



INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

| | Note | Consolidated | | University | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| | | \$`000 | \$`000 | \$`000 | \$`000 |
| Revenue from continuing operations | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | 4,44 | 142,029 | 127,480 | 142,029 | 127,480 |
| HECS-HELP Australian Government payments | 4,44 | 56,587 | 53,828 | 56,587 | 53,828 |
| FEE-HELP | 4,44 | 3,333 | 2,349 | 3,333 | 2,349 |
| State Government financial assistance | 5 | 3,145 | 2,576 | 3,145 | 2,576 |
| HECS-HELP Student payments | | 11,391 | 9,221 | 11,391 | 9,221 |
| Fees and charges | 6 | 70,017 | 62,412 | 70,017 | 62,412 |
| Investment income | 7 | 5,087 | 5,162 | 4,770 | 5,939 |
| Royalties | | 1,206 | 779 | 923 | 678 |
| Consultancy and contract research | 8 | 17,195 | 17,963 | 17,035 | 17,963 |
| Other revenue | 9 | 19,310 | 19,794 | 13,517 | 12,670 |
| | | 329,300 | 301,564 | 322,747 | 295,116 |
| Superannuation: | | | | | |
| Commonwealth supplementation | 4,34 | 21,628 | 20,660 | 21,628 | 20,660 |
| Deferred Government contributions | 34 | 24,200 | 2,200 | 24,200 | 2,200 |
| Total revenue from continuing operations | | 375,128 | 324,424 | 368,575 | 317,976 |
| Other Income | 10 | 238 | 80 | 4,018 | 13 |
| Total income | | 375,366 | 324,504 | 372,593 | 317,989 |
| Expenses from continuing operations | | | | | |
| Employee benefits and on-costs | 11 | 192,638 | 180,737 | 189,024 | 176,968 |
| Depreciation and amortisation | 12 | 19,799 | 19,183 | 19,637 | 19,006 |
| Repairs and maintenance | 13 | 4,433 | 3,774 | 4,411 | 3,774 |
| Borrowing cost expense | 14 | 1,728 | 1,813 | 1,728 | 1,813 |
| Bad and doubtful debts | 15 | 703 | 682 | 703 | 682 |
| Other expenses | 16 | 89,976 | 82,628 | 88,204 | 79,867 |
| | | 309,277 | 288,817 | 303,707 | 282,110 |
| Superannuation: | | | | | |
| Commonwealth supplementation | 4,34 | 21,628 | 20,660 | 21,628 | 20,660 |
| Deferred employee benefits | 34 | 24,200 | 2,200 | 24,200 | 2,200 |
| Total expenses from continuing operations | | 355,105 | 311,677 | 349,535 | 304,970 |
| Operating result before income tax | | 20,261 | 12,827 | 23,058 | 13,019 |
| Income tax expense | | 779 | - | 779 | - |
| Net operating result for the year attributable to the members of the University of South Australia | | 19,482 | 12,827 | 22,279 | 13,019 |

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



BALANCE SHEET AS AT 31 DECEMBER 2005

| | Note | Consolidated | | University | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 17 | 81,110 | 49,682 | 78,885 | 45,339 |
| Receivables | 18 | 17,687 | 16,732 | 16,506 | 15,947 |
| Other financial assets | 21 | 584 | 631 | 584 | 631 |
| Other non-financial assets | 24 | 4,296 | 3,129 | 4,289 | 3,110 |
| Property held for resale | | - | 33,700 | - | 33,700 |
| Deferred Government superannuation contribution | 34 | 25,700 | 26,200 | 25,700 | 26,200 |
| Total Current Assets | | 129,377 | 130,074 | 125,964 | 124,927 |
| NON-CURRENT ASSETS | | | | | |
| Available-for-sale financial assets | 20 | 4,052 | 3,795 | 3,073 | 1,100 |
| Other financial assets | 21 | 4,852 | 5,068 | 6,582 | 6,798 |
| Property, plant and equipment | 22 | 455,895 | 426,859 | 455,647 | 426,517 |
| Intangible assets | 23 | 1,329 | 1,915 | 1,329 | 1,915 |
| Deferred Government superannuation contribution | 34 | 282,900 | 258,200 | 282,900 | 258,200 |
| Total Non-Current Assets | | 749,028 | 695,837 | 749,531 | 694,530 |
| Total Assets | | 878,405 | 825,911 | 875,495 | 819,457 |
| CURRENT LIABILITIES | | | | | |
| Payables | 25 | 18,101 | 16,217 | 17,726 | 16,174 |
| Interest bearing liabilities | 26 | 16,169 | 1,353 | 16,169 | 1,353 |
| Provisions | 27 | 15,290 | 12,169 | 14,965 | 11,930 |
| Other liabilities | 28 | 18,192 | 17,287 | 18,447 | 16,869 |
| Income tax payable | | 779 | - | 779 | - |
| Provision for superannuation | 34 | 25,700 | 26,200 | 25,700 | 26,200 |
| Total Current Liabilities | | 94,231 | 73,226 | 93,786 | 72,526 |
| NON-CURRENT LIABILITIES | | | | | |
| Payables | 25 | 3,302 | 3,498 | 3,302 | 3,498 |
| Interest bearing liabilities | 26 | 1,005 | 17,108 | 1,005 | 17,108 |
| Derivatives | | 509 | - | 509 | - |
| Provisions | 27 | 23,370 | 24,438 | 23,370 | 24,438 |
| Provision for superannuation | 34 | 282,900 | 258,200 | 282,900 | 258,200 |
| Total Non-Current Liabilities | | 311,086 | 303,244 | 311,086 | 303,244 |
| Total Liabilities | | 405,317 | 376,470 | 404,872 | 375,770 |
| Net Assets | | 473,088 | 449,441 | 470,623 | 443,687 |
| EQUITY | | | | | |
| Reserves | 29(a) | 55,480 | 51,085 | 55,480 | 50,593 |
| Retained surplus | 29(b) | 417,608 | 398,356 | 415,143 | 393,094 |
| Total Equity | | 473,088 | 449,441 | 470,623 | 443,687 |

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



STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2005

| | Note | Consolidated | | University | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 |
| Total equity at the beginning of the financial year | | 449,441 | 418,647 | 443,687 | 412,985 |
| Retained surplus (net of tax): | | | | | |
| Adjustment on adoption of AASB 132 and AASB 139 | 43(e) | (230) | - | (230) | - |
| Effects of changes in accounting policy – Revenue recognition | 2 | - | (1,746) | - | (1,746) |
| Loss on revaluation of library collection | 29 | - | (3,241) | - | (3,241) |
| Property, plant and equipment revaluation reserve (net of tax): | | | | | |
| Gain on revaluation of land and buildings | 29 | 4,406 | 21,962 | 4,406 | 21,962 |
| Gain/(loss) on revaluation of art collection | 29 | (250) | 544 | (250) | 544 |
| Available-for-sale investments reserve (net of tax): | | | | | |
| Gain on revaluation Available-for-sale financial assets | 29 | 239 | 448 | 142 | 164 |
| Transfer from the University of South Australia Foundation Incorporated | | - | - | 589 | - |
| Net income recognised directly in equity | | 4,165 | 17,967 | 4,657 | 17,683 |
| Net operating result for the year | | 19,482 | 12,827 | 22,279 | 13,019 |
| Total recognised income and expense for the year | | 23,647 | 30,794 | 26,936 | 30,702 |
| Total equity at the end of the financial year | | 473,088 | 449,441 | 470,623 | 443,687 |
| Total recognised income and expense for the year is attributable to: | | | | | |
| Members of the University of South Australia | | 23,647 | 30,794 | 26,936 | 30,702 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

| | Note | Consolidated | | University | |
|---|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Inflows: | | | | | |
| Australian Government financial assistance: | | | | | |
| CGS and Other DEST Grants | 44.1 | 133,254 | 104,195 | 133,254 | 104,195 |
| Higher Education Loan Programmes | 44.2 | 61,647 | 54,615 | 61,647 | 54,615 |
| Scholarships | 44.3 | 3,310 | 2,418 | 3,310 | 2,418 |
| DEST research | 44.4 | 13,956 | 12,192 | 13,956 | 12,192 |
| ARC grants – discovery | 44.5(a) | 2,829 | 2,086 | 2,829 | 2,086 |
| ARC grants – linkages | 44.5(b) | 3,337 | 2,727 | 3,337 | 2,727 |
| ARC grants – networks and centres | 44.5(c) | 1,054 | 882 | 1,054 | 882 |
| Other Australian Government Grants | | 7,552 | 6,925 | 7,552 | 6,925 |
| State Government grants | | 3,145 | 2,576 | 3,145 | 2,576 |
| HECS-HELP - Student payments | | 11,771 | 9,558 | 11,771 | 9,558 |
| OS-HELP (net) | | 521 | 13 | 521 | 13 |
| Receipts from student fees and other customers | | 74,682 | 68,882 | 74,663 | 68,871 |
| Dividends received | | 179 | 124 | 79 | 1,232 |
| Interest received | | 4,598 | 3,972 | 4,464 | 3,383 |
| Royalties | | 1,206 | 779 | 923 | 678 |
| Consultancy and contract research | | 15,535 | 17,904 | 15,728 | 17,595 |
| Other receipts | | 19,440 | 20,078 | 13,048 | 12,865 |
| Taxes recovered (GST) | | 4,924 | 9,300 | 4,924 | 9,300 |
| Proceeds from transfer of activities from University of South Australia Foundation Incorporated | | - | - | 2,553 | - |
| Outflows: | | | | | |
| Payments to suppliers and employees (inclusive of GST) | | (315,997) | (295,082) | (309,929) | (289,444) |
| Interest paid | | (1,728) | (1,813) | (1,728) | (1,813) |
| Net Cash inflow from Operating Activities | 39 | 45,214 | 22,331 | 47,101 | 20,854 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Inflows: | | | | | |
| Proceeds from sale of property, plant and equipment | | 34,061 | 241 | 34,061 | 229 |
| Proceeds from sale of investments | | 727 | 97 | 170 | 4 |
| Outflows: | | | | | |
| Payments for property, plant and equipment | | (46,303) | (74,246) | (46,249) | (74,144) |
| Payments for investments | | (900) | (692) | (166) | (450) |
| Net Cash outflow from Investing Activities | | (12,415) | (74,600) | (12,184) | (74,361) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Outflows: | | | | | |
| Principal repayments under finance lease | | (1,371) | (1,526) | (1,371) | (1,526) |
| Net Cash outflow from Financing Activities | | (1,371) | (1,526) | (1,371) | (1,526) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 31,428 | (53,795) | 33,546 | (55,033) |
| Cash and Cash Equivalents at Beginning of the Year | | 49,682 | 103,477 | 45,339 | 100,372 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 17 | 81,110 | 49,682 | 78,885 | 45,339 |

Non-cash investing and financing activities – refer to Note 40.

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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1. Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the 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 Framework issued pursuant to the Treasurer's Instructions, except where the foregoing conflict with the DEST guidelines.

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

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first University financial statements to be prepared in accordance with AIFRS. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the University until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the University 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. The University has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the University's equity and its net income are given in Note 43.

Early adoption of standard

The University has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets, certain classes of property, plant and equipment and liabilities (including derivative instruments) at fair value.

Critical accounting estimates

In the application of AIFRS the University is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised with these revisions flowing through to future periods.

Judgements are made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in this accounting policy note and relevant notes to the financial statements. The main items with critical assumptions are superannuation receivable and provision, valuation and depreciation of property, plant and equipment, long service leave liability, annual leave liability, workers compensation provision. Actuary advice is obtained to estimate the long service leave and workers compensation provisions.



(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2005 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

Details of subsidiaries are set out in Note 35.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where material, investments in associates are accounted for in the University's financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

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

Details of associates are set out in Note 36.

(iii) Joint venture operations

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

Details of joint venture operations are set out in Note 37.

(iv) Joint venture entities

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

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

Details relating to the joint venture entities are set out in Note 37.

(c) Foreign currency translation

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



(d) **Revenue recognition**

(i) **Grants**

Commonwealth financial assistance

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

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

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

Other grants

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

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

(ii) **Fees and charges**

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

(iii) **Investment income**

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

(iv) **Consultancy and contract research**

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

(v) **Other revenue**

Other revenue is recognised as it accrues.

(e) **Impairment of assets**

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



(f) Cash and cash equivalents

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

(g) Receivables

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

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

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Income Statement in the period in which they arise.

(h) Inventories

Consumable supplies are recognised as an expense at the time of acquisition and are not shown as inventories in the Balance Sheet.

(i) Other financial assets

With the exception of investments in controlled entities which are carried at cost adjusted for impairment, other financial assets are measured at fair value with the movement in their value recognised through the Income Statement in the period in which they arise.

(j) Available-for-sale financial assets

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

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

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

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

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



(k) Property held for resale

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

(l) Property, plant and equipment

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

Increases in the carrying amounts arising on revaluation of land and buildings, library and art collection are credited to their asset revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset class; all other decreases are charged to the Income Statement.

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.

(ii) Land

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

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

(iii) Buildings

Buildings, other than buildings under construction, have been recognised on a fair value basis which Management have concluded is approximated by written down current cost. These fair value estimates are based on periodic, but at least triennial valuations, by external independent valuers.

