

Financial Statements





University of South Australia

Report by the Members of the University Council

Members of the University Council present their report on the Consolidated Entity consisting of the University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2008.

2008 Council Members

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

Mr David Klingberg, AM, Chancellor (retired June 2008)
 Dr Ian Gould, Chancellor (term commenced July 2008)
 Professor Peter Høj*, Vice Chancellor
 Ms Alice McCleary, Deputy Chancellor
 Mr William Cossey, AM
 Associate Professor Ingrid Day* (term completed December 2008)
 Mr Terry Evans
 Ms Kath Higgins* (leave of absence 25 March 2008 to 30 June 2008, resigned July 2008)
 Ms Raelene Barclay* (term commenced January 2008, resigned June 2008)
 Mr Bruce Linn
 Dr Adele Lloyd (term completed December 2008)
 Ms Jan Lowe (term completed December 2008)
 Mr Prashant Joshi (term commenced January 2008, term completed December 2008)
 Mr George Jacob (term commenced January 2008, resigned June 2008)
 Mr Thomas Rudkin (term commenced July 2008, term completed December 2008)
 Mr James Wangmann (term commenced January 2008, term completed December 2008)
 Mr Jim McDowell
 Mr Ian McLachlan
 Ms Bronwen Webb* (term commenced July 2008)
 Ms Anne Skipper, AM (leave of absence September 2008 to December 2008)
 Mr Peter Smith, Pro Chancellor (term completed December 2008)
 Dr Sue Vardon, AO
 Dr Michael Venning* (term completed December 2008)
 Associate Professor Adrian Vicary* (term completed December 2008)

The remuneration of Council Members is detailed in Note 29(b) of the Financial Statements.

Changes in Council Membership since 31 December 2008

The following changes occurred in 2009 (an asterisk* indicates a University employee):

Mr James Wangmann	Term commenced in January 2009
Mr Thomas Rudkin	Term commenced in January 2009
Professor Drew Dawson*	Term commenced in January 2009
Associate Professor Margaret Peters*	Term commenced in January 2009
Ms Tanya Hosch	Term commenced in January 2009
Ms Anne Skipper, AM	Resigned April 2009

The numbers of meetings of the University Council and of each Council committee held during the year ended 31 December 2008, and the numbers of meetings attended by each member were:

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

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Principal Activities

The principal continuing activities of the Consolidated Entity are:

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

There were no significant changes in the nature of the activities of the Consolidated Entity during the 2008 year.

Review of Operations

The 2008 consolidated surplus was \$43.0 million (2007: \$24.4 million). The surplus resulted in a safety margin (operating surplus as a percentage of revenue) of 9.4% (2007: 6.1%), which was higher than 2007 with a major contributor to this increase being the receipt of \$13.3 million Better Universities Renewal Funding. Revenue (before the superannuation supplementation) grew by 14.7% to \$457.7 million. Revenue from fee-paying education services grew by \$7.8 million (9.0%), with the main area of growth being on-shore fee-paying overseas student revenue which was up \$6.2 million.

The University's consolidated financial position remained sound during the 2008 year with cash balances being \$111.4 million at year end (2007: \$77.9 million). Consolidated cash flows from operating activities in 2008 were \$77.8 million (2007: \$52.7 million).

Changes in State of Affairs

In the opinion of the members of the University Council there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the 2008 year not otherwise disclosed in this report or elsewhere in the annual report. The University of South Australia Act 1990 has been amended, with effect from 1 January 2009. The principal effect of the amendments is to reduce the size of the University Council, from 2009 onwards, by 5 members. Audit provisions have been changed to give the government more flexibility in its choice of auditor for the University, and the by-law provisions have been amended to simplify the by-law making process.

Subsequent Events

There has not arisen in the interval between the end of the 2008 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the University Council, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Likely Developments and Expected Result of Operations

The Consolidated Entity will continue to pursue its principal activities while maintaining its financial sustainability.

Environmental Regulation

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

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

Insurance of Officers

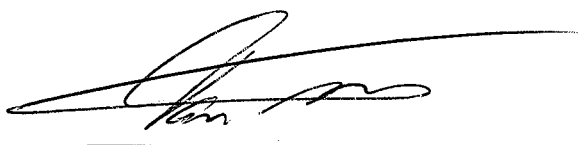
The University has paid insurance premiums in respect to Directors and Officers liability, Directors and Officers supplementary legal expenses and statutory liability, for current and former members of University Council and officers.

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

Legal Proceedings on Behalf of the Consolidated Entity

There are no legal proceedings on behalf of the Consolidated Entity that have arisen during the 2008 year or subsequent to year end that affect significantly the operations of the Consolidated Entity.

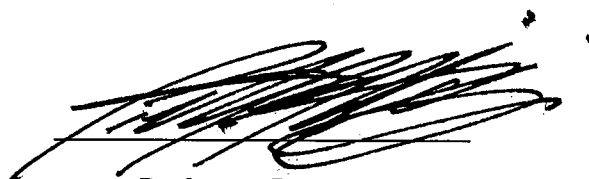
This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 21 May 2009.



Dr Ian Gould

Chancellor

21 May 2009



Professor Peter Høj

Vice Chancellor and President

21 May 2009



INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		University	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3, 42	202,884	165,634	202,884	165,634
HECS-HELP Australian Government payments	3, 42(b)	73,295	68,152	73,295	68,152
FEE-HELP	3, 42(b)	2,954	4,527	2,954	4,527
State and Local Government financial assistance	4	11,580	9,676	11,632	9,676
HECS-HELP Student payments		12,758	11,776	12,758	11,776
Fees and charges	5	94,641	86,826	94,641	86,826
Investment income	6	8,662	6,839	9,329	7,676
Royalties		421	591	300	534
Consultancy and contract research	7	27,011	23,274	27,029	23,400
Other revenue	8	23,513	21,687	15,170	14,259
		457,719	398,982	449,992	392,460
Superannuation:					
Commonwealth supplementation	3, 33	26,771	22,074	26,771	22,074
Deferred Government contributions	33	4,500	(8,700)	4,500	(8,700)
Total revenue from continuing operations		488,990	412,356	481,263	405,834
Other income/(loss)	9	127	(349)	(457)	(347)
Total income		489,117	412,007	480,806	405,487
Expenses from continuing operations					
Employee related expenses	11	256,852	235,085	251,705	230,751
Depreciation and amortisation	12	24,486	23,453	24,293	23,260
Repairs and maintenance	13	7,582	6,756	7,564	6,740
Finance costs	14	-	40	-	40
Bad and doubtful debts	15	535	(457)	535	(457)
Other expenses	16	125,223	109,372	122,669	107,316
		414,678	374,249	406,766	367,650
Superannuation:					
Commonwealth supplementation	11, 33	26,771	22,074	26,771	22,074
Deferred employee benefits	33	4,500	(8,700)	4,500	(8,700)
Total expenses from continuing operations		445,949	387,623	438,037	381,024
Operating result before income tax		43,168	24,384	42,769	24,463
Income tax expense		148	-	148	-
Operating result after income tax for the year attributable to the members of the University of South Australia		43,020	24,384	42,621	24,463

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



BALANCE SHEET AS AT 31 DECEMBER 2008

		Consolidated		University	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	17	111,379	77,933	108,565	75,698
Receivables	18	25,152	23,356	23,367	21,885
Other financial assets	20	1,790	420	1,790	420
Other non-financial assets	23	10,513	7,350	10,495	7,333
Deferred Government superannuation contribution	33	25,300	24,600	25,300	24,600
Total Current Assets		174,134	133,659	169,517	129,936
NON-CURRENT ASSETS					
Other financial assets	20	5,214	9,571	5,844	10,291
Property, plant and equipment	21	585,652	572,732	585,222	572,333
Intangible assets	22	5,638	2,378	5,638	2,378
Deferred Government superannuation contribution	33	279,100	275,300	279,100	275,300
Total Non-Current Assets		875,604	859,981	875,804	860,302
Total Assets		1,049,738	993,640	1,045,321	990,238
CURRENT LIABILITIES					
Payables	24	23,488	19,496	22,837	19,058
Provisions	26	17,389	16,479	16,893	16,139
Other liabilities	27	24,251	21,481	24,226	21,703
Current tax liabilities		644	632	644	632
Provision for superannuation	33	25,300	24,600	25,300	24,600
Total Current Liabilities		91,072	82,688	89,900	82,132
NON-CURRENT LIABILITIES					
Payables	24	4,128	3,918	4,128	3,918
Provisions	26	31,909	28,377	31,909	28,377
Provision for superannuation	33	279,100	275,300	279,100	275,300
Total Non-Current Liabilities		315,137	307,595	315,137	307,595
Total Liabilities		406,209	390,283	405,037	389,727
Net Assets		643,529	603,357	640,284	600,511
EQUITY					
Reserves	28(a)	125,135	127,983	125,135	127,983
Retained surplus	28(b)	518,394	475,374	515,149	472,528
Total Equity		643,529	603,357	640,284	600,511

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



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		University	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		603,357	506,153	600,511	503,228
Correction of prior period error	10	-	1,223	-	1,223
Restated total equity at the beginning of the financial year		603,357	507,376	600,511	504,451
Property, plant and equipment revaluation reserve:					
Gain on revaluation of land and buildings	28(a)	-	70,203	-	70,203
Gain/(Loss) on revaluation of library	28(a)	(1,526)	940	(1,526)	940
Available-for-sale investments reserve:					
Gain/(Loss) on revaluation Available-for-sale financial assets	28(a)	(1,322)	454	(1,322)	454
Net income recognised directly in equity		(2,848)	71,597	(2,848)	71,597
Operating result for the year		43,020	24,384	42,621	24,463
Total recognised income and expense for the year		40,172	95,981	39,773	96,060
Total equity at the end of the financial year		643,529	603,357	640,284	600,511
Total recognised income and expense for the year attributable to the University of South Australia		40,172	95,981	39,773	96,060

