

UNIVERSITY OF SOUTH AUSTRALIA

FINANCIAL STATEMENTS 2011



University of
South Australia

Companion volume

The University of South Australia Financial Statements 2011 is a companion volume to the *University of South Australia Annual Report 2011*. It contains the University's annual financial statements for the year ended 31 December 2011, adopted by the University Council on 30 April, 2012.

Your feedback

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Further information

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Cover photograph

The Materials and Minerals (M²) Science Building at the University of South Australia's Mawson Lakes campus.



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 2011.

2011 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 AM, Chancellor

Professor Peter Høj, Vice Chancellor and President

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Ms Pauline Carr

Mr William Cossey AM

Ms Melissa Davies (term commenced 1 January 2011, term completed 31 December 2011)

Professor Drew Dawson

Ms Tanya Hosch

Mr Bruce Linn

Mr Jim McDowell (resigned 31 August 2011)

Mr Ian McLachlan (leave of absence 17 March 2011 to 13 April 2011) (resigned 14 April 2011)

Ms Paula Nagel

Professor Leanna Read (term commenced 15 December 2011)

Professor Rick Sarre (term commenced 1 January 2011)

Mr John Anthony Sy (term commenced 1 January 2011, term completed 31 December 2011)

Ms Bronwen Webb (term completed on 31 December 2011)

The remuneration of Council members is detailed in Note 27(b) of the Financial Statements.

Changes in Council membership since 31 December 2011

Assoc Professor Pat Buckley Term commenced 7 January 2012

Ms Melissa Davies Re-appointed, term commenced 1 January 2012

Professor Drew Dawson Resigned 6 January 2012

Mrs Corinne Namblard Term commenced 1 January 2012

Mr Matthew Walton Term commenced 1 January 2012

Meetings of members of the University Council

The numbers of meetings of the members of University Council and of each Council committee held during the year ended 31 December 2011, and the numbers of meetings attended by each member were:

Member of Council	Meetings of Council Committees													
	Council Meetings		Academic Board		Audit & Risk Management		Finance		Immediate Business		Senior Promotions		Senior Remuneration	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Dr Ian Gould AM	8	8							1	1			2	2
Professor Peter Høj	8	8	7	9	3	4	6	6	1	1	3	3	2	2
Dr Wendy Craik AM	5	8							1	1				
Mr Terry Evans	8	8			3	4							2	2
Ms Pauline Carr	8	8			2	2	5	6					2	2
Mr William Cossey AM	7	8									3	3		
Ms Melissa Davies	8	8							1	1				
Professor Drew Dawson	4	8							1	1				
Ms Tanya Hosch	6	8												
Mr Bruce Linn	7	8					6	6						
Mr Jim McDowell	3	6												
Mr Ian McLachlan	1	2					1	2						
Ms Paula Nagel	8	8			4	4								
Professor Leanna Read	1	1												
Professor Rick Sarre	5	8	9	9										
Mr John Anthony Sy	7	8												
Ms Bronwen Webb	7	8							1	1				
													3	4

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.

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 2011 year.

Review of operations

The 2011 consolidated surplus was \$72.2 million (2010: \$70.3 million) assisted by \$47.2 million of capital grants. The surplus resulted in a safety margin (operating result as a percentage of total income) of 13.1% (2010: 13.6%). Income grew by 6.3% to \$551.3 million while expenses grew by 7.0% to \$479.1 million.

The University's consolidated financial position remained sound during the 2011 year with net assets of \$856.3 million (2010: \$785.2 million). Cash balances increased to \$261.6 million at year end (2010: \$214.3 million).

Consolidated cash flows from operating activities in 2011 were \$131.8 million (2010: \$98.9 million).

Changes in the 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 2011 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 2011 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 results 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).

Members of University Council 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

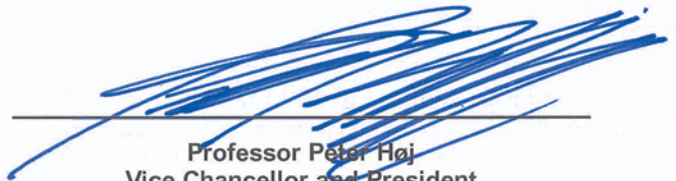
There are no legal proceedings on behalf of the Consolidated Entity that have arisen during the 2011 year or subsequent to year end that affect significantly the operations of the Consolidated Entity.

This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 30 April 2012.



Dr Ian Gould
Chancellor

30 April 2012



Professor Peter Høj
Vice Chancellor and President

30 April 2012



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

		Consolidated		University	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue from continuing operations					
Australian Government financial assistance	3				
Australian Government grants		264,395	222,120	264,395	222,120
HECS-HELP - Australian Government Payments		84,225	82,787	84,225	82,787
FEE-HELP		7,438	5,525	7,438	5,525
State and Local Government financial assistance	4	8,805	8,501	8,729	8,501
HECS-HELP - Student payments		12,994	13,389	12,994	13,389
Fees and charges	5	111,952	109,751	111,952	109,751
Investment revenue	6	20,995	11,647	19,994	24,247
Royalties		470	566	368	606
Consultancy and contract research	7	29,224	25,690	29,309	25,851
Other revenue	8	11,028	23,693	10,982	16,386
Total revenue from continuing operations		551,526	503,669	550,386	509,163
Gains/(losses) on disposal of assets	9	(192)	14,910	(253)	560
Total income from continuing operations		551,334	518,579	550,133	509,723
Expenses from continuing operations					
Employee related expenses	10	304,037	282,585	302,731	277,669
Depreciation and amortisation	11	29,275	27,608	29,261	27,548
Repairs and maintenance	12	9,303	8,709	9,302	8,708
Other expenses	13	136,422	128,446	135,562	125,359
Bad and doubtful debts	14	86	354	86	354
Total expenses from continuing operations		479,123	447,702	476,942	439,638
Operating result before income tax		72,211	70,877	73,191	70,085
Income tax expense		49	539	89	119
Operating result attributable to members of University of South Australia					
	26(b)	72,162	70,338	73,102	69,966
Property, plant and equipment revaluation surplus:					
Gain/(loss) on revaluation of land and buildings	26(a)	-	34,345	-	34,345
Gain/(loss) on revaluation of available-for-sale financial assets		(1,051)	(357)	(1,051)	(357)
Gain/(loss) on revaluation of art collection		-	130	-	130
Total comprehensive income attributable to the members of the University of South Australia		71,111	104,456	72,051	104,084

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



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		Consolidated		University	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current assets					
Cash and cash equivalents	15	261,616	214,268	255,887	197,935
Receivables	16	35,422	31,071	35,453	30,942
Deferred Government superannuation contribution	31	28,600	29,000	28,600	29,000
Other non-financial assets	19	12,557	16,804	12,557	29,903
Total current assets		338,195	291,143	332,497	287,780
Non-current assets					
Other financial assets	18	6,232	6,560	10,488	7,267
Property, plant and equipment	20	716,943	662,011	716,911	661,984
Deferred tax assets		60	-	-	-
Intangible assets	21	6,980	6,251	6,980	6,251
Deferred Government superannuation contribution	31	435,900	358,300	435,900	358,300
Total non-current assets		1,166,115	1,033,122	1,170,279	1,033,802
Total assets		1,504,310	1,324,265	1,502,776	1,321,582
Current liabilities					
Trade and other payables	22	29,048	27,903	28,831	27,471
Provisions	24	17,629	16,952	17,490	16,757
Current tax liabilities		739	663	718	663
Other liabilities	25	89,651	67,222	89,705	67,317
Provision for superannuation	31	28,600	29,000	28,600	29,000
Total current liabilities		165,667	141,740	165,344	141,208
Non-current liabilities					
Trade and other payables	22	5,365	4,575	5,365	4,575
Provisions	24	41,051	34,434	41,051	34,434
Provision for superannuation	31	435,900	358,300	435,900	358,300
Total non-current liabilities		482,316	397,309	482,316	397,309
Total liabilities		647,983	539,049	647,660	538,517
Net assets		856,327	785,216	855,116	783,065
Equity					
Reserves	26(a)	159,710	160,761	159,710	160,761
Retained earnings	26(b)	696,617	624,455	695,406	622,304
Total equity		856,327	785,216	855,116	783,065

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Reserves \$'000	Consolidated Retained earnings \$'000	Total \$'000	Reserves \$'000	University Retained earnings \$'000	Total \$'000
Balance at 1 January 2010	126,643	554,117	680,760	126,643	552,338	678,981
Profit or loss	-	70,338	70,338	-	69,966	69,966
Gain/(loss) on revaluation of land and buildings	34,345	-	34,345	34,345	-	34,345
Gain/(loss) on available-for-sale financial assets	(357)	-	(357)	(357)	-	(357)
Gain/(loss) on revaluation of art collection	130	-	130	130	-	130
Balance at 31 December 2010	160,761	624,455	785,216	160,761	622,304	783,065
Balance at 1 January 2011	160,761	624,455	785,216	160,761	622,304	783,065
Profit or loss	-	72,162	72,162	-	73,102	73,102
Gain/(loss) on available-for-sale financial assets	(1,051)	-	(1,051)	(1,051)	-	(1,051)
Balance at 31 December 2011	159,710	696,617	856,327	159,710	695,406	855,116

