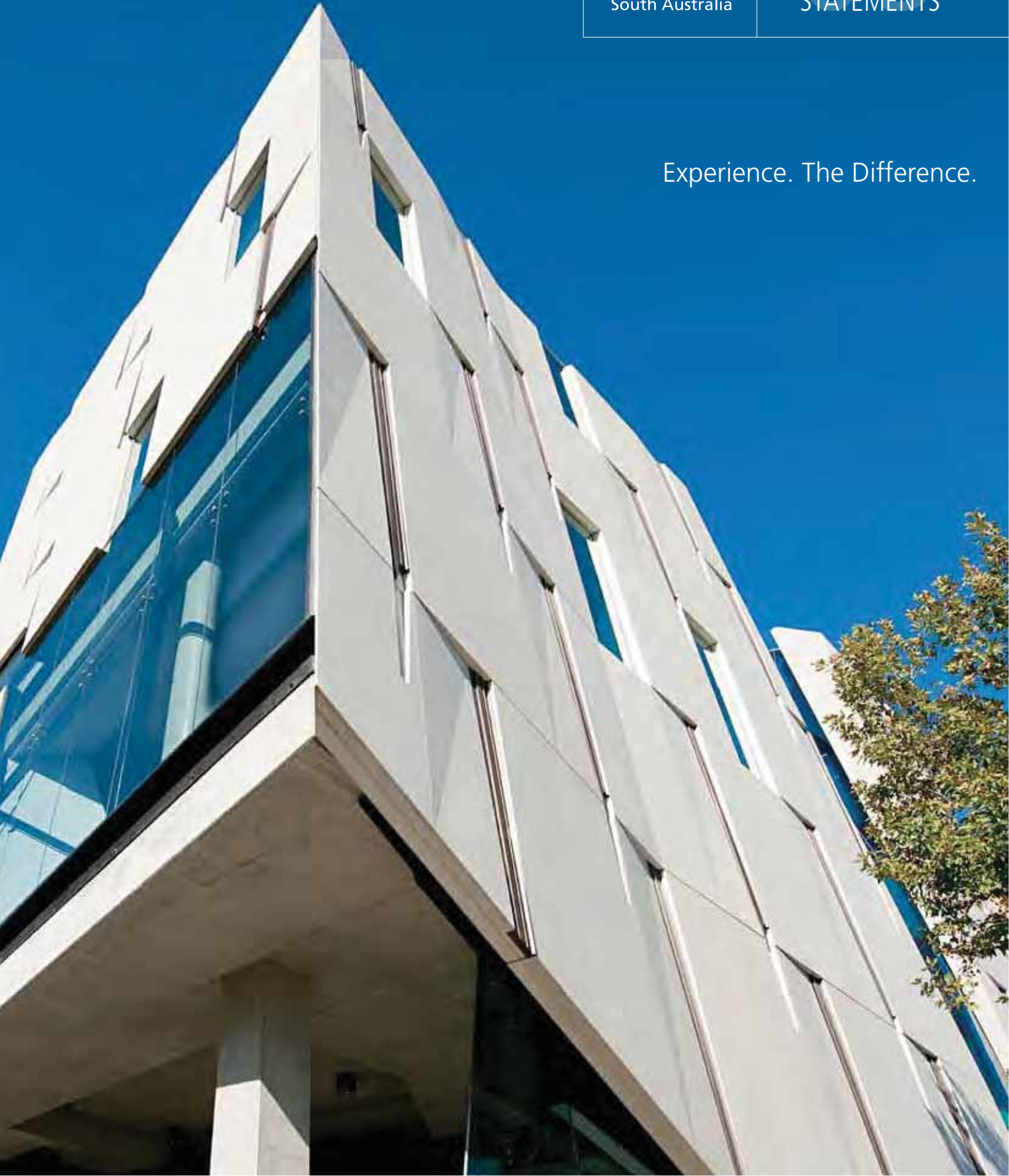




University of
South Australia

09 FINANCIAL STATEMENTS

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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 2009.

2009 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):

Dr Ian Gould, Chancellor
Professor Peter Høj, Vice Chancellor
Ms Alice McCleary, Deputy Chancellor (term completed 31 December 2009)
Associate Professor Stephen Boyle (term commenced 3 August 2009 to 31 December 2009)
Mr William Cossey, AM
Dr Wendy Craik, AM (term commenced 17 December 2009)
Professor Drew Dawson (term commenced 1 January 2009)
Mr Terry Evans
Ms Tanya Hosch (term commenced 1 January 2009)
Mr Bruce Linn
Mr Jim McDowell
Mr Ian McLachlan
Associate Professor Margaret Peters (leave of absence 3 August 2009 to 31 December 2009)
Mr Thomas Rudkin (term commenced 1 January 2009, term completed 31 December 2009)
Ms Anne Skipper AM (term commenced 1 January 2009, resigned 10 April 2009)
Dr Sue Vardon, AO
Mr James Wangmann (term commenced 1 January 2009, term completed 31 December 2009)
Ms Bronwen Webb

The remuneration of Council Members is detailed in Note 28(b) of the Financial Statements.

Changes in Council Membership since 31 December 2009

The following changes occurred in 2010:

Dr Sue Vardon AO	Resigned 12 January 2010
Ms Pauline Carr	Term commenced 30 March 2010
Ms Paula Nagel	Term commenced 30 March 2010

Meetings of Members of the University Council

The numbers of meetings of the University Council and of each Council committee held during the year ended 31 December 2009, and the numbers of meetings attended by each member were:

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

Member of Council	Meetings of Council Committees																	
	Council Meetings		Academic Board		Audit & Risk Management		Finance		Immediate Business		Senior Promotions		Senior Remuneration		Foundation		Governance Legislation	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Dr Ian Gould	6	6							2	2			4	4			4	4
Prof Peter Høj	6	6	7	9			6	6	2	2	4	4	3	3			4	4
Ms Alice McCleary	6	6					6	6	2	2			4	4	4	4	3	4
Assoc Prof Stephen Boyle	3	3	3	3														
Mr William Cossey, AM	5	6									4	4						
Dr Wendy Craik, AM	1	1																
Prof Drew Dawson	4	6							2	2	4	4					4	4
Mr Terry Evans	6	6			3	4											3	4
Ms Tanya Hosch	4	6																
Mr Bruce Linn	6	6					5	6							4	4		
Mr Jim McDowell	3	6			2	4												
Mr Ian McLachlan	5	6			4	4	5	6										
Assoc Prof Margaret Peters	3	3	6	6														
Mr Thomas Rudkin	5	6																
Ms Anne Skipper, AM	0	1																
Dr Sue Vardon, AO	4	6			4	4							4	4				
Mr James Wangmann	3	6															0	4
Ms Bronwen Webb	6	6							2	2							4	4

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 2009 year.

Review of Operations

The 2009 consolidated surplus was \$41.5 million (2008: \$37.2 million). The surplus resulted in a safety margin (operating surplus as a percentage of revenue) of 8.8% (2008: 8.2%). Revenue grew by 4.8 % to \$473.6 million. Revenue from fee-paying education services grew by \$12.5 million (13.2%), with the main area of growth being on-shore fee paying overseas student revenue which was up by \$11.9 million.

The University's consolidated financial position remained sound during the 2009 year with cash balances being \$145.6 million at year end (2008: \$111.4 million). Consolidated cash flows from operating activities in 2009 were \$86.5 million (2008: \$77.8 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 2009 year not otherwise disclosed in this report or elsewhere in the annual report.

Subsequent Events

There has not arisen in the interval between the end of the 2009 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 2009 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 20 May 2010.



