



2013 Annual Financial Statements



University of
South Australia



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 University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2013.

2013 Council members

The following persons were members of University Council during the year and up to the date of this report (unless otherwise noted):

Dr Ian Gould AM, Chancellor

Professor David Lloyd, Vice Chancellor and President (term commenced 21 January 2013)

Professor Joanne Wright, Acting Vice Chancellor and President (term completed 20 January 2013)

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Associate Professor Pat Buckley

Ms Pauline Carr

Mr Andrew Friebe

Mr Eric Granger (term commenced 20 February 2013)

Mr Bruce Linn

Mr Stephen McCullum (term commenced 1 January 2013, resigned 31 January 2013)

Ms Paula Nagel

Ms Corinne Namblard (term completed 31 December 2013)

Professor Leanna Read

Professor Rick Sarre

Ms Miriam Silva (term commenced 20 February 2013)

Ms Carol Sutherland

Mr Arun Thomas (term commenced 1 February 2013)

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

Changes in Council membership since 31 December 2013

Ms Corinne Namblard (term commenced 12 March 2014)

Meetings of members of the University Council

The numbers of meetings of the members of the University Council and of each Council committee held during the year ended 31 December 2013, 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		Foundation	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Dr Ian Gould AM	6	6							2	2			3	3	4	4
Professor David Lloyd	6	6	4	7			6	6	2	2	3	3	2	3	4	4
Professor Joanne Wright	1	1	1	1												
Dr Wendy Craik AM	6	6							2	2						
Mr Terry Evans	6	6			3	5					3	3			4	4
Associate Professor Pat Buckley	6	6							2	2					4	4
Ms Pauline Carr	6	6			5	5	6	6					3	3		
Mr Andrew Friebe	4	6														
Mr Eric Granger	4	5													3	3
Mr Bruce Linn	5	6					6	6							3	3
Mr Stephen McCullum	-	-														
Ms Paula Nagel	6	6			3	5										
Ms Corinne Namblard	4	6					5	6							3	4
Professor Leanna Read	4	6														
Professor Rick Sarre	4	6	7	7												
Ms Miriam Silva	3	5														
Ms Carol Sutherland	6	6							2	2					3	4
Mr Arun Thomas	6	6	7	7											4	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 2013 year.

Review of operations

The 2013 consolidated surplus was \$71.6 million (2012: \$32.5 million) assisted by \$47.7 million of capital grants. The surplus resulted in a safety margin (operating result as a percentage of total income) of 11.8% (2012: 6.0%). Income increased by 10.8% to \$604.1 million while expenses grew by 3.9% to \$532.5 million.

The University's consolidated financial position remained sound during the 2013 year with net assets of \$981.2 million (2012: \$889.8 million). Cash balances increased to \$310.1 million at year end (2012: \$294.0 million).

Consolidated cash flows from operating activities in 2013 were \$90.1 million (2012: \$80.7 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 2013 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 2013 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 the 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 2013 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 16 April 2014.



Dr Ian Gould
Chancellor

16 April 2014



Professor David G. Lloyd
Vice Chancellor and President

16 April 2014



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Consolidated		University	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	294,222	252,918	294,222	252,918
HECS-HELP - Australian Government Payments	3	104,990	91,700	104,990	91,700
FEE-HELP	3	6,079	8,998	6,079	8,998
SA-HELP	3	2,609	1,124	2,609	1,124
State and local Government financial assistance	4	12,628	10,359	12,435	10,190
HECS-HELP - Student payments		13,702	12,896	13,702	12,896
Fees and charges	5	110,312	108,510	110,312	108,510
Investment revenue	6	15,151	18,040	14,925	17,750
Royalties		325	437	126	306
Consultancy and contract research	7	32,012	29,783	32,192	29,936
Other revenue	8	13,910	11,200	13,942	11,096
Total revenue from continuing operations		605,940	545,965	605,534	545,424
Losses on disposal of assets	9	(1,808)	(553)	(328)	(556)
Total income from continuing operations		604,132	545,412	605,206	544,868
Expenses from continuing operations					
Employee related expenses	10	338,030	318,289	336,539	317,126
Depreciation and amortisation	11	31,732	31,683	31,714	31,662
Repairs and maintenance	12	11,116	10,443	11,115	10,442
Other expenses	13	151,130	151,909	152,302	152,808
Bad and doubtful debts	14	468	401	468	401
Total expenses from continuing operations		532,476	512,725	532,138	512,439
Operating result before income tax		71,656	32,687	73,068	32,429
Income tax expense		87	148	78	144
Operating result attributable to members of University of South Australia	26(b)	71,569	32,539	72,990	32,285
Items that may be reclassified to profit or loss:					
Gain on revaluation of available-for-sale financial assets	26(a)	1,315	915	1,315	915
Total		1,315	915	1,315	915
Items that will not be reclassified to profit or loss:					
Gain on revaluation of land and buildings	26(a)	17,841	-	17,841	-
Gain on revaluation of art collection	26(a)	665	-	665	-
Total		18,506	-	18,506	-
Total comprehensive income attributable to members of the University of South Australia		91,390	33,454	92,811	33,200

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



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	Consolidated		University	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets					
Cash and cash equivalents	15	310,083	294,031	307,676	288,036
Receivables	16	20,089	23,801	20,194	23,374
Deferred Government superannuation contribution	31	29,800	30,100	29,800	30,100
Other non-financial assets	19	16,990	13,080	16,968	13,064
Total current assets		376,962	361,012	374,638	354,574
Non-current assets					
Other financial assets	18	8,847	7,437	11,575	11,782
Property, plant and equipment	20	793,722	730,564	793,701	730,533
Deferred tax assets		251	153	-	-
Intangible assets	21	4,173	5,836	4,173	5,836
Deferred Government superannuation contribution	31	380,133	435,700	380,133	435,700
Total non-current assets		1,187,126	1,179,690	1,189,582	1,183,851
Total assets		1,564,088	1,540,702	1,564,220	1,538,425
Current liabilities					
Trade and other payables	22	27,259	29,258	27,512	28,957
Provisions	24	27,444	17,422	27,203	17,280
Current tax liabilities		900	859	821	762
Other liabilities	25	71,464	88,027	71,707	87,755
Defined benefit obligation	31	29,800	30,100	29,800	30,100
Total current liabilities		156,867	165,666	157,043	164,854
Non-current liabilities					
Trade and other payables	22	5,390	5,814	5,390	5,814
Provisions	24	40,527	43,741	40,527	43,741
Defined benefit obligation	31	380,133	435,700	380,133	435,700
Total non-current liabilities		426,050	485,255	426,050	485,255
Total liabilities		582,917	650,921	583,093	650,109
Net assets		981,171	889,781	981,127	888,316
Equity					
Reserves	26(a)	180,446	160,625	180,446	160,625
Retained earnings	26(b)	800,725	729,156	800,681	727,691
Total equity		981,171	889,781	981,127	888,316

