 million being the inclusion of superannuation on costs in the provision for the first time.

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996	1995	1996	1995
	\$'000	\$'000	\$'000	\$'000
9. Receivables				
Current:				
Debtors	9 660	4 519	9 446	4 625
Student loans	323	301	323	301
Loan receivable	134	107	1 131	796
	<u>10 117</u>	<u>4 927</u>	<u>10 900</u>	<u>5 722</u>
Provision for doubtful debts	(310)	(186)	(280)	(167)
	<u>9 807</u>	<u>4 741</u>	<u>10 620</u>	<u>5 555</u>
Non-Current:				
Loan receivable	221	344	221	344
	<u>221</u>	<u>344</u>	<u>221</u>	<u>344</u>
10. Investments				
Current:				
Short term deposits	<u>20 587</u>	<u>15 372</u>	<u>19 739</u>	<u>14 357</u>
Non-Current:				
Investment in controlled entity	-	-	65	-
Share Investments	220	-	220	-
	<u>220</u>	<u>-</u>	<u>285</u>	<u>-</u>
11. Other Assets				
Current:				
Deferred government superannuation contribution (see Note 18)	17 100	15 100	17 100	15 100
Prepayments	230	455	230	436
	<u>17 330</u>	<u>15 555</u>	<u>17 330</u>	<u>15 536</u>
Non-Current:				
Deferred government superannuation contribution (see Note 18)	<u>237 200</u>	<u>210 600</u>	<u>237 200</u>	<u>210 600</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
12. Property, Plant and Equipment				
Land				
At independent valuation 31 December 1993	25 422	25 567	25 422	25 567
At cost	12 067	12 067	12 067	12 067
	<u>37 489</u>	<u>37 634</u>	<u>37 489</u>	<u>37 634</u>
Buildings & Infrastructure				
At independent valuation	244 391	345 965	244 391	272 149
At Directors' valuation	65 845	-	65 845	73 816
At cost	81 765	23 768	81 765	23 768
Under construction	683	20 432	683	20 432
Accumulated depreciation	(30 867)	(21 779)	(30 867)	(21 779)
	<u>361 817</u>	<u>368 386</u>	<u>361 817</u>	<u>368 386</u>
Library Collection				
At Directors' valuation 31 December 1993	40 334	40 334	40 334	40 334
At cost	6 185	4 011	6 185	4 011
Accumulated depreciation	(6 051)	(3 971)	(6 051)	(3 971)
	<u>40 468</u>	<u>40 374</u>	<u>40 468</u>	<u>40 374</u>
Plant and Equipment				
At cost	23 517	20 365	22 701	19 445
Accumulated depreciation	(12 186)	(10 197)	(11 672)	(9 678)
	<u>11 331</u>	<u>10 168</u>	<u>11 029</u>	<u>9 767</u>
Total Property, Plant and Equipment	<u>451 105</u>	<u>456 562</u>	<u>450 804</u>	<u>456 161</u>
Acquisitions				
The following property, plant and equipment was purchased or constructed during the year:				
Land	-	-	-	-
Buildings	38 558	19 546	38 558	19 546
Library collection	2 174	2 784	2 174	2 784
Plant and equipment	4 053	2 970	3 980	2 705
	<u>44 785</u>	<u>25 300</u>	<u>44 712</u>	<u>25 035</u>
Disposals				
The following property, plant and equipment was disposed of or written off during the year:				
Library collection	-	45	-	45
Plant and equipment	901	508	724	160
Land	145	-	145	-
Building and Infrastructure	310	-	310	-
	<u>1 356</u>	<u>553</u>	<u>1 179</u>	<u>205</u>
Revalued				
Building and Infrastructure	(35 728)	-	(35 728)	-