As at 31 December 2004 the entire Buildings portfolio was re-valued independently by Southwick Goodyear Pty Ltd and in 2005 a selection of newly constructed buildings were re-valued by the same valuer. Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted was to assess the "written down current cost" for the buildings based upon the "new replacement cost" having regard to the estimated useful and remaining life for each structure.

Buildings under construction or buildings purchased in the 2005 year are measured at cost.



(iv) Library collection

As at 31 December 2004 the methodology in which the library collection is valued was changed from deprival value to fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. As a result of this year end valuation in 2005 a write-down in the library collection of \$0.252 million was recorded within other expenses.

(v) Plant and equipment

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

(vi) Art collection

As at 31 December 2004 the University internally valued its art collection at fair value with the offsetting adjustments to the property, plant and equipment revaluation reserve. The art collection will be internally re-valued every three years. For the 2005 year the entire art collection was not re-valued however certain assets were re-valued downwards to their estimated recoverable amount as at 31 December 2005.

(vii) Leased Assets

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (Note 33). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

**(m) Depreciation and amortisation**

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

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

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

(n) Restrictions on assets

Land includes \$21.080 million of Crown Lands and \$13.050 million of land dedicated for educational use by the (State/Federal) Minister of Education.

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

(o) Intangible Assets

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

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

(p) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as DEST the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income Statement and the Balance Sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. Refer to Note 34.



(q) Trade and other payables

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

(r) Employee benefits

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

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

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

(ii) Sick leave

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

(iii) Long service leave

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

(iv) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University and are expensed in the Income Statement. Note 34 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.

(s) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.



(t) Workers compensation

The University is responsible for payments of workers compensation. Unisure Pty Ltd administers workers compensation arrangements on behalf of the University. Note 36 provides details of net assets held by Unisure Pty Ltd on behalf of the University.

(u) Derivatives

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the life of the swap and the associated borrowings. As at 31 December 2005 the University has an open interest rate swap with a major bank to fix interest rates on a loan facility currently arranged and expected to be drawn down in future years.

(v) 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 28).

(w) 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 Balance Sheet.

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



2. Changes in Accounting Policy – Revenue Recognition

During the year and subsequent to year end additional professional guidance has been published or provided, which in the opinion of the University, has clarified the appropriate treatment of revenue.

In light of this the University has altered its viewpoint on the grant revenue recognition principles and has changed its policy to:

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

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

This policy will better align revenue with the economic outflow of University resources and therefore provide more relevant and useful information to the financial statement users.

The above change has been accounted for in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the new policy has been applied to both the 2005 and 2004 year with the opening impact adjusted through the 1 January 2004 Retained Surplus. The effect of the above change upon the financial statements can be summarised as follows:

| | Opening Balance Sheet at 1 January 2004 | | 2004 Year | | 2005 Year | |
|--------------------|--|----------------|--------------|----------------|--------------|----------------|
| | Dr \$'000 | (Cr) \$'000 | Dr \$'000 | (Cr) \$'000 | Dr \$'000 | (Cr) \$'000 |
| Balance Sheet: | | | | | | |
| Retained Surplus | 1,746 | - | - | - | - | - |
| Revenue in Advance | - | (1,746) | - | (876) | - | (1,188) |
| Income Statement : | | | | | | |
| ARC Revenue | - | - | 876 | - | 1,188 | - |
| | 1,746 | (1,746) | 876 | (876) | 1,188 | (1,188) |

3. Disaggregated information (consolidated)

| Geographical | Revenue | | Results | | Total Assets | |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 |
| Australia | 311,751 | 282,617 | 17,902 | 11,121 | 878,405 | 825,911 |
| Asia | 17,198 | 18,417 | 1,548 | 1,658 | - | - |
| Other | 351 | 530 | 32 | 48 | - | - |
| | 329,300 | 301,564 | 19,482 | 12,827 | 878,405 | 825,911 |

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



| | Note | Consolidated | | University | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| 4. Australian government financial assistance including HECS-HELP and other Australian Government loan programmes | | | | | |
| (a) Commonwealth Grants Scheme and Other Grants | 44.1 | | | | |
| Commonwealth Grants Scheme | | 104,452 | 94,979 | 104,452 | 94,979 |
| Indigenous Support Fund | | 805 | 790 | 805 | 790 |
| Equity Programmes | | 745 | 263 | 745 | 263 |
| Workplace Reform Programme | | 1,463 | 2,551 | 1,463 | 2,551 |
| Capital Development Pool | | 2,094 | - | 2,094 | - |
| Superannuation Programme | | 21,628 | 20,660 | 21,628 | 20,660 |
| Collaboration & Structural Reform Programme | | 1,176 | 1,299 | 1,176 | 1,299 |
| Total Commonwealth Grants Scheme and Other Grants | | 132,363 | 120,542 | 132,363 | 120,542 |
| (b) Higher Education Loan Programmes | 44.2 | | | | |
| HECS-HELP | | 56,587 | 53,828 | 56,587 | 53,828 |
| FEE-HELP | | 3,333 | 2,349 | 3,333 | 2,349 |
| Total Higher Education Loan Programmes | | 59,920 | 56,177 | 59,920 | 56,177 |
| (c) Scholarships | 44.3 | | | | |
| Australian Postgraduate Awards | | 1,355 | 1,520 | 1,355 | 1,520 |
| International Postgraduate Research Scholarships | | 294 | 298 | 294 | 298 |
| Commonwealth Education Cost Scholarships | | 653 | 204 | 653 | 204 |
| Commonwealth Accommodation Scholarships | | 976 | 396 | 976 | 396 |
| Indigenous Staff Scholarships | | 32 | - | 32 | - |
| Total Scholarships | | 3,310 | 2,418 | 3,310 | 2,418 |
| (d) DEST – Research | 44.4 | | | | |
| Institutional Grants Scheme | | 4,664 | 4,766 | 4,664 | 4,766 |
| Research Training Scheme | | 7,797 | 7,157 | 7,797 | 7,157 |
| Research Infrastructure Block Grants | | 1,495 | 1,329 | 1,495 | 1,329 |
| Total DEST – Research Grants | | 13,956 | 13,252 | 13,956 | 13,252 |
| Total DEST funding | | 209,549 | 192,389 | 209,549 | 192,389 |
| (e) Australian Research Council | 44.5 | | | | |
| (i) Discovery | | | | | |
| Project | | 2,334 | 1,822 | 2,334 | 1,822 |
| Fellowships | | 10 | 53 | 10 | 53 |
| Total Discovery | | 2,344 | 1,875 | 2,344 | 1,875 |
| (ii) Linkages | | | | | |
| Special Research Initiatives | | 8 | 52 | 8 | 52 |
| International | | 174 | 20 | 174 | 20 |
| Projects | | 2,534 | 1,820 | 2,534 | 1,820 |
| Infrastructure | | 122 | 755 | 122 | 755 |
| Total Linkages | | 2,838 | 2,647 | 2,838 | 2,647 |
| (iii) Networks and Centres | | | | | |
| Research networks | | 248 | - | 248 | - |
| Centres | | 867 | 752 | 867 | 752 |
| Total Networks and Centres | | 1,115 | 752 | 1,115 | 752 |



| | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 4. Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes (continued) | | | | |
| (f) Other Australian Government financial Assistance | | | | |
| Other Commonwealth Government Research Grants | 7,431 | 6,297 | 7,431 | 6,297 |
| Aboriginal Tutorial Assistance Scheme Grant | 235 | 234 | 235 | 234 |
| Other Commonwealth Grants | 65 | 123 | 65 | 123 |
| | 7,731 | 6,654 | 7,731 | 6,654 |
| Total Australian Government financial assistance | 223,577 | 204,317 | 223,577 | 204,317 |
| Reconciliation | | | | |
| Australian Government grants | 142,029 | 127,480 | 142,029 | 127,480 |
| Superannuation: Commonwealth supplementation | 21,628 | 20,660 | 21,628 | 20,660 |
| HECS-HELP – Australian Government payments | 56,587 | 53,828 | 56,587 | 53,828 |
| Other Australian Government loan programmes | 3,333 | 2,349 | 3,333 | 2,349 |
| Total Australian Government financial assistance | 223,577 | 204,317 | 223,577 | 204,317 |
| 5. State Government financial assistance | | | | |
| Research grants | 2,786 | 2,278 | 2,786 | 2,278 |
| Other | 359 | 298 | 359 | 298 |
| Total State Government financial assistance | 3,145 | 2,576 | 3,145 | 2,576 |
| 6. Fees and charges | | | | |
| Course fees and charges | | | | |
| Continuing education | 2,418 | 2,603 | 2,418 | 2,603 |
| Fee-paying overseas students | 57,738 | 51,349 | 57,738 | 51,349 |
| Fee-paying domestic postgraduate students | 3,785 | 3,635 | 3,785 | 3,635 |
| Total course fees and charges | 63,941 | 57,587 | 63,941 | 57,587 |
| Other fees and charges | | | | |
| Open Learning Australia (OLA) | 2,030 | 1,759 | 2,030 | 1,759 |
| Fees – civil aviation | 486 | 536 | 486 | 536 |
| Miscellaneous enrolment fees | 2,655 | 1,253 | 2,655 | 1,253 |
| Seminar/workshops | 905 | 1,277 | 905 | 1,277 |
| Total other fees and charges | 6,076 | 4,825 | 6,076 | 4,825 |
| Total fees and charges | 70,017 | 62,412 | 70,017 | 62,412 |



| | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 7. Investment income | | | | |
| Dividends | 179 | 124 | 79 | 1,232 |
| Interest | 4,473 | 4,697 | 4,256 | 4,366 |
| Investment income from associated entity (Unisure Pty Ltd) | 435 | 341 | 435 | 341 |
| Total investment income | 5,087 | 5,162 | 4,770 | 5,939 |
| 8. Consultancy and contract research | | | | |
| Consultancy | 4,714 | 4,940 | 4,714 | 4,940 |
| Contract research | 12,481 | 13,023 | 12,321 | 13,023 |
| Total consultancy and contract research | 17,195 | 17,963 | 17,035 | 17,963 |
| 9. Other revenue | | | | |
| Donations and bequests | 1,524 | 2,300 | 1,301 | 1,386 |
| Scholarships and prizes | 210 | 362 | 210 | 362 |
| Other fees and charges | 10,782 | 11,291 | 5,175 | 5,166 |
| Other | 6,794 | 5,841 | 6,831 | 5,756 |
| Total other revenue | 19,310 | 19,794 | 13,517 | 12,670 |
| 10. Other income | | | | |
| Net gain on disposal of property, plant and equipment (refer Note 10(a) below) | 219 | 10 | 210 | 13 |
| Net gain on disposal of investments | 19 | 70 | 9 | - |
| Retained surplus transfer from University of South Australia Foundation Incorporated (refer Note 35(b)) | - | - | 3,799 | - |
| Total other income | 238 | 80 | 4,018 | 13 |
| (a) Net gain on disposal of property, plant and equipment | | | | |
| Property, plant and equipment | | | | |
| Proceeds from sale | 34,061 | 241 | 34,061 | 229 |
| Carrying amount of assets sold | (33,842) | (231) | (33,851) | (216) |
| Net gain on disposal of property, plant and equipment | 219 | 10 | 210 | 13 |



| | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 11. Employee benefits and on-costs | | | | |
| Academic | | | | |
| Salaries | 80,861 | 74,399 | 80,861 | 74,399 |
| Contributions to superannuation and pension schemes: | | | | |
| Emerging cost | 1,076 | 1,097 | 1,076 | 1,097 |
| Funded | 11,127 | 10,535 | 11,127 | 10,535 |
| Payroll tax | 5,272 | 5,172 | 5,272 | 5,172 |
| Workers compensation | (350) | 579 | (350) | 579 |
| Long service leave | 3,607 | 2,547 | 3,607 | 2,547 |
| Annual leave | 4,770 | 5,616 | 4,770 | 5,616 |
| Total academic | 106,363 | 99,945 | 106,363 | 99,945 |
| Non-academic | | | | |
| Salaries | 65,133 | 59,349 | 62,088 | 56,248 |
| Contributions to superannuation and pension schemes: | | | | |
| Emerging cost | 982 | 1,003 | 742 | 743 |
| Funded | 8,444 | 8,107 | 8,444 | 8,107 |
| Payroll tax | 4,482 | 4,415 | 4,313 | 4,231 |
| Workers compensation | 413 | 686 | 391 | 660 |
| Long service leave expense | 2,440 | 2,164 | 2,373 | 2,110 |
| Annual leave | 4,381 | 5,068 | 4,310 | 4,924 |
| Total non-academic | 86,275 | 80,792 | 82,661 | 77,023 |
| Total academic & non-academic employee benefits and on-costs | 192,638 | 180,737 | 189,024 | 176,968 |
| Contributions to superannuation and pension schemes: | | | | |
| Emerging cost - Commonwealth supplemented | 21,628 | 20,660 | 21,628 | 20,660 |
| Deferred employee benefits for superannuation | 24,200 | 2,200 | 24,200 | 2,200 |
| Total deferred employee benefits for superannuation | 45,828 | 22,860 | 45,828 | 22,860 |
| Total employee benefits and on-costs | 238,466 | 203,597 | 234,852 | 199,828 |

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

| | 2005 | 2004 |
|--------------------|--------------|--------------|
| | Number | Number |
| Academic | 933 | 933 |
| Non-academic | 1,211 | 1,213 |
| Total staff | 2,144 | 2,146 |

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.