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 2013

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2012	159,710	696,617	856,327	159,710	695,406	855,116
Profit or loss	-	32,539	32,539	-	32,285	32,285
Gain on available-for-sale financial assets	915	-	915	915	-	915
Total comprehensive income	915	32,539	33,454	915	32,285	33,200
Balance as at 31 December 2012	160,625	729,156	889,781	160,625	727,691	888,316

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	160,625	729,156	889,781	160,625	727,691	888,316
Profit or loss	-	71,569	71,569	-	72,990	72,990
Gain on available-for-sale financial assets	1,315	-	1,315	1,315	-	1,315
Gain on revaluation of land and buildings	17,841	-	17,841	17,841	-	17,841
Gain on revaluation of art collection	665	-	665	665	-	665
Total comprehensive income	19,821	71,569	91,390	19,821	72,990	92,811
Balance as at 31 December 2013	180,446	800,725	981,171	180,446	800,681	981,127

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 2013

		Consolidated		University	
		2013	2012	2013	2012
	Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received	3(h)	400,541	362,818	400,541	362,818
OS-HELP (net)	3(h)	50	60	50	60
Superannuation Supplementation	3(h)	29,679	29,271	29,679	29,271
State and Local Government grants		12,785	10,040	12,592	9,871
HECS-HELP - Student payments		13,702	12,896	13,702	12,896
Receipts from student fees and other customers		121,389	117,054	121,634	116,883
Dividends received		2,896	2,027	2,896	2,027
Interest received		13,067	15,816	12,841	15,525
Royalties		325	437	126	306
Consultancy and contract research		32,257	30,574	31,373	31,098
Other receipts		11,136	15,898	12,650	15,700
GST recovered / paid		11,109	7,917	11,272	8,063
Outflows:					
Payments to suppliers and employees (GST incl)		(558,797)	(524,099)	(557,354)	(524,096)
Net cash provided by / (used in) operating activities		90,139	80,709	92,002	80,422
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of plant and equipment		61	24	61	24
Proceeds from sale of investments		16	5	1,733	5
Outflows:					
Payments for property, plant and equipment		(73,953)	(47,937)	(73,945)	(47,916)
Payments for investments		(211)	(386)	(211)	(386)
Net cash provided by / (used in) investing activities		(74,087)	(48,294)	(72,362)	(48,273)
Net increase / (decrease) in cash and cash equivalents		16,052	32,415	19,640	32,149
Cash and cash equivalents at the beginning of the financial year		294,031	261,616	288,036	255,887
Cash and cash equivalents at the end of the financial year	15	310,083	294,031	307,676	288,036

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

General information

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) and the University and its subsidiaries (Consolidated Entity).

(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 (EDUCATION) and other State / Australian Government legislative requirements.

Except where in conflict with the EDUCATION 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 provisions, long service leave provision, and the 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 2013 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.



1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

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

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

Details of subsidiaries are set out in Note 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 venture operations

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

Details of joint venture operations are set out in Note 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.



1. Summary of significant accounting policies (continued)

(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

EDUCATION financial assistance (including Commonwealth Grant Scheme, Higher Education Loan Programs, Scholarships and EDUCATION Research)

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

Other financial assistance (including ARC, NHMRC, Australian Government and State Government)

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

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

(ii) Fees and charges

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

(iii) Investment income

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

(iv) Consultancy and contract research

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

(v) Other revenue

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

(e) Impairment of assets

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



1. Summary of significant accounting policies (continued)

(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).

(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). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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 measured at fair value.



1. Summary of significant accounting policies (continued)

(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.

The last valuation was as at 31 December 2013 and was performed by R. Wood B AppSc PRM(VAL) AAPI from Opteon Pty Ltd (formerly Southwick Goodyear Pty Ltd). Land fair value estimates were based on the highest and best use of the land, being the existing use as University campuses 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(l).

(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 2013, the entire buildings portfolio was re-valued independently by R. Wood B AppSc PRM(VAL) AAPI from Opteon Pty Ltd (formerly 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 has been to assess the 'written down current cost' for the Buildings. 'New replacement' costs on the basis of a modern equivalent were assessed and then generally depreciated using the 'straight line' method, 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 2013 valuation resulted in an increase of \$0.559 million (2012: decrease of \$3.218 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 2012 revaluation decrease which was previously recognised within other expenses.



1. Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

(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(k). The carrying value, cost less accumulated depreciation, is deemed to approximate fair value.

(v) Art collection

As at 31 December 2013, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation surplus. The 2013 valuation resulted in an increase to the fair value of the art collection of \$0.665 million. The art collection will be internally re-valued by the Director: Samstag Museum of Art every three years giving consideration to current sales and auctions of works by the same artist and/or similar genre.

(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 outstanding finance balance. 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 2013 (2012: nil). Refer to Note 30(b) for details on operating leases.

(j) Fair value measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance sheet date (level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the *highest and best use* of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**1. Summary of significant accounting policies (continued)****(k) 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 service potential of the art collection has not, in any material sense, been consumed during the reporting period. 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	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.

(l) Restrictions on assets

Land includes \$49.659 million (2012: \$48.085 million) of Crown Lands and \$14.900 million (2012: \$16.490 million) of land dedicated for educational use.

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

(m) 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 between 6 and 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.



1. Summary of significant accounting policies (continued)

(n) Unfunded superannuation

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 *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).