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

	Consolidated		University	
	1996	1995	1996	1995
	\$'000	\$'000	\$'000	\$'000
13. Creditors				
Current:				
Trade creditors	8 817	7 366	8 804	6 926
Bank overdraft	1 538	2 822	1 538	2 822
	<u>10 355</u>	<u>10 188</u>	<u>10 342</u>	<u>9 748</u>
14. Borrowings				
Current:				
Not later than one year	179	163	179	163
Non-Current:				
Later than one year but not later than two years	198	179	198	179
Later than two years but not later than five years	15 248	390	15 248	390
Later than five years but not later than ten years	15 000	206	15 000	206
Later than ten years	50	-	50	-
	<u>30 496</u>	<u>775</u>	<u>30 496</u>	<u>775</u>
15. Accrued Liabilities				
Current:				
Annual leave	12 358	10 439	12 350	10 423
Long service leave	3 600	2 444	3 600	2 444
Early retirement/voluntary separation scheme	-	1 556	-	1 556
Accrued interest	818	-	818	-
Other	31	-	31	-
	<u>16 807</u>	<u>14 439</u>	<u>16 799</u>	<u>14 423</u>
Non-Current:				
Long service leave	16 088	15 841	16 088	15 841
16. Other Liabilities				
Current:				
Amounts invoiced in advance on uncompleted projects	3 595	2 279	3 536	921
Work in progress	(1 166)	(1 251)	(1 130)	(236)
	<u>2 429</u>	<u>1 028</u>	<u>2 406</u>	<u>685</u>
Revenue received in advance	15 060	12 710	15 060	12 710
Provision for State superannuation (see Note 17 (i))	17 100	15 100	17 100	15 100
Funds held on behalf of external entities	417	145	829	543
	<u>35 006</u>	<u>28 983</u>	<u>35 395</u>	<u>29 038</u>
Non-Current:				
Provision for State superannuation (see Note 17 (i))	237 200	210 600	237 200	210 600

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

17. Superannuation

The University contributes to the following employee superannuation funds:

(i) *South Australian Superannuation Fund*

Under the scheme the employer contributes a lump sum or continuing pension on the termination of employees based on average contributions made by the employee and the employee's final salary. Under current arrangements the Commonwealth government funds the cost on an emerging basis and recovers the State's share of the cost directly from the State government. The superannuation liability of future benefits for current pensioners and employees was assessed by the General Manager (State Superannuation Office), Department of Treasury and Finance as at 31 December 1996 to be \$254.3 million. This amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth government (see Note 18). The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

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

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

Further details are provided in Note 18.

(ii) *Superannuation Scheme for Australian Universities*

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

An actuarial report has been undertaken by Grant Harslett, FIA, FIAA. A summary of his report stated that "The SSAU was found to be in a sound financial position as at the investigation date", which was 31 December 1994.

As at 31 December 1996 the University of South Australia's share of the fund was:

	\$'000
Net Market Value	48 819
Accrued Benefits	<u>40 547</u>
Difference	<u>8 272</u>
Vested Benefits	<u>40 547</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**17. Superannuation (cont)**(iii) *Tertiary Education Superannuation Scheme*

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

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

18. Deferred Government Superannuation Contribution

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

In 1996, an amount of \$28.6 million was brought to account to reflect the increase in the net unfunded past service cost for State superannuation.

	1996	1995
	\$'000	\$'000
Deferred government superannuation contribution at the beginning of the year	225 700	210 300
Increase in amount owing for unfunded liability	<u>28 600</u>	<u>15 400</u>
Deferred government superannuation contribution at the end of the year	<u>254 300</u>	<u>225 700</u>
Comprising:		
Current asset	17 100	15 100
Non-current asset	<u>237 200</u>	<u>210 600</u>
	<u>254 300</u>	<u>225 700</u>

19. Capital Expenditure Commitments

	Consolidated		University	
	1996	1995	1996	1995
	\$'000	\$'000	\$'000	\$'000
Contracted for, but not provided for and payable:				
Not later than one year	2 250	35 546	2 250	35 546
Later than one year but not later than two years	-	150	-	150
Later than two years but not later than five years	-	200	-	200
Later than five years	-	150	-	150
	<u>2 250</u>	<u>36 046</u>	<u>2 250</u>	<u>36 046</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**20. Lease Expenditure Commitments**