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		University	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Australian Government Grants received	3(i)	301,989	262,484	301,989	262,484
State and Local Government grants		10,144	10,704	10,196	10,704
HECS-HELP - Student payments		12,758	12,284	12,758	12,284
Receipts from student fees and other customers		104,299	92,556	103,441	91,813
Dividends received		191	343	1,020	1,352
Interest received		7,939	6,201	7,777	6,029
Royalties		421	591	300	534
Consultancy and contract research		29,250	22,111	29,583	22,540
Other receipts		23,786	21,416	14,859	13,990
Taxes recovered (GST)		5,670	5,772	6,223	6,247
Outflows:					
Payments to suppliers and employees (inclusive of GST)		(418,681)	(381,678)	(411,273)	(375,099)
Interest paid		-	(40)	-	(40)
Net Cash Inflow from Operating Activities	38	77,766	52,744	76,873	52,838
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		56	119	56	119
Proceeds from sale of investments		78	314	8	260
Outflows:					
Payments for property, plant and equipment		(43,684)	(45,599)	(43,460)	(45,389)
Payments for investments		(770)	(1,119)	(610)	(929)
Net Cash Outflow from Investing Activities		(44,320)	(46,285)	(44,006)	(45,939)
CASH FLOWS FROM FINANCING ACTIVITIES					
Outflows:					
Principal repayments under finance lease		-	(1,005)	-	(1,005)
Net Cash Outflow from Financing Activities		-	(1,005)	-	(1,005)
Net Increase/(Decrease) in Cash and Cash Equivalents		33,446	5,454	32,867	5,894
Cash and Cash Equivalents at Beginning of the Year		77,933	72,479	75,698	69,804
Cash and Cash Equivalents at End of Year	17	111,379	77,933	108,565	75,698

Non-cash investing and financing activities – refer to Note 39.

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 2008

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1. Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

Historical cost convention

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

Critical accounting estimates

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

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

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

(b) Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2008 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

Details of subsidiaries are set out in Note 34.

**(ii) Associates**

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

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

Details of associates are set out in Note 35.

(iii) Joint venture operations

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

Details of joint venture operations are set out in Note 36. The University's interests in these joint ventures are not considered to be material to the University's core activities.

(iv) Joint venture entities

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

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

Details of joint venture entities are set out in Note 36(b). The University's interests in these joint ventures are not considered to be material to the University's core activities.

(c) Foreign currency translation

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

(d) Revenue recognition

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

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

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

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

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

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

**(ii) Fees and charges**

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

(iii) Investment income

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

(iv) Consultancy and contract research

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

(v) Other revenue

Other revenue is recognised when the University obtains control or the right to receive the monies and the recognition criteria is met.

(e) Impairment of assets

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

(f) Cash and cash equivalents

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

(g) Receivables

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

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

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

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

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

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

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

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

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

During 2008 the global financial crisis caused financial markets to significantly decline. The University has investments in shares, property trusts and managed funds, which are classified as available-for-sale financial assets and are measured at fair value. The University has assessed its investments for objective evidence of impairment, and concluded that they are impaired. The amount of the impairment loss is \$1.91 million and this has been recognised by way of a reduction to the available-for-sale investments revaluation reserve in equity (\$1.46 million) and an impairment loss in the Income Statement (\$0.45 million).

(i) Property, plant and equipment

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

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

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

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

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

2008

**(i) Land**

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

The last valuation was as at 31 December 2007 and was performed by P. Lornie B Comm (VFM) AAPI and R. Wood B AppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Land fair value estimates were based on the highest and best use of the land and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in Note 1(k).

(ii) Buildings

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

As at 31 December 2007, the entire buildings portfolio was re-valued independently by P. Lornie B Comm (VFM) AAPI and R. Wood B AppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted was to assess the "written down current cost" for the buildings based upon the "new replacement cost" having regard to the estimated useful and remaining life for each structure.

Buildings under construction are measured at cost.

(iii) Library collection

The library collection is valued at fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. The 2008 valuation resulted in a decrease of \$1.53 million. The full amount of the devaluation was debited to the Library Revaluation Reserve.

(iv) Plant and equipment

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

(v) Art collection

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

(vi) Leased Assets

Leases of Property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases (Note 32). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Refer to Note 32 for details on operating leases.

**(j) Depreciation and amortisation**

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

Asset class	Useful life
Property:	
Buildings	Between 50 – 150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	15 years
Electronic materials	10 years
Plant and equipment:	
IT infrastructure	5 years
IT systems	7 years
IT other	3 years
Motor vehicles	5 years
Other	10 years
Leased plant and equipment:	
IT infrastructure	5 years
IT other	3 years

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

(k) Restrictions on assets

Land includes \$42.130 million (2007: \$42.130 million) of Crown Lands and \$19.610 million (2007: \$19.610 million) of land dedicated for educational use by the Minister of Education.

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

(l) Intangible Assets

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

With respect to internally generated intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is currently between 5 and 7 years.

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

**(m) Unfunded superannuation**

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA), now DEEWR, the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income Statement and the Balance Sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. Refer to Note 33.

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

(n) Trade and other payables

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

(o) Employee benefits

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

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

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

(ii) Sick leave

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

(iii) Long service leave

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2008 by Stuart Mules, FIAA, of Mercer Human Resource Consulting Pty Ltd.

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

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

**(iv) Superannuation**

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University and are expensed in the Income Statement. Note 33 provides details in respect of the individual schemes.

(p) Workers' compensation

The University is responsible for payments of workers' compensation. During the year Unisure Pty Ltd was replaced with Lawson Risk Management Services to administer workers' compensation arrangements on behalf of the University. Note 35 provides details of net assets held by Unisure Pty Ltd on behalf of the University.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2008 by Tania Muller, FIAA, of Mercer Finance and Risk Consulting Pty Ltd using the Projected Incurred Cost method. Under the Projected Incurred Cost method the development factors for the case estimated incurred costs are determined based on past experience. These factors are used, together with the assumed payment rates, to project claim payments in future years.

(q) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash assets and a corresponding liability is included in other liabilities (refer Note 27).

(r) Goods and services tax (GST)

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

Receivables and payables (excluding accruals) are stated with the amount of GST included.

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

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

(s) Income tax

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

(t) Changes in Accounting Policy Note

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2008. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be insignificant, but notes that AASB 101 *Presentation of Financial Statements* may require restructuring of the financial statements.



2. Disaggregated information (consolidated)

Geographical	Revenue		Results		Total Assets	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	438,659	381,123	42,163	23,580	1,049,738	993,640
Asia	19,055	17,638	857	794	-	-
Other	5	221	-	10	-	-
	457,719	398,982	43,020	24,384	1,049,738	993,640

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

Note	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

3. Australian Government Grants including HECS-HELP and FEE-HELP

(a) Commonwealth Grants Scheme and Other Grants

42(a)

Commonwealth Grants Scheme	124,914	117,184	124,914	117,184
Indigenous Support Program	1,219	1,081	1,219	1,081
Equity Programs	686	674	686	674
Workplace Reform Program	1,628	1,576	1,628	1,576
Workplace Productivity Program	1,148	-	1,148	-
Capital Development Pool	4,259	318	4,259	318
Superannuation Program	26,771	22,074	26,771	22,074
Collaboration & Structural Reform Program	7,062	1,141	7,062	1,141
Improving the Practical Component of Teacher Education Initiative	637	-	637	-
Transitional Costs Program	1,678	-	1,678	-
Total Commonwealth Grants Scheme and Other Grants	170,002	144,048	170,002	144,048

(b) Higher Education Loan Programs

42(b)

HECS-HELP	73,295	68,152	73,295	68,152
FEE-HELP	2,954	4,527	2,954	4,527
Total Higher Education Loan Programs	76,249	72,679	76,249	72,679

(c) Scholarships

42(c)

Australian Postgraduate Awards	1,832	1,748	1,832	1,748
International Postgraduate Research Scholarships	374	346	374	346
Commonwealth Education Cost Scholarships	2,065	1,615	2,065	1,615
Commonwealth Accommodation Scholarships	2,313	2,027	2,313	2,027
Indigenous Access Scholarships	122	-	122	-
Indigenous Staff Scholarships	-	(6)	-	(6)
Total Scholarships	6,706	5,730	6,706	5,730