The recognition of the expense in the face statements is offset by the revenue received from the Australian Government. The Superannuation Supplementation Program funding is not recognised as revenue in the Statement of Comprehensive Income since it is in respect of an existing liability. Rather a net amount is shown as 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.

(o) Trade and other payables

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

(p) Employee benefits provisions

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) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve months after the end of the reporting period, and is recognised in provision for employee benefits. 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.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave and long service leave is recognised in current provisions for employee benefits if it is not expected to be settled wholly before twelve months after the end of the reporting period. It is 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.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlements of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

The long service leave and annual leave liability is independently actuarially estimated each year in accordance with AASB 119 Employee Benefits. The last update was performed at 31 December 2013 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.



1. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Superannuation

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

(q) 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 2013 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.

(r) 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).

(s) 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 presented 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.

**1. Summary of significant accounting policies (continued)****(t) Income tax**

The University is exempt from income tax pursuant to Division 50 of the Income Tax Assessment Act 1997. The University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities. 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.

(u) Changes in accounting policies

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 2013. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be immaterial.

(v) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(w) Rounding of amounts

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

2. Disaggregated information (Consolidated)**Geographical**

	Revenue		Results		Total Assets	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	600,467	539,302	71,323	32,239	1,563,974	1,540,659
Asia	5,473	6,663	246	300	114	43
Total	605,940	545,965	71,569	32,539	1,564,088	1,540,702

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

(a) Commonwealth Grant Scheme and Other Grants

	Note	Consolidated		University	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Commonwealth Grant Scheme		168,759	161,951	168,759	161,951
Indigenous Support Fund		1,197	1,146	1,197	1,146
Partnership and Participation Program		5,348	6,038	5,348	6,038
Disability Support Program		84	97	84	97
Diversity and Structural Adjustment Fund		1,546	3,260	1,546	3,260
Transitional Cost Program		235	333	235	333
Chair in Child Protection		2,719	914	2,719	914
Promotion of Excellence in Learning and Teaching		458	129	458	129
Reward funding		804	835	804	835
Total Commonwealth Grants Scheme and Other Grants	41.1	181,150	174,703	181,150	174,703

(b) Higher Education Loan Programs

	Note				
HECS-HELP - Australian Government Payments		104,990	91,700	104,990	91,700
FEE-HELP		6,079	8,998	6,079	8,998
SA-HELP		2,609	1,124	2,609	1,124
Total Higher Education Loan Programs	41.2	113,678	101,822	113,678	101,822

(c) Scholarships

	Note				
Australian Postgraduate Awards		5,522	4,926	5,522	4,926
International Postgraduate Research Scholarships		465	448	465	448
Commonwealth Education Costs Scholarship		(614)	846	(614)	846
Commonwealth Accommodation Scholarships		(24)	490	(24)	490
Indigenous Access scholarships		(9)	49	(9)	49
Total Scholarships	41.3	5,340	6,759	5,340	6,759



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

(d) EDUCATION Research

	Note	Consolidated		University	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Joint Research Engagement Scheme		7,281	7,677	7,281	7,677
JRE Engineering Cadetships		59	30	59	30
Research Training Scheme		13,287	12,548	13,287	12,548
Research Infrastructure Block Grants		2,791	2,956	2,791	2,956
Commercialisation Training Scheme		-	(184)	-	(184)
Sustainable Research Excellence in Universities		2,017	1,937	2,017	1,937
Total EDUCATION Research	41.4	25,435	24,964	25,435	24,964

(e) Other Capital Funding

	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Education Investment Fund		3,080	12,500	3,080	12,500
Total Other Capital Funding	41.5	3,080	12,500	3,080	12,500

(f) Australian Research Council

	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
(i) Discovery					
Projects		2,722	2,913	2,722	2,913
Fellowships		1,763	1,508	1,763	1,508
Indigenous Researchers Development		232	63	232	63
Discovery - Early Career Research		560	412	560	412
Total Discovery	41.6(i)	5,277	4,896	5,277	4,896
(ii) Linkages					
Linkages - Special Research Initiatives		137	249	137	249
Infrastructure		800	65	800	65
International Projects		-	4	-	4
		2,445	3,337	2,445	3,337
Total Linkages	41.6(ii)	3,382	3,655	3,382	3,655
(iii) Networks and Centres					
Centres		163	71	163	71
Total Networks and Centres	41.6(iii)	163	71	163	71
Total Australian Research Council		8,822	8,622	8,822	8,622



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

(g) Other Australian Government financial assistance

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Indigenous Tutorial Assistance Scheme grant	310	268	310	268
Other Commonwealth grants	7,637	4,876	7,637	4,876
Other Australian Government research grants	21,998	20,226	21,998	20,226
Capital				
Other Australian Government Financial Assistance	40,450	-	40,450	-
Total	40,450	-	40,450	-
Total Other Australian Government financial assistance	70,395	25,370	70,395	25,370
Total Australian Government financial assistance	407,900	354,740	407,900	354,740
Reconciliation				
Australian Government grants	294,222	252,918	294,222	252,918
HECS-HELP payments	104,990	91,700	104,990	91,700
FEE-HELP	6,079	8,998	6,079	8,998
SA-HELP	2,609	1,124	2,609	1,124
Total Australian Government financial assistance	407,900	354,740	407,900	354,740



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

(h) Australian Government Grants received - cash basis

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
CGS and Other EDUCATION Grants	177,520	170,744	177,520	170,744
Higher Education Loan Programmes	116,803	99,405	116,803	99,405
Scholarships	4,640	6,211	4,640	6,211
EDUCATION Research	25,435	25,148	25,435	25,148
Other Capital Funding	3,080	23,866	3,080	23,866
ARC grants - Discovery	5,236	5,606	5,236	5,606
ARC grants - Linkages	2,344	2,612	2,344	2,612
Other Australian Government Grants	65,483	29,226	65,483	29,226
Total Australian Government Grants received - cash basis	400,541	362,818	400,541	362,818
OS-HELP (Net)	50	60	50	60
Superannuation Supplementation	29,679	29,271	29,679	29,271
Total Australian Government funding received - cash basis	430,270	392,149	430,270	392,149