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 2011

		Consolidated		University	
	Notes	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash flows from operating activities					
Inflows:					
Australian Government grants received	3(h)	373,489	307,804	373,489	307,804
OS-HELP (net)	3(h)	(71)	4	(71)	4
Superannuation Supplementation	3(h)	25,617	23,845	25,617	23,845
State and Local Government grants		7,858	12,222	7,782	12,222
HECS-HELP - student payments		12,994	13,389	12,994	13,389
Receipts from student fees and other customers		119,673	118,332	119,371	118,136
Dividends received		5,013	1,371	18,024	1,755
Interest received		14,297	7,673	13,400	7,584
Royalties		469	566	368	606
Consultancy and contract research		25,492	32,323	25,679	31,409
Other receipts		30,841	33,368	30,734	26,130
GST recovered / paid		9,913	5,524	9,844	5,541
Outflows:					
Payments to suppliers and employees (GST incl)		(493,833)	(457,517)	(491,345)	(448,898)
Net cash provided by / (used in) operating activities	36	131,752	98,904	145,886	99,527
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant and equipment		8	1,450	8	904
Proceeds from sale of investments		163	15,254	163	585
Outflows:					
Payments for property, plant and equipment		(83,816)	(46,174)	(83,797)	(45,895)
Payments for investments		(759)	(798)	(4,308)	(645)
Net cash provided by / (used in) investing activities		(84,404)	(30,268)	(87,934)	(45,051)
Net increase / (decrease) in cash and cash equivalents		47,348	68,636	57,952	54,476
Cash and cash equivalents at the beginning of the financial year		214,268	145,632	197,935	143,459
Cash and cash equivalents at the end of the financial year	15	261,616	214,268	255,887	197,935

Non-cash investing and financing activities - refer to note 37.

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



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1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years reported unless otherwise stated. The financial statements include separate 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 annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, requirements of the Department of Education, Employment and Workplace Relations (DEEWR) and other State / Australian Government legislative requirements.

Except where in conflict with the DEEWR requirements, the financial statements are 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.

In our opinion, the financial statements and notes of the Consolidated Entity comply with Australian Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards.

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 Australian Accounting Standards 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, long service leave provision, and valuation and depreciation of property, plant and equipment. 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 2011 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.



1. Summary of significant accounting policies (continued)

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 32.

(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. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group has no material investments in associates and therefore they are not incorporated in the financial statements (refer to Note 33).

(iii) **Joint ventures 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 34(a). The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.

(iv) **Joint venture entities**

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

Under the equity method the Group's share of the profits or losses of the entity are recognised in the Statement of Comprehensive Income, and the share of movements in reserves in the Statement of Comprehensive Income and the Statement of Changes in Equity.

Details of joint venture entities are set out in Note 34(b). The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements.

(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 Statement of Comprehensive Income.

(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 rebates and amounts collected on behalf of third parties.

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.



1. Summary of significant accounting policies (continued)

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 depreciation/amortisation and are tested annually for impairment. Assets that are subject to depreciation/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 and other highly liquid investments 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 measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are 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 Statement of Comprehensive Income in the period in which receivables are adjusted to an estimated recoverable amount (at least annually).



1. Summary of significant accounting policies (continued)

(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 available-for-sale investments revaluation surplus. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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.

(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 Statement of Comprehensive Income during the financial period in which they are incurred (refer Note 12).

Revaluation increments are credited directly to the asset revaluation surplus 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 Statement of Comprehensive Income.

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

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.

1. Summary of significant accounting policies (continued)

The last valuation was as at 31 December 2010 and was performed by 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 2010, the entire buildings portfolio was re-valued independently by 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 2011 valuation resulted in an increase of \$0.662 million (2010: decrease of \$1.363 million). The full amount of the revaluation has been recognised as a gain in the Statement of Comprehensive Income recorded within other expenses, as it partly reverses the 2010 revaluation decrease which was previously recognised 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 2010, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation surplus. The 2010 valuation resulted in an increase to the fair value of the art collection of \$0.13 million. 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. 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 Statement of Comprehensive Income 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. The Consolidated Entity has no finance leases for 2011 (2010: nil). Refer to Note 30(b) for details on operating leases.



1. Summary of significant accounting policies (continued)

(j) Depreciation

Depreciation is provided for all property, plant and equipment other than land, art collection and buildings under construction. The Consolidated Entity 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.

Assets 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 the end of each reporting period.

(k) Restrictions on assets

Land includes \$48.085 million (2010: \$48.085 million) of Crown Lands and \$21.720 million (2010: \$21.720 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 and amortisation

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is currently 7 years.

Intangibles in progress represent capitalised expenditure where the project was incomplete at balance date. The expenditure is capitalised 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, now DEEWR, the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Statement of Comprehensive Income and the Statement of Financial Position for the first time in 1998.



1. Summary of significant accounting policies (continued)

In 2009, the DEEWR Guidelines for Defined benefit obligations (Superannuation) were rewritten to align with Australian 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

An arrangement exists between the Australian Government and the South Australian State Government to share 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 1988, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position 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 31).

(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 2011 by Bruce Watson FIA, FIAA of Brett & Watson 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.



1. Summary of significant accounting policies (continued)

(iv) **Superannuation**

Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University are expensed in the Statement of Comprehensive Income. Note 31 provides details in respect of the individual schemes.

(p) **Workers' compensation**

The University is responsible for payments of workers' compensation.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2011 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 an 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 and cash equivalents and a corresponding liability is included in other liabilities (refer Note 25).

(r) **Goods and services tax (GST)**

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

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

The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Statement of Financial Position.

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

(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 2011. 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Australia	542,794	490,332	71,769	69,738	1,504,250	1,324,110
Asia	8,726	13,271	393	597	60	155
Other	6	66	-	3	-	-
Total	551,526	503,669	72,162	70,338	1,504,310	1,324,265

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.



3. Australian Government financial assistance including HECS-HELP and FEE-HELP

	Notes	Consolidated		University	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Commonwealth Grants Scheme and Other Grants	40.1				
Commonwealth Grants Scheme		152,688	143,668	152,688	143,668
Indigenous Support Program		1,008	1,096	1,008	1,096
Partnership & Participation Program		4,852	2,845	4,852	2,845
Disability Support Program		131	155	131	155
Workplace Productivity Program		-	1,581	-	1,581
Capital Development Pool		2,051	2,849	2,051	2,849
Transitional Cost Program		650	461	650	461
Diversity & Structural Adjustment Fund		1,984	2,595	1,984	2,595
Chair in Child Protection		655	1,102	655	1,102
Total Commonwealth Grants Scheme and Other Grants		164,019	156,352	164,019	156,352
(b) Higher Education Loan Programs	40.2				
HECS-HELP		84,225	82,787	84,225	82,787
FEE-HELP		7,438	5,525	7,438	5,525
Total Higher Education Loan Programs		91,663	88,312	91,663	88,312
(c) Scholarships	40.3				
Australian Postgraduate Awards		4,058	3,273	4,058	3,273
International Postgraduate Research Scholarship		419	368	419	368
Commonwealth Education Cost Scholarships		854	3,045	854	3,045
Commonwealth Accommodation Scholarships		499	23	499	23
Indigenous Access Scholarships		(8)	81	(8)	81
Total Scholarships		5,822	6,790	5,822	6,790
(d) DIISR Research	40.4				
Joint Research Engagement Scheme		7,284	6,631	7,284	6,631
Research Training Scheme		11,700	11,277	11,700	11,277
Research Infrastructure Block Grants		2,712	2,383	2,712	2,383
Implementation Assistance Program		-	71	-	71
Commercialisation Training Scheme		144	114	144	114
Sustainable Research Excellence in Universities		1,694	1,062	1,694	1,062
Total DIISR Research Grants		23,534	21,538	23,534	21,538
(e) Other Capital Funding	40.5				
Education Investment Fund		41,704	13,210	41,704	13,210
Total Other Capital Funding		41,704	13,210	41,704	13,210



3. Australian Government financial assistance including HECS-HELP and FEE-HELP (continued)

		Consolidated		University	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
	Notes				
(f) Australian Research Council	40.6				
(i) Discovery	40.6(a)				
Projects		3,989	3,549	3,989	3,549
Fellowships		1,248	307	1,248	307
Indigenous Researchers Development		4	-	4	-
Total Discovery		5,241	3,856	5,241	3,856
(ii) Linkages	40.6(b)				
Infrastructure		259	100	259	100
International		15	16	15	16
Projects		2,712	4,160	2,712	4,160
Total Linkages		2,986	4,276	2,986	4,276
(iii) Networks and Centres	40.6(c)				
Research Networks		9	230	9	230
Centres		70	69	70	69
Total Networks and Centres		79	299	79	299
Total Australian Research Council		8,306	8,431	8,306	8,431
(g) Other Australian Government financial assistance					
Indigenous Tutorial Assistance Scheme grant		227	143	227	143
Other Commonwealth grants		2,923	1,539	2,923	1,539
Other Australian Government research grants		17,860	14,117	17,860	14,117
Total Other Australian Government financial assistance		21,010	15,799	21,010	15,799
Total Australian Government financial assistance		356,058	310,432	356,058	310,432
Reconciliation					
Australian Government grants		264,395	222,120	264,395	222,120
HECS-HELP payments		84,225	82,787	84,225	82,787
FEE-HELP payments		7,438	5,525	7,438	5,525
Total Australian Government financial assistance		356,058	310,432	356,058	310,432