	Note	Consolidated		University	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
3. Australian Government Grants including HECS-HELP and FEE-HELP (continued)					
(d) DIISR – Research	42(d)				
Institutional Grants Scheme		5,310	4,998	5,310	4,998
Research Training Scheme		10,019	9,280	10,019	9,280
Research Infrastructure Block Grants		2,145	1,870	2,145	1,870
Implementation Assistance Programme		120	59	120	59
Australian Scheme for Higher Education Repositories		217	116	217	116
Commercialisation Training Scheme		104	98	104	98
Total DIISR – Research Grants		17,915	16,421	17,915	16,421
(e) Voluntary Student Unionism	42(e)				
VSU Transition Fund		-	330	-	330
Total Voluntary Student Unionism		-	330	-	330
(f) Better Universities Renewal Funding	42(e)				
Total Better Universities Renewal Funding		13,346	-	13,346	-
Total DEEWR funding		284,218	239,208	284,218	239,208
(g) Australian Research Council	42(f)				
(i) Discovery					
Project		2,376	2,119	2,376	2,119
Total Discovery		2,376	2,119	2,376	2,119
(ii) Linkages					
International		98	125	98	125
Projects		5,032	5,248	5,032	5,248
Infrastructure		498	109	498	109
Total Linkages		5,628	5,482	5,628	5,482
(iii) Networks and Centres					
Research Networks		161	334	161	334
Centres		914	818	914	818
Total Networks and Centres		1,075	1,152	1,075	1,152
(h) Other Australian Government financial Assistance					
Other Commonwealth Government Research Grants		10,995	12,025	10,995	12,025
Aboriginal Tutorial Assistance Scheme Grant		191	171	191	171
Other Commonwealth Grants		1,421	230	1,421	230
Total Australian Government financial assistance		12,607	12,426	12,607	12,426
		305,904	260,387	305,904	260,387



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
3. Australian Government Grants including HECS-HELP and FEE-HELP (continued)				
Reconciliation				
Australian Government grants	229,655	187,708	229,655	187,708
HECS-HELP – Australian Government payments	73,295	68,152	73,295	68,152
Other Australian Government loan programmes	2,954	4,527	2,954	4,527
Total Australian Government financial assistance	305,904	260,387	305,904	260,387
 (i) Australian Government Grants received – cash basis				
CGS and Other DEEWR Grants	165,131	145,323	165,131	145,323
Higher Education Loan Programs	77,224	72,680	77,224	72,680
Scholarships	6,706	5,730	6,706	5,730
DIISR – Research	17,915	16,421	17,915	16,421
Voluntary Student Unionism	-	330	-	330
Better Universities Renewal Funding	13,346	-	13,346	-
ARC grants – Discovery	2,320	2,582	2,320	2,582
ARC grants – Linkages	5,622	5,988	5,622	5,988
ARC grants – Networks and Centres	1,118	1,096	1,118	1,096
Other Australian Government Grants	12,607	12,334	12,607	12,334
Total Australian Government Grants received – cash basis	301,989	262,484	301,989	262,484
OS-HELP (Net)	-	-	-	-
Total Australian Government funding received – cash basis	301,989	262,484	301,989	262,484
 4. State and Local Government financial assistance				
Research Grants	9,446	5,728	9,498	5,728
Other	2,134	3,948	2,134	3,948
Total State and Local Government financial assistance	11,580	9,676	11,632	9,676
 5. Fees and charges				
Course fees and charges				
Continuing education	1,526	1,503	1,526	1,503
Fee-paying overseas students	75,947	69,704	75,947	69,704
Fee-paying domestic postgraduate students	3,791	3,939	3,791	3,939
Total course fees and charges	81,264	75,146	81,264	75,146
 Other fees and charges				
Other fees and charges	7,053	5,468	7,053	5,468
Miscellaneous enrolment fees	5,409	5,361	5,409	5,361
Seminar/workshops	915	851	915	851
Total other fees and charges	13,377	11,680	13,377	11,680
Total fees and charges	94,641	86,826	94,641	86,826



	Note	Consolidated		University	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
6. Investment income					
Dividends		249	343	1,078	1,352
Interest		8,091	5,917	7,929	5,745
Investment income from associated entity (Unisure Pty Ltd)		322	579	322	579
Total investment income		8,662	6,839	9,329	7,676
7. Consultancy and contract research					
Consultancy		3,907	4,362	3,924	4,416
Contract research		23,104	18,912	23,105	18,984
Total consultancy and contract research		27,011	23,274	27,029	23,400
8. Other revenue					
Donations and bequests		1,686	1,646	1,686	1,646
Scholarships and prizes		1,444	912	1,444	912
Other fees and charges		15,125	13,723	6,782	6,293
Other **		5,258	5,406	5,258	5,408
Total other revenue		23,513	21,687	15,170	14,259
** Net foreign exchange gains included in other revenue for 2008 were \$1.937 million (2007: nil).					
9. Other income					
Net gain/(loss) on disposal of property, plant and equipment	9(a)	(459)	(399)	(459)	(397)
Net gain/(loss) on disposal of investments		586	50	2	50
Total other income		127	(349)	(457)	(347)
(a) Net gain/(loss) on disposal of property, plant and equipment					
Proceeds from sale		56	119	56	119
Carrying amount of assets sold		(515)	(518)	(515)	(516)
Net gain/(loss) on disposal of property, plant and equipment		(459)	(399)	(459)	(397)

2008



10. Correction of error

(a) Correction of error in recording of revenue in a previous financial year

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. The University's percentage interest in the Mawson Centre was greater than the amount contributed to total costs due to Land Management Corporation (LMC) contributing to construction costs for the project but not having any interest in the centre. At the completion of the building in 2005 a \$1.223 million difference existed between the University's ownership and the University's actual contribution, which was recognised as a liability. This error had the effect of overstating Other Liabilities and Total liabilities and understating Retained Surplus and Total Equity.

The error has been corrected by restating each of the affected financial statement line items as at 1 January 2007, as described above.

Consolidated		University	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

11. Employee related benefits

(a) Employee related benefits

Academic

Salaries	108,721	102,328	108,721	102,328
Contributions to superannuation and pension schemes:				
Emerging cost	806	1,004	806	1,004
Funded	15,370	14,125	15,370	14,125
Payroll tax	6,553	6,414	6,553	6,414
Workers' compensation	1,026	844	1,026	844
Long service leave	4,361	3,550	4,361	3,550
Annual leave	7,660	7,110	7,660	7,110
Total academic	144,497	135,375	144,497	135,375

Non-academic

Salaries	83,130	74,125	78,800	70,389
Contributions to superannuation and pension schemes:				
Emerging cost	942	996	556	691
Funded	11,493	10,125	11,493	10,125
Payroll tax	5,616	5,471	5,361	5,248
Workers' compensation	896	499	876	473
Long service leave	3,749	2,702	3,668	2,658
Annual leave	6,409	5,792	6,334	5,792
Total non-academic	112,235	99,710	107,088	95,376

Total academic & non-academic employee benefits and on-costs

256,732	235,085	251,585	230,751
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Council member remuneration

120	-	120	-
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Total academic & non-academic employee benefits and on-costs and council member remuneration

256,852	235,085	251,705	230,751
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Consolidated		University	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

11. Employee related benefits (continued)

(a) Employee related benefits (continued)

Contributions to superannuation and pension schemes:

Emerging cost – Commonwealth supplemented	26,771	22,074	26,771	22,074
Deferred employee benefits for superannuation	4,500	(8,700)	4,500	(8,700)
Total deferred employee benefits for superannuation	31,271	13,374	31,271	13,374
Total employee benefits and on-costs	288,123	248,459	282,976	244,125

(b) Voluntary separation packages

Employee benefits include voluntary separation packages as follows:

	Number	Number	Number	Number
Number of voluntary separation packages	47	36	47	36
	\$'000	\$'000	\$'000	\$'000
Voluntary separation package expenses	2,608	1,957	2,608	1,957
Annual leave and long service leave entitlements paid	914	535	914	535
Total amount associated with separations	3,522	2,492	3,522	2,492

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

(c) Total aggregate employee benefits liability

In accordance with AASB 119 "Employee Benefits", employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately as employee benefits. Below is a composite note showing the total liabilities the University has as at 31 December 2008 relating to employee benefits:

	Note	\$'000	\$'000	\$'000	\$'000
Annual leave					
On-costs included in payables – current	24	2,269	2,093	2,269	2,093
On-costs included in payables – non-current	24	1,144	1,008	1,144	1,008
Employee benefits – current	26	9,968	9,220	9,729	9,056
Employee benefits – non-current	26	4,904	4,362	4,904	4,362
		18,285	16,683	18,046	16,519
Long service leave					
On-costs included in payables – current	24	590	615	590	615
On-costs included in payables – non-current	24	2,984	2,910	2,984	2,910
Employee benefits – current	26	5,717	5,277	5,460	5,101
Employee benefits – non-current	26	25,539	22,420	25,539	22,420
		34,830	31,222	34,573	31,046
Separations scheme					
Employee benefits – current		1,268	1,384	1,268	1,384
Total aggregate employee benefits liability		54,383	49,289	53,887	48,949



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
12. Depreciation and amortisation				
Buildings	15,058	13,732	15,024	13,659
Leasehold Improvements	416	410	416	410
Library collection	2,801	2,599	2,801	2,599
Plant and equipment	5,685	5,063	5,526	4,943
Amortisation – intangible asset	526	691	526	691
Amortisation – leased assets	-	958	-	958
Total depreciation and amortisation	24,486	23,453	24,293	23,260
13. Repairs and maintenance				
Buildings	6,592	6,052	6,575	6,037
Grounds	990	704	989	703
Total repairs and maintenance	7,582	6,756	7,564	6,740
14. Finance costs				
Interest expense	-	40	-	40
Total finance costs expensed	-	40	-	40
15. Bad and doubtful debts				
Doubtful debts	535	(457)	535	(457)
Total bad and doubtful debts	535	(457)	535	(457)



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
16. Other expenses				
Scholarships, grants and prizes	18,959	15,457	18,959	15,457
Non-capitalised equipment	4,228	3,665	4,284	3,661
Advertising, marketing and promotional expenses	5,557	4,231	5,522	4,228
Telecommunications	4,703	3,904	4,616	3,823
Travel, staff development and entertainment	18,285	16,840	18,089	16,671
External services*	37,162	33,209	36,059	32,451
IT hardware and software	8,493	6,722	8,459	6,687
Library subscriptions	3,842	3,076	3,842	3,076
Printing	1,376	2,231	1,376	2,231
Operating lease rental expenses	2,712	2,638	2,692	2,624
Bank charges, legal costs, insurance and taxes	4,106	3,463	4,073	3,412
General consumables	5,752	5,264	5,188	4,855
Other**	10,048	8,672	9,510	8,140
Total other expenses	125,223	109,372	122,669	107,316

* Included within external services for 2008 is an amount for consultants of \$1.791 million (\$1.899 million consolidated) exclusive of GST (2007: \$1.887 million, \$1.905 million consolidated). This amount excludes consultant payments in relation to the capital works program.