Dr Ian Gould

Chancellor

20 May 2010



Professor Peter Høj

Vice Chancellor and President

20 May 2010



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated		University	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3, 41	206,705	197,085	206,705	197,085
HECS-HELP Australian Government payments	3, 41(b)	76,105	73,295	76,105	73,295
FEE-HELP	3, 41(b)	5,277	2,954	5,277	2,954
Total Australian Government financial assistance		288,087	273,334	288,087	273,334
State and Local Government financial assistance	4	11,630	11,580	11,630	11,632
HECS-HELP Student payments		12,986	12,758	12,986	12,758
Fees and charges	5	107,175	94,641	107,175	94,641
Investment income	6	6,548	8,662	7,178	9,329
Royalties		638	421	503	300
Consultancy and contract research	7	27,107	27,011	27,273	27,029
Other revenue	8	19,398	23,513	11,291	15,170
Total revenue from continuing operations		473,569	451,920	466,123	444,193
Other income/(loss)	9	(418)	127	(418)	(457)
Total income		473,151	452,047	465,705	443,736
Expenses from continuing operations					
Employee related expenses	11	264,692	256,852	258,732	251,705
Depreciation and amortisation	12	26,744	24,486	26,525	24,293
Repairs and maintenance	13	8,403	7,582	8,385	7,564
Bad and doubtful debts	14	204	535	204	535
Other expenses	15	131,372	125,223	128,657	122,669
Total expenses from continuing operations		431,415	414,678	422,503	406,766
Operating result before income tax		41,736	37,369	43,202	36,970
Income tax expense		214	148	214	148
Operating result after income tax for the year attributable to the members of the University of South Australia					
		41,522	37,221	42,988	36,822
Property, plant and equipment revaluation reserve:					
Gain/(Loss) on revaluation of library	27(a)	(83)	(1,526)	(83)	(1,526)
Available-for-sale investments reserve:					
Gain/(Loss) on revaluation Available-for-sale financial assets	27(a)	1,591	(1,322)	1,591	(1,322)
Total Comprehensive Income attributable to the members of the University of South Australia		43,030	34,373	44,496	33,974

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



BALANCE SHEET AS AT 31 DECEMBER 2009

		Consolidated		University	
	Note	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	16	145,632	111,379	143,459	108,565
Receivables	17	27,268	25,152	26,063	23,367
Other financial assets	19	-	1,790	-	1,790
Other non-financial assets	20	9,973	10,513	10,711	10,495
Deferred Government superannuation contribution	32	26,000	25,300	26,000	25,300
Total Current Assets		208,873	174,134	206,233	169,517
NON-CURRENT ASSETS					
Other financial assets	19	7,312	5,214	7,508	5,844
Property, plant and equipment	21	610,975	585,652	610,551	585,222
Intangible assets	22	5,553	5,638	5,553	5,638
Deferred Government superannuation contribution	32	330,600	418,100	330,600	418,100
Total Non-Current Assets		954,440	1,014,604	954,212	1,014,804
Total Assets		1,163,313	1,188,738	1,160,445	1,184,321
CURRENT LIABILITIES					
Payables	23	30,694	23,488	30,070	22,837
Provisions	25	18,172	17,389	17,634	16,893
Other liabilities	26	41,241	30,050	41,314	30,025
Current tax liabilities		689	644	689	644
Provision for superannuation	32	26,000	25,300	26,000	25,300
Total Current Liabilities		116,796	96,871	115,707	95,699
NON-CURRENT LIABILITIES					
Payables	23	4,149	4,128	4,149	4,128
Provisions	25	31,008	31,909	31,008	31,909
Provision for superannuation	32	330,600	418,100	330,600	418,100
Total Non-Current Liabilities		365,757	454,137	365,757	454,137
Total Liabilities		482,553	551,008	481,464	549,836
Net Assets		680,760	637,730	678,981	634,485
EQUITY					
Reserves	27(a)	126,643	125,135	126,643	125,135
Retained surplus	27(b)	554,117	512,595	552,338	509,350
Total Equity		680,760	637,730	678,981	634,485

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



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Reserves \$'000	Retained Surplus \$'000	Total \$'000
Consolidated			
Balance at 1 January 2008	127,983	475,374	603,357
Total comprehensive income	(2,848)	37,221	34,373
Balance at 31 December 2008	125,135	512,595	637,730
Balance at 1 January 2009	125,135	512,595	637,730
Total comprehensive income	1,508	41,522	43,030
Balance at 31 December 2009	126,643	554,117	680,760
University			
Balance at 1 January 2008	127,983	472,528	600,511
Total comprehensive income	(2,848)	36,822	33,974
Balance at 31 December 2008	125,135	509,350	634,485
Balance at 1 January 2009	125,135	509,350	634,485
Total comprehensive income	1,508	42,988	44,496
Balance at 31 December 2009	126,643	552,338	678,981

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



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated		University	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Australian Government Grants received	3(i)	293,498	280,604	293,498	280,604
OS-HELP (net)	3(i)	(3)	5	(3)	5
Superannuation Supplementation	3(i)	28,924	23,398	28,924	23,398
State and Local Government grants		10,173	9,571	10,173	9,623
HECS-HELP - Student payments		12,986	12,758	12,986	12,758
Receipts from student fees and other customers		116,632	104,299	115,775	103,441
Dividends received		1,536	191	1,434	1,020
Interest received		4,607	7,939	4,533	7,777
Royalties		638	421	503	300
Consultancy and contract research		28,172	27,579	27,757	27,912
Other receipts		19,406	24,013	11,299	15,086
Taxes recovered (GST)		6,813	5,670	7,353	6,223
Outflows:					
Payments to suppliers and employees (inclusive of GST)		(436,859)	(418,682)	(427,715)	(411,274)
Net Cash Inflow from Operating Activities	37	86,523	77,766	86,517	76,873
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		354	56	354	56
Proceeds from sale of investments		380	78	230	8
Outflows:					
Payments for property, plant and equipment		(52,116)	(43,684)	(51,903)	(43,460)
Payments for investments		(888)	(770)	(304)	(610)
Net Cash Outflow from Investing Activities		(52,270)	(44,320)	(51,623)	(44,006)
Net Increase/(Decrease) in Cash and Cash Equivalents		34,253	33,446	34,894	32,867
Cash and Cash Equivalents at Beginning of the Year		111,379	77,933	108,565	75,698
Cash and Cash Equivalents at End of Year	16	145,632	111,379	143,459	108,565

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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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 dollars.

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 2009 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

Details of subsidiaries are set out in Note 33.



(ii) Associates

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

With the exception of Unisure Pty Ltd in 2008, the Group has no material investments in associates. The investment in Unisure Pty Ltd has not been accounted for using the equity method however the University has incorporated its share of the year end balances and the financial transactions of the Unisure Unit Trust within the Group.

Details of associates are set out in Note 34.

(iii) Joint venture operations

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

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

(iv) Joint venture entities

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

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

Details of joint venture entities are set out in Note 35(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).

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(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.

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. During 2008 the global financial crisis caused financial markets to significantly decline. The University assessed its investments for objective evidence of impairment, and concluded that they were impaired. The amount of the impairment loss was \$1.91m and this was recognised by way of a reduction to the investment revaluation reserve in equity (\$1.46m) and an impairment loss in the Income Statement (\$0.45m). During 2009 markets recovered and the impairment loss recognised in 2008 was partially reversed in 2009 by way of an increase to the investment revaluation reserve in equity (\$0.91m) and an increase in the value of available-for-sale financial assets (\$0.91m).

(i) Property, plant and equipment

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

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

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

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

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



(i) Land

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

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

(ii) Buildings

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

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

Buildings under construction and buildings commissioned or purchased after the valuation 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 2009 valuation resulted in a decrease of \$0.702 million and this has been recognised by way of a reduction to the library revaluation reserve in equity (\$0.083 million) and a loss in the Income Statement (\$0.619 million) recorded within other expenses.

(iv) Plant and equipment

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

(v) Art collection

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

(vi) Leased Assets

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

**(j) Depreciation and amortisation**

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

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 (2008: \$42.130 million) of Crown Lands and \$19.610 million (2008: \$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.

In 2009, the DEEWR Guidelines for Defined benefit obligations (Superannuation) were rewritten to align with the accounting standards. Superannuation Supplementation Program funding is not to be recognised as a revenue as the payment is in respect of an existing liability. The recognition of the expense in the face statements should be offset by the revenue received in respect of the receivable from the Australian Government. This has resulted in the removal of the deferred government super revenue (Commonwealth Supplementation) from the income statement and moving the expense item (which is a net amount) to an "ordinary" expense within employee related expenses. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the income statement.

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. Refer to Note 32.

(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 2009 by Stuart Mules, FIAA, of Mercer Human Resource Consulting Pty Ltd.

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

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

(iv) Superannuation

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University and are expensed in the Income Statement. Note 32 provides details in respect of the individual schemes.

(p) Workers' compensation

The University is responsible for payments of workers' compensation. During the 2008 year Unisure Pty Ltd was replaced with Lawson Risk Management Services to administer workers' compensation arrangements on behalf of the University. Unisure Pty Ltd commenced the process of being deregistered in 2009. Note 34 provides details of net assets that were 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 2009 by Laurie Brett FIA, FIAA of Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology consideration is given to individual case estimates of all open claims plus allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.

(q) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash assets and a corresponding liability is included in other liabilities (refer Note 26).

(r) Goods and services tax (GST)

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

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

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

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

(s) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities. Due to the University's Income Tax Exempt Charitable Entity status, it does not incur Australian income tax. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in 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 2009. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be insignificant.