**11. Employee benefits and on-costs (continued)**

Employee benefits include targeted voluntary separation packages as follows:

| | Consolidated | | University | |
|---|--------------|--------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | Number | Number | Number | Number |
| Number of targeted voluntary separation packages | 51 | 20 | 51 | 20 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Targeted voluntary separation package expenses | 2,227 | 962 | 2,227 | 962 |
| Annual leave and long service leave entitlements paid | 855 | 324 | 855 | 324 |
| Total amount associated with separations | 3,082 | 1,286 | 3,082 | 1,286 |

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

In accordance with AASB 119 "Employee Benefits", employee on-costs are required to be reported as Payables whilst leave liability amounts are reported separately as Employee Benefits. Below is a composite note showing the total liabilities the University has as at 31 December 2005 relating to employee benefits:

| | Consolidated | | University | |
|--|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Annual leave | | | | |
| On-costs included in payables – current | 1,830 | 1,653 | 1,830 | 1,653 |
| On-costs included in payables – non-current | 852 | 950 | 852 | 950 |
| Employee benefits – current | 7,601 | 7,179 | 7,444 | 7,041 |
| Employee benefits – non-current | 3,405 | 3,338 | 3,405 | 3,338 |
| | 13,688 | 13,120 | 13,531 | 12,982 |
| Long service leave | | | | |
| On-costs included in payables – current | 888 | 525 | 888 | 525 |
| On-costs included in payables – non-current | 2,450 | 2,548 | 2,450 | 2,548 |
| Employee benefits – current | 6,861 | 4,061 | 6,693 | 3,960 |
| Employee benefits – non-current | 18,483 | 19,230 | 18,483 | 19,230 |
| | 28,682 | 26,364 | 28,514 | 26,263 |
| Separations scheme | | | | |
| Employee benefits – current | 254 | 389 | 254 | 389 |
| | 254 | 389 | 254 | 389 |
| Total aggregate employee benefits liability | 42,624 | 39,873 | 42,299 | 39,634 |

12. Depreciation and amortisation

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Buildings | 12,418 | 10,849 | 12,360 | 10,791 |
| Library collection | 2,558 | 3,779 | 2,558 | 3,779 |
| Plant and equipment | 2,901 | 2,427 | 2,797 | 2,308 |
| Amortisation-intangible asset | 586 | 628 | 586 | 628 |
| Amortisation-leased assets | 1,336 | 1,500 | 1,336 | 1,500 |
| Total depreciation and amortisation | 19,799 | 19,183 | 19,637 | 19,006 |



| | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 13. Repairs and maintenance | | | | |
| Buildings | 3,649 | 3,390 | 3,631 | 3,390 |
| Grounds | 784 | 375 | 780 | 375 |
| Leasehold improvements | - | 9 | - | 9 |
| Total repairs and maintenance | 4,433 | 3,774 | 4,411 | 3,774 |
| 14. Borrowing costs | | | | |
| Interest expense | 1,616 | 1,700 | 1,616 | 1,700 |
| Loan guarantee fees | 112 | 113 | 112 | 113 |
| Total borrowing costs | 1,728 | 1,813 | 1,728 | 1,813 |
| 15. Bad and doubtful debts | | | | |
| Doubtful debts | 703 | 682 | 703 | 682 |
| Total bad and doubtful debts | 703 | 682 | 703 | 682 |
| 16. Other expenses | | | | |
| Scholarships, grants and prizes | 9,183 | 8,158 | 9,002 | 8,032 |
| Non-capitalised equipment | 2,138 | 2,019 | 2,138 | 2,019 |
| Advertising, marketing and promotional expenses | 2,610 | 2,113 | 2,601 | 2,128 |
| Telecommunications | 5,031 | 4,255 | 4,858 | 4,210 |
| Travel, staff development and entertainment | 13,030 | 12,658 | 12,871 | 12,547 |
| External services* | 26,635 | 22,709 | 25,967 | 22,792 |
| IT hardware and software | 6,693 | 6,147 | 6,645 | 6,137 |
| Library subscriptions | 1,363 | 539 | 1,363 | 539 |
| Printing | 1,992 | 1,800 | 1,991 | 1,800 |
| Operating lease rental expenses | 2,727 | 2,754 | 2,712 | 2,746 |
| Bank charges, legal costs, insurance and taxes | 3,914 | 3,091 | 3,885 | 3,072 |
| General consumables | 6,225 | 7,495 | 6,187 | 5,808 |
| Other** | 8,435 | 8,890 | 7,984 | 8,037 |
| Total other expenses | 89,976 | 82,628 | 88,204 | 79,867 |

* Included within external services for 2005 is an amount for consultants of \$2.073 million (\$2.126 million consolidated) exclusive of GST (2004: \$1.476 million, \$1.490 million consolidated). This amount excludes consultant payments in relation to the capital works program.

** Net foreign exchange losses included in other expenses for 2005 were \$0.030 million (\$0.030 million consolidated), (2004: \$0.156 million, \$0.156 million consolidated).



| | Consolidated | | University | |
|--|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 17. Cash and cash equivalents | | | | |
| Cash at bank and on hand | 2,655 | 3,544 | 2,122 | 2,418 |
| Deposits at call | 78,455 | 46,138 | 76,763 | 42,921 |
| Total cash and cash equivalents | 81,110 | 49,682 | 78,885 | 45,339 |

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

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Balances as above | 81,110 | 49,682 | 78,885 | 45,339 |
| Less: Bank overdrafts | - | - | - | - |
| Balance per Cash Flow Statement | 81,110 | 49,682 | 78,885 | 45,339 |

(b) Cash at bank and on hand

As at 31 December 2005 the deposits earned 5% interest (2004: 4.75%) and the interest is credited to the University quarterly in March, June, October and December.

(c) Deposits at call

During the year the cash deposits earned interest at a floating rate between 5.40% and 5.58% (2004: between 5.39% and 5.51%). These deposits had an average maturity of 35 days.

18. Receivables

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Trade debtors | 12,414 | 10,908 | 11,233 | 10,123 |
| Less: Provision for doubtful receivables | (538) | (319) | (538) | (319) |
| | 11,876 | 10,589 | 10,695 | 9,804 |
| Student fees | 4,946 | 4,276 | 4,946 | 4,276 |
| Less: Provision for doubtful receivables | (1,149) | (693) | (1,149) | (693) |
| | 3,797 | 3,583 | 3,797 | 3,583 |
| Commonwealth receivable | 2,014 | 2,560 | 2,014 | 2,560 |
| Total current receivables | 17,687 | 16,732 | 16,506 | 15,947 |

(a) Bad and doubtful trade receivables

During the year ended 31 December 2005 the University has recognised a loss of \$0.219 million (2004: \$0.027 million) in respect of bad and doubtful trade receivables and \$0.484 million (\$0.655 million) in respect of bad and doubtful student fees. These losses have been included in bad and doubtful debts expense in the Income Statement.



| Consolidated | | University | |
|--------------|--------|------------|--------|
| 2005 | 2004 | 2005 | 2004 |
| \$'000 | \$'000 | \$'000 | \$'000 |

19. Investments accounted for using the equity method

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

Refer to Note 36 for the accounting methodology adopted for Unisure Pty Ltd.

20. Available-for-sale financial assets

| | | | | |
|---|--------------|--------------|--------------|--------------|
| At beginning of year | 3,795 | 4,033 | 1,100 | 776 |
| Additions | 900 | 400 | 166 | 400 |
| Assets transferred from the University of South Australia Foundation Incorporated | - | - | 1,835 | - |
| Disposals (sale and redemption) | (625) | (75) | (70) | (75) |
| Return of capital | (102) | - | (100) | - |
| Writeoffs | - | (1,033) | - | (165) |
| Revaluation surplus transfer to equity | 84 | 470 | 142 | 164 |
| At end of year | 4,052 | 3,795 | 3,073 | 1,100 |
| Listed securities | 2,973 | 900 | 2,973 | 900 |
| Unlisted securities | 1,079 | 2,895 | 100 | 200 |
| | 4,052 | 3,795 | 3,073 | 1,100 |

21. Other financial assets

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Current: | | | | |
| Workers compensation investment fund | 584 | 631 | 584 | 631 |
| Total current other financial assets | 584 | 631 | 584 | 631 |
| Non-Current: | | | | |
| Investment in controlled entities | - | - | 1,730 | 1,730 |
| Workers compensation investment fund | 4,602 | 4,818 | 4,602 | 4,818 |
| International Development Programs (IDP) loan | 250 | 250 | 250 | 250 |
| Total non-current other financial assets | 4,852 | 5,068 | 6,582 | 6,798 |
| Total other financial assets | 5,436 | 5,699 | 7,166 | 7,429 |

Workers compensation investment fund assets are carried at fair value while the remaining other financial assets are carried at cost, adjusted for any impairment.

**22. Property, plant and equipment**

| | Construction in progress | Land | Freehold buildings | Plant and equipment | Leasehold improvements | Leased plant and equipment | Library | Art collection | Total |
|---|-----------------------------|---------|-----------------------|------------------------|---------------------------|----------------------------------|----------|-------------------|-----------|
| Consolidated | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| At 1 January 2004 | | | | | | | | | |
| - Cost | 26,230 | - | 1,681 | 31,040 | - | 5,250 | 3,663 | - | 67,864 |
| - Valuation | - | 26,588 | 464,505 | - | - | - | 56,361 | - | 547,454 |
| Accumulated depreciation | - | - | (205,850) | (20,737) | - | (1,104) | (38,539) | - | (266,230) |
| Net book amount | 26,230 | 26,588 | 260,336 | 10,303 | - | 4,146 | 21,485 | - | 349,088 |
| Year Ended 31 December 2004 | | | | | | | | | |
| Opening net book amount | 26,230 | 26,588 | 260,336 | 10,303 | - | 4,146 | 21,485 | - | 349,088 |
| Revaluation | - | 21,122 | 839 | - | - | - | (3,241) | 544 | 19,264 |
| Additions | 67,900 | - | 831 | 4,305 | 672 | 895 | 2,020 | 668 | 77,291 |
| Assets included in a disposal group classified as held for sale and other disposals | - | - | - | (230) | - | - | - | - | (230) |
| Reclassifications | (10,800) | - | 10,766 | (240) | 10 | - | - | 264 | - |
| Depreciation charge | - | - | (10,785) | (2,426) | (64) | (1,500) | (3,779) | - | (18,554) |
| Closing net book amount | 83,330 | 47,710 | 261,987 | 11,712 | 618 | 3,541 | 16,485 | 1,476 | 426,859 |
| At 31 December 2004 | | | | | | | | | |
| - Cost | 83,330 | - | - | 34,875 | 682 | 6,473 | - | - | 125,360 |
| - Valuation | - | 47,710 | 520,526 | - | - | - | 32,113 | 1,476 | 601,825 |
| Accumulated depreciation | - | - | (258,539) | (23,163) | (64) | (2,932) | (15,628) | - | (300,326) |
| Net book amount | 83,330 | 47,710 | 261,987 | 11,712 | 618 | 3,541 | 16,485 | 1,476 | 426,859 |
| Year Ended 31 December 2005 | | | | | | | | | |
| Opening net book amount | 83,330 | 47,710 | 261,987 | 11,712 | 618 | 3,541 | 16,485 | 1,476 | 426,859 |
| Revaluation | - | - | 4,407 | - | - | - | (253) | (250) | 3,904 |
| Additions | 29,918 | 830 | 5,819 | 5,619 | 15 | 85 | 2,232 | - | 44,518 |
| Assets classified as held for sale and other disposals | - | - | - | (173) | - | - | - | - | (173) |
| Reclassifications | (95,888) | - | 94,116 | - | 1,772 | - | - | - | - |
| Depreciation charge | - | - | (12,121) | (2,902) | (296) | (1,336) | (2,558) | - | (19,213) |
| Closing net book amount | 17,360 | 48,540 | 354,208 | 14,256 | 2,109 | 2,290 | 15,906 | 1,226 | 455,895 |
| At 31 December 2005 | | | | | | | | | |
| - Cost | 17,360 | 830 | 7,914 | 40,321 | 2,469 | 6,558 | - | - | 75,452 |
| - Valuation | - | 47,710 | 616,331 | - | - | - | 30,963 | 1,226 | 696,230 |
| Accumulated depreciation | - | - | (270,037) | (26,065) | (360) | (4,268) | (15,057) | - | (315,787) |
| Net book amount | 17,360 | 48,540 | 354,208 | 14,256 | 2,109 | 2,290 | 15,906 | 1,226 | 455,895 |