4. State and Local Government financial assistance

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Research grants	8,378	7,515	8,444	7,577
Other	461	392	202	161
Total	8,839	7,907	8,646	7,738
Capital				
State and local govt fin assistance - Capital	3,789	2,452	3,789	2,452
Total	3,789	2,452	3,789	2,452
Total State and Local Government financial assistance	12,628	10,359	12,435	10,190

**5. Fees and charges**

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Course fees and charges				
Continuing education	718	793	718	793
Fee-paying overseas students	88,777	87,335	88,777	87,335
Fee-paying domestic postgraduate students	3,058	3,238	3,058	3,238
Total course fees and charges	92,553	91,366	92,553	91,366
Other fees and charges				
Other fees and charges	9,238	9,688	9,238	9,688
Miscellaneous enrolment fees	6,552	5,920	6,552	5,920
Seminar/workshops	886	1,062	886	1,062
Student Services Fees from students	1,083	474	1,083	474
Total other fees and charges	17,759	17,144	17,759	17,144
Total fees and charges	110,312	108,510	110,312	108,510

6. Investment revenue

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Dividends and distributions	1,706	1,618	1,706	1,618
Interest	13,445	16,422	13,219	16,132
Total investment revenue	15,151	18,040	14,925	17,750

7. Consultancy and contract research

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Consultancy	3,975	4,762	3,722	4,691
Contracts	28,037	25,021	28,470	25,245
Total consultancy and contract research	32,012	29,783	32,192	29,936



8. Other revenue

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	1,887	1,233	1,887	1,233
Scholarships and prizes	1,649	1,308	1,649	1,308
Other fees and charges	7,245	6,041	7,258	5,905
Other*	3,129	2,618	3,148	2,650
Total other revenue	13,910	11,200	13,942	11,096

* Net foreign exchange gains included in other revenue for 2013 were \$0.530 million University (\$0.531 million Consolidated) (2012: Net foreign exchange loss included in other expenses \$0.301 million University and \$0.307 million Consolidated).

9. Losses on disposal of assets

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Disposal of property, plant and equipment				
Proceeds from sale	61	24	61	24
Carrying amount of assets sold	(1,875)	(580)	(1,875)	(578)
Net Loss on disposal of property, plant and equipment	(1,814)	(556)	(1,814)	(554)
(b) Sale of shares				
Realised gain/(loss) on disposal of investments	6	3	1,486	(2)
Total of Net Loss on disposal of assets	(1,808)	(553)	(328)	(556)



10. Employee related expenses

(a) Employee related expenses

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	148,027	136,962	148,010	136,962
Contributions to superannuation and pension schemes:				
Emerging cost	707	761	707	761
Funded	20,667	19,598	20,667	19,598
Payroll tax	8,551	8,268	8,551	8,268
Workers' compensation	490	(167)	490	(167)
Long service leave	1,615	3,935	1,615	3,935
Annual leave	9,455	9,230	9,455	9,230
Total academic	189,512	178,587	189,495	178,587
Non-academic				
Salaries	112,116	104,508	110,830	103,473
Contributions to superannuation and pension schemes:				
Emerging cost	235	236	129	142
Funded	17,138	15,742	17,138	15,742
Payroll tax	7,199	6,441	7,129	6,379
Workers' compensation	897	500	897	500
Long service leave	1,923	3,810	1,897	3,858
Annual leave	8,782	8,264	8,796	8,244
Total non-academic	148,290	139,501	146,816	138,338
Total academic & non-academic employee related expenses	337,802	318,088	336,311	316,925
 Council member remuneration	 228	 201	 228	 201
 Total employee related expenses	 338,030	 318,289	 336,539	 317,126



10. Employee related expenses (continued)

(b) Voluntary separation packages

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

	Consolidated		University	
	2013	2012	2013	2012
	Number	Number	Number	Number
Number of voluntary separation packages	7	16	7	16
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	423	2,198	423	2,198
Annual leave and long service leave entitlements paid	148	801	148	801
Total amount associated with separations	571	2,999	571	2,999

11. Depreciation and amortisation

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	18,774	18,576	18,774	18,576
Leasehold improvements	766	660	766	660
Library collection	1,978	2,442	1,978	2,442
Plant and equipment	8,571	8,463	8,553	8,442
Total depreciation	30,089	30,141	30,071	30,120
Amortisation				
Intangibles	1,643	1,542	1,643	1,542
Total amortisation	1,643	1,542	1,643	1,542
Total depreciation and amortisation	31,732	31,683	31,714	31,662

12. Repairs and maintenance

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Buildings	9,806	9,268	9,805	9,267
Grounds	1,310	1,175	1,310	1,175
Total repairs and maintenance	11,116	10,443	11,115	10,442

**13. Other expenses**

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	25,056	22,589	25,056	22,586
Non-capitalised equipment	6,158	5,220	6,158	5,217
Advertising, marketing and promotional expenses	6,709	6,872	6,693	6,860
Telecommunications	4,109	4,657	4,098	4,645
Travel, staff development and entertainment	17,933	19,130	17,860	19,080
External services*	48,034	46,633	49,768	48,080
IT hardware and software	10,588	10,762	10,568	10,714
Library subscriptions	4,311	4,445	4,311	4,445
Printing	1,098	1,147	1,098	1,147
Operating lease rental expenses	1,958	2,607	1,958	2,607
Bank charges, legal costs, insurance and taxes	5,626	5,521	5,313	5,236
General consumables	8,309	6,961	8,294	6,944
Other	11,241	15,365	11,127	15,247
Total other expenses	151,130	151,909	152,302	152,808

* Included within external services for 2013 is an amount for consultants of \$2.236 million University (\$2.426 million Consolidated) exclusive of GST (2012: \$2.180 million University, \$2.415 million Consolidated). This amount excludes consultant payments for the capital works program.

14. Bad and doubtful debts

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	468	401	468	401
Total bad and doubtful debts	468	401	468	401

15. Cash and cash equivalents

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	7,139	19,973	6,784	19,871
Deposits	302,944	274,058	300,892	268,165
Total cash and cash equivalents	310,083	294,031	307,676	288,036

**15. Cash and cash equivalents (continued)****(a) Reconciliation to cash at the end of the year**

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balances as per Statement of Financial Position	310,083	294,031	307,676	288,036
Balances as per Statement of Cash Flows	310,083	294,031	307,676	288,036

(b) Cash at bank and on hand

During the year cash earned an average of 3.35% (2012: 3.36%) and interest is credited to the University on a monthly basis.