** Net foreign exchange losses included in other expenses for 2008 were nil (2007: \$0.235 million, \$0.235 million consolidated). Impairment loss in respect of Available-for-sale assets included in other expenses for 2008 were \$0.446 million (\$0.446 million consolidated), (2007: Nil).

17. Cash and cash equivalents

Cash at bank and on hand	5,277	3,816	4,447	3,149
Deposits at call	106,102	74,117	104,118	72,549
Total cash and cash equivalents	111,379	77,933	108,565	75,698

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

Balances as above	111,379	77,933	108,565	75,698
Balance per Cash Flow Statement	111,379	77,933	108,565	75,698

(b) Cash at bank and on hand

As at 31 December 2008, the deposits earned 3.75% interest (2007: 6.25%) and the interest is credited to the University quarterly in March, June, September and December.

(c) Deposits at call

During the year the cash deposits earned interest at a floating rate between 4.59% and 8.35% (2007: between 6.32% and 7.25%). These deposits had an average maturity of 96 days.

**18. Receivables**

	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade debtors	14,624	16,462	12,839	14,991
Less: Provision for impaired receivables	(455)	(590)	(455)	(590)
	14,169	15,872	12,384	14,401
Student fees	4,261	5,836	4,261	5,836
Less: Provision for impaired receivables	(661)	(1,708)	(661)	(1,708)
	3,600	4,128	3,600	4,128
Commonwealth receivable	7,383	3,356	7,383	3,356
Total current receivables	25,152	23,356	23,367	21,885

(a) Impaired receivables

As at 31 December 2008 current trade receivables of the Group with a nominal value of \$0.440 million (2007: \$0.557 million) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past-due status and historical collection experience resulting in a further provision of \$0.015 million (2007: \$0.033 million). The total amount of the provision was \$0.455 million (2007: \$0.590 million).

The ageing of these receivables is as follows:

	Consolidated	
	2008	2007
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	14	25
Over 6 months	441	565
	455	590

As at 31 December 2008, trade receivables of \$7.158 million (2007: \$7.999 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:

	Consolidated	
	2008	2007
	\$'000	\$'000
Less than 3 months	6,157	5,708
3 to 6 months	826	1,809
Over 6 months	175	482
	7,158	7,999

**18. Receivables (continued)****(a) Impaired receivables (continued)**

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

	Consolidated	
	2008	2007
	\$'000	\$'000
At 1 January	590	1,057
Provision for impairment recognised during the year	292	388
Receivables written off during the year as uncollectable	(114)	(10)
Unused amount reversed and debts collected	(313)	(845)
At 31 December	<u>455</u>	<u>590</u>

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

	Consolidated	
	2008	2007
	\$'000	\$'000
At 1 January	1,708	1,708
Provision for impairment recognised during the year	556	-
Receivables written off during the year as uncollectable	(1,603)	-
At 31 December	<u>661</u>	<u>1,708</u>

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

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

(b) Foreign Exchange and Interest Rate risk

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

(c) Fair value and credit risk

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

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 35 for the accounting methodology adopted for Unisure Pty Ltd.



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
20. Other financial assets				
Current:				
Workers' compensation investment fund	1,790	420	1,790	420
Total current other financial assets	1,790	420	1,790	420
Non-Current:				
Available-for-sale	5,214	6,290	4,114	5,280
Investment in controlled entities	-	-	1,730	1,730
Workers' compensation investment fund	-	3,281	-	3,281
Total non-current other financial assets	5,214	9,571	5,844	10,291
Total other financial assets	7,004	9,991	7,634	10,711



21. Property, plant and equipment

Consolidated	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	\$'000
At 1 January 2007									
- Cost	33,091	830	27,664	40,088	3,231	4,829	-	-	109,733
- Valuation	-	47,710	613,947	-	-	-	32,621	1,029	695,307
Accumulated depreciation	-	-	(282,933)	(21,739)	(588)	(3,643)	(15,853)	-	(324,756)
Net book amount	33,091	48,540	358,678	18,349	2,643	1,186	16,768	1,029	480,284
Year Ended 31 December 2007									
Opening net book amount	33,091	48,540	358,678	18,349	2,643	1,186	16,768	1,029	480,284
Revaluation	-	39,200	31,003	-	-	-	940	-	71,143
Additions	28,939	-	4,961	7,523	-	-	2,836	326	44,585
Disposals	-	-	(1)	(72)	-	(228)	(217)	-	(518)
Reclassifications	(51,151)	-	51,374	(234)	11	-	-	-	-
Depreciation charge	-	-	(13,732)	(5,063)	(410)	(958)	(2,599)	-	(22,762)
Closing net book amount	10,879	87,740	432,283	20,503	2,244	-	17,728	1,355	572,732
At 31 December 2007									
- Cost	10,879	-	666	45,847	3,242	-	-	-	60,634
- Valuation	-	87,740	798,226	-	-	-	34,625	1,355	921,946
Accumulated depreciation	-	-	(366,609)	(25,344)	(998)	-	(16,897)	-	(409,848)
Net book amount	10,879	87,740	432,283	20,503	2,244	-	17,728	1,355	572,732
Year Ended 31 December 2008									
Opening net book amount	10,879	87,740	432,283	20,503	2,244	-	17,728	1,355	572,732
Revaluation	-	-	-	-	-	-	(1,527)	-	(1,527)
Additions	25,531	-	211	10,202	-	-	2,978	-	38,922
Disposals	-	-	-	(403)	(7)	-	(83)	(22)	(515)
Reclassifications	(30,164)	-	29,245	868	51	-	-	-	-
Depreciation charge	-	-	(15,058)	(5,685)	(416)	-	(2,801)	-	(23,960)
Closing net book amount	6,246	87,740	446,681	25,485	1,872	-	16,295	1,333	585,652
At 31 December 2008									
- Cost	6,246	-	30,569	53,461	3,283	-	-	-	93,559
- Valuation	-	87,740	797,778	-	-	-	31,640	1,333	918,491
Accumulated depreciation	-	-	(381,666)	(27,976)	(1,411)	-	(15,345)	-	(426,398)
Net book amount	6,246	87,740	446,681	25,485	1,872	-	16,295	1,333	585,652



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 2007										
- Cost		33,091	830	27,547	39,072	3,231	4,829	-	-	108,600
- Valuation		-	47,710	613,650	-	-	-	32,621	1,029	695,010
Accumulated depreciation		-	-	(282,672)	(20,953)	(588)	(3,643)	(15,853)	-	(323,709)
Net book amount		33,091	48,540	358,525	18,119	2,643	1,186	16,768	1,029	479,901
Year Ended 31 December 2007										
Opening net book amount		33,091	48,540	358,525	18,119	2,643	1,186	16,768	1,029	479,901
Revaluation		-	39,200	31,003	-	-	-	940	-	71,143
Additions		28,939	-	4,926	7,347	-	-	2,836	326	44,374
Disposals		-	-	-	(71)	-	(228)	(217)	-	(516)
Reclassifications		(51,151)	-	51,374	(234)	11	-	-	-	-
Depreciation charge		-	-	(13,659)	(4,943)	(410)	(958)	(2,599)	-	(22,569)
Closing net book amount		10,879	87,740	432,169	20,218	2,244	-	17,728	1,355	572,333
At 31 December 2007										
- Cost		10,879	-	666	44,668	3,242	-	-	-	59,455
- Valuation		-	87,740	797,778	-	-	-	34,625	1,355	921,498
Accumulated depreciation		-	-	(366,275)	(24,450)	(998)	-	(16,897)	-	(408,620)
Net book amount		10,879	87,740	432,169	20,218	2,244	-	17,728	1,355	572,333
Year Ended 31 December 2008										
Opening net book amount		10,879	87,740	432,169	20,218	2,244	-	17,728	1,355	572,333
Revaluation		-	-	-	-	-	-	(1,527)	-	(1,527)
Additions		25,531	-	189	10,000	-	-	2,978	-	38,698
Disposals		-	-	-	(403)	(7)	-	(83)	(22)	(515)
Reclassifications		(30,164)	-	29,245	868	51	-	-	-	-
Depreciation charge		-	-	(15,024)	(5,526)	(416)	-	(2,801)	-	(23,767)
Closing net book amount		6,246	87,740	446,579	25,157	1,872	-	16,295	1,333	585,222
At 31 December 2008										
- Cost		6,246	-	30,100	52,093	3,283	-	-	-	91,722
- Valuation		-	87,740	797,778	-	-	-	31,640	1,333	918,491
Accumulated depreciation		-	-	(381,299)	(26,936)	(1,411)	-	(15,345)	-	(424,991)
Net book amount		6,246	87,740	446,579	25,157	1,872	-	16,295	1,333	585,222