3. Australian Government financial assistance including HECS-HELP and FEE-HELP (continued)

Notes	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(h) Australian Government Grants received - cash basis				
CGS and Other DEEWR grants	167,370	157,538	167,370	157,538
Higher Education Loan Programs	96,827	89,218	96,827	89,218
Scholarships	7,071	6,790	7,071	6,790
DIISR Research	23,534	21,568	23,534	21,568
Other Capital Funding	37,978	6,470	37,978	6,470
ARC grants - Discovery	5,498	3,825	5,498	3,825
ARC grants - Linkages	3,782	5,678	3,782	5,678
Other Australian Government grants	31,429	16,717	31,429	16,717
Total Australian Government Grants received - cash basis	373,489	307,804	373,489	307,804
OS-HELP (Net)	(71)	4	(71)	4
Superannuation Supplementation	25,617	23,845	25,617	23,845
Total Australian Government funding received - cash basis	399,035	331,653	399,035	331,653

4. State and Local Government financial assistance

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Research grants	7,703	7,429	7,703	7,429
Other	1,102	1,072	1,026	1,072
Total State and Local Government financial assistance	8,805	8,501	8,729	8,501

5. Fees and charges

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Course fees and charges				
Continuing education	1,053	1,745	1,053	1,745
Fee-paying overseas students	88,451	89,379	88,451	89,379
Fee-paying domestic postgraduate students	5,678	2,852	5,678	2,852
Total course fees and charges	95,182	93,976	95,182	93,976
Other fees and charges				
Other fees and charges	8,896	7,799	8,896	7,799
Miscellaneous enrolment fees	6,824	7,366	6,824	7,366
Seminar/workshops	1,050	610	1,050	610
Total other fees and charges	16,770	15,775	16,770	15,775
Total fees and charges	111,952	109,751	111,952	109,751



6. Investment revenue

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Dividends and distributions	6,002	1,949	5,898	14,643
Interest	14,993	9,698	14,096	9,604
Total investment revenue	20,995	11,647	19,994	24,247

7. Consultancy and contract research

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Consultancy	5,166	4,103	5,067	4,114
Contracts	24,058	21,587	24,242	21,737
Total consultancy and contract research	29,224	25,690	29,309	25,851

8. Other revenue

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Donations and bequests	1,944	1,627	1,944	1,627
Scholarships and prizes	1,152	1,448	1,152	1,448
Other fees and charges	5,290	13,098	5,260	5,787
Other	2,642	7,520	2,626	7,524
Total other revenue	11,028	23,693	10,982	16,386

9. Gains/(losses) on disposal of assets

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Disposal of property, plant and equipment				
Proceeds from sale	8	1,450	8	904
Carrying amount of assets sold	(385)	(1,010)	(385)	(395)
Net gain/(loss) on disposal of property, plant and equipment	(377)	440	(377)	509
(b) Sale of shares				
Realised gain/(loss) on disposal of investments	185	14,470	124	51
Total of net gain/(loss) on disposal of assets	(192)	14,910	(253)	560



10. Employee related expenses

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
(a) Employee related expenses				
Academic				
Salaries	128,940	119,911	128,940	119,911
Contribution to funded superannuation and pension schemes:				
Emerging cost	856	635	856	635
Funded	18,601	17,190	18,601	17,190
Payroll tax	7,696	7,134	7,696	7,134
Workers' compensation	70	(52)	70	(52)
Long service leave	6,851	3,702	6,851	3,702
Annual leave	8,169	9,132	8,169	9,132
Total academic	171,183	157,652	171,183	157,652
Non-academic				
Salaries	98,031	93,354	96,906	89,109
Contribution to superannuation and pension schemes:				
Emerging cost	258	815	157	445
Funded	14,949	13,678	14,949	13,678
Payroll tax	6,323	6,095	6,258	5,839
Workers' compensation	551	(21)	551	(39)
Long service leave	5,260	3,068	5,239	3,049
Annual leave	7,300	7,750	7,306	7,742
Total non-academic	132,672	124,739	131,366	119,823
Total academic & non-academic employee benefits and on-costs	303,855	282,391	302,549	277,475
Council member remuneration	182	194	182	194
Total employee related expenses	304,037	282,585	302,731	277,669



10. Employee related expenses (continued)

(b) Voluntary separation packages

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

	Consolidated		University	
	2011 Number	2010 Number	2011 Number	2010 Number
Number of voluntary separation packages	15	20	15	20
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	1,034	1,333	1,034	1,333
Annual leave and long service leave entitlements paid	340	506	340	506
Total amount associated with separations	1,374	1,839	1,374	1,839

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

(c) Aggregate employee benefits liability

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

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Annual leave				
On-costs included in payables - current	2,772	2,760	2,772	2,760
On-costs included in payables - non-current	1,530	1,399	1,530	1,399
Employee benefits - current	11,733	11,731	11,680	11,662
Employee benefits - non-current	6,380	5,842	6,380	5,842
	22,415	21,732	22,362	21,663
Long service leave				
On-costs included in payables - current	543	499	543	499
On-costs included in payables - non-current	3,835	3,176	3,835	3,176
Employee benefits - current	5,025	4,678	4,939	4,552
Employee benefits - non-current	34,068	28,023	34,068	28,023
	43,471	36,376	43,385	36,250
Separations scheme				
Employee benefits - current	445	210	445	210
Total aggregate employee benefits liability	66,331	58,318	66,192	58,123



11. Depreciation and amortisation

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Depreciation				
Buildings	17,285	16,115	17,285	16,115
Leasehold improvements	627	549	627	549
Library collection	2,175	2,374	2,175	2,374
Plant and equipment	7,986	7,528	7,972	7,468
Total depreciation	28,073	26,566	28,059	26,506
Amortisation				
Intangibles	1,202	1,042	1,202	1,042
Total amortisation	1,202	1,042	1,202	1,042
Total depreciation and amortisation	29,275	27,608	29,261	27,548

12. Repairs and maintenance

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Buildings	8,184	7,668	8,183	7,668
Grounds	1,119	1,041	1,119	1,040
Total repairs and maintenance	9,303	8,709	9,302	8,708

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13. Other expenses

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	21,216	19,688	21,216	19,688
Non-capitalised equipment	5,417	4,207	5,417	4,198
Advertising, marketing and promotional expenses	6,454	6,778	6,377	6,712
Telecommunications	4,513	4,464	4,500	4,396
Travel, staff development and entertainment	19,289	18,806	19,199	18,628
External services*	39,921	36,225	39,613	35,135
IT hardware and software	10,841	7,940	10,820	7,912
Library subscriptions	3,241	3,473	3,241	3,473
Printing	1,364	1,620	1,364	1,607
Operating lease rental expenses	2,510	2,774	2,510	2,756
Bank charges, legal costs, insurance and taxes	5,442	4,354	5,109	4,327
General consumables	6,585	6,229	6,569	5,560
Other**	9,629	11,888	9,627	10,967
Total other expenses	136,422	128,446	135,562	125,359

* Included within external services for 2011 is an amount for consultants of \$1.778 million University (\$2.169 million Consolidated) exclusive of GST (2010: \$2.279 million University, \$2.621million Consolidated). This amount excludes consultant payments for the capital works program.

** Net foreign exchange losses included in other expenses for 2011 were \$0.130 million University (\$0.131 million Consolidated) (2010: \$0.409 million University and Consolidated). Impairment loss in respect of available-for-sale assets included in other expenses for 2011 was \$ nil University and Consolidated (2010: \$ nil University, \$0.414 million Consolidated).

14. Bad and doubtful debts

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	86	354	86	354
Total bad and doubtful debts	86	354	86	354

15. Cash and cash equivalents

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	13,681	6,145	9,626	6,174
Deposits	247,935	208,123	246,261	191,761
Total cash and cash equivalents	261,616	214,268	255,887	197,935



15. Cash and cash equivalents (continued)

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

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balances as per Statement of Financial Position	261,616	214,268	255,887	197,935
Balances per Statement of Cash Flows	261,616	214,268	255,887	197,935

(b) Cash at bank and on hand

During the year cash earned an average of 3.75% interest (2010: 4.25%) and the interest is credited to the University on a monthly basis.

(c) Deposits

During the year the cash deposits earned interest at a fixed rate which ranged between 5.60% and 6.34% (2010: range of 3.25% and 6.34%). These deposits had an average maturity of 172 days (2010: 140 days).