2. Disaggregated information (consolidated)

Geographical	Revenue		Results		Total Assets	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	454,471	432,860	40,662	36,364	1,163,256	1,188,677
Asia	19,057	19,055	858	857	57	61
Other	41	5	2	-	-	-
	473,569	451,920	41,522	37,221	1,163,313	1,188,738

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	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
3. Australian Government Grants including HECS-HELP and FEE-HELP					
(a) Commonwealth Grants Scheme and Other Grants	41(a)				
Commonwealth Grants Scheme		130,835	124,914	130,835	124,914
Indigenous Support Program		1,059	1,219	1,059	1,219
Equity Programs		602	686	602	686
Workplace Reform Program		1,634	1,628	1,634	1,628
Workplace Productivity Program		1,581	1,148	1,581	1,148
Learning & Teaching Performance Fund		1,532	-	1,532	-
Capital Development Pool		-	4,259	-	4,259
Diversity and Structural Adjustment Fund		1,266	180	1,266	180
Chair in Child Protection		419	1,083	419	1,083
Improving the Practical Component of Teacher Education Initiative		726	637	726	637
Transitional Costs Program		1,083	1,678	1,083	1,678
Total Commonwealth Grants Scheme and Other Grants		140,737	137,432	140,737	137,432
(b) Higher Education Loan Programs	41(b)				
HECS-HELP		76,105	73,295	76,105	73,295
FEE-HELP		5,277	2,954	5,277	2,954
Total Higher Education Loan Programs		81,382	76,249	81,382	76,249
(c) Scholarships	41(c)				
Australian Postgraduate Awards		2,356	1,832	2,356	1,832
International Postgraduate Research Scholarships		344	374	344	374
Commonwealth Education Cost Scholarships		2,412	2,065	2,412	2,065
Commonwealth Accommodation Scholarships		2,084	2,313	2,084	2,313
Indigenous Access Scholarships		-	122	-	122
Indigenous Staff Scholarships		35	-	35	-
Total Scholarships		7,231	6,706	7,231	6,706



	Note	Consolidated		University	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
3. Australian Government Grants including HECS-HELP and FEE-HELP (continued)					
(d) DIISR – Research	41(d)				
Institutional Grants Scheme		5,708	5,310	5,708	5,310
Research Training Scheme		10,753	10,019	10,753	10,019
Research Infrastructure Block Grants		2,295	2,145	2,295	2,145
Implementation Assistance Program		137	120	137	120
Australian Scheme for Higher Education Repositories		242	217	242	217
Commercialisation Training Scheme		110	104	110	104
Total DIISR – Research Grants		19,245	17,915	19,245	17,915
(e) Voluntary Student Unionism	41(e)				
VSU Transition Fund		-	-	-	-
Total Voluntary Student Unionism		-	-	-	-
(f) Other Capital Funding	41(f)				
Better Universities Renewal Funding		-	13,346	-	13,346
Teaching and Learning Capital Fund		14,914	-	14,914	-
Education Investment Fund		2,586	-	2,586	-
Total Other Capital Funding		17,500	13,346	17,500	13,346
Total DEEWR funding		266,095	251,648	266,095	251,648
(g) Australian Research Council	41(g)				
(i) Discovery					
Project		3,314	2,376	3,314	2,376
Indigenous Researchers Development		5	-	5	-
Total Discovery		3,319	2,376	3,319	2,376
(ii) Linkages					
International		43	98	43	98
Projects		3,168	5,032	3,168	5,032
Infrastructure		(15)	498	(15)	498
Total Linkages		3,196	5,628	3,196	5,628
(iii) Networks and Centres					
Research Networks		346	161	346	161
Centres		68	914	68	914
Total Networks and Centres		414	1,075	414	1,075
(h) Other Australian Government financial Assistance					
Other Commonwealth Government Research Grants		13,563	10,995	13,563	10,995
Aboriginal Tutorial Assistance Scheme Grant		201	191	201	191
Other Commonwealth Grants		1,299	1,421	1,299	1,421
Total Australian Government financial assistance		15,063	12,607	15,063	12,607
		288,087	273,334	288,087	273,334



	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
3. Australian Government Grants including HECS-HELP and FEE-HELP (continued)				
Reconciliation				
Australian Government grants	206,705	197,085	206,705	197,085
HECS-HELP – Australian Government payments	76,105	73,295	76,105	73,295
Other Australian Government loan programs	5,277	2,954	5,277	2,954
Total Australian Government financial assistance	288,087	273,334	288,087	273,334
 (i) Australian Government Grants received – cash basis				
CGS and Other DEEWR Grants	145,284	141,733	145,284	141,733
Higher Education Loan Programs	77,709	77,224	77,709	77,224
Scholarships	7,231	6,706	7,231	6,706
DIISR – Research	19,245	17,915	19,245	17,915
Other Capital Funding	16,600	13,346	16,600	13,346
ARC grants – Discovery	3,388	2,320	3,388	2,320
ARC grants – Linkages	5,602	5,622	5,602	5,622
ARC grants – Networks and Centres	234	1,118	234	1,118
Other Australian Government Grants	18,205	14,620	18,205	14,620
Total Australian Government Grants received – cash basis	293,498	280,604	293,498	280,604
OS-HELP (Net)	(3)	5	(3)	5
Superannuation Supplementation	28,924	23,398	28,924	23,398
Total Australian Government funding received – cash basis	322,419	304,007	322,419	304,007
 4. State and Local Government financial assistance				
Research Grants	9,542	9,446	9,542	9,498
Other	2,088	2,134	2,088	2,134
Total State and Local Government financial assistance	11,630	11,580	11,630	11,632
 5. Fees and charges				
Course fees and charges				
Continuing education	1,838	1,526	1,838	1,526
Fee-paying overseas students	88,410	75,947	88,410	75,947
Fee-paying domestic postgraduate students	1,799	3,791	1,799	3,791
Total course fees and charges	92,047	81,264	92,047	81,264
 Other fees and charges				
Other fees and charges	7,486	7,053	7,486	7,053
Miscellaneous enrolment fees	6,780	5,409	6,780	5,409
Seminar/workshops	862	915	862	915
Total other fees and charges	15,128	13,377	15,128	13,377
Total fees and charges	107,175	94,641	107,175	94,641



	Note	Consolidated		University	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
6. Investment income					
Dividends		1,541	249	2,245	1,078
Interest		5,007	8,091	4,933	7,929
Investment income from associated entity (Unisure Pty Ltd)		-	322	-	322
Total investment income		6,548	8,662	7,178	9,329
7. Consultancy and contract research					
Consultancy		4,716	3,907	4,742	3,924
Contract research		22,391	23,104	22,531	23,105
Total consultancy and contract research		27,107	27,011	27,273	27,029
8. Other revenue					
Donations and bequests		1,625	1,686	1,625	1,686
Scholarships and prizes		1,505	1,444	1,505	1,444
Other fees and charges		13,798	15,125	5,682	6,782
Other **		2,470	5,258	2,479	5,258
Total other revenue		19,398	23,513	11,291	15,170
** Net foreign exchange gains included in other revenue for 2009 were nil. (2008: \$1.937 million).					
9. Other income					
Net gain/(loss) on disposal of property, plant and equipment	9(a)	(370)	(459)	(370)	(459)
Net gain/(loss) on disposal of investments		(48)	586	(48)	2
Total other income		(418)	127	(418)	(457)
(a) Net gain/(loss) on disposal of property, plant and equipment					
Proceeds from sale		354	56	354	56
Carrying amount of assets sold		(724)	(515)	(724)	(515)
Net gain/(loss) on disposal of property, plant and equipment		(370)	(459)	(370)	(459)



10. Correction of error

(a) Superannuation Supplementation Program funding

The DEEWR Guidelines for Defined benefit obligations (Superannuation) were rewritten to align with the accounting standards. Superannuation Supplementation Program funding is not to be recognised as a revenue as the payment is in respect of an existing liability. The recognition of the expense in the face statements should be offset by the revenue received in respect of the receivable from the Australian Government.

This has resulted in the removal of the deferred government super revenue (Commonwealth Supplementation) from the income statement and moving the expense item (which is a net amount) to an "ordinary" expense within employee related expenses.

As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the income statement.

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

During the year the University determined it had not correctly applied its revenue recognition policy in respect of the Diversity and Structural Adjustment Fund received from the Australian Government which is classified as Other Financial Assistance. The University had recognised the financial assistance as revenue in the year in which it had been designated however the grants received have specified conditions which give the grantor the right to recall funds not spent in accordance with the specific agreement which 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.

This had the effect of overstating Australian Government financial assistance, Retained Earnings and Total equity and understating Other Liabilities and Total Liabilities by \$5.799 million.

This has been corrected by restating each of the affected financial statement line items as at 31 December 2008, as described above.