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22. Intangible assets

Consolidated	Intangibles in Progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2007			
Cost	-	4,098	4,098
Accumulated amortisation	-	(3,150)	(3,150)
Net book amount	-	948	948
Year Ended 31 December 2007			
Opening net book amount	-	948	948
Additions	1,921	200	2,121
Amortisation charge	-	(691)	(691)
Closing net book amount	1,921	457	2,378
At 31 December 2007			
Cost	1,921	4,298	6,219
Accumulated amortisation	-	(3,841)	(3,841)
Net book amount	1,921	457	2,378
Year Ended 31 December 2008			
Opening net book amount	1,921	457	2,378
Additions	3,397	389	3,786
Reclassifications	(5,318)	5,318	-
Amortisation charge	-	(526)	(526)
Closing net book amount	-	5,638	5,638
At 31 December 2008			
Cost	-	5,968	5,968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5,638	5,638



22. Intangible assets (continued)

University	Intangibles in Progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2007			
Cost	-	4,098	4,098
Accumulated amortisation	-	(3,150)	(3,150)
Net book amount	-	948	948
Year Ended 31 December 2007			
Opening net book amount	-	948	948
Additions	1,921	200	2,121
Amortisation charge	-	(691)	(691)
Closing net book amount	1,921	457	2,378
At 31 December 2007			
Cost	1,921	4,298	6,219
Accumulated amortisation	-	(3,841)	(3,841)
Net book amount	1,921	457	2,378
Year Ended 31 December 2008			
Opening net book amount	1,921	457	2,378
Additions	3,397	389	3,786
Reclassifications	(5,318)	5,318	-
Amortisation charge	-	(526)	(526)
Closing net book amount	-	5,638	5,638
At 31 December 2008			
Cost	-	5,968	5,968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5,638	5,638



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
23. Other non-financial assets				
Current:				
Prepayments	7,399	5,564	7,381	5,547
Accrued income	3,114	1,786	3,114	1,786
Total current other non-financial assets	10,513	7,350	10,495	7,333
24. Payables				
Current:				
Trade creditors	16,214	14,295	15,563	13,857
Accrued salaries	4,415	2,493	4,415	2,493
Annual leave on-costs	2,269	2,093	2,269	2,093
Long service leave on-costs	590	615	590	615
Total current payables	23,488	19,496	22,837	19,058
Non-current:				
Annual leave on-costs	1,144	1,008	1,144	1,008
Long service leave on-costs	2,984	2,910	2,984	2,910
Total non-current payables	4,128	3,918	4,128	3,918
Total payables	27,616	23,414	26,965	22,976

(a) Foreign exchange and interest rate risk

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



Consolidated		University	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

25. Borrowings

The University does not hold any long term borrowings.

(a) 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	1,530	1,500	1,530	1,500
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2,000	2,000	2,000	2,000
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
	18,830	18,800	18,830	18,800

Used at balance date:

Credit card facility with NAB	943	870	943	870
Credit card facility with Amex	368	202	368	202
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	1	21	1	21
Bank Guarantee	3,869	3,619	3,869	3,619
	5,181	4,712	5,181	4,712

Unused at balance date:

Credit card facility with NAB	4,057	4,130	4,057	4,130
Credit card facility with Amex	1,162	1,298	1,162	1,298
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	2,000	2,000	2,000	2,000
IT lease facility with Commonwealth Bank	4,999	4,979	4,999	4,979
Bank Guarantee	1,231	1,481	1,231	1,481
	13,649	14,088	13,649	14,088

Bank loan facilities

NAB facilities	35,000	35,000	35,000	35,000
Total facilities	35,000	35,000	35,000	35,000
Used at balance date	-	-	-	-
Unused at balance date	35,000	35,000	35,000	35,000



26. Provisions

Current:

	Consolidated 2008 \$'000	2007 \$'000	University 2008 \$'000	2007 \$'000
Annual leave	9,968	9,220	9,729	9,056
Long service leave	5,717	5,277	5,460	5,101
Separation scheme	1,268	1,384	1,268	1,384
Workers' compensation liability	436	598	436	598
Total current provisions	17,389	16,479	16,893	16,139

Non-Current:

Annual leave	4,904	4,362	4,904	4,362
Long service leave	25,539	22,420	25,539	22,420
Workers' compensation liability	1,466	1,595	1,466	1,595
Total non-current provisions	31,909	28,377	31,909	28,377
Total provisions	49,298	44,856	48,802	44,516

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

Carrying amount at start of year	2,193	2,231	2,193	2,231
Additional provisions recognised	787	870	787	870
Amounts used	(741)	(972)	(741)	(972)
Unused amounts reversed	(688)	-	(688)	-
Increase in discounted amount	351	64	351	64
Carrying amount at the end of the period	1,902	2,193	1,902	2,193

27. Other liabilities

Current:

Other	846	570	821	792
Funds held on behalf of external entities	529	382	529	382
	1,375	952	1,350	1,174
 Income in advance on incomplete projects	 4,625	 2,479	 4,625	 2,479
 Other income in advance:				
Fees and charges	9,530	8,242	9,530	8,242
Commonwealth & State Government grants	8,721	9,808	8,721	9,808
	18,251	18,050	18,251	18,050
Total other liabilities	24,251	21,481	24,226	21,703



	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
28. Reserves and retained surplus				
(a) Reserves				
Property, plant and equipment revaluation reserve				
Land and buildings	124,494	124,494	124,494	124,494
Art collection	294	294	294	294
Library	83	1,609	83	1,609
	<u>124,871</u>	<u>126,397</u>	<u>124,871</u>	<u>126,397</u>
Available-for-sale investments revaluation reserve	264	1,586	264	1,586
Total reserves	125,135	127,983	125,135	127,983
Movements in reserves				
Property, plant and equipment revaluation reserve				
<i>Land and buildings</i>				
Opening balance	124,494	54,291	124,494	54,291
Asset revaluation increment	-	70,203	-	70,203
Closing balance	<u>124,494</u>	<u>124,494</u>	<u>124,494</u>	<u>124,494</u>
<i>Art collection</i>				
Opening balance	294	294	294	294
Asset revaluation decrement	-	-	-	-
Closing balance	<u>294</u>	<u>294</u>	<u>294</u>	<u>294</u>
<i>Library</i>				
Opening balance	1,609	669	1,609	669
Asset revaluation increment	-	940	-	940
Asset revaluation decrement	(1,526)	-	(1,526)	-
Closing balance	<u>83</u>	<u>1,609</u>	<u>83</u>	<u>1,609</u>
Total property, plant and equipment revaluation reserve	124,871	126,397	124,871	126,397
Available-for-sale investments revaluation reserve				
Opening balance	1,586	1,132	1,586	1,132
Asset revaluation increment	<u>(1,322)</u>	<u>454</u>	<u>(1,322)</u>	<u>454</u>
Total Available-for-sale investments revaluation reserve	264	1,586	264	1,586



Consolidated		University	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

28. Reserves and retained surplus (continued)

(b) Retained surplus

Movement in retained surplus were as follows:

Retained surplus at 1 January	475,374	450,990	472,528	448,065
Operating result for the year	43,020	24,384	42,621	24,463
Retained surplus at 31 December	518,394	475,374	515,149	472,528

(c) Nature and purpose of reserves

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

29. Responsible persons and Executive Officers

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2008 year. Council members include University employees who may be ex-officio members or elected staff members. An asterisk indicates University employees.

2008 Council Members

Mr David Klingberg, AM, Chancellor (retired June 2008)
 Dr Ian Gould, Chancellor (term commenced July 2008)
 Professor Peter Høj*, Vice Chancellor
 Ms Alice McCleary, Deputy Chancellor
 Mr William Cossey, AM
 Associate Professor Ingrid Day* (term completed December 2008)
 Mr Terry Evans
 Ms Kath Higgins* (leave of absence 25 March 2008 to 30 June 2008, resigned July 2008)
 Ms Raelene Barclay* (term commenced January 2008, resigned June 2008)
 Mr Bruce Linn
 Dr Adele Lloyd (term completed December 2008)
 Ms Jan Lowe (term completed December 2008)
 Mr Prashant Joshi (term commenced January 2008, term completed December 2008)
 Mr George Jacob (term commenced January 2008, resigned June 2008)
 Mr Thomas Rudkin (term commenced July 2008, term completed December 2008)
 Mr James Wangmann (term commenced January 2008, term completed December 2008)
 Mr Jim McDowell
 Mr Ian McLachlan
 Ms Bronwen Webb* (term commenced July 2008)
 Ms Anne Skipper, AM (leave of absence September 2008 to December 2008)
 Mr Peter Smith, Pro Chancellor (term completed December 2008)
 Dr Sue Vardon, AO
 Dr Michael Venning* (term completed December 2008)
 Associate Professor Adrian Vicary* (term completed December 2008)



29. Responsible persons and Executive Officers (continued)

(b) Remuneration of Council Members, Directors of Subsidiary companies and Executive Officers

Council members who were employees of the University did not receive any remuneration other than by way of salary and related benefits from a normal employment relationship. A number of Council Members who were not employees of the University were entitled to receive remuneration for their services as a Council Member from 1 July 2008. In addition 1 Council Member was also entitled to receive remuneration for their services as a Director of a Subsidiary company.