| University | Construction in progress | Land | Freehold buildings | Plant and equipment | Leasehold improvements | Leased plant and equipment | Library | Art collection | Total |
|---|-----------------------------|--------|-----------------------|------------------------|---------------------------|----------------------------------|----------|-------------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2004 | | | | | | | | | |
| - Cost | 26,230 | - | 1,681 | 30,323 | - | 5,250 | 3,663 | - | 67,147 |
| - Valuation | - | 26,588 | 464,234 | - | - | - | 56,361 | - | 547,183 |
| Accumulated depreciation | - | - | (205,769) | (20,262) | - | (1,104) | (38,539) | - | (265,674) |
| Net book amount | 26,230 | 26,588 | 260,146 | 10,061 | - | 4,146 | 21,485 | - | 348,656 |
| Year Ended 31 December 2004 | | | | | | | | | |
| Opening net book amount | 26,230 | 26,588 | 260,146 | 10,061 | - | 4,146 | 21,485 | - | 348,656 |
| Revaluation | - | 21,122 | 839 | - | - | - | (3,241) | 544 | 19,264 |
| Additions | 67,900 | - | 807 | 4,227 | 672 | 895 | 2,020 | 668 | 77,189 |
| Assets included in a disposal group classified as held for sale and other disposals | - | - | - | (215) | - | - | - | - | (215) |
| Reclassifications | (10,800) | - | 10,766 | (240) | 10 | - | - | 264 | - |
| Depreciation charge | - | - | (10,727) | (2,307) | (64) | (1,500) | (3,779) | - | (18,377) |
| Closing net book amount | 83,330 | 47,710 | 261,831 | 11,526 | 618 | 3,541 | 16,485 | 1,476 | 426,517 |
| At 31 December 2004 | | | | | | | | | |
| - Cost | 83,330 | - | - | 34,095 | 682 | 6,473 | - | - | 124,580 |
| - Valuation | - | 47,710 | 520,231 | - | - | - | 32,113 | 1,476 | 601,530 |
| Accumulated depreciation | - | - | (258,400) | (22,569) | (64) | (2,932) | (15,628) | - | (299,593) |
| Net book amount | 83,330 | 47,710 | 261,831 | 11,526 | 618 | 3,541 | 16,485 | 1,476 | 426,517 |
| Year Ended 31 December 2005 | | | | | | | | | |
| Opening net book amount | 83,330 | 47,710 | 261,831 | 11,526 | 618 | 3,541 | 16,485 | 1,476 | 426,517 |
| Revaluation | - | - | 4,407 | - | - | - | (253) | (250) | 3,904 |
| Additions | 29,918 | 830 | 5,817 | 5,531 | 15 | 85 | 2,232 | - | 44,428 |
| Assets classified as held for sale and other disposals | - | - | - | (151) | - | - | - | - | (151) |
| Reclassifications | (95,888) | - | 94,116 | - | 1,772 | - | - | - | - |
| Depreciation charge | - | - | (12,064) | (2,797) | (296) | (1,336) | (2,558) | - | (19,051) |
| Closing net book amount | 17,360 | 48,540 | 354,107 | 14,109 | 2,109 | 2,290 | 15,906 | 1,226 | 455,647 |
| At 31 December 2005 | | | | | | | | | |
| - Cost | 17,360 | - | 7,914 | 39,475 | 2,469 | 6,558 | - | - | 73,776 |
| - Valuation | - | 48,540 | 616,034 | - | - | - | 30,963 | 1,226 | 696,763 |
| Accumulated depreciation | - | - | (269,841) | (25,366) | (360) | (4,268) | (15,057) | - | (314,892) |
| Net book amount | 17,360 | 48,540 | 354,107 | 14,109 | 2,109 | 2,290 | 15,906 | 1,226 | 455,647 |

**23. Intangible assets**

| | Consolidated | University |
|------------------------------------|-----------------------|-----------------------|
| | Capitalised IT | Capitalised IT |
| | Systems | Systems |
| | \$'000 | \$'000 |
| At 1 January 2004 | | |
| Cost | 4,036 | 4,036 |
| Accumulated amortisation | (1,493) | (1,493) |
| Net book amount | 2,543 | 2,543 |
| Year Ended 31 December 2004 | | |
| Opening net book amount | 2,543 | 2,543 |
| Amortisation charge | (628) | (628) |
| Closing net book amount | 1,915 | 1,915 |
| At 31 December 2004 | | |
| Cost | 4,036 | 4,036 |
| Accumulated amortisation | (2,121) | (2,121) |
| Net book amount | 1,915 | 1,915 |
| Year Ended 31 December 2005 | | |
| Opening net book amount | 1,915 | 1,915 |
| Amortisation charge | (586) | (586) |
| Closing net book amount | 1,329 | 1,329 |
| At 31 December 2005 | | |
| - Cost | 4,036 | 4,036 |
| Accumulated amortisation | (2,707) | (2,707) |
| Net book amount | 1,329 | 1,329 |



| | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 24. Other non-financial assets | | | | |
| Current: | | | | |
| Prepayments | 3,323 | 2,370 | 3,316 | 2,352 |
| Accrued income | 973 | 759 | 973 | 758 |
| Total current other non-financial assets | 4,296 | 3,129 | 4,289 | 3,110 |
| 25. Payables | | | | |
| Current: | | | | |
| Trade creditors | 13,863 | 12,798 | 13,488 | 12,755 |
| Accrued expenses | 1,520 | 1,241 | 1,520 | 1,241 |
| Annual leave on-costs | 1,830 | 1,653 | 1,830 | 1,653 |
| Long service leave on-costs | 888 | 525 | 888 | 525 |
| Total current payables | 18,101 | 16,217 | 17,726 | 16,174 |
| Non-current: | | | | |
| Annual leave on-costs | 852 | 950 | 852 | 950 |
| Long service leave on-costs | 2,450 | 2,548 | 2,450 | 2,548 |
| Total non-current payables | 3,302 | 3,498 | 3,302 | 3,498 |
| Total payables | 21,403 | 19,715 | 21,028 | 19,672 |
| 26. Interest bearing liabilities | | | | |
| Current: | | | | |
| Secured: | | | | |
| Lease liabilities | 1,169 | 1,353 | 1,169 | 1,353 |
| Total current secured interest bearing liabilities | 1,169 | 1,353 | 1,169 | 1,353 |
| Unsecured | | | | |
| SA Government Financing Authority (SAFA) loan | 15,000 | - | 15,000 | - |
| Total current unsecured interest bearing liabilities | 15,000 | - | 15,000 | - |
| Total current interest bearing liabilities | 16,169 | 1,353 | 16,169 | 1,353 |
| Non-current: | | | | |
| Secured: | | | | |
| Lease Liabilities | 1,005 | 2,108 | 1,005 | 2,108 |
| Total non-current secured interest bearing liabilities | 1,005 | 2,108 | 1,005 | 2,108 |
| Unsecured | | | | |
| SA Government Financing Authority (SAFA) loan | - | 15,000 | - | 15,000 |
| Total non-current unsecured interest bearing liabilities | - | 15,000 | - | 15,000 |
| Total non-current interest bearing liabilities | 1,005 | 17,108 | 1,005 | 17,108 |
| Total interest bearing liabilities | 17,174 | 18,461 | 17,174 | 18,461 |



| | | Consolidated | | University | |
|--|---|---------------|---------------|---------------|---------------|
| | | 2005 | 2004 | 2005 | 2004 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| 26. | Interest bearing liabilities (continued) | | | | |
| (a) | Assets pledged as security | | | | |
| The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are: | | | | | |
| Non-current: | | | | | |
| <i>Finance lease</i> | | | | | |
| | Plant and equipment | 2,290 | 3,541 | 2,290 | 3,541 |
| | Total assets pledged as security | 2,290 | 3,541 | 2,290 | 3,541 |
| (b) | Financing arrangements | | | | |
| Unrestricted access was available at balance date to the following lines of credit: | | | | | |
| Credit standby arrangements | | | | | |
| Total facilities: | | | | | |
| | Credit card facility with National Australia Bank (NAB) | 5,000 | 5,000 | 5,000 | 5,000 |
| | Credit card facility with Amex | 1,350 | 950 | 1,350 | 950 |
| | Documentary letter of credit facility with NAB | 200 | 200 | 200 | 200 |
| | Pre-approved lease/lease purchase with NAB | 2,000 | 2,000 | 2,000 | 2,000 |
| | IT lease facility with Commonwealth Bank | 8,000 | 5,000 | 8,000 | 5,000 |
| | | 16,550 | 13,150 | 16,550 | 13,150 |
| Used at balance date: | | | | | |
| | Credit card facility with NAB | 714 | 684 | 714 | 684 |
| | Credit card facility with Amex | 307 | 283 | 307 | 283 |
| | Documentary letter of credit facility with NAB | - | - | - | - |
| | Pre-approved lease/lease purchase with NAB | - | - | - | - |
| | IT lease facility with Commonwealth Bank | 176 | 225 | 176 | 225 |
| | | 1,197 | 1,192 | 1,197 | 1,192 |
| Unused at balance date: | | | | | |
| | Credit card facility with NAB | 4,286 | 4,316 | 4,286 | 4,316 |
| | Credit card facility with Amex | 1,043 | 667 | 1,043 | 667 |
| | Documentary letter of credit facility with NAB | 200 | 200 | 200 | 200 |
| | Pre-approved lease/lease purchase with NAB | 2,000 | 2,000 | 2,000 | 2,000 |
| | IT lease facility with Commonwealth Bank | 7,824 | 4,775 | 7,824 | 4,775 |
| | | 15,353 | 11,958 | 15,353 | 11,958 |
| Bank loan facilities | | | | | |
| | SAFA facility | 15,000 | 15,000 | 15,000 | 15,000 |
| | NAB facilities | 35,000 | 35,000 | 35,000 | 35,000 |
| | Total facilities | 50,000 | 50,000 | 50,000 | 50,000 |
| | Used at balance date | 15,000 | 15,000 | 15,000 | 15,000 |
| | Unused at balance date | 35,000 | 35,000 | 35,000 | 35,000 |



| | Consolidated | | University | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 27. Provisions | | | | |
| Current: | | | | |
| Annual leave | 7,601 | 7,179 | 7,444 | 7,041 |
| Long service leave | 6,861 | 4,061 | 6,693 | 3,960 |
| Separation scheme | 254 | 389 | 254 | 389 |
| Workers compensation liability | 574 | 540 | 574 | 540 |
| Total current provisions | 15,290 | 12,169 | 14,965 | 11,930 |
| Non-Current: | | | | |
| Annual leave | 3,405 | 3,338 | 3,405 | 3,338 |
| Long service leave | 18,483 | 19,230 | 18,483 | 19,230 |
| Workers compensation liability | 1,482 | 1,870 | 1,482 | 1,870 |
| Total non-current provisions | 23,370 | 24,438 | 23,370 | 24,438 |
| Total provisions | 38,660 | 36,607 | 38,335 | 36,368 |

Movements in the workers compensation liability is set out below:

Workers compensation liability

| | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Current: | | | | |
| Carrying amount at the start of year | 540 | 591 | 540 | 591 |
| Additional provisions recognised | 34 | (51) | 34 | (51) |
| Carrying amount at the end of year | 574 | 540 | 574 | 540 |
| Non Current: | | | | |
| Carrying amount at the start of year | 1,870 | 784 | 1,870 | 784 |
| Additional provisions recognised | (388) | 1,086 | (388) | 1,086 |
| Carrying amount at the end of year | 1,482 | 1,870 | 1,482 | 1,870 |

28. Other liabilities

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Current: | | | | |
| Accrued interest | 255 | 255 | 255 | 255 |
| Other | 1,643 | 1,560 | 901 | 681 |
| Funds held on behalf of external entities | 2,113 | 3,748 | 3,110 | 4,230 |
| | 4,011 | 5,563 | 4,266 | 5,166 |
| Income in advance on incomplete projects | 1,987 | 2,488 | 1,987 | 2,467 |
| Other income in advance | | | | |
| Fees and charges | 4,361 | 5,314 | 4,361 | 5,314 |
| Commonwealth grants | 4,552 | 3,205 | 4,552 | 3,205 |
| HECS recovery | 3,281 | 717 | 3,281 | 717 |
| | 12,194 | 9,236 | 12,194 | 9,236 |
| Total current other liabilities | 18,192 | 17,287 | 18,447 | 16,869 |

**29. Reserves and retained surplus****(a) Reserves**

Property, plant and equipment revaluation reserve

Land and buildings

Art collection

Available-for-sale investments revaluation reserve

Total reserves

| Consolidated | | University | |
|--------------|--------|------------|--------|
| 2005 | 2004 | 2005 | 2004 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | |
|---------------|---------------|---------------|---------------|
| 54,291 | 49,885 | 54,291 | 49,885 |
| 294 | 544 | 294 | 544 |
| 54,585 | 50,429 | 54,585 | 50,429 |
| 895 | 656 | 895 | 164 |
| 55,480 | 51,085 | 55,480 | 50,593 |

Movements in reserves**Property, plant and equipment revaluation reserve***Land and buildings*

Opening balance

Asset revaluation increment

Closing balance

| | | | |
|--------|--------|--------|--------|
| 49,885 | 27,923 | 49,885 | 27,923 |
| 4,406 | 21,962 | 4,406 | 21,962 |
| 54,291 | 49,885 | 54,291 | 49,885 |

Art collection

Opening balance

Asset revaluation increment

Asset revaluation decrement

Closing balance

| | | | |
|-------|-----|-------|-----|
| 544 | - | 544 | - |
| - | 544 | - | 544 |
| (250) | - | (250) | - |
| 294 | 544 | 294 | 544 |

Total property, plant and equipment revaluation reserve

| | | | |
|---------------|---------------|---------------|---------------|
| 54,585 | 50,429 | 54,585 | 50,429 |
|---------------|---------------|---------------|---------------|

Available-for-sale investments revaluation reserve

Opening balance

Transfer from the University of South Australia Foundation Incorporated

Revaluation

| | | | |
|-----|-----|-----|-----|
| 656 | 208 | 164 | - |
| - | - | 589 | - |
| 239 | 448 | 142 | 164 |

Closing balance

| | | | |
|------------|------------|------------|------------|
| 895 | 656 | 895 | 164 |
|------------|------------|------------|------------|



| | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 29. Reserves and retained surplus (continued) | | | | |
| (b) Retained surplus | | | | |
| Movement in retained surplus were as follows: | | | | |
| Retained surplus at 1 January | 398,356 | 390,516 | 393,094 | 385,062 |
| Adjustment on adoption of AASB132 and AASB 139, net of tax | (230) | - | (230) | - |
| Effects of change in accounting policy - ARC grant revenue recognition (refer Note 2) | - | (1,746) | - | (1,746) |
| Net operating result for the year | 19,482 | 12,827 | 22,279 | 13,019 |
| Loss on revaluation of library collection | - | (3,241) | - | (3,241) |
| Retained surplus at 31 December 2005 | 417,608 | 398,356 | 415,143 | 393,094 |

(c) Nature and purpose of reserves

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

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

The following persons were responsible persons of the University during the 2005 year. Council members include University employees who may be ex-officio members or elected staff members. An asterisk indicates University employees.