(c) Measurement of SuperSA

The University's superannuation liability with respect to future benefits for current pensioners and employees for South Australian superannuation fund (Super SA) was incorrectly measured by application of AAS 25 'Financial Reporting by Superannuation Plans'. The valuation methodology that should be applied is AASB 119 'Employee Benefits'.

This had the effect of understating the Non-Current Liability, Provision for State superannuation and the Non-Current Asset, Deferred Government superannuation contribution by \$143.500 million. There is no impact on Net Assets as the Non-Current Liability and Non-Current Asset offset.

This has been corrected by restating each of the affected financial statement line items as at 31 December 2008, as described above.



	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
11. Employee related benefits				
(a) Employee related benefits				
Academic				
Salaries	115,254	108,721	115,254	108,721
Contributions to superannuation and pension schemes:				
Emerging cost	745	806	745	806
Funded	16,089	15,370	16,089	15,370
Payroll tax	6,787	6,553	6,787	6,553
Workers' compensation	554	1,026	554	1,026
Long service leave	2,356	4,361	2,356	4,361
Annual leave	7,070	7,660	7,070	7,660
Total academic	148,855	144,497	148,855	144,497
Non-academic				
Salaries	87,590	83,130	82,445	78,800
Contributions to superannuation and pension schemes:				
Emerging cost	970	942	517	556
Funded	12,458	11,493	12,458	11,493
Payroll tax	5,844	5,616	5,552	5,361
Workers' compensation	489	896	460	876
Long service leave	1,935	3,749	1,910	3,668
Annual leave	6,350	6,409	6,334	6,334
Total non-academic	115,636	112,235	109,676	107,088
Total academic & non-academic employee benefits and on-costs	264,491	256,732	258,531	251,585
Council member remuneration	201	120	201	120
Total employee benefits and on-costs	264,692	256,852	258,732	251,705



Consolidated		University	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

11. Employee related benefits (continued)

(b) Voluntary separation packages

Employee benefits include voluntary separation packages paid during the year as follows:

	Number	Number	Number	Number
Number of voluntary separation packages	27	47	27	47
	\$'000	\$'000	\$'000	\$'000
Voluntary separation package expenses	2,266	2,608	2,266	2,608
Annual leave and long service leave entitlements paid	877	914	877	914
Total amount associated with separations	3,143	3,522	3,143	3,522

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 2009 relating to employee benefits:

	Note	\$'000	\$'000	\$'000	\$'000
Annual leave					
On-costs included in payables – current	23	2,275	2,269	2,275	2,269
On-costs included in payables – non-current	23	1,179	1,144	1,179	1,144
Employee benefits – current	25	10,214	9,968	9,959	9,729
Employee benefits – non-current	25	5,159	4,904	5,159	4,904
		18,827	18,285	18,572	18,046
Long service leave					
On-costs included in payables – current	23	691	590	691	590
On-costs included in payables – non-current	23	2,970	2,984	2,970	2,984
Employee benefits – current	25	6,382	5,717	6,099	5,460
Employee benefits – non-current	25	24,721	25,539	24,721	25,539
		34,764	34,830	34,481	34,573
Separations scheme					
Employee benefits – current		1,025	1,268	1,025	1,268
Total aggregate employee benefits liability		54,616	54,383	54,078	53,887



	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
12. Depreciation and amortisation				
Buildings	15,707	15,058	15,676	15,024
Leasehold Improvements	426	416	426	416
Library collection	2,645	2,801	2,645	2,801
Plant and equipment	6,975	5,685	6,787	5,526
Amortisation – intangible asset	991	526	991	526
Total depreciation and amortisation	26,744	24,486	26,525	24,293
13. Repairs and maintenance				
Buildings	7,346	6,592	7,338	6,575
Grounds	1,057	990	1,047	989
Total repairs and maintenance	8,403	7,582	8,385	7,564
14. Bad and doubtful debts				
Doubtful debts	204	535	204	535
Total bad and doubtful debts	204	535	204	535
15. Other expenses				
Scholarships, grants and prizes	20,771	18,959	20,771	18,959
Non-capitalised equipment	4,130	4,228	4,127	4,284
Advertising, marketing and promotional expenses	6,338	5,557	6,241	5,522
Telecommunications	4,830	4,703	4,740	4,616
Travel, staff development and entertainment	16,633	18,285	16,420	18,089
External services*	40,100	37,162	39,180	36,059
IT hardware and software	7,843	8,493	7,808	8,459
Library subscriptions	3,539	3,842	3,539	3,842
Printing	1,747	1,376	1,747	1,376
Operating lease rental expenses	2,474	2,712	2,450	2,692
Bank charges, legal costs, insurance and taxes	4,262	4,106	4,219	4,073
General consumables	7,571	5,752	6,879	5,188
Other**	11,134	10,048	10,536	9,510
Total other expenses	131,372	125,223	128,657	122,669

* Included within external services for 2009 is an amount for consultants of \$2.089 million (\$2.127 million consolidated) exclusive of GST (2008: \$1.791 million, \$1.899 million consolidated). This amount excludes consultant payments in relation to the capital works program.

** Net foreign exchange losses included in other expenses for 2009 were \$0.484 million (2008: nil). Impairment loss in respect of Available-for-sale assets included in other expenses for 2009 were nil (2008: \$0.446 million, \$0.446 million consolidated).



	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
16. Cash and cash equivalents				
Cash at bank and on hand	4,317	5,277	3,904	4,447
Deposits at call	141,315	106,102	139,555	104,118
Total cash and cash equivalents	145,632	111,379	143,459	108,565
(a) Reconciliation to cash at the end of the year				
Balances as above	145,632	111,379	143,459	108,565
Balance per Cash Flow Statement	145,632	111,379	143,459	108,565
(b) Cash at bank and on hand				
As at 31 December 2009, the deposits earned 3.25% interest (2008: 3.75%) and the interest is credited to the University quarterly in March, June, September and December.				
(c) Deposits at call				
During the year the cash deposits earned interest at a floating rate between 3.25% and 6.15% (2008: between 4.59% and 8.35%). These deposits had an average maturity of 96 days.				
17. Receivables				
Trade debtors	14,792	12,602	13,587	10,817
Less: Provision for impaired receivables	(505)	(455)	(505)	(455)
	14,287	12,147	13,082	10,362
Student fees	4,267	4,261	4,267	4,261
Less: Provision for impaired receivables	(576)	(661)	(576)	(661)
	3,691	3,600	3,691	3,600
Commonwealth receivable	7,832	7,383	7,832	7,383
Other	1,458	2,022	1,458	2,022
Total current receivables	27,268	25,152	26,063	23,367



17. Receivables (continued)

(a) Impaired receivables

As at 31 December 2009 current trade receivables of the Group with a nominal value of \$0.492 million (2008: \$0.440 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 \$0.013 million (2008: \$0.015 million). The total amount of the provision was \$0.505 million (2008: \$0.455 million).

The ageing of these receivables is as follows:

	Consolidated	
	2009	2008
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	27	14
Over 6 months	478	441
	<u>505</u>	<u>455</u>

As at 31 December 2009, trade receivables of \$4.966 million (2008: \$7.158 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	
	2009	2008
	\$'000	\$'000
Less than 3 months	4,021	6,157
3 to 6 months	760	826
Over 6 months	185	175
	<u>4,966</u>	<u>7,158</u>

Movements in the provision for impaired receivables are as follows:

	Consolidated	
	2009	2008
	\$'000	\$'000
At 1 January	455	590
Provision for impairment recognised during the year	385	292
Receivables written off during the year as uncollectable	(42)	(114)
Unused amount reversed and debts collected	(293)	(313)
At 31 December	<u>505</u>	<u>455</u>



17. Receivables (continued)

(a) Impaired receivables (continued)

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

	Consolidated	
	2009	2008
	\$'000	\$'000
At 1 January	661	1,708
Provision for impairment recognised during the year	316	556
Receivables written off during the year as uncollectable	(325)	(1,603)
Unused amount reversed and debts collected	(76)	-
At 31 December	<u>576</u>	<u>661</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.

18. Investments accounted for using the equity method

With the exception of Unisure Pty Ltd in 2008, the University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting and carried at cost by the University.