	Consolidated		University	
	2008	2007	2008	2007
	Number	Number	Number	Number
Remuneration of Council Members				
\$0 to \$9,999	21	21	21	22
\$10,000 to \$19,999	1	-	2	-
\$20,000 to \$29,999	2	1	1	-
	24	22	24	22

The remuneration received and receivable by Council Members for their services as Council Members was \$119,900 (2007: \$0). The total remuneration received and receivable by Council Members was \$134,900 (2007: \$20,000).

Directors of Subsidiary companies received remuneration for their services as Directors.

	Consolidated		University	
	2008	2007	2008	2007
	Number	Number	Number	Number
Remuneration of Directors of Subsidiary companies				
\$0 to \$9,999	1	-	-	-
\$10,000 to \$19,999	1	-	-	-
\$20,000 to \$29,999	-	1	-	-
\$40,000 to \$49,999	1	1	-	-
	3	2	-	-

The total remuneration received and receivable by those Directors was \$66,987 (2007: \$65,000).

	Consolidated		University	
	2008	2007	2008	2007
	Number	Number	Number	Number
Remuneration of Executive Officers				
\$150,000 to \$159,999*	-	1	-	1
\$210,000 to \$219,999	1	-	1	-
\$240,000 to \$249,999	1	2	1	2
\$250,000 to \$259,999	1	1	1	1
\$260,000 to \$269,999	-	1	-	1
\$270,000 to \$279,999	-	3	-	3
\$280,000 to \$289,999	2	-	2	-
\$300,000 to \$309,999#	3	1	3	1
\$310,000 to \$319,999	1	-	1	-
\$330,000 to \$339,999	-	1	-	1
\$340,000 to \$349,999	1	-	1	-
\$530,000 to \$539,999	1	-	1	-
\$720,000 to \$729,999*	-	1	-	1
	11	11	11	11

* includes payments made upon termination for accrued annual leave and long service leave

includes payments made upon termination for accrued annual leave and long service leave to 1 Executive Officer



29. Responsible persons and Executive Officers (continued)

(b) Remuneration of Council Members and Executive Officers (continued)

Executives are defined as the Vice Chancellor & President and the University's Senior Management Group. The remuneration includes all normal salary, leave, allowances and other benefits paid during the reporting period. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

(c) Executive Officers' compensation

	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	2,772	2,507	2,772	2,507
Post-employment benefits	417	395	417	395
Other long-term benefits	-	49	-	49
Termination benefits	203	409	203	409
	3,392	3,360	3,392	3,360

(d) Related party transactions

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

30. 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	255	210	255	210
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Fees paid to other audit firms:

Audit and review of financial reports of any entity in the Consolidated Entity	9	12	-	-
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	264	222	255	210
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31. 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 2008 this contingent liability reduced to \$0.486 million.

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

The University has no other material contingent liabilities.



32. Commitments for expenditure

(a) Capital commitments

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

	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment payable:				
Within one year	14,805	24,012	14,805	24,012
Later than one year but not later than five years	23	-	23	-
	14,828	24,012	14,828	24,012

(b) Lease commitments – 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 (i.e. operating leases), are payable as follows:

Within one year	3,822	3,292	3,822	3,292
Later than one year but not later than five years	4,989	5,662	4,989	5,662
Later than five years	-	543	-	543
	8,811	9,497	8,811	9,497

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.

(c) Other expenditure commitments

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

Within one year	12,865	5,435	12,865	5,435
Later than one year but not later than five years	14,213	12,857	14,213	12,857
Later than five years	87	220	87	220
Total other expenditure commitments	27,165	18,512	27,165	18,512



33. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) South Australian superannuation fund (Super SA)

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

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

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed (the Assessment) by the Director Superannuation (State Superannuation Office) Department of Treasury and Finance as at 31 December 2008 to be \$323.6 million (31 December 2007: \$326.0 million). The assessment took into account the latest triennial actuarial investigation of the South Australian Superannuation Fund as at 30 June 2007. This was performed by LC Brett, FIA, FIAA, of Brett and Watson Pty Ltd.

The University's liability under the schemes has been partly funded by an amount of \$19.2 million (2007: \$26.1 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$304.4 million (2007: \$299.9 million). The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the Assessment.

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

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

- | | |
|--|-----------------------------|
| • Rate of increase in the Consumer Price Index (CPI) | 3.0% per annum (2007: 3.0%) |
| • Rate of salary increases | 4.5% per annum (2007: 4.5%) |
| • Investment earnings | 8.0% per annum (2007: 8.0%) |

These assumptions have not changed since 2007.

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

(b) Deferred Government superannuation contribution

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

In 2008 an amount of \$4.5 million was brought to account (both as revenue and as expense) to reflect the increase in the net unfunded past service cost for State Superannuation (2007: \$8.7 million decrease).



33. Superannuation plans (continued)

(b) Deferred Government superannuation contribution (continued)

	2008 \$'000	2007 \$'000
Deferred Government superannuation contribution at the beginning of the year	299,900	308,600
Increase/(decrease) in amount owing for unfunded liability	4,500	(8,700)
Deferred Government superannuation contribution at the end of the year	304,400	299,900
Comprising:		
• Current asset	25,300	24,600
• Non-current asset	279,100	275,300
	304,400	299,900

(c) UniSuper

The University contributes to the following employee superannuation funds:

(i) UniSuper Defined Benefit Division (DBD)

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

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

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

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

As at 30 June 2008 the assets of the DBD in aggregate (i.e. entire multiemployer DBD plan) were estimated to be:

- \$323.0 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.
- \$1,456.0 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.



33. Superannuation plans (continued)

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

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

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.25% p.a.	8.50% p.a.
Net of tax investment return	6.75% p.a.	8.00% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.
Inflationary salary increases next year	5.00% p.a.	5.00% p.a.

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

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

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

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

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

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

The University has recognised an expense of \$17.996 million (2007: \$16.371 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$8.831 million (2007: \$7.865 million) in respect of Accum 1.

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34. 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	
		2008 %	2007 %
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100

(a) ITEK Pty Ltd (ITEK)

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

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

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2008. This company will remain legally intact indefinitely to ensure that any future donations, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

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

35. Investments in associates

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

(a) Unisure Pty Ltd (Unisure)

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

Unisure Pty Ltd is the trustee of the Unisure Unit Trust which holds the University's workers' compensation liabilities and the associated investment funds. As at 31 December 2008 the Unit Trust held net assets of \$1.790 million on behalf of the University of South Australia (2007: \$1.508 million).

Towards the end of 2008, Unisure Pty Ltd was in the process of being deregistered. This had not been finalised as at 31st December 2008. The winding up of the Unisure Unit Trust and de-registration of Unisure Pty Ltd involves the distribution of the assets to the Unit Holders net of liabilities.

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35. Investments in associates (continued)

(b) SABRENet Ltd (SABRENet)

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

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

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

Each of the above associates is incorporated in Australia.

Carrying amounts:

Information relating to associates is set out below:

Entity	Principal activity	Ownership interest		Consolidated carrying amount		University carrying amount	
		2008 %	2007 %	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Unisure Pty Ltd*	Manages workers' compensation claims on behalf of the University.	33%	33%	1,790	1,508	1,790	1,508
				<u>1,790</u>	<u>1,508</u>	<u>1,790</u>	<u>1,508</u>

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

	Consolidated	
	2008 \$'000	2007 \$'000
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,508	2,444
Share of profits/(losses)	282	(936)
Carrying amount at the end of the financial year	<u>1,790</u>	<u>1,508</u>

Summarised financial information of associates

	Consolidated Entity's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
2008				
Unisure Pty Ltd	<u>1,790</u>	<u>-</u>	<u>322</u>	<u>282</u>
2007				
Unisure Pty Ltd	<u>3,701</u>	<u>2,193</u>	<u>579</u>	<u>(936)</u>

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36. Interests in joint ventures

(a) Joint venture operations

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

Entity	Reporting date	Output interest	
		2008	2007
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) Signal Processing Research Institute (SPRI) Building	30 Jun	30.00%	30.00%
(iii) e-Research SA	31 Dec	25.00%	23.08%
(iv) SA node of the Australian National Fabrication Facility (ANFF)	30 Jun	-	-

(i) *Mawson Centre Building*

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

In 2007 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2008 is \$8.9 million (2007: \$9.1 million) which is included in Buildings.

(ii) *Signal Processing Research Institute (SPRI) Building*

The University and the Technology Development Corporation (subsumed by the MFP Development Corporation and subsequently the Land Management Corporation) entered into an agreement in 1991 to establish a building to house the SPRI at Mawson Lakes. The building is leased to University research centres affiliated with the SPRI and other lessees. The University has a 30% share of the joint venture with the Land Management Corporation holding the remaining 70% share. In 2007 the building was independently re-valued and the University's 30% share of the asset's carrying amount as at 31 December 2008 is \$2.280 million (2007: \$2.327 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) *e-Research SA (formerly South Australian Partnership for Advanced Computing (SAPAC))*

eResearch SA is a collaborative joint venture of the three South Australian universities and its mission is to support the development, implementation and use of eResearch methodologies and activities in South Australia and to provide access to eResearch facilities and practical support for researchers from all disciplines. The University's 25% share of this joint venture has not been included in the consolidated report due to them being immaterial to the University's activities.

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

Established in 2007, under the National Collaborative Research Infrastructure Strategy, the ANFF links seven university-based nodes to provide researchers and industry with access to state-of-the-art fabrication facilities. Each node offers a specific area of expertise including advanced materials, nanoelectronics and photonics and bio nano applications. The ANFF is a company limited by guarantee and no contributions were made to the ANFF during the year.