16. Receivables

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade debtors	14,747	12,195	14,785	12,066
Less: Provision for impaired receivables	(213)	(368)	(213)	(368)
	14,534	11,827	14,572	11,698
Student fees	4,007	4,035	4,007	4,035
Less: Provision for impaired receivables	(517)	(533)	(517)	(533)
	3,490	3,502	3,490	3,502
Commonwealth receivables	15,283	13,658	15,283	13,658
Other	2,115	2,084	2,108	2,084
Total receivables	35,422	31,071	35,453	30,942

(a) Impaired receivables

As at 31 December 2011 current trade receivables of the Group with a nominal value of \$0.191 million (2010: \$0.351 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 \$0.022 million (2010: \$0.017 million). The total amount of the provision for impaired trade receivables was \$0.213 million (2010: \$0.368 million).



16. Receivables (continued)

Trade receivables

The ageing analysis of impaired trade receivables is as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	140	37
Over 6 months	73	331
	<u>213</u>	<u>368</u>

As at 31 December 2011, trade receivables of \$6.103 million (2010: \$6.554 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 past due but not impaired receivables is as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Less than 3 months	4,586	5,410
3 to 6 months	1,364	590
Over 6 months	153	554
	<u>6,103</u>	<u>6,554</u>

Movements in the trade debtors provision for impaired receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
At 1 January	368	505
Provision for impairment recognised during the year	192	143
Receivables written off during the year as uncollectible	(91)	(107)
Unused amount reversed and debts collected	(256)	(173)
At 31 December	<u>213</u>	<u>368</u>



16. Receivables (continued)

Student receivables

As at 31 December 2011, student receivables of \$3.204 million (2010: \$3.171 million) were past due but not impaired:

	Consolidated	
	2011	2010
	\$'000	\$'000
The ageing analysis of these receivables is as follows:		
Less than 3 months	215	504
3 to 6 months	2,522	2,205
Over 6 months	467	462
At 31 December	<u>3,204</u>	<u>3,171</u>

Movements in the student fees provision for impaired receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
At 1 January	533	576
Provision for impairment recognised during the year	353	314
Receivables written off during the year as uncollectible	(363)	(288)
Unused amount reversed and debts collected	(6)	(69)
At 31 December	<u>517</u>	<u>533</u>

The creation and release of the provision for impaired receivables has been included in 'Bad and doubtful debts expense' in the Statement of Comprehensive Income. 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 receivables are denominated in Australian Dollars.

(c) Fair value and credit risk

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



17. Investments accounted for using the equity method

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.

18. Other financial assets

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Non-current				
Shares in subsidiaries (Note 32)	-	-	5,730	1,730
Available-for-sale financial assets	6,232	6,560	4,758	5,537
Total other financial assets	6,232	6,560	10,488	7,267

19. Other non-financial assets

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	8,564	8,136	8,564	8,120
Accrued income	3,993	8,668	3,993	21,783
Total other non-financial assets	12,557	16,804	12,557	29,903

20. Property, plant and equipment

Consolidated	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2010									
- 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
Year ended 31 December 2010									
Opening net book amount	19,086	93,887	448,828	30,621	-	1,538	15,654	1,361	610,975
Revaluation	-	19,455	14,890	-	-	-	(1,363)	130	33,112
Additions	30,012	1,558	706	6,244	4,513	-	2,424	44	45,501
Disposals	-	-	(341)	(615)	-	(5)	(50)	-	(1,011)
Reclassifications	(27,632)	-	24,908	551	-	2,173	-	-	-
Depreciation charge	-	-	(16,115)	(7,528)	-	(549)	(2,374)	-	(26,566)
Closing net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011
At 31 December 2010									
- Cost	21,466	-	-	63,016	4,513	5,525	-	-	94,520
- Valuation	-	114,900	909,164	-	-	-	25,211	1,535	1,050,810
Accumulated depreciation	-	-	(436,288)	(33,743)	-	(2,368)	(10,920)	-	(483,319)
Net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011
Year Ended 31 December 2011									
Opening net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011
Revaluation	-	-	-	-	-	-	662	-	662
Additions	53,742	11,396	1,666	11,464	1,412	-	3,010	31	82,721
Disposals	-	-	-	(369)	-	-	(9)	-	(378)
Reclassifications	(63,758)	-	63,346	4,553	(4,180)	39	-	-	-
Depreciation charge	-	-	(17,285)	(7,986)	-	(627)	(2,175)	-	(28,073)
Closing net book amount	11,450	126,296	520,603	36,935	1,745	2,569	15,779	1,566	716,943
At 31 December 2011									
- Cost	11,450	11,396	65,012	73,353	1,745	5,564	-	31	168,551
- Valuation	-	114,900	909,164	-	-	-	27,060	1,535	1,052,659
Accumulated depreciation	-	-	(453,573)	(36,418)	-	(2,995)	(11,281)	-	(504,267)
Net book amount	11,450	126,296	520,603	36,935	1,745	2,569	15,779	1,566	716,943



20. Property, plant and equipment (continued)

University	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2010									
- 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
Year ended 31 December 2010									
Opening net book amount	19,086	93,887	448,755	30,270	-	1,538	15,654	1,361	610,551
Revaluation	-	19,455	14,890	-	-	-	(1,363)	130	33,112
Additions	30,012	1,558	438	6,233	4,513	-	2,424	44	45,222
Disposals	-	-	-	(340)	-	(5)	(50)	-	(395)
Reclassifications	(27,632)	-	24,908	551	-	2,173	-	-	-
Depreciation charge	-	-	(16,115)	(7,468)	-	(549)	(2,374)	-	(26,506)
Closing net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984
At 31 December 2010									
- Cost	21,466	-	-	62,672	4,513	5,525	-	-	94,176
- Valuation	-	114,900	909,164	-	-	-	25,211	1,535	1,050,810
Accumulated depreciation	-	-	(436,288)	(33,426)	-	(2,368)	(10,920)	-	(483,002)
Net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984
Year ended 31 December 2011									
Opening net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984
Revaluation	-	-	-	-	-	-	662	-	662
Additions	53,742	11,396	1,666	11,445	1,412	-	3,010	31	82,702
Disposals	-	-	-	(369)	-	-	(9)	-	(378)
Reclassifications	(63,758)	-	63,346	4,553	(4,180)	39	-	-	-
Depreciation charge	-	-	(17,285)	(7,972)	-	(627)	(2,175)	-	(28,059)
Closing net book amount	11,450	126,296	520,603	36,903	1,745	2,569	15,779	1,566	716,911
At 31 December 2011									
- Cost	11,450	11,396	65,012	72,989	1,745	5,564	-	31	168,187
- Valuation	-	114,900	909,164	-	-	-	27,060	1,535	1,052,659
Accumulated depreciation	-	-	(453,573)	(36,086)	-	(2,995)	(11,281)	-	(503,935)
Net book amount	11,450	126,296	520,603	36,903	1,745	2,569	15,779	1,566	716,911



21. Intangible assets

Consolidated

At 1 January 2010

	Intangibles in progress \$'000	Intangibles \$'000	Total \$'000
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553

Year Ended 31 December 2010

Opening net book amount	891	4,662	5,553
Additions	1,740	-	1,740
Reclassifications	(809)	809	-
Amortisation charge	-	(1,042)	(1,042)
Closing net book amount	1,822	4,429	6,251

At 31 December 2010

Cost	1,822	6,792	8,614
Accumulated amortisation	-	(2,363)	(2,363)
Net book amount	1,822	4,429	6,251

Year Ended 31 December 2011

Opening net book amount	1,822	4,429	6,251
Additions	1,938	-	1,938
Disposals	-	(7)	(7)
Reclassifications	(3,365)	3,365	-
Amortisation charge	-	(1,202)	(1,202)
Closing net book amount	395	6,585	6,980

At 31 December 2011

Cost	395	10,114	10,509
Accumulated amortisation	-	(3,529)	(3,529)
Net book amount	395	6,585	6,980



21. Intangible assets (continued)

University	Intangibles in progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2010			
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553
Year Ended 31 December 2010			
Opening net book amount	891	4,662	5,553
Additions	1,740	-	1,740
Reclassifications	(809)	809	-
Amortisation charges	-	(1,042)	(1,042)
Closing net book amount	1,822	4,429	6,251
At 31 December 2010			
Cost	1,822	6,792	8,614
Accumulated amortisation	-	(2,363)	(2,363)
Net book amount	1,822	4,429	6,251
Year Ended 31 December 2011			
Opening net book amount	1,822	4,429	6,251
Additions	1,938	-	1,938
Disposals	-	(7)	(7)
Reclassifications	(3,365)	3,365	-
Amortisation charge	-	(1,202)	(1,202)
Closing net book amount	395	6,585	6,980
At 31 December 2011			
Cost	395	10,114	10,509
Accumulated amortisation	-	(3,529)	(3,529)
Net book amount	395	6,585	6,980



22. Payables

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	18,324	17,951	18,107	17,519
Accrued salaries	7,409	6,693	7,409	6,693
Annual leave on-costs	2,772	2,760	2,772	2,760
Long service leave on-costs	543	499	543	499
Total current payables	29,048	27,903	28,831	27,471
Non-current				
Annual leave on-costs	1,530	1,399	1,530	1,399
Long service leave on-costs	3,835	3,176	3,835	3,176
Total non-current payables	5,365	4,575	5,365	4,575
Total payables	34,413	32,478	34,196	32,046

(a) Foreign exchange and interest rate risk

The carrying amounts of the Group and the University's payables are denominated in Australian Dollars.



23. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility with National Australia Bank (NAB)	8,000	8,000	8,000	8,000
Credit card facility with American Express (Amex)	1,380	1,530	1,380	1,530
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	500	500	500
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
	20,180	20,330	20,180	20,330
Used at balance date				
Credit card facility with NAB	7	1,052	7	1,052
Credit card facility with Amex	453	323	453	323
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	-	-	-	-
Bank Guarantee	3,677	1,423	3,677	1,423
	4,137	2,798	4,137	2,798
Unused at balance date				
Credit card facility with NAB	7,993	6,948	7,993	6,948
Credit card facility with Amex	927	1,207	927	1,207
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	500	500	500
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	1,423	3,677	1,423	3,677
	16,043	17,532	16,043	17,532
Bank loan facilities				
NAB facilities	-	35,000	-	35,000
Total facilities	-	35,000	-	35,000
Used at balance date	-	-	-	-
Unused at balance date	-	35,000	-	35,000



24. Provisions

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	11,733	11,731	11,680	11,662
Long service leave	5,025	4,678	4,939	4,552
Separation scheme	445	210	445	210
Workers' compensation liability	426	333	426	333
Total current provisions	17,629	16,952	17,490	16,757
Non-current				
Annual leave	6,380	5,842	6,380	5,842
Long service leave	34,068	28,023	34,068	28,023
Workers' compensation liability	603	569	603	569
Total non-current provisions	41,051	34,434	41,051	34,434
Total provisions	58,680	51,386	58,541	51,191

Movements in the Workers' compensation liability are set out below:

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	902	1,679	902	1,679
Additional provisions recognised	403	412	403	412
Amounts used	(259)	(711)	(259)	(711)
Unused amounts reversed	(40)	(401)	(40)	(401)
Increase/(decrease) in discounted amount	23	(77)	23	(77)
Carrying amount at end of year	1,029	902	1,029	902

25. Other liabilities

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	29,332	17,676	29,332	17,676
Income in advance on incomplete projects	956	4,827	956	4,827
Fees and charges	9,286	11,598	9,286	11,598
Cwth and State Government Grants	47,315	31,421	47,315	31,421
Other	2,762	1,700	2,816	1,795
Total other liabilities	89,651	67,222	89,705	67,317



26. Reserves and retained earnings

	Consolidated		University	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
(a) Reserves				
Property, plant and equipment revaluation surplus				
Land and buildings	158,839	158,839	158,839	158,839
Art collection	424	424	424	424
Library	-	-	-	-
	159,263	159,263	159,263	159,263
Available-for-sale investments revaluation surplus	447	1,498	447	1,498
	159,710	160,761	159,710	160,761
Movements				
Property, plant and equipment revaluation reserve				
<i>Land and buildings</i>				
Balance 1 January	158,839	124,494	158,839	124,494
Asset revaluation increment	-	34,345	-	34,345
Balance 31 December	158,839	158,839	158,839	158,839
<i>Art Collection</i>				
Balance 1 January	424	294	424	294
Asset revaluation increment	-	130	-	130
Balance 31 December	424	424	424	424
Available-for-sale investments revaluation surplus				
Balance 1 January	1,498	1,855	1,498	1,855
Asset revaluation decrement	(1,051)	(357)	(1,051)	(357)
Total available-for-sale investments revaluation surplus	447	1,498	447	1,498
(b) Retained earnings				
Retained earnings at 1 January	624,455	554,117	622,304	552,338
Operating result for the period	72,162	70,338	73,102	69,966
Retained earnings at 31 December	696,617	624,455	695,406	622,304
(c) Nature and purpose of reserves				

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



27. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2011 year. Council members include University employees who may be ex-officio members or elected staff members.

2011 Council members

Dr Ian Gould AM, Chancellor

Professor Peter Høj, Vice Chancellor and President

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Ms Pauline Carr

Mr William Cossey AM

Ms Melissa Davies (term commenced 1 January 2011, term completed 31 December 2011)

Professor Drew Dawson

Ms Tanya Hosch

Mr Bruce Linn

Mr Jim McDowell (resigned 31 August 2011)

Mr Ian McLachlan (leave of absence 17 March 2011 to 13 April 2011) (resigned 14 April 2011)

Ms Paula Nagel

Professor Leanna Read (term commenced 15 December 2011)

Professor Rick Sarre (term commenced 1 January 2011)

Mr John Anthony Sy (term commenced 1 January 2011, term completed 31 December 2011)

Ms Bronwen Webb (term completed on 31 December 2011)

Directorships held by Council members during the 2011 year in subsidiaries and associates of the University

Mr Bruce Linn, ITEK Pty Ltd, ITEK Ventures Pty Ltd (1 December 2011 to 31 December 2011) and SABRENet Ltd.

Mr Ian McLachlan, ITEK Pty Ltd (1 January 2011 to 13 April 2011)



27. Key management personnel disclosures (continued)

(b) Remuneration of University Council members, directors of subsidiary companies and executive officers

	Consolidated		University	
	2011 Number	2010 Number	2011 Number	2010 Number
Remuneration of Council members				
Nil	5	7	5	7
\$1 to \$9,999	3	-	3	-
\$10,000 to \$19,999	7	8	7	8
\$20,000 to \$29,999	-	-	1	2
\$40,000 to \$49,999	1	1	-	-
\$50,000 to \$59,999	1	2	1	1
	17	18	17	18

The remuneration received and receivable by Council members for their services as Council members was \$181,984 (2010: \$194,400). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$206,984 (2010: \$255,067).

	Consolidated		University	
	2011 Number	2010 Number	2011 Number	2010 Number
Remuneration of executive officers				
\$100,000 to \$109,999	1	-	1	-
\$150,000 to \$159,999*	-	1	-	1
\$180,000 to \$189,999	-	1	-	1
\$240,000 to \$249,999	1	-	1	-
\$270,000 to \$279,999	1	1	1	1
\$290,000 to \$299,999	-	2	-	2
\$310,000 to \$319,999	1	1	1	1
\$320,000 to \$329,999	2	-	2	-
\$340,000 to \$349,999*	-	2	-	2
\$350,000 to \$359,999	1	1	1	1
\$370,000 to \$379,999	1	-	1	-
\$410,000 to \$419,999	-	1	-	1
\$420,000 to \$429,999	1	-	1	-
\$690,000 to \$699,999	-	1	-	1
\$940,000 to \$949,999#	1	-	1	-
	10	11	10	11

* includes leave paid on termination.

includes deferred performance compensation relating to prior years which required completion of a service period.

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27. Key management personnel disclosures (continued)

(b) Remuneration of University Council members, directors of subsidiary companies and executive officers (continued)

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

(c) Executive Officers' compensation

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Short-term employee benefits	3,300	3,061	3,300	3,061
Post-employment benefits	474	485	474	485
Other long-term benefits	-	104	-	104
Termination benefits	-	124	-	124
	3,774	3,774	3,774	3,774

(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.

28. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assurance services				
Audit services:				
Fees paid to Auditor-General's Department:				
Audit of financial reports and other audit work	254	248	254	248
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the Consolidated Entity	18	10	-	-
Total remuneration for audit services	272	258	254	248



29. Contingencies

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETAPE) on 20 February 1997 to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of \$0.680 million is to be repaid on a pro rata basis reducing to zero after 21 years. As at 31 December 2011 this contingent liability reduced to \$0.334 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 2011 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.



30. Commitments

(a) Capital commitments

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

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Property, plant and equipment				
Within one year	9,232	30,066	9,232	30,066
Later than one year but not later than five years	3,670	3,850	3,670	3,850
	12,902	33,916	12,902	33,916

(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 Statement of Comprehensive Income 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:

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Within one year	3,127	2,602	3,127	2,602
Later than one year but not later than five years	4,240	4,296	4,240	4,296
Later than five years	86	86	86	86
	7,453	6,984	7,453	6,984

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:

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Within one year	3,591	6,148	3,591	6,148
Later than one year but not later than five years	6,160	5,293	6,160	5,293
Later than five years	2,193	1,635	2,193	1,635
	11,944	13,076	11,944	13,076

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31. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) Superannuation plan

A number of present and past employees of the University and its predecessor institutions are members of the South Australian Superannuation Schemes. This scheme is administered by Super SA on behalf of the South Australian Superannuation Board (the Board) which is responsible for managing this scheme. The funds are managed by the specialist investment manager, Superannuation Funds Management Corporation of South Australia (Funds SA).

Under this scheme, benefits are paid as a continuing pension or lump sum to members eligible to claim their entitlement. The Pension Scheme is a defined benefit scheme where member benefits are calculated as a percentage of final salary. Benefits are generally payable fortnightly and are indexed by Consumer Price Index (CPI). The Lump Sum Scheme is part accumulation and part defined benefit where member basic entitlements represent a refund of the member's contributions with investment returns plus a defined multiple of final salary.