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



	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
19. Other financial assets				
Current:				
Workers' compensation investment fund	-	1,790	-	1,790
Total current other financial assets	-	1,790	-	1,790
Non-Current:				
Available-for-sale	7,312	5,214	5,778	4,114
Investment in controlled entities	-	-	1,730	1,730
Total non-current other financial assets	7,312	5,214	7,508	5,844
Total other financial assets	7,312	7,004	7,508	7,634
20. Other non-financial assets				
Current:				
Prepayments	8,133	7,399	8,066	7,381
Accrued income	1,840	3,114	2,645	3,114
Total current other non-financial assets	9,973	10,513	10,711	10,495



21. Property, plant and equipment

Consolidated	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2008								
- 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
Year Ended 31 December 2009								
Opening net book amount	6,246	87,740	446,681	25,485	1,872	16,295	1,333	585,652
Revaluation	-	-	-	-	-	(702)	-	(702)
Additions	26,948	6,147	5,435	11,237	-	2,707	28	52,502
Disposals	-	-	-	(723)	-	(1)	-	(724)
Reclassifications	(14,108)	-	12,419	1,597	92	-	-	-
Depreciation charge	-	-	(15,707)	(6,975)	(426)	(2,645)	-	(25,753)
Closing net book amount	19,086	93,887	448,828	30,621	1,538	15,654	1,361	610,975
At 31 December 2009								
- Cost	19,086	6,147	48,424	61,564	3,375	-	-	138,596
- Valuation	-	87,740	797,778	-	-	28,202	1,361	915,081
Accumulated depreciation	-	-	(397,374)	(30,943)	(1,837)	(12,548)	-	(442,702)
Net book amount	19,086	93,887	448,828	30,621	1,538	15,654	1,361	610,975



UNIVERSITY OF SOUTH AUSTRALIA

Financial Statements for the year ended 31 December 2009

University	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2008								
- 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
Year Ended 31 December 2009								
Opening net book amount	6,246	87,740	446,579	25,157	1,872	16,295	1,333	585,222
Revaluation	-	-	-	-	-	(702)	-	(702)
Additions	26,948	6,147	5,433	11,026	-	2,707	28	52,289
Disposals	-	-	-	(723)	-	(1)	-	(724)
Reclassifications	(14,108)	-	12,419	1,597	92	-	-	-
Depreciation charge	-	-	(15,676)	(6,787)	(426)	(2,645)	-	(25,534)
Closing net book amount	19,086	93,887	448,755	30,270	1,538	15,654	1,361	610,551
At 31 December 2009								
- Cost	19,086	6,147	47,952	59,985	3,375	-	-	136,545
- Valuation	-	87,740	797,778	-	-	28,202	1,361	915,081
Accumulated depreciation	-	-	(396,975)	(29,715)	(1,837)	(12,548)	-	(441,075)
Net book amount	19,086	93,887	448,755	30,270	1,538	15,654	1,361	610,551

**22. Intangible assets**

Consolidated	Intangibles in Progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2008			
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
Year Ended 31 December 2009			
Opening net book amount	-	5,638	5,638
Additions	891	15	906
Reclassifications	-	-	-
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4,662	5,553
At 31 December 2009			
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553

**22. Intangible assets (continued)**

University	Intangibles in Progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2008			
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
Year Ended 31 December 2009			
Opening net book amount	-	5,638	5,638
Additions	891	15	906
Reclassifications	-	-	-
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4,662	5,553
At 31 December 2009			
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553

**23. Payables****Current:**

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Trade creditors	21,911	16,214	21,287	15,563
Accrued salaries	5,817	4,415	5,817	4,415
Annual leave on-costs	2,275	2,269	2,275	2,269
Long service leave on-costs	691	590	691	590
Total current payables	30,694	23,488	30,070	22,837

Non-current:

Annual leave on-costs	1,179	1,144	1,179	1,144
Long service leave on-costs	2,970	2,984	2,970	2,984
Total non-current payables	4,149	4,128	4,149	4,128
Total payables	34,843	27,616	34,219	26,965

(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	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

24. 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	1,530	1,530	1,530
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	18,830	18,830	18,830

Used at balance date:

Credit card facility with NAB	919	943	919	943
Credit card facility with Amex	374	368	374	368
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	1	1	1	1
Bank Guarantee	3,677	3,869	3,677	3,869
	4,971	5,181	4,971	5,181

Unused at balance date:

Credit card facility with NAB	4,081	4,057	4,081	4,057
Credit card facility with Amex	1,156	1,162	1,156	1,162
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	4,999	4,999	4,999
Bank Guarantee	1,423	1,231	1,423	1,231
	13,859	13,649	13,859	13,649

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

**25. Provisions****Current:**

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Annual leave	10,214	9,968	9,959	9,729
Long service leave	6,382	5,717	6,099	5,460
Separation scheme	1,025	1,268	1,025	1,268
Workers' compensation liability	551	436	551	436
Total current provisions	18,172	17,389	17,634	16,893

Non-Current:

Annual leave	5,159	4,904	5,159	4,904
Long service leave	24,721	25,539	24,721	25,539
Workers' compensation liability	1,128	1,466	1,128	1,466
Total non-current provisions	31,008	31,909	31,008	31,909
Total provisions	49,180	49,298	48,642	48,802

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

Carrying amount at start of year	1,902	2,193	1,902	2,193
Additional provisions recognised	788	787	788	787
Amounts used	(748)	(741)	(748)	(741)
Unused amounts reversed	(99)	(688)	(99)	(688)
Increase/(decrease) in discounted amount	(164)	351	(164)	351
Carrying amount at the end of the period	1,679	1,902	1,679	1,902

26. Other liabilities**Current:**

Other	742	846	815	821
Funds held on behalf of external entities	1,250	529	1,250	529
	1,992	1,375	2,065	1,350

Income in advance on incomplete projects	6,812	4,625	6,812	4,625
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Other income in advance:

Fees and charges	10,798	9,530	10,798	9,530
Commonwealth & State Government grants	21,639	14,520	21,639	14,520
	32,437	24,050	32,437	24,050

Total other liabilities	41,241	30,050	41,314	30,025
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	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
27. 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	-	83
	124,788	124,871	124,788	124,871
Available-for-sale investments revaluation reserve	1,855	264	1,855	264
Total reserves	126,643	125,135	126,643	125,135
Movements in reserves				
Property, plant and equipment revaluation reserve				
<i>Land and buildings</i>				
Opening balance	124,494	124,494	124,494	124,494
Asset revaluation increment/(decrement)	-	-	-	-
Closing balance	124,494	124,494	124,494	124,494
<i>Art collection</i>				
Opening balance	294	294	294	294
Asset revaluation increment/(decrement)	-	-	-	-
Closing balance	294	294	294	294
<i>Library</i>				
Opening balance	83	1,609	83	1,609
Asset revaluation decrement	(83)	(1,526)	(83)	(1,526)
Closing balance	-	83	-	83
Total property, plant and equipment revaluation reserve	124,788	124,871	124,788	124,871
Available-for-sale investments revaluation reserve				
Opening balance	264	1,586	264	1,586
Asset revaluation increment	1,591	-	1,591	-
Asset revaluation decrement	-	(1,322)	-	(1,322)
Total available-for-sale investments revaluation reserve	1,855	264	1,855	264



Consolidated		University	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

27. Reserves and retained surplus (continued)**(b) Retained surplus**

Movement in retained surplus were as follows:

Retained surplus at 1 January	512,595	475,374	509,350	472,528
Operating result for the year	41,522	37,221	42,988	36,822

Retained surplus at 31 December	554,117	512,595	552,338	509,350
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(c) Nature and purpose of reserves

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

28. Responsible persons and Executive Officers**(a) Names of responsible persons**

The following persons were responsible persons of the University during the 2009 year. Council members include University employees who may be ex-officio members or elected staff members. An asterisk indicates University employees.

2009 Council Members

Dr Ian Gould, Chancellor

Professor Peter Høj*, Vice Chancellor

Ms Alice McCleary, Deputy Chancellor (term completed 31 December 2009)

Associate Professor Stephen Boyle* (term commenced 3 August 2009 to 31 December 2009)

Mr William Cossey, AM

Dr Wendy Craik, AM (term commenced 17 December 2009)

Professor Drew Dawson* (term commenced 1 January 2009)

Mr Terry Evans

Ms Tanya Hosch (term commenced 1 January 2009)

Mr Bruce Linn

Mr Jim McDowell

Mr Ian McLachlan

Associate Professor Margaret Peters* (leave of absence 3 August 2009 to 31 December 2009)

Mr Thomas Rudkin (term commenced 1 January 2009, term completed 31 December 2009)

Ms Anne Skipper AM (term commenced 1 January 2009, resigned 10 April 2009)

Dr Sue Vardon, AO

Mr James Wangmann (term commenced 1 January 2009, term completed 31 December 2009)

Ms Bronwen Webb* (term commenced 1 July 2008, term completed 31 December 2009)

**28. 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 2 Council members received remuneration for their services as a Director of a Subsidiary company in 2009 (1 in 2008).