36. Interests in joint ventures (continued)

(b) Joint venture entities

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

Entity	Reporting Date	Ownership Interest	
		2008	2007
(i) Australian Centre for Community Ageing	30 Jun	25.00%	25.00%
(ii) Co-operative Research Centre for Integrated Engineering Asset Management	30 Jun	10.74%	10.74%
(iii) Co-operative Research Centre for Irrigation Futures	30 Jun	2.95%	2.95%
(iv) Co-operative Research Centre for Railway Engineering and Technologies	30 Jun	-	8.30%
(v) Co-operative Research Centre for Sustainable Tourism Pty Ltd	30 Jun	2.15%	5.00%
(vi) Centre for Water Quality and Treatment	30 Jun	-	5.13%
(vii) Desert Knowledge Co-operative Research Centre	30 Jun	8.39%	8.24%
(viii) South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33%	33.33%
(ix) Spencer Gulf Rural Health School	31 Dec	50.00%	50.00%
(x) South Australian Tertiary Admissions Centre	30 Jun	25.00%	25.00%
(xi) Co-operative Research Centre for Advanced Automotive Technologies	30 Jun	4.50%	8.09%
(xii) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	27.69%	36.84%
(xiii) Co-operative Research Centre for Polymers	30 Jun	1.72%	1.62%
(xiv) Co-operative Research Centre for Rail Innovation	30 Jun	7.23%	5.00%
(xv) Australian Seafood Co-operative Research Centre	30 Jun	2.16%	3.00%
(xvi) Australian Synchrotron	30 Jun	1.00%	1.00%

(i) ACCA – Australian Centre for Community Ageing

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

(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.

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36. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

Rail CRC is a collaborative venture between leading organizations in the Australian rail industry and Australian Universities; and it is supported by the Commonwealth Government. It is a national co-operative research centre with a purpose to promote the development of an internationally competitive, efficient and sustainable rail service to facilitate the development of an Australian export industry in railway technologies. Rail CRC ceased operations in 2007.

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

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

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

The CWQT is a national co-operative research centre, providing a national strategic research capacity for the Australian water industry. Its purpose is to enhance scientific and technological capabilities, support scientific research and encourage applications of science and technology in industry and other areas in the area of water quality and treatment. The CRC for Water Quality and Treatment ended on in 2008

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

The DK-CRC is a national co-operative research centre and brokerage institution that links researchers with 27 partners. Its purpose is to develop and disseminate an understanding of sustainable living in remote desert environments, delivering enduring regional economies and livelihoods based on Desert Knowledge, and creating the networks to market this knowledge in other desert lands.

(viii) **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.

(ix) **SGRHS - Spencer Gulf Rural Health School**

The Spencer Gulf Rural Health School (SGRHS) is a regional multi-disciplinary school of health science created as a joint initiative of the University of Adelaide and the University of South Australia, supported by the Commonwealth Government. It is located at the University of South Australia, Whyalla campus. The aim of the Centre is to improve access to appropriate health care services for rural and remote communities.

(x) **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.

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36. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

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

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

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

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

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

(xiv) ***CRC for Rail Innovation - Co-operative Research Centre for Rail Innovation***

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

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

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

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

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

**37. 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.

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

	Consolidated		University	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Operating result for the year	43,020	24,384	42,621	24,463
Add/(less) items classified as investing activities:				
(Profit)/loss on sale of plant and equipment	459	399	459	397
Add/(less) non-cash items:				
Depreciation and amortisation	24,486	23,453	24,293	23,260
Non-cash donations	(317)	(378)	(317)	(378)
Capital assets	1,294	(630)	1,294	(729)
Available-for-sale asset revaluation	446	-	446	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	(1,796)	(1,587)	(1,482)	(1,285)
(Increase)/decrease in other assets	(1,252)	501	(1,251)	493
Increase/(decrease) in payables	4,202	4,473	3,989	4,468
Increase/(decrease) in provisions	4,442	4,235	4,286	4,238
Increase/(decrease) in other liabilities	2,782	(2,106)	2,535	(2,089)
Net cash provided by operating activities	77,766	52,744	76,873	52,838

39. Non-cash investing and financing activities

Donations of works of art and library materials	317	378	317	378
	317	378	317	378

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

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

Donald Dyer Scholarship; and
Irene & David Davy Scholarship.

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41. Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2008 the University held US\$1.929m million (AUD\$2.785 million) (2007: US\$0.032 million (AUD\$0.036 million)) and RM\$0.147 million (AUD\$0.061 million) - Malaysian Ringgit (2007: RM\$0.209 million (AUD\$0.072 million)) in offshore bank accounts. During 2008 the University did not enter into any hedging contracts to mitigate foreign exchange risk as transactions in foreign currencies are partially offset by natural hedging arrangements. Currency conversion gains and losses are included in the operating result for the year.

Although no hedging contracts were entered into, in June 2008 the University placed \$2.000 million in the USD bank account due to the favourable exchange rate available at the time (95.6 cents). This was to assist with future purchases of research equipment. In July 2008 the University placed an additional \$2.000 million in the USD bank account to assist with the purchase of library books at the same rate.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The \$35.0 million bill facility (refer note 25) with the NAB is at a floating rate of interest.

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

(iii) Risk associated with Available-for-sale assets

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

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

(b) Credit risk

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

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

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

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41. Financial Risk Management (continued)

(c) Liquidity risk

The University maintains a \$35.0 million bill facility with the NAB which has a drawdown facility, available to 31 December 2016. As at 31 December 2008 this facility has not been drawn down.

The following tables summarise the maturity of the Group's financial assets and financial liabilities:

	Variable interest rate %	Less than 1 year \$'000	1 to 5 years \$'000	5+ years \$'000	Non interest bearing \$'000	Total \$'000
2008						
Financial assets:						
Cash assets	6.16%	111,379	-	-	-	111,379
Receivables		-	-	-	25,152	25,152
Other financial assets		-	-	-	7,004	7,004
Accrued income		-	-	-	3,114	3,114
Total financial assets		111,379	-	-	35,270	146,649

Financial liabilities:						
Payables		-	-	-	27,616	27,616
Other		-	-	-	846	846
Funds held on behalf of external entities		-	-	-	529	529
Total financial liabilities		-	-	-	28,991	28,991

2007

Financial assets:						
Cash assets	6.68%	77,933	-	-	-	77,933
Receivables		-	-	-	23,356	23,356
Other financial assets		-	-	-	9,991	9,991
Accrued income		-	-	-	1,786	1,786
Total financial assets		77,933	-	-	35,133	113,066

Financial liabilities:						
Payables		-	-	-	23,414	23,414
Other		-	-	-	570	570
Funds held on behalf of external entities		-	-	-	382	382
Total financial liabilities		-	-	-	24,366	24,366

(d) Fair value estimation

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

42. Acquittal of Commonwealth Government financial assistance

42(a) Commonwealth Grants Scheme and other Grants

	Commonwealth Scheme	Grants	Indigenous Fund	Support	Equity Programs	Workplace Reform Program	Workplace Productivity Program
Financial assistance received in cash during reporting period	123,543	116,463	1,219	1,081	686	674	1,148
Net accrual adjustments	1,371	721	-	-	-	-	-
Revenue for the period	124,914	117,184	1,219	1,081	686	674	1,148
Surplus/(deficit) from the previous year	-	-	-	-	428	461	110
Total revenue including accrued revenue	124,914	117,184	1,219	1,081	1,114	1,135	1,258
less expenses including accrued expenses	(124,914)	(117,184)	(1,219)	(1,081)	(686)	(707)	(1,258)
Surplus/(deficit) for reporting period	-	-	-	-	428	428	110
	Capital Development Pool	Superannuation	Collaboration & Structural Reform	Improving the Practical Comp of Teacher Ed	Transitional Costs Program		
Financial assistance received in cash during reporting period	4,259	318	23,398	24,070	7,062	1,141	1,551
Net accrual adjustments	-	-	3,373	(1,996)	-	-	127
Revenue for the period	4,259	318	26,771	22,074	7,062	1,141	1,678
Surplus/(deficit) from the previous year	-	-	-	-	2,435	2,783	-
Total revenue including accrued revenue	4,259	318	26,771	22,074	9,497	3,924	1,678
less expenses including accrued expenses	(4,167)	(318)	(26,771)	(22,074)	(1,146)	(1,489)	(1,678)
Surplus/(deficit) for reporting period	92	-	-	-	8,351	2,435	-



42. Acquittal of Commonwealth Government financial assistance (continued)

42(a) Commonwealth Grants Scheme and other Grants (continued)

	Total	
Financial assistance received in cash during reporting period	165,131	145,323
Net accrual adjustments	4,871	(1,275)
Revenue for the period	170,002	144,048
Surplus/(deficit) from the previous year	2,973	3,656
Total revenue including accrued revenue	172,975	147,704
less expenses including accrued expenses	(164,104)	(144,731)
Surplus/(deficit) for reporting period	8,871	2,973

42(b) Higher Education Loan Programs

	HECS-HELP		FEE-HELP		Total		OS-HELP	
Financial assistance received in cash during reporting period	74,140	68,164	3,084	4,516	77,224	72,680	210	196
Net accrual adjustments	(845)	(12)	(130)	11	(975)	(1)	(4)	3
Revenue for the period	73,295	68,152	2,954	4,527	76,249	72,679	206	199
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	73,295	68,152	2,954	4,527	76,249	72,679	206	199
less expenses including accrued expenses	(73,295)	(68,152)	(2,954)	(4,527)	(76,249)	(72,679)	(206)	(199)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-