(c) Deposits

During the year cash deposits earned interest at a fixed rate which ranged between 3.49% and 6.44% (2012: range between 4.34% and 6.44%). These deposits had an average maturity of 169 days (2012: 170 days).

16. Receivables

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade debtors	13,534	13,079	13,495	12,896
Less: Provision for impaired receivables	(160)	(197)	(160)	(197)
	13,374	12,882	13,335	12,699
Student fees	3,566	4,336	3,566	4,336
Less: Provision for impaired receivables	(692)	(640)	(692)	(640)
	2,874	3,696	2,874	3,696
Commonwealth receivables	1,374	5,241	1,374	5,241
Other	2,467	1,982	2,611	1,738
Total receivables	20,089	23,801	20,194	23,374

(a) Impaired receivables

As at 31 December 2013 current trade receivables of the Group with a nominal value of \$0.146 million (2012: \$0.183 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 \$0.014 million (2012: \$0.014 million). The total amount of the provision for impaired trade receivables was \$0.160 million (2012: \$0.197 million).



16. Receivables (continued)

(a) Impaired receivables (continued)

Trade receivables

The ageing analysis of impaired trade receivables is as follows:

	Consolidated	
	2013	2012
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	41	42
Over 6 months	119	155
Total impaired trade receivables	160	197

As at 31 December 2013, trade receivables of \$6.966 million (2012: \$5.170 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	
	2013	2012
	\$'000	\$'000
Less than 3 months	5,912	4,203
3 to 6 months	568	741
Over 6 months	486	226
	6,966	5,170

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

	Consolidated	
	2013	2012
	\$'000	\$'000
At 1 January	197	213
Provision for impairment recognised during the year	133	175
Receivables written off during the year as uncollectible	(18)	(3)
Unused amount reversed and debts collected	(152)	(188)
At 31 December	160	197

16. Receivables (continued)

(a) Impaired receivables (continued)

Student receivables

As at 31 December 2013, student receivables of \$2.788 million (2012: \$3.478 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Consolidated	
	2013	2012
	\$'000	\$'000
Less than 3 months	598	952
3 to 6 months	1,275	1,781
Over 6 months	915	745
	2,788	3,478

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

	Consolidated	
	2013	2012
	\$'000	\$'000
At 1 January	640	517
Provision for impairment recognised during the year	478	435
Receivables written off during the year as uncollectible	(413)	(259)
Unused amount reversed and debts collected	(13)	(53)
At 31 December	692	640

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

	Note	Consolidated		University	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Non-Current					
Shares in subsidiaries	32	-	-	4,000	5,730
Available-for-sale financial assets		8,847	7,437	7,575	6,052
Total other financial assets		8,847	7,437	11,575	11,782

19. Other non-financial assets

	Note	Consolidated		University	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Current					
Prepayments		11,808	8,411	11,786	8,395
Accrued income		5,182	4,669	5,182	4,669
Total other non financial assets		16,990	13,080	16,968	13,064



20. Property, plant and equipment

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Land				
At valuation	128,030	114,900	128,030	114,900
At cost	-	11,396	-	11,396
Net book amount	128,030	126,296	128,030	126,296
Buildings				
At valuation	1,022,527	909,164	1,022,527	909,164
At cost	-	79,841	-	79,841
Accumulated depreciation	(492,149)	(472,149)	(492,149)	(472,149)
Net book amount	530,378	516,856	530,378	516,856
Construction in progress				
At cost	77,843	32,663	77,843	32,663
Net book amount	77,843	32,663	77,843	32,663
Plant and equipment				
At cost	80,249	76,827	80,155	76,742
Accumulated depreciation	(45,174)	(39,691)	(45,101)	(39,637)
Net book amount	35,075	37,136	35,054	37,105
Leasehold Improvements				
At cost	7,215	5,863	7,215	5,863
Accumulated amortisation	(4,443)	(3,655)	(4,443)	(3,655)
Net book amount	2,772	2,208	2,772	2,208
Art collection				
At valuation	3,279	1,535	3,279	1,535
At cost	-	59	-	59
Net book amount	3,279	1,594	3,279	1,594
Library collection				
At valuation	21,584	21,962	21,584	21,962
Accumulated depreciation	(7,847)	(8,842)	(7,847)	(8,842)
Net book amount	13,737	13,120	13,737	13,120
Plant and equipment in progress				
At cost	2,608	691	2,608	691
Net book amount	2,608	691	2,608	691
Total property, plant and equipment	793,722	730,564	793,701	730,533

20. Property, plant and equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Construction in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Library collection	Art collection	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2012									
Opening net book amount	11,450	126,296	520,603	36,935	1,745	2,569	15,779	1,566	716,943
Revaluation	-	-	-	-	-	-	(3,218)	-	(3,218)
Additions	36,265	-	306	7,136	691	-	3,227	28	47,653
Disposals	-	-	-	(342)	-	-	(226)	-	(568)
Reclassifications	(15,052)	-	14,523	1,870	(1,640)	299	-	-	-
Depreciation/amortisation charge	-	-	(18,576)	(8,463)	-	(660)	(2,442)	-	(30,141)
Other changes, movements	-	-	-	-	(105)	-	-	-	(105)
Closing net book amount	32,663	126,296	516,856	37,136	691	2,208	13,120	1,594	730,564

	Construction in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Library collection	Art collection	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2013									
Opening net book amount	32,663	126,296	516,856	37,136	691	2,208	13,120	1,594	730,564
Revaluation	-	1,598	16,243	-	-	-	559	665	19,065
Additions	63,120	-	47	5,834	2,608	-	3,437	1,020	76,066
Disposals	-	-	(59)	(357)	-	-	(1,401)	-	(1,817)
Reclassifications	(17,911)	136	16,065	1,033	(653)	1,330	-	-	-
Depreciation/amortisation charge	-	-	(18,774)	(8,571)	-	(766)	(1,978)	-	(30,089)
Other changes, movements	(29)	-	-	-	(38)	-	-	-	(67)
Closing net book amount	77,843	128,030	530,378	35,075	2,608	2,772	13,737	3,279	793,722