	Consolidated		University	
	2009 Number	2008 Number	2009 Number	2008 Number
Remuneration of Council Members				
\$0 to \$9,999	7	21	7	21
\$10,000 to \$19,999	7	1	8	2
\$20,000 to \$29,999	-	2	1	1
\$30,000 to \$39,999	1	-	1	-
\$40,000 to \$49,999	2	-	-	-
\$50,000 to \$59,999	1	-	1	-
	18	24	18	24

The remuneration received and receivable by Council Members for their services as Council Members was \$200,995 (2008: \$119,900). The total remuneration received and receivable by Council Members in their position as Council members and as Directors of subsidiary companies was \$261,695 (2008: \$134,900).

	Consolidated		University	
	2009 Number	2008 Number	2009 Number	2008 Number
Remuneration of Executive Officers				
\$100,000 to \$109,999	1	-	1	-
\$200,000 to \$209,999	1	-	1	-
\$210,000 to \$219,999	-	1	-	1
\$240,000 to \$249,999	-	1	-	1
\$250,000 to \$259,999	-	1	-	1
\$260,000 to \$269,999*	1	-	1	-
\$270,000 to \$279,999	2	-	2	-
\$280,000 to \$289,999	1	2	1	2
\$290,000 to \$299,999	1	-	1	-
\$300,000 to \$309,999#	-	3	-	3
\$310,000 to \$319,999	-	1	-	1
\$320,000 to \$329,999	1	-	1	-
\$330,000 to \$339,999	1	-	1	-
\$340,000 to \$349,999	-	1	-	1
\$350,000 to \$359,999	1	-	1	-
\$530,000 to \$539,999	-	1	-	1
\$580,000 to \$589,999	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

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.

**28. Responsible persons and Executive Officers (continued)****(c) Executive Officers' compensation**

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	2,936	2,772	2,936	2,772
Post-employment benefits	431	417	431	417
Other long-term benefits	21	-	21	-
Termination benefits	-	203	-	203
	3,388	3,392	3,388	3,392

(d) Related party transactions

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

29. Remuneration of auditors

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

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Assurance Services				
Audit services:				
Fees paid to the Auditor-General's Department:				
Auditing the financial report	233	255	233	255
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the Consolidated Entity	19	9	-	-
	252	264	233	255

30. Contingent liabilities

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETA) 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 2009 this contingent liability reduced to \$0.437 million.

The University entered into an agreement with the Commonwealth Department of Innovation, Industry, Science and Research (DIISR) on 23 September 2009 to raise \$5.000 million by 2014 after which an endowed chair in child protection can be funded from investment revenue. The Commonwealth has provided \$2.000 million and the University must raise \$3.000 million by 2014. If the \$3.000 million is not raised by 2014, the Commonwealth may request repayment of any portion of the Commonwealth contribution of \$2.000 million. As at 31 December 2009 this contingent liability is \$2.000 million.

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

The University has no other material contingent liabilities.

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

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

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment payable:				
Within one year	8,707	14,805	8,707	14,805
Later than one year but not later than five years	4,279	23	4,279	23
Later than five years	-	-	-	-
	12,986	14,828	12,986	14,828

(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	2,602	3,822	2,602	3,822
Later than one year but not later than five years	3,233	4,989	3,233	4,989
Later than five years	-	-	-	-
	5,835	8,811	5,835	8,811

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, are payable as follows:

Within one year	5,427	10,054	5,427	10,054
Later than one year but not later than five years	8,313	17,025	8,313	17,025
Later than five years	615	87	615	87
Total other expenditure commitments	14,355	27,166	14,355	27,166

**32. Superannuation plans**

The University contributes to the following employee superannuation funds:

(a) South Australian superannuation fund (Super SA)

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

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

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed (the Assessment) by the Director Superannuation (State Superannuation Office) Department of Treasury and Finance as at 31 December 2009 to be \$379.8 million (31 December 2008: \$462.6 million). The assessment took into account a discount rate based on the government bond rate as at 31 December 2009 and 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 \$23.2 million (2008: \$19.2 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$356.6 million (2008: \$443.4 million).

	2009	2008
	\$'000	\$'000
Defined benefit obligations		
Present value obligations	379,800	462,600
Present value of plan assets	23,200	19,200
Total liability	356,600	443,400

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)	2.5% per annum (2008: 2.5%)
• Rate of salary increases	4.0% per annum (2008: 4.0%)
• Return on Fund assets	8.0% per annum (2008: 8.0%)
• Discount Rate	5.9% per annum (2008: 4.1%)

These rates provide for a 1.5% real gap between CPI and salary increases and a further 1.9% real gap between salary increases and investment earnings.



32. Superannuation plans (continued)

(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.

On an accrual basis, expenses of \$24.722 million (2008: \$26.771 million) are offset by \$24.722 million Commonwealth Revenue. As the University has a defined benefit plans which is fully covered by the Superannuation Supplementation program these costs have been offset and therefore have not been disclosed in the income statement.

Note 41 (i) contains details regarding payments made to Super SA and revenue received from the Commonwealth Government.

	2009 \$'000	2008 \$'000
Defined benefit obligations		
Current Provision for superannuation	26,000	25,300
Non-current Provision for superannuation	330,600	418,100
Total liability	356,600	443,400
Reimbursement rights		
Current Deferred Government superannuation contribution	26,000	25,300
Non-Current Deferred Government superannuation contribution	330,600	418,100
Total asset	356,600	443,400
Total net liability/asset in balance sheet	-	-

(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 AASB 119 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.

**32. Superannuation plans (continued)****(c) UniSuper (continued)**

As at 30 June 2009 the assets of the DBD in aggregate (i.e. entire multiemployer DBD plan) were estimated to be:

- \$1,396.0 million in deficiency 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.
- \$39.0 million in deficiency 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.

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 12 June 2009 on the actuarial investigation of the DBD as at 31 December 2008. 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.

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 \$19.157 million (2008: \$17.996 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$9.355 million (2008: \$8.831 million) in respect of Accum 1.

**33. Subsidiaries**

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

Name of entity	Country of incorporation	Ownership interest	
		2009 %	2008 %
(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 2009. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

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

34. Investments in associates

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

(a) Unisure Pty Ltd (Unisure)

The University is a shareholder along with The University of Adelaide and the Flinders University of South Australia in Unisure Pty Ltd, which managed 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 held the University's workers' compensation liabilities and the associated investment funds. In December 2009 an application for the voluntary de-registration of Unisure Pty Ltd was made. De-registration was approved by the Australian Securities & Investment Commission (ASIC) on 15 January 2010 with formal de-registration of Unisure Pty Ltd notified from ASIC on 15 March 2010. The process of winding up of the Unisure Unit Trust and de-registration of Unisure Pty Ltd has involved the distribution of the assets to the Unit Holders net of liabilities. In 2009 UniSA received \$1.785 million in distributions (2008: nil).

As at 31 December 2009 the Unit Trust did not hold any net assets on behalf of the University of South Australia (2008: \$1.790 million).

**34. Investments in associates (continued)****(b) SABRENet Ltd (SABRENet)**

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

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

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

Each of the above associates is incorporated in Australia.

Carrying amounts:

Information relating to associates is set out below:

Entity	Principal activity	Ownership interest		Consolidated carrying amount		University carrying amount	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Unisure Pty Ltd*	Managed workers' compensation claims on behalf of the University.	33%	33%	-	1,790	-	1,790
				-	1,790	-	1,790

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

	Consolidated	
	2009 \$'000	2008 \$'000
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,790	1,508
Share of profits/(losses)	(5)	282
Distribution to University as Unit Holder	(1,785)	-
Carrying amount at the end of the financial year	-	1,790

Summarised financial information of associates

	Consolidated Entity's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
2009				
Unisure Pty Ltd	-	-	1	(5)
2008				
Unisure Pty Ltd	1,790	-	322	282

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

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

Entity	Reporting date	Output interest	
		2009	2008
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) Signal Processing Research Institute (SPRI) Building	30 Jun	100.00%	30.00%
(iii) e-Research SA	31 Dec	25.00%	25.00%
(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 2009 is \$8.709 million (2008: \$8.901 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 agreement provided the University with a 30% share of the joint venture with the Land Management Corporation holding the remaining 70% share. In August 2009 the University acquired the Land Management Corporation share and the joint venture ceased operation.

In 2007 the building was independently re-valued and the University's 30% share of the asset's carrying amount as at 31 December 2009 is \$2.213 million (2008: \$2.280 million) which is included in Buildings at Valuation. The University's additional 70% share of the asset's carrying amount as at 31 December 2009 is \$4.869 million (2008: nil) is included in Buildings at Cost and will be revalued in 2010.