Under current arrangements, Super SA pays eligible members their benefit 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 under the Commonwealth State Agreement. The Agreement provides that the employer component of the superannuation benefits payable to former employees of the University who were members of one of the main State Schemes, be shared.

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by Brett and Watson Pty Ltd as at 31 December 2011. The actuarial valuation was based on 30 June 2011 membership data which was projected to 31 December 2011. The University's present value of the defined benefit obligations was assessed to be \$491.1 million (2010: \$413.8 million).

The University's liability under the scheme has been partly funded by an amount of \$26.6 million (2010: \$26.5 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$464.5 million (2010: \$387.3 million).

	2011 \$'000	2010 \$'000
Defined benefit obligations		
Present value obligations	491,100	413,800
Present value of plan assets	26,600	26,500
Total liability	464,500	387,300

The net unfunded amount of \$464.5 million (2010: \$387.3 million) 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 Brett and Watson Pty Ltd in determining the University's liability were:

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2010: 2.5%)
- Short term rate of increase in the Consumer Price Index (CPI) 4.0% in first year, 3.0% in second year
- Rate of salary increases 4.0% per annum (2010: 4.0%)
- Discount Rate 4.1% per annum (2010: 5.7%)
- Return of Fund assets 7.0% per annum (2010: 7.0%)

These rates provide for a 1.5% real gap between CPI and salary increases and a further 3.0% real gap between salary increases and investment earnings.

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31. 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 \$26.229 million (2010: \$24.693 million) are offset by \$26.229 million (2010: \$24.693 million) Commonwealth Revenue. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program these costs have been offset and have a nil balance in the Statement of Comprehensive Income.

Note 40(8) contains details regarding payments made to Super SA and revenue received from the Commonwealth Government.

	2011 \$'000	2010 \$'000
Defined benefit obligations		
Current provision for superannuation	28,600	29,000
Non-current provision for superannuation	435,900	358,300
Total liability	464,500	387,300
Reimbursement rights		
Current deferred Government superannuation contribution	28,600	29,000
Non-current deferred Government superannuation contribution	435,900	358,300
Total asset	464,500	387,300
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 Defined Benefit Division (DBD) Superannuation Fund (the Fund) is managed by a corporate trustee, UniSuper Limited, which has delegated the day-to-day administration of the Fund to a wholly owned subsidiary company, UniSuper Management Pty Ltd. The executive management of UniSuper Management Pty Ltd reports to the Boards of UniSuper Limited and UniSuper Management Pty Ltd.

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 (b) now state that if "the Trustee still considers that UniSuper is or may be insufficient to provide the benefits payable under the Deed, the Trustee must reduce the benefits (including benefits in the course of payment) payable under Division A and Division B on a fair and equitable basis."

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31. Superannuation plans (continued)

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 funds and the actuarial risk and investment risk fall on the employee.

Following the 31 December 2008 actuarial investigation, the Trustee invoked Clause 34 of the UniSuper Trust Deed in June 2009. This requires UniSuper to closely monitor the DBD over a 4 year period ending 31 December 2012. This action is designed to protect the long-term financial stability of the DBD and to enable the Trustee to properly manage the assets of all DBD members for the future.

As at 30 June 2011 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$906.5 million (2010: \$1,217.0 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 indexed pensions being provided by the DBD.
- \$426.7 million in excess (2010: \$312.0 million in deficiency) of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and 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 Pty Ltd using the actuarial demographic assumptions outlined in their report dated 9 November 2011 on the actuarial investigation of the DBD as at 30 June 2011. 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 short term (2 years)	5.00% p.a.	5.00% 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.

At 30 June 2011 the Vested Benefit Index (VBI) was 92.2% and the Accrued Benefit Index (ABI) was 104.2%. As the VBI was below 100%, the Defined Benefit Division as at 30 June 2011 is therefore in an "unsatisfactory financial position" as defined by Superannuation Industry (Supervision) Act 1993 Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'.

The actuarial review of the DBD as at 30 June 2011 indicated that the financial health of the DBD has deteriorated since the previous review in 2008. Consequently the Trustee Board has now triggered a new four year monitoring period ending 30 June 2015. This means that benefit reductions could be considered at the end of either or both the 31 December 2012 and the 30 June 2015 monitoring periods if the funding level of the DBD continues to be insufficient.

The actuary currently believes, in respect of the long term financial condition of the Fund, that assets as at 30 June 2011, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions.



31. Superannuation plans (continued)

(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 \$22.360 million (2010: \$20.543 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$11.152 million (2010: \$10.292 million) in respect of Accum 1.

32. 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	
		2011 %	2010 %
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100
(c) ITEK Ventures Pty Ltd	Australia	100	nil
(d) UniSA Health Pty Ltd	Australia	100	nil

(a) ITEK Pty Ltd (ITEK)

ITEK Pty Ltd was formed on 1 July 1999 and is the trustee for the ITEK Trust. The ITEK Trust provided the University with business incubation and technology commercialisation services. Its role was 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.

ITEK Pty Ltd had a 100% interest in GTA Pty Ltd as trustee for the GTA Trust. During 2010 the business previously conducted through the GTA Trust was sold.

In October 2011, the University's Council approved moving the Trusts operations to a for-profit company structure. An Asset Sale Agreement was executed and became effective on 1 December 2011 transferring investment assets, plant and equipment and employee liabilities of the Trust to the newly incorporated for-profit entity, ITEK Ventures Pty Ltd.

2011



32. Subsidiaries (continued)

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

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2011 and no transactions over the reporting period. 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.

(c) ITEK Ventures Pty Ltd

ITEK Ventures Pty Ltd was incorporated on 15 November 2011 and is wholly owned by the University. The University was allotted four million Ordinary Shares, issued at \$1.00 per share.

ITEK Ventures Pty Ltd provides the University with business incubation and technology commercialisation services. Its 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.

(d) UniSA Health Pty Ltd

UniSA Health Pty Ltd was incorporated on 13 September 2011 and is wholly owned by the University. The University was allotted ten Ordinary Shares, issued at \$1.00 per share.

The core business of UniSA Health Pty Ltd will initially be to contribute to quality teaching through the provision of placements to undergraduate and postgraduate students through a private clinic and to provide high quality patient care and health prevention/promotion to UniSA staff and students.

No material transactions have occurred in UniSA Health.

33. Investments in associates

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

SABRENet Ltd (SABRENet)

SABRENet Ltd is incorporated in Australia and was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the ATO as a tax exempt entity. The founding members are the three South Australian universities and the South Australian Government, while the Defence Science and Technology Organisation (DSTO) is a contractual partner.

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. Consequently the University's interest in SABRENet has not been recognised in the accounts on an equity basis.



34. Interests in joint ventures

(a) Joint venture operations

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

Entity	Reporting date	Ownership interest	
		2011 %	2010 %
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) e-Research SA	31 Dec	33.00%	33.00%
(iii) SA node of the Australian National Fabrication Facility (ANFF)	30 Jun	0.00%	0.00%

(i) **Mawson Centre Building**

The University, the City of Salisbury, the Land Management Corporation, Delfin Lend Lease and the Department of Education and Child Development (DECD) entered into an agreement in 2003 to design, develop, construct and 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 2010 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2011 is \$7.160 million (2010: \$7.328 million) which is included in Buildings.

(ii) **e-Research SA (formerly South Australian Partnership for Advanced Computing (SAPAC))**

e-Research 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 33% share of this joint venture has not been included in the consolidated report as this is immaterial to the University's activities.

(iii) **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.



34. Interests in joint ventures (continued)

(b) Joint venture entities

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

Entity	Reporting date	Ownership interest 2011 %	2010 %
(i) Australian Centre for Community Ageing	30 Jun	25.00%	25.00%
(ii) Co-operative Research Centre for Integrated Engineering Asset Management	30 Jun	12.27%	12.27%
(iii) Co-operative Research Centre for Irrigation Futures	30 Jun	0.00%	0.00%
(iv) Co-operative Research Centre for Sustainable Tourism Pty Ltd	30 Jun	0.00%	0.00%
(v) Desert Knowledge Co-operative Research Centre	30 Jun	0.00%	0.00%
(vi) South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33%	33.33%
(vii) Spencer Gulf Rural Health School	31 Dec	0.00%	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	8.90%	5.00%
(x) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	22.76%	22.76%
(xi) Co-operative Research Centre for Polymers	30 Jun	1.67%	1.97%
(xii) Co-operative Research Centre for Rail Innovation	30 Jun	9.66%	10.60%
(xiii) Australian Seafood Co-operative Research Centre	30 Jun	1.06%	1.06%
(xiv) Australian Synchrotron	30 Jun	1.00%	1.00%
(xv) Defence Systems Innovation Centre	30 Jun	33.33%	50.00%
(xvi) The Co-operative Research Centre for Remote Economic Participation	30 Jun	7.82%	8.74%
(xvii) Australian Centre for Plant Functional Genomics	31 Dec	1.10%	1.10%
(xviii) The Co-operative Research Centre for Wound Management	30 Jun	8.61%	0.00%

(i) *Australian Centre for Community Ageing (ACCA)*

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.

and



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

The CIEAM is a national co-operative research centre which involves a multidisciplinary team of Australia's leading researchers in engineering, IT, business and humanities, and six major industry partners in a novel, co-ordinated 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) ***Co-operative Research Centre for Irrigation Futures (CRCIF)***

The CRCIF was a national co-operative research centre. Its goals were to double profitability and halve water use of Australian irrigation and also intended to define and promote sustainable irrigation areas and practices. This joint venture came to an end as at 30 June 2010.