20. Property, plant and equipment (continued)

University	Construction in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library collection \$'000	Art collection \$'000	Total \$'000
Year ended 31 December 2012									
Opening net book amount	11,450	126,296	520,603	36,903	1,745	2,569	15,779	1,566	716,911
Revaluation	-	-	-	-	-	-	(3,218)	-	(3,218)
Additions	36,265	-	306	7,114	691	-	3,227	28	47,631
Disposals	-	-	-	(340)	-	-	(226)	-	(566)
Reclassifications	(15,052)	-	14,523	1,870	(1,640)	299	-	-	-
Depreciation/amortisation charge	-	-	(18,576)	(8,442)	-	(660)	(2,442)	-	(30,120)
Other changes, movements	-	-	-	-	(105)	-	-	-	(105)
Closing net book amount	32,663	126,296	516,856	37,105	691	2,208	13,120	1,594	730,533

University	Construction in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library collection \$'000	Art collection \$'000	Total \$'000
Year ended 31 December 2013									
Opening net book amount	32,663	126,296	516,856	37,105	691	2,208	13,120	1,594	730,533
Revaluation	-	1,598	16,243	-	-	-	559	665	19,065
Additions	63,120	-	47	5,826	2,608	-	3,437	1,020	76,058
Disposals	-	-	(59)	(357)	-	-	(1,401)	-	(1,817)
Reclassifications	(17,911)	136	16,065	1,033	(653)	1,330	-	-	-
Depreciation/amortisation charge	-	-	(18,774)	(8,553)	-	(766)	(1,978)	-	(30,071)
Other changes, movements	(29)	-	-	-	(38)	-	-	-	(67)
Closing net book amount	77,843	128,030	530,378	35,054	2,608	2,772	13,737	3,279	793,701

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21. Intangible assets

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Intangibles in progress				
At cost	-	744	-	744
Net closing book amount	-	744	-	744
Other intangible assets				
At cost	10,548	10,146	10,548	10,146
Accumulated amortisation and impairment	(6,375)	(5,054)	(6,375)	(5,054)
Net closing book amount	4,173	5,092	4,173	5,092
Total Intangibles	4,173	5,836	4,173	5,836

	University		
	Intangibles	Other	Total
	in progress	intangible	
	\$'000	\$'000	\$'000
Year ended 31 December 2013			
Balance at the beginning of the year	744	5,092	5,836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charge	-	(1,643)	(1,643)
Closing value at 31 December 2013	-	4,173	4,173
Year ended 31 December 2012			
Balance at the beginning of the year	395	6,585	6,980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charges	-	(1,542)	(1,542)
Closing value at 31 December 2012	744	5,092	5,836



21. Intangible assets (continued)

	Consolidated		
	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2013			
Balance at the beginning of the year	744	5,092	5,836
Additions	19	19	38
Disposals	-	(58)	(58)
Reclassifications	(763)	763	-
Amortisation charge	-	(1,643)	(1,643)
Closing value at 31 December 2013	-	4,173	4,173
Year ended 31 December 2012			
Balance at the beginning of the year	395	6,585	6,980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charge	-	(1,542)	(1,542)
Closing value at 31 December 2012	744	5,092	5,836

22. Payables

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	20,694	16,996	20,978	16,695
Accrued salaries	2,954	8,792	2,923	8,792
Annual leave on-costs	2,971	2,928	2,971	2,928
Long service leave on-costs	590	542	590	542
OS-HELP liability to Australian Government	50	-	50	-
Total current payables	27,259	29,258	27,512	28,957
Non-current				
Annual leave on-costs	1,685	1,649	1,685	1,649
Long service leave on-costs	3,705	4,165	3,705	4,165
Total non-current payables	5,390	5,814	5,390	5,814
Total payables	32,649	35,072	32,902	34,771

(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 reporting date to the following lines of credit:

	Consolidated		University	
	2013	2012	2013	2012
	\$'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)	1,230	1,530	1,230	1,530
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	-	500	-	500
IT lease facility with Commonwealth Bank	-	5,000	-	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
Total credit standby arrangements	14,530	20,330	14,530	20,330
Used at balance date				
Credit card facility with NAB	11	13	11	13
Credit card facility with Amex	-	105	-	105
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	-	-	-	-
Bank Guarantee	2,600	2,600	2,600	2,600
Total used at balance date	2,611	2,718	2,611	2,718
Unused at balance date				
Credit card facility with NAB	7,989	7,987	7,989	7,987
Credit card facility with Amex	1,230	1,425	1,230	1,425
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	-	500	-	500
IT lease facility with Commonwealth Bank	-	5,000	-	5,000
Bank Guarantee	2,500	2,500	2,500	2,500
Total unused at balance date	11,919	17,612	11,919	17,612



24. Provisions

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	12,913	12,331	12,853	12,258
Long service leave	6,213	4,391	6,118	4,322
Separation scheme	7,707	442	7,621	442
Workers' compensation liability	611	258	611	258
Total current provisions	27,444	17,422	27,203	17,280
Non-current				
Annual leave	6,985	6,799	6,985	6,799
Long service leave	32,538	36,475	32,538	36,475
Workers' compensation liability	1,004	467	1,004	467
Total non-current provisions	40,527	43,741	40,527	43,741
Total provisions	67,971	61,163	67,730	61,021

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

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	725	1,029	725	1,029
Additional provisions recognised	660	355	660	355
Amounts used	(261)	(345)	(261)	(345)
Unused amounts adjustment	468	(336)	468	(336)
Increase/(decrease) in discounted amount	23	22	23	22
Carrying amount at end of year	1,615	725	1,615	725

25. Other liabilities

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	16,841	30,443	16,762	30,407
Income in advance on incomplete projects	813	1,212	813	1,212
Fees and charges	13,063	9,632	13,063	9,632
Cwth and State Government grants	36,241	44,937	36,241	44,937
Other	4,506	1,803	4,828	1,567
Total other liabilities	71,464	88,027	71,707	87,755