(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.

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

(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	
		2009	2008
(i) Australian Centre for Community Ageing	30 Jun	25.00%	25.00%
(ii) Co-operative Research Centre for Integrated Engineering Asset Management	30 Jun	11.41%	10.74%
(iii) Co-operative Research Centre for Irrigation Futures	30 Jun	3.85%	2.95%
(iv) Co-operative Research Centre for Sustainable Tourism Pty Ltd	30 Jun	2.72%	2.15%
(v) Desert Knowledge Co-operative Research Centre	30 Jun	9.08%	8.39%
(vi) South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33%	33.33%
(vii) Spencer Gulf Rural Health School	31 Dec	50.00%	50.00%
(viii) South Australian Tertiary Admissions Centre	30 Jun	25.00%	25.00%
(ix) Co-operative Research Centre for Advanced Automotive Technologies	30 Jun	5.00%	4.50%
(x) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	24.85%	27.69%
(xi) Co-operative Research Centre for Polymers	30 Jun	1.86%	1.72%
(xii) Co-operative Research Centre for Rail Innovation	30 Jun	11.00%	7.23%
(xiii) Australian Seafood Co-operative Research Centre	30 Jun	2.08%	2.16%
(xiv) Australian Synchrotron	30 Jun	1.00%	1.00%

(i) ACCA – Australian Centre for Community Ageing

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

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

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

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

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

(iv) 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.

(v) 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.

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

The 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.

(vii) SGRHS - Spencer Gulf Rural Health School

The 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.

(viii) SATAC - South Australian Tertiary Admissions Centre

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

**35. Interests in joint ventures (continued)****(b) Joint venture entities (continued)****(ix) Auto CRC - Co-operative Research Centre for Advanced Automotive Technologies**

The Auto CRC was created in December 2005, as part of a national strategy to secure Australia's position in the global automotive industry. The Auto CRC 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.

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

The 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. The 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.

(xi) 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.

(xii) 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.

(xiii) 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 Australian Seafood CRC will undertake research programs covering value chain profitability and product quality and integrity.

(xiv) Australian Synchrotron (via the SA / La Trobe consortium)

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



36. Events occurring after the Balance Sheet date

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

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

	Consolidated		University	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Operating result for the year	41,522	37,221	42,988	36,822
Add/(less) items classified as investing activities:				
(Profit)/loss on sale of plant and equipment	370	459	370	459
Add/(less) non-cash items:				
Depreciation and amortisation	26,744	24,486	26,525	24,293
Non-cash donations	(400)	(317)	(400)	(317)
Capital assets	(891)	1,294	(891)	1,294
Available-for-sale asset revaluation	-	446	-	446
Library collection revaluation	619	-	619	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	(2,116)	(1,796)	(2,696)	(1,482)
(Increase)/decrease in other assets	2,330	(1,252)	1,574	(1,251)
Increase/(decrease) in payables	7,227	4,202	7,254	3,989
Increase/(decrease) in provisions	(118)	4,442	(160)	4,286
Increase/(decrease) in other liabilities	11,236	8,581	11,334	8,334
Net cash provided by operating activities	86,523	77,766	86,517	76,873

38. Non-cash investing and financing activities

Donations of works of art and library materials	400	317	400	317
	400	317	400	317

39. 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.



40. Financial risk management

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

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

Risk management is co-ordinated by the University under policies approved by Council. The University identifies and 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 2009 the University held USD\$0.001 million (AUD\$0.001 million) (2008: USD\$1.929 million (AUD\$2.785 million)) and MYR\$0.174 million (AUD\$0.057 million) - Malaysian Ringgit (2008: MYR\$0.147 million (AUD\$0.061 million)) in offshore bank accounts. During 2009 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. From time to time the University purchase and hold foreign currency to assist with the purchase of goods and services and to help manage foreign exchange risk. Currency conversion gains and losses are included in the operating result for the year.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The \$35.0 million bill facility (refer note 24) 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 counterparties failed to perform as contracted.

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

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



40. Financial Risk Management (continued)

(c) Liquidity risk

The University maintains a \$35.0 million bill facility with the NAB which has a drawdown facility, available to 31 October 2010. As at 31 December 2009 this facility has not been drawn down.

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

	Average interest rate	Less than 1 year	1 to 5 years	5+ years	Non interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000
2009						
Financial assets:						
Cash assets	3.99%	145,632	-	-	-	145,632
Receivables		-	-	-	27,268	27,268
Other financial assets		-	-	-	7,312	7,312
Accrued income		-	-	-	1,840	1,840
Total financial assets		145,632	-	-	36,420	182,052
Financial liabilities:						
Payables		-	-	-	34,843	34,843
Other		-	-	-	742	742
Funds held on behalf of external entities		-	-	-	1,250	1,250
Total financial liabilities		-	-	-	36,835	36,835
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

(d) Fair value estimation

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



41. Acquittal of Commonwealth Government financial assistance

41(a) Commonwealth Grants Scheme and other Grants

	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Commonwealth Grants Scheme												
Financial assistance received in cash during reporting period	129,648	123,543	1,059	1,219	602	686	1,634	1,628	1,581	1,148		
Net accrual adjustments												
Movement in accrued income	1,187	1,371	-	-	-	-	-	-	-	-	-	-
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	130,835	124,914	1,059	1,219	602	686	1,634	1,628	1,581	1,148		
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) from the previous year	-	-	227	233	428	428	-	-	-	-	110	
Total revenue including accrued revenue	130,835	124,914	1,286	1,452	1,030	1,114	1,634	1,628	1,581	1,258		
less expenses including accrued expenses	(130,835)	(124,914)	(1,286)	(1,225)	(536)	(686)	(1,634)	(1,628)	(1,581)	(1,258)		
Surplus/(deficit) for reporting period	-	-	-	227	494	428	-	-	-	-		

	Learning & Teaching Performance Fund	Capital Development Pool	Diversity and Structural Adjustment Fund	Chair in Child Protection	Improving the Practical Comp of Teacher Ed
Financial assistance received in cash during reporting period	1,532	-	4,259	5,979	1,083
Net accrual adjustments					
Movement in accrued income	-	-	-	-	-
Movement in deferred income	-	-	(4,969)	(687)	-
Revenue for the period	1,532	-	4,259	180	726
Movement in deferred income	-	-	4,969	5,799	-
Surplus/(deficit) from the previous year	-	92	5,799	1	-
Total revenue including accrued revenue	1,532	92	12,034	5,980	726
less expenses including accrued expenses	(1,100)	(73)	(1,266)	(181)	(637)
Surplus/(deficit) for reporting period	432	19	10,768	5,799	89

*Expenses include transfer of \$2.00m which has been designated to establish a corpus to fund an endowed Chair in Child Protection



	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

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

	Transitional Costs Program		Total	
Financial assistance received in cash during reporting period	1,161	1,551	145,284	141,733
Net accrual adjustments				
Movement in accrued income	(78)	127	1,109	1,498
Movement in deferred income	-	-	(5,656)	(5,799)
Revenue for the period	1,083	1,678	140,737	137,432
Movement in deferred income	-	-	5,656	5,799
Surplus/(deficit) from the previous year	-	-	9,110	3,206
Total revenue including accrued revenue	1,083	1,678	155,503	146,437
less expenses including accrued expenses	(1,083)	(1,678)	(143,103)	(137,327)
Surplus/(deficit) for reporting period	-	-	12,400	9,110

41(b) Higher Education Loan Programs (excl OS-HELP)

	HECS-HELP		FEE-HELP		Total	
Financial assistance received in cash during reporting period	74,457	74,140	3,252	3,084	77,709	77,224
Net accrual adjustments	1,648	(845)	2,025	(130)	3,673	(975)
Revenue for the period	76,105	73,295	5,277	2,954	81,382	76,249
Surplus/(deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	76,105	73,295	5,277	2,954	81,382	76,249
less expenses including accrued expenses	(76,105)	(73,295)	(5,277)	(2,954)	(81,382)	(76,249)
Surplus/(deficit) for reporting period	-	-	-	-	-	-

2010



	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

41(c) Scholarships	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	2,356	1,832	344	374	2,412	2,065	2,084	2,313	-	122
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	2,356	1,832	344	374	2,412	2,065	2,084	2,313	-	122
Surplus/(deficit) from the previous year	449	656	-	-	15	-	86	195	79	-
Total revenue including accrued revenue	2,805	2,488	344	374	2,427	2,065	2,170	2,508	79	122
less expenses including accrued expenses	(2,364)	(2,039)	(344)	(374)	(2,392)	(2,050)	(2,135)	(2,422)	(67)	(43)
Surplus/(deficit) for reporting period	441	449	-	-	35	15	35	86	12	79