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

The CRCST was a national co-operative research centre which focused on delivering innovations and strategic knowledge to business, community and government to enhance the environmental, economic and social sustainability of tourism. This joint venture came to an end as at 30 June 2010.

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

The DK-CRC was a national co-operative research centre and brokerage institution that linked researchers with 27 partners. Its purpose was 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. Funding received by DK-CRC came to an end on 30 June 2010.

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

The SACITT brings together the three universities of South Australia 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 co-ordinate future IT&T research demands by South Australian 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) ***Spencer Gulf Rural Health School (SGRHS)***

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 objective of the Centre was to improve access to appropriate health care services for rural and remote communities. The term of the joint venture agreement came to an end in June 2011.

(viii) ***South Australian Tertiary Admissions Centre (SATAC)***

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.

34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

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

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 organisation providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air.

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

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

(xii) ***Co-operative Research Centre for Rail Innovation (CRC 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 Co-operative Research Centre (Australian Seafood CRC)***

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 \$150 million 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 to leading-edge R&D and is a hub for research that will greatly benefit Australia and our regional neighbours.

(xv) ***Defence Systems Innovation Centre (DSIC)***

DSIC is an unincorporated joint venture between the University of South Australia and The University of Adelaide. Its purpose is to deliver joint projects, contractual based studies, consultancies, post-graduate courses, and an in-house research program focused on collaborative projects of direct relevance to the defence community. During 2011 The University of New South Wales joined DSIC which saw the University's ownership interest decrease from 50.00% to 33.33%.



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

(xvi) *Co-operative Research Centre for Remote Economic Participation (CRC-REP)*

The CRC-REP delivers solutions to the economically disadvantaged in remote Australia. The CRC-REP will systemically investigate and provide practical responses to the complex issues that drive economic participation in Australia's remote regions.

(xvii) *Australian Centre for Plant Functional Genomics (ACPFG)*

The ACPFG focuses on improving wheat and barley's tolerance to environmental stresses such as drought, heat, salinity and nutrient toxicities. ACPFG research is helping to ensure Australia maintains its competitive position in cereal production.

(xviii) *Co-operative Research Centre for Wound Management*

The CRC for Wound Management focuses on developing strategies, diagnostics and treatments to accelerate healing, prevent wound infection and reduce scar development in acute wounds. It will improve knowledge of key factors underlying chronic wound development, healing and effective care.

35. 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.

36. Reconciliation of operating result after income tax to net cash inflows from operating activities

Notes	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Operating result for the period	72,162	70,338	73,102	69,966
Add/(less) items classified as investing activities:				
Net (gain)/loss on sale of non-current assets	377	(440)	377	(509)
Add/(less) non-cash items:				
Depreciation and amortisation	29,275	27,608	29,261	27,548
Non-cash donations	(629)	(306)	(629)	(306)
Capital assets accrual	28	(765)	(32)	(765)
Library collection revaluation	(662)	1,363	(662)	1,363
Net (gain)/loss on sale of available-for-sale financial assets	(185)	(14,470)	(124)	(51)
Fair value gains on other financial assets at fair value through profit or loss	(185)	414	(185)	-
Change in operating assets and liabilities:				
(Increase)/decrease in receivables	(4,351)	(3,803)	(4,511)	(4,879)
(Increase)/decrease in other assets	4,187	(6,831)	17,346	(19,192)
Increase/(decrease) in payables	1,936	(2,366)	2,150	(2,175)
Increase/(decrease) in other liabilities	22,505	25,956	22,443	25,978
Increase/(decrease) in provisions	7,294	2,206	7,350	2,549
Net cash provided by / (used in) operating activities	131,752	98,904	145,886	99,527



37. Non-cash investing and financing activities

	Consolidated		University	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Donations of works of art and library materials	629	306	629	306
	629	306	629	306

38. Assets and liabilities of trusts for which the University is custodian

During the year the University was custodian for the Donald Dyer Scholarship Fund and Irene & David Davy Scholarship Fund.



39. 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 2011 the University held nil reportable USD (2010: USD\$2.018 million (AUD\$1.986 million)) in an Australian bank account and MYR\$0.194 million (AUD\$0.060 million)(2010: MYR\$0.486 million (AUD\$0.155 million)) in an offshore bank account.

During 2011 the University entered into 2 hedging contracts totalling USD\$3.500 million (AUD \$3.188 million) to mitigate foreign exchange risk for probable forecasted transactions in foreign currencies therefore classified as a fair value hedge. The fair value is recorded as a net receivable amount of AUD\$0.056 million.

(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 University no longer holds a bill facility with the NAB due to the high available cash balance.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to holds 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 Statement of Financial Position 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.

2011



39. Financial risk management (continued)

(c) Liquidity risk

The University maintained a \$35.0 million bill facility with the NAB which was a drawdown facility, available to 31 October 2011. The University did not enter into a new facility.

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

	Average Interest Rate %	Less than 1 Year \$'000	1 to 5 Years \$'000	5+ Years \$'000	Non interest bearing \$'000	Total \$'000
2011						
Financial assets						
Cash assets	5.70%	261,616	-	-	-	261,616
Receivables		-	-	-	35,422	35,422
Other financial assets		-	-	-	6,232	6,232
Accrued income		-	-	-	3,993	3,993
Total financial assets		261,616	-	-	45,647	307,263
Financial liabilities						
Payables		-	-	-	34,414	34,414
Other		-	-	-	2,762	2,762
Funds held on behalf of external entities		-	-	-	29,332	29,332
Total financial liabilities		-	-	-	66,508	66,508
2010						
Financial assets						
Cash assets	5.14%	214,268	-	-	-	214,268
Receivables		-	-	-	31,071	31,071
Other financial assets		-	-	-	6,560	6,560
Accrued income		-	-	-	8,668	8,668
Total financial assets		214,268	-	-	46,299	260,567
Financial liabilities						
Payables		-	-	-	32,478	32,478
Other		-	-	-	1,700	1,700
Funds held on behalf of external entities		-	-	-	17,676	17,676
Total financial liabilities		-	-	-	51,854	51,854

(d) Fair value estimation

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



40. Acquittal of Australian Government financial assistance

40.1 Commonwealth Grants Scheme and other Grants

	Commonwealth Grants Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Workplace Productivity Program		Learning & Teaching Performance Fund		Capital Development Pool	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	156,126	146,751	1,008	1,096	4,852	2,845	131	155	-	1,581	-	-	2,051	2,849
Net accrual adjustments	(3,438)	(3,083)	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	152,688	143,668	1,008	1,096	4,852	2,845	131	155	-	1,581	-	-	2,051	2,849
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus / (deficit) from the previous year	-	-	-	-	602	-	462	494	-	-	-	432	2,868	19
Total revenue including accrued revenue	152,688	143,668	1,008	1,096	5,454	2,845	593	649	-	1,581	-	432	4,919	2,868
Less expenses including accrued expenses	(152,688)	(143,668)	(1,008)	(1,096)	(4,778)	(2,243)	(199)	(187)	-	(1,581)	-	(432)	(19)	-
Surplus / (deficit) for reporting period	-	-	-	-	676	602	394	462	-	-	-	-	4,900	2,868

40. Acquittal of Australian Government financial assistance (continued)

40.1 Commonwealth Grants Scheme and other Grants (continued)

	Transitional Cost Program		Diversity and Structural Adjustment Fund		Chair in Child Protection		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assistance received in cash during the reporting period	535	557	1,520	575	1,147	1,129	167,370	157,538
Net accrual adjustments	115	(96)	464	2,020	(492)	(27)	(3,351)	(1,186)
Revenue for the period	650	461	1,984	2,595	655	1,102	164,019	156,352
Movement in deferred income	-	-	(464)	(2,020)	492	27	28	(1,993)
Surplus / (deficit) from the previous year	-	-	8,685	10,768	717	687	13,334	12,400
Total revenue including accrued revenue	650	461	10,205	11,343	1,864	1,816	177,381	166,759
Less expenses including accrued expenses	(650)	(461)	(1,921)	(2,658)	(658)	(1,099)	(161,921)	(153,425)
Surplus / (deficit) for reporting period	-	-	8,284	8,685	1,206	717	15,460	13,334



40. Acquitment of Australian Government financial assistance (continued)

40.2 Higher Education Loan Programs (excl OS-HELP)

	HECS-HELP (Australian Government payments only)		FEE-HELP		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

Financial assistance received in cash
during the reporting period
Net accrual adjustments
Revenue for the period