	Consolidated		University	
	1996	1995	1996	1995
	\$'000	\$'000	\$'000	\$'000
Operating lease rentals are payable as follows:				
Not later than one year	2 978	2 438	2 978	2 438
Later than one year but not later than two years	1 933	1 320	1 933	1 320
Later than two years but not later than five years	2 551	2 164	2 551	2 164
Later than five years	496	486	496	486
	<u>7 958</u>	<u>6 408</u>	<u>7 958</u>	<u>6 408</u>

21. Contingent Liabilities

The University has entered into a commercial contract to provide services to NEC Australia Pty Ltd. As part of the contractual arrangements the University has provided a Guarantee by Bank Facility of \$595 000. These funds are held in a special account at the National Australia Bank. It is expected that the facility will close in 1997.

The University has no other material contingent liabilities.

22. Controlled Entities

The University has 100% ownership of two controlled entities

(i) Techsearch Incorporated

Techsearch is the commercial arm of the University and has previously provided a range of services to support staff in commercial activities. As from July 1995 new University commercial activity has been generally conducted through the University and the support services previously provided by Techsearch are now provided by the University.

(ii) University of South Australia Foundation Incorporated

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

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

The balance of the Lydia Longmore Memorial Fund valued at \$27 000 (\$28 000 in 1995) has not been included in the financial statement of the University of South Australia Foundation Incorporated pending finalisation of the legal processes in respect to the transfer of the fund to the Foundation.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**23. Associated Entities**

The University has investments in the following associated entities:

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

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

AITEC is partly funded by the Commonwealth and offers a Master of Engineering degree program. As at 31 December 1996 the company had net assets of \$1.524 million. The University's interest in the net assets is 25% (\$0.381 million) and is not included in the statement of financial position.

(ii) *Unisure Pty Ltd*

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

During 1996 the University paid a net premium of \$0.8 million to Unisure Pty Ltd to meet workers' compensation claims. As at 31 December 1996 Unisure had an estimated liability for outstanding University claims of \$1.235 million and held surplus funds for the University of \$2.691 million. The University's interest in the assets, liabilities and surplus funds of Unisure Pty Ltd is not included in the statement of financial position.

(iii) *Open Learning Agency of Australia Pty Ltd (OLAA)*

In 1996 the University purchased 200 000 fully paid shares in OLAA at a cost of \$0.220 million. This represents a 12.5% shareholding.

OLAA is owned by a consortium of 8 universities. Its role is to make post-secondary courses and units of study more accessible to a broader range of Australians, acting in the role of a national education brokerage agency.

The University earned income of \$0.636 million from OLAA in 1996.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**24. Interest in Joint Ventures**

The University has an interest in the following joint venture:

(i) Signal Processing Research Institute (SPRI) Building

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

The 30 June 1996 financial statements of the MFP Development Corporation indicate that the assets of the joint venture comprise land and a building with a market value of \$3 million and that the joint venture has total liabilities of \$4.248 million.

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

25. Cooperative Research Centres

The University participates in the following Cooperative Research Centres:

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

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

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

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

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

The University has a commitment to the CWQT to provide cash funding of \$50,000 and in kind contributions of \$263 000 per annum for the next six years.

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**26. Cooperative Multimedia Centre (CMC)**

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

The University has a commitment to pay \$25 000 pa to Ngapartji Pty Ltd.