26. Reserves and retained earnings

(a) Reserves

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment revaluation surplus				
Land and buildings	176,680	158,839	176,680	158,839
Art collection	1,089	424	1,089	424
Library	-	-	-	-
	177,769	159,263	177,769	159,263
Available-for-sale investments revaluation surplus	2,677	1,362	2,677	1,362
Total reserves	180,446	160,625	180,446	160,625

Movements

Property, plant and equipment revaluation reserve

Land and buildings				
Balance 1 January	158,839	158,839	158,839	158,839
Asset revaluation increment	17,841	-	17,841	-
Balance 31 December	176,680	158,839	176,680	158,839

Art collection				
Balance 1 January	424	424	424	424
Asset revaluation increment	665	-	665	-
Balance 31 December	1,089	424	1,089	424

Available for sale investments revaluation surplus

Balance 1 January	1,362	447	1,362	447
Asset revaluation increment	1,315	915	1,315	915

Total available for sale investments revaluation surplus	2,677	1,362	2,677	1,362
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(b) Retained earnings

Retained earnings at 1 January	729,156	696,617	727,691	695,406
Operating result for the period	71,569	32,539	72,990	32,285
Retained earnings at 31 December	800,725	729,156	800,681	727,691

(c) Nature and purpose of reserves

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



27. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2013 year. Council members include University employees who may be ex-officio members or elected staff members.

2013 Council Members

Dr Ian Gould AM, Chancellor

Professor David Lloyd, Vice Chancellor and President (term commenced 21 January 2013)

Professor Joanne Wright, acting Vice Chancellor and President (term completed 20 January 2013)

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Associate Professor Pat Buckley

Ms Pauline Carr

Mr Andrew Friebe

Mr Eric Granger (term commenced 20 February 2013)

Mr Bruce Linn

Mr Stephen McCullum (term commenced 1 January 2013, resigned 31 January 2013)

Ms Paula Nagel

Ms Corinne Namblard (term completed 31 December 2013)

Professor Leanna Read

Professor Rick Sarre

Ms Miriam Silva (term commenced 20 February 2013)

Ms Carol Sutherland

Mr Arun Thomas (term commenced 1 February 2013)

Directorships held by Council members during the 2013 year in subsidiaries and associates of University

Mr Bruce Linn, ITEK Ventures Pty Ltd and SABRENet Ltd.



27. Key management personnel disclosures (continued)

(b) Remuneration of Key management personnel

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Remuneration of Council members				
Nil	6	6	6	6
\$1 to \$9,999	-	1	-	1
\$10,000 to \$19,999	7	8	7	8
\$20,000 to \$29,999	3	1	4	2
\$40,000 to \$49,999	1	1	-	-
\$50,000 to \$59,999	-	1	-	1
\$60,000 to \$69,999	1	-	1	-
	18	18	18	18

Remuneration received and receivable by Council members for their services as Council members was \$228,225 (2012: \$200,750). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$256,225 (2012: \$227,250).

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Remuneration of executive officers				
\$140,000 to \$149,999	1	-	1	-
\$150,000 to \$159,999	2	-	2	-
\$220,000 to \$229,999	1	-	1	-
\$310,000 to \$319,999	1	1	1	1
\$330,000 to \$339,999	1	-	1	-
\$340,000 to \$349,999	-	1	-	1
\$350,000 to \$359,999	-	2	-	2
\$370,000 to \$379,999	1	-	1	-
\$390,000 to \$399,999	1	1	1	1
\$430,000 to \$439,999	-	1	-	1
\$440,000 to \$449,999	-	1	-	1
\$450,000 to \$459,999	-	1	-	1
\$470,000 to \$479,999*	1	-	1	-
\$500,000 to \$509,999	1	-	1	-
\$540,000 to \$549,999	1	-	1	-
\$740,000 to \$749,999*	-	1	-	1
	11	9	11	9

* includes leave paid on termination.

**27. Key management personnel disclosures (continued)****(b) Remuneration Key management personnel (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 year. 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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	3,378	3,429	3,378	3,429
Post-employment benefits	436	484	436	484
Total Executive Officers' compensation	3,814	3,913	3,814	3,913

(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 for services provided by the auditor of the University, its related practices and non-related audit firms:

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Audit and review of the Financial Statements				
Fees paid to Auditor-General's Department	258	262	258	262
Fees paid to BDO Australia Ltd	9	9	-	-
Total paid for audit and review	267	271	258	262

**29. Contingencies**

The University entered into an agreement with the Minister responsible for the Department of Education, Training and Employment (DETA) on 20 February 1997 to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of \$0.680 million is to be repaid on a pro rata basis reducing to zero after 21 years. As at 31 December 2013 this contingent liability reduced to \$0.243 million.

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

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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Within one year	5,820	39,265	5,820	39,265
Later than one year	195	91	195	91
Total Property, plant and equipment commitments	6,015	39,356	6,015	39,356

(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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	2,504	2,755	2,504	2,755
Between one and five years	6,400	6,944	6,400	6,944
Later than five years	3,805	2,064	3,805	2,064
Total future minimum lease payments	12,709	11,763	12,709	11,763

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.

**30. Commitments (continued)****(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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Within one year	8,760	8,953	8,760	8,953
Between one and five years	17,177	22,082	17,177	22,082
Later than five years	663	1,415	663	1,415
Total other expenditure commitments	26,600	32,450	26,600	32,450

Other expenditure commitments includes cleaning, contributions to Co-operative Research Centres (CRC) and material commitments arising from grants received from the NHMRC.

31. Superannuation plan

(a) Categories

The University contributes to a number of superannuation schemes, divided into the following categories:

- (i) Those operative and open to membership:
 - UniSuper Defined Benefit Plan or Accumulation Super 2
 - Accumulation Super 1
- (ii) State Government Schemes closed to future membership by University employees:
 - State Pension Scheme
 - State Lump Sum Scheme

(b) UniSuper Limited Superannuation Scheme

The employees' UniSuper plan is determined by the terms of employment and is managed by a corporate trustee, UniSuper Limited. The plan is administered by UniSuper Management Pty Ltd, a wholly owned subsidiary company.