89,382	81,798	7,445	7,420	96,827	89,218
(5,157)	989	-	(1,895)	(5,157)	(906)
<u>84,225</u>	<u>82,787</u>	<u>7,445</u>	<u>5,525</u>	<u>91,670</u>	<u>88,312</u>

Surplus / (deficit) from the previous year
Total revenue including accrued
revenue
Less expenses including accrued
expenses
Surplus / (deficit) for reporting period

-	-	-	-	-	-
84,225	82,787	7,445	5,525	91,670	88,312
<u>(84,225)</u>	<u>(82,787)</u>	<u>(7,445)</u>	<u>(5,525)</u>	<u>(91,670)</u>	<u>(88,312)</u>
-	-	-	-	-	-



40. Acquitall of Australian Government financial assistance (continued)

40.3 Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarship		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assistance received in cash during the reporting period	4,058	3,273	419	368	1,665	3,045	937	23	(8)	81	-	-	7,071	6,790
Net accrual adjustments	-	-	-	-	(811)	-	(438)	-	-	-	-	-	(1,249)	-
Revenue for the period	4,058	3,273	419	368	854	3,045	499	23	(8)	81	-	-	5,822	6,790
Movement in deferred income	-	-	-	-	811	-	438	-	-	-	-	-	1,249	-
Surplus / (deficit) from the previous year	738	441	-	-	43	35	329	35	29	12	12	16	1,151	539
Total revenue including accrued revenue	4,796	3,714	419	368	1,708	3,080	1,266	58	21	93	12	16	8,222	7,329
Less expenses including accrued expenses	(3,945)	(2,976)	(419)	(368)	(730)	(3,037)	(874)	271	(21)	(64)	-	(4)	(5,989)	(6,178)
Surplus / (deficit) for reporting period	851	738	-	-	978	43	392	329	-	29	12	12	2,233	1,151



40. Acquittal of Australian Government financial assistance (continued)

40.4 DIISR Research

	Joint Research Engagement Scheme		Research Training Scheme		Infrastructure Grants		Research Block		Implementation Assistance Programme		Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	
Financial assistance received in cash during the reporting period	7,284	6,631	11,700	11,277	2,712	2,383	-	-	-	71	144	114	1,694	1,092	21,568
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	7,284	6,631	11,700	11,277	2,712	2,383	-	-	-	71	144	114	1,694	1,092	21,568
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	5	150	74	-	-	79
Total revenue including accrued revenue	7,284	6,631	11,700	11,277	2,712	2,383	-	-	-	76	294	188	1,694	1,092	21,647
Less expenses including accrued expenses	(7,284)	(6,631)	(11,700)	(11,277)	(2,712)	(2,383)	-	-	-	(76)	-	(38)	(1,694)	(1,092)	(21,497)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	-	294	150	-	-	294

2011



40. Acquittal of Australian Government financial assistance (continued)

40.5 Other Capital Funding

	Better Universities Renewal Funding		Teaching and Learning Capital Fund		Education Investment Fund		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assistance received in cash during the reporting period	-	-	-	-	37,978	6,470	37,978	6,470
Net accrual adjustments	-	-	-	-	3,726	6,740	3,726	6,740
Revenue for the period	-	-	-	-	41,704	13,210	41,704	13,210
Surplus / (deficit) from the previous year	-	1,881	11,228	14,551	666	496	11,894	16,928
Total revenue including accrued revenue	-	1,881	11,228	14,551	42,370	13,706	53,598	30,138
Less expenses including accrued expenses	-	(1,881)	(8,740)	(3,323)	(30,382)	(13,040)	(39,122)	(18,244)
Surplus / (deficit) for reporting period	-	-	2,488	11,228	11,988	666	14,476	11,894



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants

(a) Discovery

	Project		Fellowships		Indigenous Researchers Development		Total
	2011	2010	2011	2010	2011	2010	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	3,584	3,516	1,847	309	67	-	5,498
Net accrual adjustments	405	33	(599)	(2)	(63)	-	(257)
Revenue for the period	3,989	3,549	1,248	307	4	-	5,241
							3,856
Movement in deferred income	(200)	212	599	2	63	-	462
Surplus / (deficit) from the previous year	2,239	2,027	265	263	-	-	2,504
Total revenue including accrued revenue	6,028	5,788	2,112	572	67	-	8,207
Less expenses including accrued expenses	(3,989)	(3,549)	(1,248)	(307)	(4)	-	(5,241)
Surplus / (deficit) for reporting period	2,039	2,239	864	265	63	-	2,966
							2,504



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

(b) Linkages

	Infrastructure		International		Projects		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	-	500	-	18	3,782	5,160	3,782	5,678
Net accrual adjustments	259	(400)	15	(2)	(1,070)	(1,000)	(796)	(1,402)
Revenue for the period	259	100	15	16	2,712	4,160	2,986	4,276
Movement in deferred income	(400)	400	(15)	2	881	(80)	466	322
Surplus / (deficit) from the previous year	400	-	18	16	3,020	3,100	3,438	3,116
Total revenue including accrued revenue	259	500	18	34	6,613	7,180	6,890	7,714
Less expenses including accrued expenses	(259)	(100)	(15)	(16)	(2,712)	(4,160)	(2,986)	(4,276)
Surplus / (deficit) for reporting period	-	400	3	18	3,901	3,020	3,904	3,438



40. Acquitment of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

(c) Networks and Centres	Research Networks		Centres		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial assistance received in cash during the reporting period	-	-	-	-	-	-
Net accrual adjustments	9	230	70	69	79	299
Revenue for the period	9	230	70	69	79	299
Movement in deferred income	(9)	(205)	79	-	70	(205)
Surplus / (deficit) from the previous year	9	214	-	-	9	214
Total revenue including accrued revenue	9	239	149	69	158	308
Less expenses including accrued expenses	(9)	(230)	(70)	(69)	(79)	(299)
Surplus / (deficit) for reporting period	-	9	79	-	79	9



40. **Acquittal of Australian Government financial assistance (continued)**

40.7 OS-HELP

	2011 \$'000	2010 \$'000
Cash Received during the reporting period	460	365
Cash Spent during the reporting period	(531)	(361)
Net Cash received	(71)	4
Net accrual adjustments	67	-
Cash Surplus / (deficit) from the previous period	4	-
Cash Surplus / (deficit) for reporting period	-	4

40.8 Superannuation Supplementation

	2011 \$'000	2010 \$'000
Cash Received during the reporting period	25,617	23,845
Cash Surplus / (deficit) from the previous period	891	1,693
Cash available for current period	26,508	25,538
Contributions to specified defined benefit funds	(27,088)	(24,647)
Cash Surplus / (deficit) this period	(580)	891



41. Acronyms and definitions

The following acronyms and terminology are used throughout the Financial Statements:

AAS	Australian Accounting Standards
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
DECD	South Australian Government Department of Education and Child Development
DEEWR	Australian Government Department of Education, Employment and Workplace Relations
DFEEST	Australian Government Department of Further Education, Employment, Science and Technology
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
Safety margin	Operating result as a percentage of total income
USD	United States Dollar



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011 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

30 April 2012

Professor Peter Høj
Vice Chancellor and President

30 April 2012

Mr Paul Beard
Chief Operating Officer

30 April 2012



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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 report of the University of South Australia (the University) and the consolidated entity comprising the University and its controlled entities for the financial year ended 31 December 2011. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2011
- a Statement of Financial Position as at 31 December 2011
- a Statement of Changes in Equity for the year ended 31 December 2011
- a Statement of Cash Flows for the year ended 31 December 2011
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chancellor, the Vice Chancellor and President and the Chief Operating Officer.

The financial report comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Members of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and guidelines issued under the *Higher Education Support Act 2003* and Australian Accounting Standards, and for such internal control as the Members of the Council determine are necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Members of the Council, as well as the overall presentation of the financial report.

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

Basis for Qualified Opinion

The University has recognised \$44.9 million of unspent funding as a liability for the year ended 31 December 2011 (\$33.7 million in 2010). 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 25 to the financial report. The University has disclosed its accounting treatment of these funds in note 1(d) to the financial report.

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 2011 financial report:

- the revenue recognised as Australian Government grants is understated by \$10.9 million (\$1.8 million understated in 2010)
- the revenue recognised as State and Local Government financial assistance is overstated by \$0.5 million (\$4.1 million understated in 2010)
- the revenue recognised as Consultancy and contract research is understated by \$0.8 million (\$2.2 million understated in 2010)
- Operating result attributable to members of University of South Australia is understated by \$11.2 million (\$8.1 million understated in 2010)
- Retained earnings is understated by \$33.7 million (\$25.6 million understated in 2010)
- Other liabilities is overstated by \$44.9 million (\$33.7 million overstated in 2010).

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the University of South Australia and its subsidiaries as at 31 December 2011, 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*, guidelines issued under the *Higher Education Support Act 2003* and Australian Accounting Standards.

A handwritten signature in dark ink, appearing to read 'S O'Neill', with a stylized flourish at the end.

S O'Neill
AUDITOR-GENERAL
4 May 2012



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