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42. Acquittal of Commonwealth Government financial assistance (continued)

42(c) Scholarships

	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships	
Financial assistance received in cash during reporting period	1,832	1,748	374	346	2,065	1,615	2,313	2,027	122	-
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	1,832	1,748	374	346	2,065	1,615	2,313	2,027	122	-
Surplus/(deficit) from the previous year	656	494	-	-	-	267	195	360	-	-
Total revenue including accrued revenue	2,488	2,242	374	346	2,065	1,882	2,508	2,387	122	-
less expenses including accrued expenses	(2,039)	(1,586)	(374)	(346)	(2,050)	(1,882)	(2,422)	(2,192)	(43)	-
Surplus/(deficit) for reporting period	449	656	-	-	15	-	86	195	79	-
	Indigenous Staff Scholarships		Total							
Financial assistance received in cash during reporting period	-	(6)	6,706	5,730						
Net accrual adjustments	-	-	-	-						
Revenue for the period	-	(6)	6,706	5,730						
Surplus/(deficit) from the previous year	-	6	851	1,127						
Total revenue including accrued revenue	-	-	7,557	6,857						
less expenses including accrued expenses	-	-	(6,928)	(6,006)						
Surplus/(deficit) for reporting period	-	-	629	851						

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42. Acquittal of Commonwealth Government financial assistance (continued)

42(d) DIISR – Research

	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
	Institutional Grants Scheme		Research Training Scheme		Research Infrastructure Block Grants		Implementation Assistance Program		Australian Scheme for Higher Education Repositories	
Financial assistance received in cash during reporting period	5,310	4,998	10,019	9,280	2,145	1,870	120	59	217	116
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	5,310	4,998	10,019	9,280	2,145	1,870	120	59	217	116
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	5,310	4,998	10,019	9,280	2,145	1,870	120	59	217	116
less expenses including accrued expenses	(5,310)	(4,998)	(10,019)	(9,280)	(2,145)	(1,870)	(40)	(59)	(217)	(116)
Surplus/(deficit) for reporting period	-	-	-	-	-	-	80	-	-	-

	Commercialisation Training Scheme		Total	
Financial assistance received in cash during reporting period	104	98	17,915	16,421
Net accrual adjustments	-	-	-	-
Revenue for the period	104	98	17,915	16,421
Surplus/(deficit) from the previous year	4	-	4	-
Total revenue including accrued revenue	108	98	17,919	16,421
less expenses including accrued expenses	(100)	(94)	(17,831)	(16,417)
Surplus/(deficit) for reporting period	8	4	88	4

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2008 2007
\$'000 \$'000

42. Acquittal of Commonwealth Government financial assistance (continued)

42(e) Voluntary Student Unionism and Better Universities Renewal Funding

	2008 \$'000	2007 \$'000
VSU Transition Fund		
Financial assistance received in cash during reporting period	-	330
Net accrual adjustments	-	-
Revenue for the period	-	330
Surplus/(deficit) from the previous year	6	-
Total revenue including accrued revenue	6	330
less expenses including accrued expenses	(6)	(324)
Surplus/(deficit) for reporting period	-	6
Better Universities Renewal Funding		
	13,346	-
	-	-
	13,346	-
	13,346	-
	(10,591)	-
	2,755	-



42. Acquittal of Commonwealth Government financial assistance (continued)

42(f) Australian Research Council Grants

(i) 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

(ii) 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

	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
	Projects		Indigenous Researchers		Total			
	2,315	2,582	5	-	2,320	2,582		
	359 (298)	(326) (137)	- (5)	-	359 (303)	(326) (137)		
	2,376	2,119	-	-	2,376	2,119		
	298	137	5	-	303	137		
	1,736	1,599	-	-	1,736	1,599		
	4,410	3,855	5	-	4,415	3,855		
	(2,376)	(2,119)	-	-	(2,376)	(2,119)		
	2,034	1,736	5	-	2,039	1,736		

	Special Research Initiatives		Infrastructure		International		Projects	
	-	-	245	150	3	103	5,374	5,735
	-	-	212	-	-	-	(648)	(996)
	-	-	41	(41)	95	22	306	509
	-	-	498	109	98	125	5,032	5,248
	-	-	(41)	41	(95)	(22)	(306)	(509)
	-	-	41	-	138	161	2,393	2,902
	-	-	498	150	141	264	7,119	7,641
	-	-	(498)	(109)	(98)	(126)	(5,032)	(5,248)
	-	-	-	41	43	138	2,087	2,393



42. Acquittal of Commonwealth Government financial assistance (continued)

42(f) Australian Research Council Grants (continued)

(ii) Linkages (continued)

Financial assistance received in cash during reporting period	Total				
Net accrual adjustments:	5,622	5,988			
Movement in accrued income	(436)	(996)			
Movement in deferred income	442	490			
Revenue for the period	5,628	5,482			
Movement in deferred income	(442)	(490)			
Surplus/(deficit) from the previous year	2,572	3,063			
Total revenue including accrued revenue	7,758	8,055			
less expenses including accrued expenses	(5,628)	(5,483)			
Surplus/(deficit) for reporting period	2,130	2,572			

(iii) Networks and Centres

Financial assistance received in cash during reporting period	Research Networks	Centres	Total		
Net accrual adjustments:	325	318	793	778	1,096
Movement in accrued income	-	-	-	-	-
Movement in deferred income	(164)	16	121	40	56
Revenue for the period	161	334	914	818	1,152
Movement in deferred income	164	(16)	(121)	(40)	(56)
Surplus/(deficit) from the previous year	230	246	121	161	407
Total revenue including accrued revenue	555	564	914	939	1,503
less expenses including accrued expenses	(161)	(334)	(914)	(818)	(1,152)
Surplus/(deficit) for reporting period	394	230	-	121	351

2008



University of South Australia

CERTIFICATE**FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2008**

To the best of our knowledge and belief:

- the financial statements:
 - are in accordance with the accounts and records of the University and give an accurate indication of the financial transactions of the University for the year then ended;
 - comply with the relevant Treasurer's Instructions promulgated under the provisions of the South Australian Public Finance and Audit Act 1987;
 - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in Note 1 Summary of Significant Accounting Policies and the Independent Audit Report; and
 - present a true and fair view of the financial position of the University as at 31 December 2008 and the result of its operations and its cash flows for the year then ended;
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure; and
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Dr Ian Gould
Chancellor

21/15/2009

Professor Peter Høj
Vice Chancellor and President

21/15/2009

Mr Paul Beard
Executive Director:
Finance & Resources

21/15/2009

INDEPENDENT AUDITOR'S REPORT**Government of South Australia**

Auditor-General's Department

9th Floor
 State Administration Centre
 200 Victoria Square
 Adelaide SA 5000
 DX 56208
 Victoria Square
 Tel +618 8226 9640
 Fax +618 8226 9688
 ABN 53 327 061 410
 audgensa@audit.sa.gov.au
 www.audit.sa.gov.au

**To The Chancellor
 University of South Australia**

As required by section 31 of the *Public Finance and Audit Act 198*, I have audited the accompanying financial report of the University of South Australia and controlled entities for the financial year ended 31 December 2008. 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
- A certificate from the Chancellor, the Vice Chancellor and President and the Executive Director Finance and Resources.

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

The Responsibility of the University Council for the Financial Report

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

Auditor's Responsibility

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

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

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

Basis For Qualified Auditor's Opinion

The University has recognised \$10.2 million of unspent government grants as a liability for the year ended 31 December 2008. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants' and 'Other Liabilities - Income in advance on incomplete projects' in Note 27 to the financial statements. The University has disclosed its accounting treatment of these grants in Note 1(d) to the financial statements.

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

As a result, the following has been misstated in the 2008 Financial Report:

- the revenue recognised as State Government Financial Assistance is overstated by \$1.5 million (\$2.2 million understated in 2007)
- the revenue recognised as Australian Government Grants is understated by \$1.1 million (\$502 000 overstated in 2007)
- Operating result after income tax is overstated by \$416 000 (\$1.7 million understated in 2007)
- Retained Surplus is understated by \$10.6 million (\$8.9 million understated in 2007)
- Other Liabilities is overstated by \$10.2 million (\$10.6 million overstated in 2007).

Qualified Auditor's Opinion

In my opinion, except for the effect of the matter referred to in the preceding paragraphs, the financial report presents fairly, in all material respects, the financial position of the University of South Australia and of the consolidated entity as at 31 December 2008, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Supporting Act 2003* and Australian Accounting Standards (including the Australian Accounting Interpretations).



S O'Neill
AUDITOR-GENERAL
 29 May 2009



University of
South Australia

University of South Australia

GPO Box 2471
Adelaide
South Australia 5001
Australia

Telephone: +61 8 8302 6611

Facsimile: +61 8 8302 2466

www.unisa.edu.au

CRICOS Provider Code: 00121B

Campuses

City West campus

North Terrace
Adelaide
South Australia 5000

City East campus

North Terrace
Adelaide
South Australia 5000

Mawson Lakes campus

Mawson Lakes Boulevard
Mawson Lakes
South Australia 5095

Magill campus

St Bernards Road
Magill
South Australia 5072

Whyalla campus

Nicholson Avenue
Whyalla Norrie
South Australia 5608
Telephone: +61 8 8647 6111
Facsimile: +61 8 8647 6082

Mt Gambier Regional Centre

Wireless Road
Mt Gambier
South Australia 5290
Telephone: +61 8 8735 1478
Facsimile: +61 8 8735 1460