2005 Council Members

Mr David Klingberg, AM, Chancellor
 Professor Denise Bradley, AO Vice Chancellor and President *
 Ms Alice McCleary, Deputy Chancellor
 Mr James Birch
 Mr Andrew Christie (retired December 2005)
 Mr William Cossey, AM
 Mr Carl Driesener (retired December 2005)
 Mr Terry Evans (appointed March 2005)
 Dr Timothy Ferris *
 Ms Kath Higgins *
 Mr Justin Lee
 Mr Bruce Linn
 Dr Adele Lloyd (appointed March 2005)
 Ms Jan Lowe
 Mr Ian McLachlan
 Ms Jillian Miller (resigned December 2005)
 Mr Peter Smith
 Mr Ray Stradwick * (retired December 2005)
 Ms Sue Vardon AO (appointed April 2005)
 Dr Michael Venning *
 Associate Professor Adrian Vicary *

**30. Responsible persons and executive officers (continued)****(b) Remuneration of Council members and Executives*****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.

| | Consolidated | | University | |
|--|--------------|-----------|------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| | Number | Number | Number | Number |
| <i>Remuneration of executive officers</i> | | | | |
| \$110,000 to \$119,999 | - | 1 | - | 1 |
| \$130,000 to \$139,999 | 1 | - | 1 | - |
| \$200,000 to \$209,999 | 1 | 3 | 1 | 3 |
| \$210,000 to \$219,999 | - | 1 | - | 1 |
| \$220,000 to \$229,999 | 1 | - | 1 | - |
| \$230,000 to \$239,999 | 4 | 2 | 4 | 2 |
| \$250,000 to \$259,999 | 1 | 1 | 1 | 1 |
| \$260,000 to \$269,999 | 1 | 2 | 1 | 2 |
| \$290,000 to \$299,999 | 1 | - | 1 | - |
| \$450,000 to \$459,999 | - | 1 | - | 1 |
| \$460,000 to \$469,999 | 1 | - | 1 | - |
| | 11 | 11 | 11 | 11 |

Income paid or payable, or otherwise made available, to executive officers by entities in the Consolidated Entity:

| | | | |
|--------------|--------------|--------------|--------------|
| 2,783 | 2,395 | 2,783 | 2,395 |
|--------------|--------------|--------------|--------------|

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

(c) Related party transactions

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

31. Remuneration of auditors

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

Assurance Services**Audit services**

Fees paid to the Auditor-General's Department:

| | | | | |
|-------------------------------|-----|-----|-----|-----|
| Auditing the financial report | 215 | 186 | 211 | 182 |
|-------------------------------|-----|-----|-----|-----|

Fees paid to other audit firms:

| | | | | |
|--|----|----|---|---|
| Audit and review of financial reports of any entity in the Consolidated Entity | 12 | 12 | - | - |
|--|----|----|---|---|

| | | | |
|------------|------------|------------|------------|
| 227 | 198 | 211 | 182 |
|------------|------------|------------|------------|



32. Contingent liabilities

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETAPE) on 20 February 1997 to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of \$0.680 million is to be repaid on a pro rata basis reducing to zero after 21 years. As at 31 December 2005 this contingent liability reduced to \$0.631 million.

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.

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

The University has no other material contingent liabilities.

33. Commitments for expenditure

(a) Capital commitments

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

| | Consolidated | | University | |
|---|--------------|---------------|--------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Property, Plant and Equipment payable: | | | | |
| Within one year | 8,127 | 14,220 | 8,127 | 14,220 |
| Later than one year but not later than five years | 932 | 3,055 | 932 | 3,055 |
| Later than five years | - | - | - | - |
| | 9,059 | 17,275 | 9,059 | 17,275 |

(b) Lease commitments

(i) Operating leases

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

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

| | | | | |
|---|---------------|--------------|---------------|--------------|
| Within one year | 3,179 | 3,071 | 3,179 | 3,071 |
| Later than one year but not later than five years | 6,960 | 3,843 | 6,960 | 3,843 |
| Later than five years | 954 | 2,046 | 954 | 2,046 |
| | 11,093 | 8,960 | 11,093 | 8,960 |

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



| | Consolidated | | University | |
|---|--------------|--------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 33. Commitments for expenditure (continued) | | | | |
| (ii) <i>Finance leases</i> | | | | |
| Commitments in relation to finance leases are payable as follows: | | | | |
| Within one year | 1,568 | 1,847 | 1,568 | 1,847 |
| Later than one year but not later than five years | 1,324 | 2,783 | 1,324 | 2,783 |
| Later than five years | - | - | - | - |
| Minimum lease payments | 2,892 | 4,630 | 2,892 | 4,630 |
| Future finance charges | (718) | (1,169) | (718) | (1,169) |
| Total lease liabilities | 2,174 | 3,461 | 2,174 | 3,461 |
| Representing lease liabilities: | | | | |
| Current | 1,169 | 1,353 | 1,169 | 1,353 |
| Non-current | 1,005 | 2,108 | 1,005 | 2,108 |
| Total lease liabilities | 2,174 | 3,461 | 2,174 | 3,461 |

The weighted average interest rate implicit in the finance leases is 6.87% (2004: 6.57%).



34. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) South Australian superannuation fund (Super SA)

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

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

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed by the Director Superannuation (State Superannuation Office) Department of Treasury and Finance as at 31 December 2005 to be \$327.7 million (31 December 2004: \$301.4 million). The assessment took into account the latest triennial actuarial investigation of the South Australian Superannuation Fund as at 30 June 2004.

The University's liability under the schemes has been partly funded by an amount of \$19.1 million (2004: \$17.0 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$308.6 million (2004: \$284.4 million). The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.

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

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

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

These assumptions have not changed since 2001.

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

(b) 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 2005, an amount of \$24.2 million was brought to account (both as revenue and an expense) to reflect the increase in the net unfunded past service cost for State superannuation (2004: an increase of \$2.2 million).



34. Superannuation plans (continued)

| | 2005 \$'000 | 2004 \$'000 |
|---|----------------|----------------|
| Deferred Government superannuation contribution at the beginning of the year | 284,400 | 282,200 |
| Increase/(decrease) in amount owing for unfunded liability | 24,200 | 2,200 |
| Deferred Government superannuation contribution at the end of the year | 308,600 | 284,400 |
| Comprising: | | |
| • Current asset | 25,700 | 26,200 |
| • Non-current asset | 282,900 | 258,200 |
| | 308,600 | 284,400 |

(c) UniSuper

The University contributes to the following employee superannuation funds:

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

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

As at 30 June 2005 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the DBD. As at 30 June 2005 the assets of the DBD in aggregate (ie. entire multiemployer DBD plan) were estimated to be:

- \$230.0 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.
- \$1,543.0 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

Historically surplus in the DBD has been used to improve members' benefits and has not affected the amount of each participating employer's contributions. Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made is required. If such a request was agreed to by employers then members must also contribute additional contributions equal to one-half of the rate at which their employer is prepared to contribute. If employers do not agree to increase contributions the Trustee must reduce benefits on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

Given the process in dealing with any surplus or deficiency in the DBD, and the fact that sufficient employer specific information (obligation and plan assets) is not presently available from the Actuary, the DBD has not been accounted for by the University as a defined benefit plan.

**34. Superannuation plans (continued)**

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 16 May 2003 on the actuarial investigation of the DBD as at 31 December 2002. The financial assumptions used were:

| | Vested Benefits | Accrued Benefits |
|--------------------------------|------------------------|-------------------------|
| Gross of tax investment return | 7.0% p.a. | 9.1% p.a. |
| Net of tax investment return | 6.5% p.a. | 6.5% p.a. |
| Consumer Price Index | 2.5% p.a. | 2.5% p.a. |
| Inflationary salary increases | 3.5% p.a. | 3.5% p.a. |

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

(ii) UniSuper Accumulation Super 2 (Accum 2)

The University contributes to the scheme at a rate double the contributions made by employees. Employees' contributions are normally 7% of their gross salaries. The fund provides benefits based on the defined contributions of the University and employee during the membership of the employee.

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

(iii) UniSuper Accumulation Super 1 (Accum 1)

The University makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee (SG) and Award obligations. The scheme is non-contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University has recognised an expense of \$13.203 million (2004: \$12.430 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$6.336 million (2004: \$6.179 million) in respect of Accum 1.

**35. Subsidiaries**

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

| Name of entity | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|-----------|
| | | 2005 % | 2004 % |
| (a) ITEK Pty Ltd | Australia | 100 | 100 |
| (b) University of South Australia Foundation Incorporated | Australia | 100 | 100 |
| (c) Knowledge South Pty Ltd | Australia | N/A | 100 |

(a) ITEK Pty Ltd

ITEK Pty Ltd was formed on 1 July 1999 and since this time has had a year end date of 30 June. ITEK Pty Ltd is trustee for the ITEK trust and has a 100% controlling interest in GTA Pty Ltd which is trustee for the GTA trust. The ITEK trust provides the University with business incubation and technology commercialisation services. ITEK's role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

(b) University of South Australia Foundation Incorporated (Foundation Incorporated)

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

The University funded the operating costs of the Foundation Incorporated directly so that donations and bequests received were wholly used for their intended purpose.

Due to changes in tax law governing charities that came into effect on 1 July 2005 the Foundation no longer qualified as a tax exempt charity. As the University continues to qualify as a tax exempt body the operations and net assets of the Foundation were transferred into the University effective from 1 July 2005. During the second half of 2005 the remaining net assets (\$4.388 million) of Foundation Incorporated were transferred (at fair value) to the University. The retained surplus transferred (\$3.798 million) was recorded as other income while the investment revaluation reserve balance (\$0.589 million) was credited to the University's available-for-sale investments revaluation reserve.

Foundation Incorporated has been left as a University subsidiary with no assets, liabilities or equity as at 31 December 2005. This company will remain legally intact indefinitely to ensure that any future donations, which have named Foundation Incorporated as the beneficiary, will ultimately flow to the University as intended.

(c) Knowledge South Pty Ltd

Knowledge South Pty Ltd was a company wholly owned by the University. It was the commercial entity for the development, marketing and implementation of the University's portal and online learning. Its purpose was to provide e-learning and website development services. From 30 June 2005 these activities have been taken over by the University and Knowledge South ceased trading on 30 June 2005 and the legal entity has been wound up.

**36. Investments in associates**

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

(a) Unisure Pty Ltd

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

Unisure Pty Ltd is the trustee of the Unisure Unit Trust which holds the University's workers' compensation liabilities and the associated investment funds. As at 31 December 2005 the Unit Trust held net assets of \$3.130 million on behalf of the University of South Australia (2004: \$3.039 million).

(b) SABRENet Pty Ltd

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

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

On 11 November 2005, SABRENet Ltd executed contracts with Amcom Telecommunications Ltd to construct the network infrastructure and maintain it for 20 years. As at 31 December 2005, the University has made a capital contribution of \$150,000 to the project and will meet annual operating costs. SABRENet Ltd is not accounted for using the equity method due it being immaterial to the University's core activities.

Carrying amounts:

Information relating to associates is set out below:

| Entity | Principal activity | Ownership interest | | Consolidated carrying amount | | University carrying amount | |
|----------------------|--|--------------------|-----------|------------------------------|----------------|----------------------------|----------------|
| | | 2005 % | 2004 % | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 |
| (a) Unisure Pty Ltd* | Manages workers compensation claims on behalf of the University. | 33% | 33% | 3,130 | 3,039 | 3,130 | 3,039 |
| | | | | <u>3,130</u> | <u>3,039</u> | <u>3,130</u> | <u>3,039</u> |

Each of the above associates is incorporated in Australia.