	Indigenous Staff Scholarships	Total
Financial assistance received in cash during reporting period	35	7,231
Net accrual adjustments	-	-
Revenue for the period	35	7,231
Surplus/(deficit) from the previous year	-	629
Total revenue including accrued revenue	35	7,860
less expenses including accrued expenses	(19)	(7,321)
Surplus/(deficit) for reporting period	16	539



	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

41(d) DIISR – Research

	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	5,708	5,310	10,019	2,295	2,145
Net accrual adjustments	-	-	-	-	-
Revenue for the period	5,708	5,310	10,019	2,295	2,145
Surplus/(deficit) from the previous year	-	-	-	80	-
Total revenue including accrued revenue	5,708	5,310	10,019	2,295	2,145
less expenses including accrued expenses	(5,708)	(5,310)	(10,019)	(2,295)	(2,145)
Surplus/(deficit) for reporting period	-	-	-	5	80

Commercialisation
Training Scheme

	Commercialisation Training Scheme	Total
Financial assistance received in cash during reporting period	110	104
Net accrual adjustments	-	-
Revenue for the period	110	104
Surplus/(deficit) from the previous year	8	4
Total revenue including accrued revenue	118	108
less expenses including accrued expenses	(44)	(100)
Surplus/(deficit) for reporting period	74	8



	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

41(e) Voluntary Student Unionism

VSU Transition Fund

Financial assistance received in cash during reporting period	-	-
Net accrual adjustments	-	-
Revenue for the period	-	-
Surplus/(deficit) from the previous year	-	6
Total revenue including accrued revenue	-	6
less expenses including accrued expenses	-	(6)
Surplus/(deficit) for reporting period	-	-

41(f) Other Capital Funding

	Better Universities Renewal Funding	Teaching & Learning Capital Fund	Education Investment Fund	Total
Financial assistance received in cash during reporting period	-	14,914	-	14,914
Net accrual adjustments	-	-	900	900
Revenue for the period	-	14,914	2,586	17,500
Surplus/(deficit) from the previous year	2,755	-	-	2,755
Total revenue including accrued revenue	2,755	14,914	2,586	20,255
less expenses including accrued expenses	(874)	(363)	(2,090)	(3,327)
Surplus/(deficit) for reporting period	1,881	14,551	496	16,928
				2,755



41. Acquittal of Commonwealth Government financial assistance (continued)

41(g) Australian Research Council Grants

(i) Discovery

	2009 \$ '000	2008 \$ '000	2009 \$ '000	2008 \$ '000	2009 \$ '000	2008 \$ '000	2009 \$ '000	2008 \$ '000
	Projects		Fellowships		Indigenous Researchers Development		Total	
Financial assistance received in cash during reporting period	3,125	2,315	263	-	-	5	3,388	2,320
Net accrual adjustments:								
Movement in accrued income	182	359	-	-	-	-	182	359
Movement in deferred income	7	(298)	(263)	-	5	(5)	(251)	(303)
Revenue for the period	3,314	2,376	-	-	5	-	3,319	2,376
Movement in deferred income	(7)	298	263	-	(5)	5	251	303
Surplus/(deficit) from the previous year	2,034	1,736	-	-	5	-	2,039	1,736
Total revenue including accrued revenue less expenses including accrued expenses	5,341	4,410	263	-	5	5	5,609	4,415
	(3,314)	(2,376)	-	-	(5)	-	(3,319)	(2,376)
Surplus/(deficit) for reporting period	2,027	2,034	263	-	-	5	2,290	2,039

(ii) Linkages

	Infrastructure		International		Projects		Total	
Financial assistance received in cash during reporting period	-	245	16	3	5,586	5,374	5,602	5,622
Net accrual adjustments:								
Movement in accrued income	(15)	212	-	-	(1,064)	(648)	(1,079)	(436)
Movement in deferred income	-	41	27	95	(1,354)	306	(1,327)	442
Revenue for the period	(15)	498	43	98	3,168	5,032	3,196	5,628
Movement in deferred income	-	(41)	(27)	(95)	1,354	(306)	1,327	(442)
Surplus/(deficit) from the previous year	-	41	43	138	2,087	2,393	2,130	2,572
Total revenue including accrued revenue less expenses including accrued expenses	(15)	498	59	141	6,609	7,119	6,653	7,758
	15	(498)	(43)	(98)	(3,509)	(5,032)	(3,537)	(5,628)
Surplus/(deficit) for reporting period	-	-	16	43	3,100	2,087	3,116	2,130



2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

41(g) Australian Research Council Grants (continued)

(iii) Networks and Centres

Financial assistance received in cash during reporting period

Net accrual adjustments:

Movement in accrued income

Movement in deferred income

Revenue for the period

Movement in deferred income

Surplus/(deficit) from the previous year

Total revenue including accrued revenue
less expenses including accrued expenses

Surplus/(deficit) for reporting period

41(h) OS-HELP

Cash received during the reporting period

Cash spent during the reporting period

Net Cash Received

Cash surplus/(deficit) from the previous period

Cash surplus/(deficit) for reporting period

Research Networks	Centres	Total
166	68	234
325	793	1,118
-	-	-
180	-	180
(164)	121	(43)
346	68	414
(180)	-	(180)
394	-	394
230	121	351
560	68	628
(346)	(68)	(414)
214	-	214
394	-	394

Total

185	210
(188)	(205)
(3)	5
3	(2)
-	3



2009	2008
\$'000	\$'000

41. Acquittal of Commonwealth Government financial assistance (continued)

41(i) Superannuation Supplementation

	Total	
Cash received during the reporting period	28,924	23,398
University contribution on respect of current employees	-	-
Cash available	28,924	23,398
Cash surplus/(deficit) from the previous period	(2,541)	826
Cash available for current period	26,383	24,224
Contributions to specified defined benefits funds	(24,690)	(26,765)
Cash surplus/(deficit) for reporting period	1,693	(2,541)

**42. Acronyms**

The following acronyms are used throughout the Financial Statements:

AASB	Australian Accounting Standards Board
ARC	Australian Research Council
ASIC	Australian Securities & Investment Commission
ATO	Australian Taxation Office
AUD	Australian Dollar
CPI	Consumer Price Index
CRC	Co-operative Research Centre
DBD	UniSuper Defined Benefit Division
DECS	South Australian Government Department of Education and Children's Services
DEEWR	Australian Government Department of Education, Employment and Workplace Relations
DETAFE	South Australian Government Department of Employment, Technical and Further Education
DETYA	Australian Government Department of Education, Training and Youth Affairs (now DEEWR)
DIISR	Australian Government Department of Innovation, Industry, Science and Research
GST	Goods and Services Tax
HECS	Higher Education Contribution Scheme
MYR	Malaysian ringgit
NAB	National Australia Bank
NHMRC	National Health and Medical Research Council
USD	United States Dollar



University of South Australia

CERTIFICATE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009 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 program 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

20 / 5 / 2010

Professor Peter Hoj
Vice Chancellor and President

20 / 05 / 2010

Mr Paul Beard
Executive Director:
Finance & Resources

20 / 5 / 2010



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 1987*, I have audited the accompanying financial statements of the University of South Australia and controlled entities for the financial year ended 31 December 2009. The financial statements comprise:

- A Statement of Comprehensive Income
- A Balance Sheet
- A Statement of Changes in Equity
- A Statement of Cash Flows
- 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 statements 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 Statements

The University Council are responsible for the preparation and the fair presentation of the financial statements 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. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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 \$25.6 million of unspent funding as a liability for the year ended 31 December 2009. 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 26 to the financial statements. The University has disclosed its accounting treatment of these funds in Note 1(d) to the financial statements.

In my opinion, the funds 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 stipulated conditions. It is highly unlikely that unspent funds will need to be repaid to the granting bodies and as such 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 2009 financial statements:

- the revenue recognised as Australian Government Grants is understated by \$11 million (\$6.9 million understated in 2008)
- the revenue recognised as State Government Financial Assistance is overstated by \$2 million (\$1.5 million overstated in 2008)
- the revenue recognised as Contract research is understated by \$620 000 (nil in 2008)
- Operating result after income tax is understated by \$9.6 million (\$5.4 million understated in 2008)
- Retained Surplus is understated by \$16 million (\$10.6 million understated in 2008)
- Other Liabilities is overstated by \$25.6 million (\$16 million overstated in 2008).

Qualified Auditor's Opinion

In my opinion, except for the effect of the matter referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the University of South Australia and of the consolidated entity as at 31 December 2009, 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.



S O'Neill
AUDITOR-GENERAL
27 May 2010



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

Mount Gambier Regional Centre

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