27. Reconciliation of Equity

	Consolidated		University	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Total equity	391 986	423 257	391 010	422 492
<i>Asset Revaluation Reserve</i>				
Opening Balance 1 January	73 816	73 816	73 816	73 816
Asset Revaluation Decrement	(33 309)	-	(33 309)	-
Closing Balance 31 December	<u>40 507</u>	<u>73 816</u>	<u>40 507</u>	<u>73 816</u>
<i>Accumulated Results of Operations</i>				
Opening Balance 1 January	349 441	355 746	348 676	355 066
Result of Operations	2 038	(6 305)	1 827	(6 390)
Closing Balance	<u>351 479</u>	<u>349 441</u>	<u>350 503</u>	<u>348 676</u>
Total Equity	<u>391 986</u>	<u>423 257</u>	<u>391 010</u>	<u>422 492</u>

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996

28. Notes to the Statement of Cash Flows

(i) Reconciliation of Cash

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

	Note	Consolidated		University	
		1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Cash		1 646	1 072	1 310	527
Short term deposits	10	20 587	15 372	19 739	14 357
Bank overdraft	13	(1 538)	(2 822)	(1 538)	(2 822)
		<u>20 695</u>	<u>13 622</u>	<u>19 511</u>	<u>12 062</u>

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

Operating result after abnormal items		2 038	(6 305)	1 827	(6 390)
Add/(less) items classified as investing, financing and government funding activities:					
<i>(Profit)/loss on sale of plant and equipment</i>		349	(10)	349	25
<i>Commonwealth government grants</i>		(144 316)	(128 998)	(143 954)	(126 802)
<i>South Australian government grants</i>		(2 278)	(2 341)	(2 278)	(1 774)
Add/(less) non-cash items:					
<i>Depreciation</i>		16 148	15 197	16 049	15 075
<i>Increase in doubtful debt provision</i>		124	21	113	32
<i>Other</i>		(251)	(51)	-	(43)
Change in assets and liabilities:					
(Increase)/decrease in <i>receivables</i>		(5 067)	(185)	(5 055)	(929)
(Increase)/decrease in <i>other assets</i>		(28 375)	(14 849)	(28 394)	(14 842)
Increase/(decrease) in <i>trade creditors</i>		1 451	793	1 878	1 298
Increase/(decrease) in <i>accrued liabilities</i>		2 615	(1 142)	2 623	(818)
Increase/(decrease) in <i>other liabilities</i>		33 012	12 578	32 957	13 464
Net cash used in operating activities		<u>(124 550)</u>	<u>(125 292)</u>	<u>(123 885)</u>	<u>(121 704)</u>

29. Auditors' Remuneration

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

UNIVERSITY OF SOUTH AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**30. Valuation of Salisbury Campus**

During 1995 and 1996, the University transferred its academic programs off Salisbury campus to other University campuses. As a result, the campus became surplus to University requirements and it has been placed on the market for sale. In accordance with Australian Accounting Standard 10 the buildings and infrastructure at that campus were revalued as the carrying amount was greater than the recoverable amount. The assets have now been valued to a market value basis and a revaluation decrement of \$33.309 million was transferred to the asset revaluation reserve.

This was not part of a regular cycle of asset revaluations. The valuation was undertaken by Richard A Lohmeyer, FULE(val) B App Sc(valuation) from Colliers Jardine as an independent valuation. As the University is not subject to capital gains tax there are no capital gains tax implications.

31. Event Subsequent to Balance Date

The Federal Government is reducing operating grants to universities by 6% over the period 1997-2000 and is not funding pay rises above the safety net adjustment. This has forced the University to adjust its cost structures.

As a result it is expected that approximately 320 staff will be made redundant over the next two years. The expected cost of redundancy payments is \$12.8 million and this has not been brought to account in the 1996 financial statements.

UNIVERSITY OF SOUTH AUSTRALIA

CERTIFICATE

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1996**

To the best of our knowledge and belief, the foregoing Statement of Financial Position, Operating Statement, Statement of Cash Flows, and notes thereto, give a true and fair view of the state of affairs at 31 December 1996 and the financial transactions for the year then ended.

Dr Basil Hetzel, AC
Chancellor

/ /97

Professor Denise Bradley
Vice Chancellor and President

/ /97