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

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

| | Consolidated | |
|--|----------------|----------------|
| | 2005 \$'000 | 2004 \$'000 |
| Movements in carrying amounts | | |
| Carrying amount at the beginning of the financial year | 3,039 | 4,104 |
| Share of profits/(losses) | 91 | (1,065) |
| Carrying amount at the end of the financial year | 3,130 | 3,039 |

Summarised financial information of associates

| | Consolidated Entity's share of: | | | |
|-----------------|---------------------------------|-----------------------|--------------------|-------------------------|
| | Assets \$'000 | Liabilities \$'000 | Revenues \$'000 | Profit/(Loss) \$'000 |
| 2005 | | | | |
| Unisure Pty Ltd | 5,186 | 2,056 | 435 | 91 |
| 2004 | | | | |
| Unisure Pty Ltd | 5,449 | 2,410 | 341 | (1,065) |

37. Interests in joint ventures**(a) Joint venture operations**

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

| Entity | Reporting date | Output interest | |
|----------------------------|----------------|-----------------|--------|
| | | 2005 | 2004 |
| (i) Mawson Centre Building | 31 Dec | 63.00% | 63.00% |
| (ii) SPRI (Building) | 30 Jun | 30.00% | 30.00% |
| (iii) SAPAC | 30 Jun | 20.00% | 20.00% |

**37. Interests in joint ventures (continued)****(i) Mawson Centre Building**

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

As at 31 December 2005, the University's share of the Mawson Centre development totalled \$6.3 million (2004: \$4.1 million) which is reported in Buildings. The advance contributions from the joint venturers totalled \$0.069 million at year end (2004: \$0.580 million).

(ii) Signal Processing Research Institute (SPRI) Building

The University and the Technology Development Corporation (subsumed by the MFP Development Corporation and subsequently the Land Management Corporation) entered into an agreement in 1991 to establish a building to house the SPRI at Mawson Lakes. The building is leased to University research centres affiliated with the SPRI and other lessees. The University has a 30% share of the joint venture with the Land Management Corporation holding the remaining 70% share. In 2004 the building was independently re-valued and the University's 30% share of the asset's carrying amount as at 31 December 2005 is \$1.889 million (2004: \$1.940 million) which is included in Buildings.

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

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

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

(b) Joint venture entities

The University has an interest in a number of joint venture entities as described below. The University's interests in these joint ventures are not considered to be material to the University's core activities. Consequently, they have not been taken up in the accounts on an equity basis as per the Australian Accounting Standard AASB 131 Interest in Joint Ventures.

| Entity | Reporting Date | Ownership Interest | |
|---------------------|----------------|--------------------|--------|
| | | 2005 | 2004 |
| (i) ACCA | 30 Jun | 20.00% | 20.00% |
| (ii) CIEAM | 30 Jun | 11.39% | 11.39% |
| (iii) CRCIF | 30 Jun | 2.95% | N/A |
| (iv) CRCIMST | 30 Jun | 8.00% | 8.00% |
| (v) Rail CRC | 30 Jun | 8.30% | 11.78% |
| (vi) CRCSS | 30 Jun | 24.00% | 26.00% |
| (vii) CRCST Pty Ltd | 30 Jun | 5.00% | 5.00% |
| (viii) CSSIP | 30 Jun | 5.20% | 5.20% |
| (ix) CWQT | 30 Jun | 5.13% | 4.21% |
| (x) DK-CRC | 30 Jun | 4.60% | 4.60% |
| (xi) SACITT | 31 Dec | 33.33% | 33.30% |
| (xii) SGRHS | 31 Dec | 50.00% | 50.00% |
| (xiii) SATAC | 30 Jun | 25.00% | 25.00% |
| (xiv) Auto CRC | 30 Jun | 8.09% | N/A |
| (xv) CRC CARE | 30 Jun | 16.63% | N/A |
| (xvi) CRC Polymers | 30 Jun | 1.85% | N/A |

**37. Interests in joint ventures (continued)****(i) ACCA – Australian Centre for Community Ageing**

ACCA is a joint venture collaboration involving internationally recognised education and training organisations, a major aged care provider, an international developer of urban communities and an internationally respected Research Centre. The collaboration involves the 'pooling' of expertise contributed by each of the joint venture members.

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

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

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

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

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

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

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

Rail CRC 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.

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

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

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

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

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

(ix) CWQT - Centre for Water Quality and Treatment

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.

**37. Interests in joint ventures (continued)****(x) DK-CRC - Desert Knowledge Co-operative Research Centre**

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.

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

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

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

The 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 SGRHS 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.

(xiii) SATAC - South Australian Tertiary Admissions Centre

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

(xiv) Auto CRC - CRC for Advanced Automotive Technologies

The vision of the Auto CRC is to be the nation's principal industry-led collaborative research and development organisation for the advancement of an internationally competitive and sustainable Australian Automotive Industry. The Auto CRC will provide the incentive for industry to work with research providers in design, engineering and manufacturing research, which will also develop skilled professionals to utilise the outcomes generated.

(xv) CRC CARE - Contamination Assessment and Remediation of the Environment

The goal of the CRC CARE is to develop a risk based approach to remediation leading to improved regulatory acceptance of commercially viable and cost-effective solutions to environmental contamination. The CRC will develop monitoring tools for contaminant groups including heavy metals, petroleum hydrocarbons, industrial solvents and persistent organics.

(xvi) CRC Polymers

The CRC for Polymers conducts leading-edge polymer research to deliver the technically advanced polymeric materials and polymer engineering required to transform Australian industries and to establish and expand companies in emerging high-growth areas of the economy. Its research activities are conducted in four programs: biomedical polymers; advanced polymeric materials; polymers for sustainable development; and engineering and design.

38. Events occurring after the Balance Sheet date

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



| | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 39. Reconciliation of operating result after income tax to net cash inflow from operating activities | | | | |
| Operating result for the year | 19,482 | 12,827 | 22,279 | 13,019 |
| Add/(less) items classified as investing activities: | | | | |
| (Profit)/loss on sale of plant and equipment | (219) | (10) | (210) | (13) |
| Add/(less) non-cash items: | | | | |
| Depreciation and amortisation | 19,799 | 19,183 | 19,637 | 19,005 |
| Non cash donations | (471) | (1,054) | (471) | (1,054) |
| Capital assets | 3,467 | (1,144) | 2,219 | (1,126) |
| Non cash investments | (252) | - | (252) | (155) |
| Foundation Incorporated contributions | - | - | 1,246 | - |
| Interest rate swap | 279 | - | 279 | - |
| Available-for-sale asset revaluation | (180) | - | 141 | - |
| ARC grant movement | - | 876 | - | 876 |
| Loss on sale of investment | - | 70 | - | - |
| Revaluation expense | - | 390 | - | 164 |
| Art collection | - | 630 | - | 630 |
| Change in assets and liabilities: | | | | |
| (Increase)/decrease in receivables | (954) | (1,583) | (559) | (2,138) |
| (Increase)/decrease in other assets | (1,161) | 26 | (2,889) | (701) |
| Increase/(decrease) in payables | 1,688 | 3,715 | 1,358 | 3,446 |
| Increase/(decrease) in provisions | 2,053 | 3,343 | 1,967 | 3,320 |
| Increase/(decrease) in other liabilities | 1,683 | (14,938) | 2,356 | (14,419) |
| Net cash provided by operating activities | 45,214 | 22,331 | 47,101 | 20,854 |
| 40. Non-cash investing and financing activities | | | | |
| Donations of works of art and library materials | 471 | 1,054 | 471 | 1,054 |
| Acquisition of plant and equipment by means of finance leases | 85 | - | 85 | - |
| | 556 | 1,054 | 556 | 1,054 |



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

Within the Controlled Entity, Foundation Incorporated or the University was trustee or custodian for the following trusts during the year:

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

42. Financial instruments

(a) Financial risk management

The University's activities exposes it to a variety of financial risks including:

(i) Market risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2005 the University held US\$0.422 million (2004: US\$0.412 million) and RM\$0.135 million - Malaysian Ringgitt (2004: RM\$0.117 million) in offshore bank accounts.

(ii) Credit risk

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

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

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

(iii) Liquidity risk

The University maintains a \$35.0 million bill facility with the NAB which has a drawdown facility, available to 31 December 2016. As at 31 December 2005 this facility has not been drawn down.

(iv) Cash flow and fair value interest rate risk

The University's current borrowings are at a fixed rate of interest; however the above NAB bill facilities are at a floating rate of interest. To manage the exposure to market risk for changes in interest rates, the University has entered into an interest rate swap against \$20.0 million of the NAB bill facility. When the facility is drawn down the University has agreed to exchange, at specified intervals, the difference between fixed and variable interest rates.



42. Financial instruments (continued)

(b) Derivative financial instruments

(i) *Transition to AASB 132 and AASB 139*

The Group has taken the exemption available under AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* as described in Note 1(a). At the date of transition, 1 January 2005, the following net adjustment is noted:

For both the Consolidated Entity and the University

A pre tax net adjustment of a \$0.230 million decrease in net assets was recognised representing the above mentioned interest rate swap contract exchanging floating interest amounts for fixed. As at 31 December 2005 the "break-out" fee of this swap increased to \$0.509 million and therefore an expense of \$0.279 million was recognised as an expense in 2005.

For further information refer to Note 1(u) and Note 43 (e).

(ii) *Instruments used by the Group*

From time to time the Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates and to trade and to profit from short term movements in exchange rates in accordance with the financial risk management policies described above.

Interest rate swap contracts - cash flow hedges

The University has an open interest rate swap with the NAB to fix interest rates on a loan facility currently arranged and expected to be drawn down in future years.

As at 31 December 2005 the fair value of this interest rate swap was \$0.509 million and both the University and Consolidated Entity recorded a liability of this amount. As a result of the movement in the fair value of this swap during the year a loss of \$0.279 million was recorded in the 2005 year.



42. Financial instruments (continued)

(c) Interest rate risk exposures

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

| | | Fixed Interest Rate Maturity | | | | | | | |
|--|------------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|----------------------|----------------|
| | Variable interest rate | 1 year or less | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years | Non interest bearing | Total |
| | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 |
| 2005 | | | | | | | | | |
| Financial assets: | | | | | | | | | |
| Cash assets | 81,110 | - | - | - | - | - | - | - | 81,110 |
| Receivables | - | - | - | - | - | - | - | 17,687 | 17,687 |
| Available-for-sale financial assets | - | - | - | - | - | - | - | 4,052 | 4,052 |
| Other financial assets | 5,186 | - | - | - | - | - | - | 250 | 5,436 |
| Accrued Income | - | - | - | - | - | - | - | 973 | 973 |
| | 86,296 | - | - | - | - | - | - | 22,962 | 109,258 |
| Weighted average interest rate | | | | | | | | | |
| | 5.38% | | | | | | | | |
| Financial liabilities: | | | | | | | | | |
| Trade Creditors | - | - | - | - | - | - | - | 13,863 | 13,863 |
| Accrued Expenses | - | - | - | - | - | - | - | 1,520 | 1,520 |
| Annual Leave and long service leave on-costs | - | - | - | - | - | - | - | 6,020 | 6,020 |
| Interest bearing liabilities | - | 15,000 | - | - | - | - | - | - | 15,000 |
| Finance lease | - | 1,169 | 1,005 | - | - | - | - | - | 2,174 |
| Derivatives | - | - | - | - | - | - | - | 509 | 509 |
| Accrued interest | - | 255 | - | - | - | - | - | - | 255 |
| Other | - | - | - | - | - | - | - | 1,642 | 1,642 |
| Funds held on behalf of external entities | - | - | - | - | - | - | - | 2,962 | 2,962 |
| | - | 16,424 | 1,005 | - | - | - | - | 26,516 | 43,945 |
| Weighted average interest rate | | | | | | | | | |
| | | 9.94% | 6.87% | | | | | | |
| Net financial assets (liabilities) | | | | | | | | | |
| | 86,296 | (16,424) | (1,005) | - | - | - | - | (3,554) | 65,313 |



42. Financial instruments (continued)

| | | Fixed Interest Rate Maturity | | | | | | | |
|--|------------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|----------------------|--------|
| | Variable interest rate | 1 year or less | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | Over 5 years | Non interest bearing | Total |
| | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 | \$`000 |
| 2004 | | | | | | | | | |
| Financial assets: | | | | | | | | | |
| Cash assets | 49,682 | - | - | - | - | - | - | - | 49,682 |
| Receivables | - | - | - | - | - | - | - | 16,733 | 16,733 |
| Available-for-sale financial assets | - | - | - | - | - | - | - | 3,795 | 3,795 |
| Other financial assets | 5,449 | - | - | - | - | - | - | 250 | 5,699 |
| Accrued Income | - | - | - | - | - | - | - | 759 | 759 |
| | 55,131 | - | - | - | - | - | - | 21,537 | 76,668 |
| Weighted average interest rate | | | | | | | | | |
| | 5.37% | | | | | | | | |
| Financial liabilities: | | | | | | | | | |
| Trade Creditors | - | - | - | - | - | - | - | 12,798 | 12,798 |
| Accrued Expenses | - | - | - | - | - | - | - | 1,241 | 1,241 |
| Annual Leave and long service leave on-costs | - | - | - | - | - | - | - | 5,676 | 5,676 |
| Interest bearing liabilities | - | - | 15,000 | - | - | - | - | - | 15,000 |
| Finance lease | - | 1,353 | 1,140 | 968 | - | - | - | - | 3,461 |
| Derivatives | - | - | - | - | - | - | - | - | - |
| Accrued interest | - | 255 | - | - | - | - | - | - | 255 |
| Other | - | - | - | - | - | - | - | 1,560 | 1,560 |
| Funds held on behalf of external entities | - | - | - | - | - | - | - | 3,748 | 3,748 |
| | - | 1,608 | 16,140 | 968 | - | - | - | 25,023 | 43,739 |
| Weighted average interest rate | | | | | | | | | |
| | | 7.03% | 9.92% | 6.57% | | | | | |
| Net financial assets (liabilities) | | | | | | | | | |
| | 55,131 | (1,608) | (16,140) | (968) | - | - | - | (3,486) | 32,929 |

(d) Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities at the reporting date all approximate the net fair values except for SAFA borrowings at fixed rates of interest. The value of those borrowings are:

| 2005 Carrying Amount \$'000 | 2005 Net Fair Value \$'000 | 2004 Carrying Amount \$'000 | 2004 Net Fair Value \$'000 |
|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| 15,000 | 15,168 | 15,000 | 15,731 |

**43. Explanation of transition to Australian Equivalents to IFRS****(a) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)****(i) At the date of transition to AIFRS: 1 January 2004**

| | Consolidated | | | University | | |
|--|-----------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|
| | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 103,477 | - | 103,477 | 100,372 | - | 100,372 |
| Receivables | 15,150 | - | 15,150 | 13,809 | - | 13,809 |
| Other financial assets | 583 | - | 583 | 583 | - | 583 |
| Other non-financial assets | 3,140 | - | 3,140 | 3,111 | - | 3,111 |
| Deferred Government superannuation contribution | 24,800 | - | 24,800 | 24,800 | - | 24,800 |
| | <u>147,150</u> | <u>-</u> | <u>147,150</u> | <u>142,675</u> | <u>-</u> | <u>142,675</u> |
| Non-current assets | | | | | | |
| Available-for-sale financial assets | 4,033 | - | 4,033 | 776 | - | 776 |
| Property, plant and equipment | 353,140 | (4,051) | 349,089 | 352,708 | (4,051) | 348,657 |
| Intangible assets | - | 2,543 | 2,543 | - | 2,543 | 2,543 |
| Non-current assets classified as held for sale | 33,700 | - | 33,700 | 33,700 | - | 33,700 |
| Other financial assets | 4,893 | - | 4,893 | 6,468 | - | 6,468 |
| Deferred Government superannuation contribution | 257,400 | - | 257,400 | 257,400 | - | 257,400 |
| Total non-current assets | <u>653,166</u> | <u>(1,508)</u> | <u>651,658</u> | <u>651,052</u> | <u>(1,508)</u> | <u>649,544</u> |
| Total assets | <u>800,316</u> | <u>(1,508)</u> | <u>798,808</u> | <u>793,727</u> | <u>(1,508)</u> | <u>792,219</u> |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Payables | 13,485 | (787) | 12,698 | 13,711 | (787) | 12,924 |
| Provisions | 13,874 | (3,323) | 10,551 | 13,658 | (3,323) | 10,335 |
| Interest bearing liabilities | 1,294 | - | 1,294 | 1,294 | - | 1,294 |
| Unspent financial assistance | 18,615 | - | 18,615 | 18,615 | - | 18,615 |
| Other | 10,988 | - | 10,988 | 10,051 | - | 10,051 |
| Provision for superannuation | 24,800 | - | 24,800 | 24,800 | - | 24,800 |
| Total current liabilities | <u>83,056</u> | <u>(4,110)</u> | <u>78,946</u> | <u>82,129</u> | <u>(4,110)</u> | <u>78,019</u> |
| Non-current liabilities | | | | | | |
| Payables | 2,515 | 787 | 3,302 | 2,515 | 787 | 3,302 |
| Interest bearing liabilities | 17,800 | - | 17,800 | 17,800 | - | 17,800 |
| Provisions | 19,390 | 3,323 | 22,713 | 19,390 | 3,323 | 22,713 |
| Provision for superannuation | 257,400 | - | 257,400 | 257,400 | - | 257,400 |
| Total non-current liabilities | <u>297,105</u> | <u>4,110</u> | <u>301,215</u> | <u>297,105</u> | <u>4,110</u> | <u>301,215</u> |
| Total liabilities | <u>380,161</u> | <u>-</u> | <u>380,161</u> | <u>379,234</u> | <u>-</u> | <u>379,234</u> |
| Net assets | <u>420,155</u> | <u>(1,508)</u> | <u>418,647</u> | <u>414,493</u> | <u>(1,508)</u> | <u>412,985</u> |



43. Explanation of transition to Australian Equivalents to IFRS (continued)

| | Consolidated | | | University | | |
|-------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|
| | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| EQUITY | | | | | | |
| Parent entity interest | | | | | | |
| Reserves | 28,131 | - | 28,131 | 27,923 | - | 27,923 |
| Retained surplus | 392,024 | (1,508) | 390,516 | 386,570 | (1,508) | 385,062 |
| Total equity | 420,155 | (1,508) | 418,647 | 414,493 | (1,508) | 412,985 |

(ii) At the end of the last reporting period under previous AGAAP: 31 December 2004

ASSETS

Current assets

| | | | | | | |
|--|----------------|----------|----------------|----------------|----------|----------------|
| Cash and cash equivalents | 49,682 | - | 49,682 | 45,339 | - | 45,339 |
| Receivables | 16,732 | - | 16,732 | 15,947 | - | 15,947 |
| Non-current assets classified as held for sale | 33,700 | - | 33,700 | 33,700 | - | 33,700 |
| Other financial assets | 631 | - | 631 | 631 | - | 631 |
| Other non-financial assets | 3,129 | - | 3,129 | 3,110 | - | 3,110 |
| Deferred Government superannuation contribution | 26,200 | - | 26,200 | 26,200 | - | 26,200 |
| Total current assets | 130,074 | - | 130,074 | 124,927 | - | 124,927 |

Non-current assets

| | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Available-for-sale financial assets | 3,795 | - | 3,795 | 1,100 | - | 1,100 |
| Property, plant and equipment | 429,897 | (3,038) | 426,859 | 429,555 | (3,038) | 426,517 |
| Intangible assets | - | 1,915 | 1,915 | - | 1,915 | 1,915 |
| Other financial assets | 5,068 | - | 5,068 | 6,798 | - | 6,798 |
| Deferred Government superannuation contribution | 258,200 | - | 258,200 | 258,200 | - | 258,200 |
| Total non-current assets | 696,960 | (1,123) | 695,837 | 695,653 | (1,123) | 694,530 |

Total assets

| | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 827,034 | (1,123) | 825,911 | 820,580 | (1,123) | 819,457 |
|----------------|----------------|----------------|----------------|----------------|----------------|

LIABILITIES

Current liabilities

| | | | | | | |
|----------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| Payables | 17,167 | (950) | 16,217 | 17,124 | (950) | 16,174 |
| Interest bearing liabilities | 1,353 | - | 1,353 | 1,353 | - | 1,353 |
| Provisions | 15,507 | (3,338) | 12,169 | 15,268 | (3,338) | 11,930 |
| Unspent financial assistance | 3,922 | - | 3,922 | 3,922 | - | 3,922 |
| Other | 13,365 | - | 13,365 | 12,947 | - | 12,947 |
| Provision for superannuation | 26,200 | - | 26,200 | 26,200 | - | 26,200 |
| Total current liabilities | 77,514 | (4,288) | 73,226 | 76,814 | (4,288) | 72,526 |

Non-current liabilities

| | | | | | | |
|--|----------------|--------------|----------------|----------------|--------------|----------------|
| Payables | 2,548 | 950 | 3,498 | 2,548 | 950 | 3,498 |
| Interest bearing liabilities | 17,108 | - | 17,108 | 17,108 | - | 17,108 |
| Provisions | 21,100 | 3,338 | 24,438 | 21,100 | 3,338 | 24,438 |
| Provision for superannuation | 258,200 | - | 258,200 | 258,200 | - | 258,200 |
| Total non-current liabilities | 298,956 | 4,288 | 303,244 | 298,956 | 4,288 | 303,244 |

Total liabilities

| | | | | | |
|----------------|----------|----------------|----------------|----------|----------------|
| 376,470 | - | 376,470 | 375,770 | - | 375,770 |
|----------------|----------|----------------|----------------|----------|----------------|

Net assets

| | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 450,564 | (1,123) | 449,441 | 444,810 | (1,123) | 443,687 |
|----------------|----------------|----------------|----------------|----------------|----------------|



43. Explanation of transition to Australian Equivalents to IFRS (continued)

| | Consolidated | | | University | | |
|------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|
| | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted | Previous AGAAP | Effect of transition to AIFRS | AIFRS Adjusted |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| EQUITY | | | | | | |
| Parent entity interest | | | | | | |
| Reserves | 51,085 | - | 51,085 | 50,593 | - | 50,593 |
| Retained surplus | 399,479 | (1,123) | 398,356 | 394,217 | (1,123) | 393,094 |
| Total equity | 450,564 | (1,123) | 449,441 | 444,810 | (1,123) | 443,687 |

(b) Reconciliation of profit for the year ended 31 December 2004

Revenue from continuing operations

| | | | | | | |
|--|----------------|----------|----------------|----------------|----------|----------------|
| Australian Government financial assistance | | | | | | |
| Australian Government grants | 127,480 | - | 127,480 | 127,480 | - | 127,480 |
| HECS-HELP Australian Government payments | 53,828 | - | 53,828 | 53,828 | - | 53,828 |
| FEE-HELP | 2,349 | - | 2,349 | 2,349 | - | 2,349 |
| State and local Government financial assistance | 2,576 | - | 2,576 | 2,576 | - | 2,576 |
| HECS-HELP student contributions | 9,221 | - | 9,221 | 9,221 | - | 9,221 |
| Superannuation – deferred Government contributions | 2,200 | - | 2,200 | 2,200 | - | 2,200 |
| Fees and charges | 62,412 | - | 62,412 | 62,412 | - | 62,412 |
| Investment income | 5,162 | - | 5,162 | 5,939 | - | 5,939 |
| Royalties, trademarks and licences | 779 | - | 779 | 678 | - | 678 |
| Consultancy and contract research | 17,963 | - | 17,963 | 17,963 | - | 17,963 |
| Other revenue | 19,794 | - | 19,794 | 12,670 | - | 12,670 |
| Superannuation – Commonwealth supplementation | 20,660 | - | 20,660 | 20,660 | - | 20,660 |
| Total revenue from continuing operations | 324,424 | - | 324,424 | 317,976 | - | 317,976 |
| Other Income | 80 | - | 80 | 13 | - | 13 |
| Total Income | 324,504 | | 324,504 | 317,989 | | 317,989 |

Expenses from continuing operations

| | | | | | | |
|--|----------------|--------------|----------------|----------------|--------------|----------------|
| Employee benefits and on-costs | 180,737 | - | 180,737 | 176,968 | - | 176,968 |
| Depreciation and amortisation | 19,567 | (384) | 19,183 | 19,390 | (384) | 19,006 |
| Repairs and maintenance | 3,774 | - | 3,774 | 3,774 | - | 3,774 |
| Borrowing costs | 1,813 | - | 1,813 | 1,813 | - | 1,813 |
| Bad and doubtful debts | 682 | - | 682 | 682 | - | 682 |
| Other expenses | 82,628 | - | 82,628 | 79,867 | - | 79,867 |
| Superannuation – deferred Government contributions | 2,200 | - | 2,200 | 2,200 | - | 2,200 |
| Superannuation – Commonwealth supplementation | 20,660 | - | 20,660 | 20,660 | - | 20,660 |
| Total expenses from continuing operations | 312,061 | (384) | 311,677 | 305,354 | (384) | 304,970 |
| Net operating result for the year | 12,443 | (384) | 12,827 | 12,635 | (384) | 13,019 |



43. Explanation of transition to Australian Equivalents to IFRS (continued)

(c) Reconciliation of Cash Flow Statement for the year ended 31 December 2004

The adoption of AIFRSs has not resulted in any material adjustments to the Cash Flow Statement.

(d) Notes to the reconciliations

(i) *Property, plant and equipment*

Under AIFRS, the economic entity recognises software assets as an Intangible Asset. This has resulted in a reclassification of some Property, Plant & Equipment assets to Intangible Assets.

(ii) *Intangible assets*

Development costs of internally generated software were recognised under previous AGAAP, but do not qualify for recognition as an asset under AASB 138 Intangible Assets. This has resulted in a decrease to the Intangible Asset carrying value of \$1.5 million at 1 January 2004 and an offsetting decrease to Retained Surplus.

(iii) *Payables*

Employment on-costs in respect of leave provisions are recognised as payables. The reclassification of Annual Leave (see paragraph (iv) below) has resulted in a reclassification of some Current Payables to Non-Current Payables.

(iv) *Provisions*

Under AIFRS, Annual Leave which is not expected to be paid in the next twelve months is classified as a long-term employee benefit. This has resulted in a decrease in current provisions and an increase in non-current provisions.

(v) *Retained earnings*

The effect on retained earnings of the changes set out above are as follows:

| | 1 January 2004 | | 31 December 2004 | |
|---|----------------|---------------|------------------|---------------|
| | Consolidated | Parent Entity | Consolidated | Parent Entity |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Retained earnings reduction - Note (a) and (b) above | 1,508 | 1,508 | 1,123 | 1,123 |
| | 1,508 | 1,508 | 1,123 | 1,123 |

(e) Adjustments on transition to AASB 132 *Financial instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: recognition and Measurement*: 1 January 2005

The adoption of AASB 132 and AASB 139 has resulted in the recognition of a derivative financial instrument. The University has an open interest rate swap with a major bank to fix interest rates on a loan facility currently arranged and expected to be drawn down in future years. This recognition of this non-current liability has resulted in an increase to Derivatives of \$0.230 million and an offsetting decrease to Retained Surplus.



44. Acquittal of Commonwealth Government financial assistance

44.1 Commonwealth Grants Scheme and other Grants

| | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 | 2005 \$ '000 | 2004 \$ '000 |
|---|----------------------------|-----------------|-------------------------|-----------------|-------------------|-----------------|----------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Commonwealth Grants Scheme | | | | | | | | | | | | | |
| | Commonwealth Grants Scheme | | Indigenous Support Fund | | Equity Programmes | | Workplace Reform Programme | | Capital Development Pool | | | | | |
| Financial assistance received in cash during reporting period | 105,542 | 82,037 | 805 | 790 | 745 | 263 | 1,463 | 2,551 | 2,094 | - | | | | |
| Net accrual adjustments | (1,090) | 12,942 | - | - | - | - | - | - | - | - | | | | |
| Revenue for the period | 104,452 | 94,979 | 805 | 790 | 745 | 263 | 1,463 | 2,551 | 2,094 | - | | | | |
| Surplus/(deficit) from the previous year | - | - | - | - | 173 | - | - | - | 47 | 1,437 | | | | |
| Total revenue including accrued revenue less expenses including accrued expenses | 104,452 | 94,979 | 805 | 790 | 918 | 263 | 1,463 | 2,551 | 2,141 | 1,437 | | | | |
| | (104,452) | (94,979) | (805) | (790) | (530) | (90) | (1,463) | (2,551) | (2,141) | (1,390) | | | | |
| Surplus/(deficit) for reporting period | - | - | - | - | 388 | 173 | - | - | - | 47 | | | | |

| | Superannuation | | Collaboration & Structural Reform | | Total | |
|---|----------------|---------------|-----------------------------------|--------------|----------------|----------------|
| Financial assistance received in cash during reporting period | 21,429 | 17,255 | 1,176 | 1,299 | 133,254 | 104,195 |
| Net accrual adjustments | 199 | 3,405 | - | - | (891) | 16,347 |
| Revenue for the period | 21,628 | 20,660 | 1,176 | 1,299 | 132,363 | 120,542 |
| Surplus/(deficit) from the previous year | - | - | 1,441 | - | 1,661 | 1,437 |
| Total revenue including accrued revenue less expenses including accrued expenses | 21,628 | 20,660 | 2,617 | 1,299 | 134,024 | 121,979 |
| | (21,628) | (20,660) | (556) | 142 | (131,575) | (120,318) |
| Surplus/(deficit) for reporting period | - | - | 2,061 | 1,441 | 2,449 | 1,661 |



44.2 HECS and other Commonwealth Loan Programmes

| | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | HECS-HELP | | FEE-HELP | | OS-HELP | | Total | | | |
| Financial assistance received in cash during reporting period | 58,771 | 51,808 | 2,876 | 2,807 | 521 | 13 | 62,168 | 54,628 | | |
| Net accrual adjustments | (2,184) | 2,020 | 436 | (471) | (500) | - | (2,248) | 1,549 | | |
| Revenue for the period | 56,587 | 53,828 | 3,312 | 2,336 | 21 | 13 | 59,920 | 56,177 | | |
| Surplus/(deficit) from the previous year | - | - | - | - | - | - | - | - | | |
| Total revenue including accrued revenue | 56,587 | 53,828 | 3,312 | 2,336 | 21 | 13 | 59,920 | 56,177 | | |
| less expenses including accrued expenses | (56,587) | (53,828) | (3,312) | (2,336) | (21) | (13) | (59,920) | (56,177) | | |
| Surplus/(deficit) for reporting period | - | - | - | - | - | - | - | - | | |

44.3 Scholarships

| | Australian Postgraduate Awards | International Postgraduate Research Scholarships | Commonwealth Education Costs Scholarships | Commonwealth Accommodation Scholarships | Indigenous Staff Scholarships | | | | |
|---|-----------------------------------|---|---|---|----------------------------------|-------|-------|------|---|
| Financial assistance received in cash during reporting period | 1,355 | 1,520 | 294 | 298 | 204 | 976 | 396 | 32 | - |
| Net accrual adjustments | - | - | - | - | - | - | - | - | - |
| Revenue for the period | 1,355 | 1,520 | 294 | 298 | 204 | 976 | 396 | 32 | - |
| Surplus/(deficit) from the previous year | 374 | 203 | 35 | - | 13 | - | 8 | - | - |
| Total revenue including accrued revenue | 1,729 | 1,723 | 329 | 298 | 204 | 984 | 396 | 32 | - |
| less expenses including accrued expenses | (1,388) | (1,349) | (291) | (263) | (191) | (907) | (388) | (26) | - |
| Surplus/(deficit) for reporting period | 341 | 374 | 38 | 35 | 66 | 13 | 77 | 8 | 6 |



44.3 Scholarships (continued)

| | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| Financial assistance received in cash during reporting period | | | | | | | | | |
| Net accrual adjustments | | | | | | | | | |
| Revenue for the period | | | | | | | | | |
| | | | | | | | | | |
| Surplus/(deficit) from the previous year | | | | | | | | | |
| Total revenue including accrued revenue | | | | | | | | | |
| less expenses including accrued expenses | | | | | | | | | |
| Surplus/(deficit) for reporting period | | | | | | | | | |

44.4 DEST – Research

| | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| Financial assistance received in cash during reporting period | | | | | | | | | |
| Net accrual adjustments | | | | | | | | | |
| Revenue for the period | | | | | | | | | |
| | | | | | | | | | |
| Surplus/(deficit) from the previous year | | | | | | | | | |
| Total revenue including accrued revenue | | | | | | | | | |
| less expenses including accrued expenses | | | | | | | | | |
| Surplus/(deficit) for reporting period | | | | | | | | | |



44.5 Australian Research Council Grants

(a) Discovery

Financial assistance received in cash during reporting period

Net accrual adjustments:

Movement in accrued income

Movement in deferred income

Revenue for the period

Movement in deferred income

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

less expenses including accrued expenses

Surplus/(deficit) for reporting period

(b) Linkages

Financial assistance received in cash during reporting period

Net accrual adjustments:

Movement in accrued income

Movement in deferred income

Revenue for the period

Movement in deferred income

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

less expenses including accrued expenses

Surplus/(deficit) for reporting period

| 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
|--------|--------|--------|--------|--------|--------|--------|--------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| | | | | | | | |

| Projects | Fellowships | | | Total |
|--------------|--------------|-----------|-----------|--------------|
| | 2,819 | 2,089 | (2) | |
| (71) | 128 | - | - | 128 |
| (414) | (395) | - | 55 | (340) |
| 2,334 | 1,822 | 10 | 53 | 2,344 |
| 414 | 395 | - | (55) | 414 |
| 942 | 547 | - | 55 | 942 |
| 3,690 | 2,764 | 10 | 53 | 3,700 |
| (2,334) | (1,822) | (10) | (53) | (2,344) |
| | | | | (1,875) |
| 1,356 | 942 | - | - | 1,356 |
| | | | | 942 |

| Special Research Initiatives | Infrastructure | | International | Projects | |
|------------------------------|----------------|------------|---------------|------------|--------------|
| | - | - | | 41 | 1,990 |
| - | - | - | - | - | 32 |
| 8 | 52 | 122 | (122) | (21) | (202) |
| 8 | 52 | 122 | 755 | 174 | 2,534 |
| (8) | (52) | (122) | 122 | 114 | 831 |
| 8 | 60 | 122 | - | 44 | 1106 |
| 8 | 60 | 122 | 877 | 332 | 4,471 |
| (8) | (52) | (122) | (755) | (174) | (2,534) |
| | | | | (20) | (1,910) |
| - | 8 | - | 122 | 158 | 1,937 |
| | | | | 44 | 1,106 |



(b) Linkages (cont)

| | | | | | | |
|---|--------------|--------------|--|--|--|--|
| Financial assistance received in cash during reporting period | | | | | | |
| Net accrual adjustments: | | | | | | |
| Movement in accrued income | 316 | 213 | | | | |
| Movement in deferred income | (815) | (293) | | | | |
| Revenue for the period | 2,838 | 2,647 | | | | |
| Movement in deferred income | 815 | 293 | | | | |
| Surplus/(deficit) from the previous year | 1,280 | 1,077 | | | | |
| Total revenue including accrued revenue | 4,933 | 4,017 | | | | |
| less expenses including accrued expenses | (2,838) | (2,737) | | | | |
| Surplus/(deficit) for reporting period | 2,095 | 1,280 | | | | |

(c) Networks and Centres

| | | | | | | |
|---|------------|------------|------------|--------------|--------------|--------------|
| Financial assistance received in cash during reporting period | | | | | | |
| Net accrual adjustments: | | | | | | |
| Movement in accrued income | 20 | - | - | 113 | 20 | 113 |
| Movement in deferred income | (78) | (150) | 119 | (93) | 41 | (243) |
| Revenue for the period | 248 | - | 867 | 752 | 1,115 | 752 |
| Movement in deferred income | 78 | 150 | (119) | 93 | (41) | 243 |
| Surplus/(deficit) from the previous year | 150 | - | 250 | 157 | 400 | 157 |
| Total revenue including accrued revenue | 476 | 150 | 998 | 1,002 | 1,474 | 1,152 |
| less expenses including accrued expenses | (248) | - | (867) | (752) | (1,115) | (752) |
| Surplus/(deficit) for reporting period | 228 | 150 | 131 | 250 | 359 | 400 |



44.6 Summary of Unspent Financial Assistance

| | Amount of unspent grant as at 31 December 2005 \$'000 | Amount of unspent grant that it is more likely to be approved by the Commonwealth for carry forward \$'000 | Amount of unspent grant which the University has a "performance obligation" or is likely to be recovered by the Commonwealth \$'000 |
|--|---|---|---|
| Commonwealth Grants Scheme and other Grants | | | |
| Commonwealth Grants Scheme | - | - | - |
| Indigenous Support Fund | - | - | - |
| Equity Programmes | 388 | 388 | - |
| Workplace Reform Programme | - | - | - |
| Capital Development Pool | - | - | - |
| Collaboration & Structural Reform | 2,061 | 2,061 | - |
| | 2,449 | 2,449 | - |
| HECS and other Commonwealth loan programmes | | | |
| HECS-HELP | - | - | - |
| FEE-HELP | - | - | - |
| OS-HELP | - | - | - |
| | - | - | - |
| Scholarships | | | |
| Australian postgraduate awards | 341 | 341 | - |
| International postgraduate research scholarships | 38 | 38 | - |
| Commonwealth education costs scholarships | 66 | 66 | - |
| Commonwealth accommodation scholarships | 77 | 77 | - |
| Indigenous staff scholarships | 6 | 6 | - |
| | 528 | 528 | - |
| DEST - Research | | | |
| Institutional grants scheme | - | - | - |
| Research training scheme | - | - | - |
| Research infrastructure block grants | - | - | - |
| | - | - | - |



44.7 Summary of Unspent Financial Assistance

| | Amount of unspent grant as at 31 December 2005 | Amount of unspent grant that it is more likely to be approved by the Commonwealth for carry forward | Amount of unspent grant which the University has a "performance obligation" or is likely to be recovered by the Commonwealth |
|---|---|---|---|
| | \$'000 | \$'000 | \$'000 |
| Australian Research Council - (i) Discovery | | | |
| Project | 1,356 | 1,356 | 1,356 |
| Fellowships | - | - | - |
| | 1,356 | 1,356 | 1,356 |
| Australian Research Council - (ii) Linkages | | | |
| Special Research Initiatives | - | - | - |
| Infrastructure | - | - | - |
| International | 158 | 158 | 158 |
| Projects | 1,937 | 1,937 | 1,937 |
| | 2,095 | 2,095 | 2,095 |
| Australian Research Council - (iii) Networks and Centres | | | |
| Research Networks | 228 | 228 | 228 |
| Centres | 131 | 131 | 131 |
| | 359 | 359 | 359 |
| | 6,787 | 6,787 | 3,810 |



University of South Australia

CERTIFICATE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

To the best of our knowledge and belief:

- the financial statements present fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the University as at 31 December 2005 and the result of its operations and its cash flows for the year then ended;
- at the time of the certificate there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- the amount of Commonwealth financial assistance expended during the reporting period was for the purpose(s) for which it was provided; and
- that internal controls over financial reporting have been effective throughout the reporting period.

Mr David Klingberg, AM
Chancellor

15 / 6 / 2006

Professor Denise Bradley, AO
Vice Chancellor and President

15 / 6 / 2006



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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 2005. The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Statement of Changes in Equity;
- A Cash Flow Statement;
- 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 recognised Commonwealth Grants of \$18.2 million received in 2003 as revenue in 2004. In 2003, the University reported this amount as a liability representing revenue received in advance.

The Commonwealth Operating Grants received from the Department of Education, Science and Training (DEST) represent contributions, and in accordance with Accounting Standard AASB 1004 'Contributions' and the Department of Treasury and Finance Accounting Policy Framework V 'Income Framework' should be recognised as income when the entity obtains control. The University obtained control of these funds upon receipt.

As a result, the 2004 Australian Government Grants and the 2004 Operating Result Before Income Tax balances are both overstated by \$18.2 million.

In 2004 DEST changed its payment arrangements whereby all recurrent payments for a given grant year will be made in that year and as such, there are no advance payments for the 2005 year. With this change in funding arrangement all balances that were previously effected and reported in the 2004 financial report are correctly presented in 2005.

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 comparative figures in 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 2005, the results of their operations and their cash flows for the year then ended.



K I MacPherson
Auditor-General
21 June 2006