The employer contribution rate for 2013 for employees in either the Defined Benefit Division (DBD) or Accumulation Super 2 was 14% of salaries plus 3% of salaries. For employees in Accumulation Super 1 the contribution rate was 9.0% of salaries for January 2013 to June 2013 and 9.25% of salaries from July 2013 to December 2013.

The UniSuper DBD is a defined benefit plan under Superannuation Law but is considered to be a defined contribution plan under Accounting Standard AASB119. 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.

Clause 34 (b) states that the "Trustee must consider whether it is in the interests of the Members of Division A and Division B as a whole to reduce the benefits payable under Division A and Division B and, if it so considers that it should reduce benefits (which may include benefits in the course of payment), it must do so on a fair and equitable basis and at a time or times it decides."

As at 30 June 2013 the assets of the DBD aggregate (i.e. entire multi employer DBD plan) were estimated to be:

- \$691 million (2012: \$2,011 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.
- \$861 million in excess (2012: \$907 million in deficit) 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 using the actuarial demographic assumptions outlined in their report dated 14 November 2013 on the actuarial investigation of the DBD as at 30 June 2013. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return – DBD pensions	6.10% p.a.	7.80% p.a.
Gross of tax investment return – commercial rate indexed pensions	3.70% p.a.	3.70% p.a.
Net of tax investment return – non pensioner members	5.50% p.a.	7.00% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.

**31. Superannuation plan (continued)****(b) UniSuper Limited Superannuation Scheme (continued)**

Assets have been included at their net market value, i.e. allowing for realisation costs.

As at 30 June 2013 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the Defined Benefit Plan.

(c) Super SA Superannuation plan

A number of present and past employees of the University and its predecessor institutions are members of the South Australian Superannuation Scheme. 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 board was established under section 5 of the Superannuation Act 1988. 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 PricewaterhouseCoopers Securities Ltd as at 31 December 2013. The actuarial valuation was based on 30 June 2013 membership data which was projected to 31 December 2013 using the Project Unit Credit Method. The University's present value of the defined benefit obligations was assessed to be \$444.3 million (2012: \$495.7 million).

The University's liability under the scheme has been partly funded by an amount of \$34.3 million (2012: \$29.9 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$409.9 million (2012: \$465.8 million).

The weighted average duration of the defined benefit obligation is 14.43 years (2012: 14.88 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000	Total \$'000
Defined Benefit obligation – 31 Dec 2013	29,838	30,581	92,023	639,068	791,510
Defined Benefit obligation – 31 Dec 2012	30,137	30,124	92,414	671,441	824,116



31. Superannuation plan (continued)

(c) Super SA Superannuation plan (continued)

The analysis of the plan assets at balance sheet date is as follows:

	2013		2012	
	Active market	Non-Active Market	Active market	Non-Active Market
	(%)	(%)	(%)	(%)
Equity Instruments	52.2%	0.0%	48.1%	0.0%
Property	2.6%	12.2%	2.7%	12.9%
Diversified Strategies Growth	0.9%	7.6%	1.2%	4.8%
Diversified Strategies Income	13.3%	0.0%	13.0%	0.0%
Inflation Linked Securities	0.0%	7.6%	0.0%	9.4%
Debt Instruments	2.5%	0.0%	4.2%	0.0%
Cash	1.1%	0.0%	3.7%	0.0%
Total	72.6%	27.4%	72.9%	27.1%

Balance sheet amounts	2013	2012
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at beginning of year	495,700	491,113
Current service cost	1,025	1,111
Interest cost	18,263	19,532
Actuarial (gains) / losses		
(a) Impact of changes in demographic assumptions	-	-
(b) Impact of changes in financial assumptions	(38,802)	13,955
(c) Experience items	(1,306)	(571)
Benefits and expenses paid	(30,608)	(29,440)
Present value of defined benefit obligation at end of year	444,272	495,700
Reconciliation of the fair value of the defined benefit plan assets		
Fair value of scheme assets at start of year	29,900	26,605
Interest income	1,116	-
Actual return on assets less Interest income	3,217	3,154
Employer contributions	30,714	29,869
Benefits and expenses paid	(30,608)	(29,728)
Fair value of scheme assets at end of year	34,339	29,900
Net Liability		
Defined Benefit Obligation	444,272	495,700
Less: Fair value of scheme assets	(34,339)	(29,900)
Net liability	409,933	465,800

The net unfunded amount of \$409.9 million (2012: \$465.8 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.

**31. Superannuation plan (continued)****(c) Super SA Superannuation plan (continued)**

Assumptions adopted by PricewaterhouseCoopers Securities Ltd in determining the University's liability were:

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2012: 2.5%)
- Rate of salary increases 4.0% per annum (2012: 4.0%)
- Discount rate 4.6% per annum (2012: 3.8%)
- Return of fund assets 7.0% per annum (2012: 7.0%)

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

The sensitivity of the defined benefit obligation liability to changes in the significant assumptions are:

Significant Assumption	Change in assumption	Impact on Liability	Change in assumption	Impact on Liability
Discount rate	+0.5%	Decrease by 4.9%	-0.5%	Increase by 5.3%
Salary growth rate	+0.5%	Increase by 0.2%	-0.5%	Decrease by 0.2%
Pension increase rate	+0.5%	Increase by 5.5%	-0.5%	Decrease by 5.1%

**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	
		2013	2012
		%	%
(a) ITEK Pty Ltd	Australia	nil	100
(b) University of South Australia Foundation Incorporated	Australia	100	100
(c) ITEK Ventures Pty Ltd	Australia	100	100
(d) UniSA Health Pty Ltd	Australia	100	100

(a) ITEK Pty Ltd (ITEK)

ITEK Pty Ltd was formed on 1 July 1999 and was 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.

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.

In October 2013 the ITEK Trust was dissolved. The remaining funds were distributed to the University and the Trustee company ITEK Pty Ltd deregistered.

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

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2013. 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.

**33. Investments in associates****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. 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	
		2013	2012
		%	%
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) eResearch SA	31 Dec	33.00%	33.00%

(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 DECD holding an 18% share.

In 2013 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2013 is \$6.678 million (2012: \$6.994 million) which is included in Buildings.

(ii) eResearch SA (formerly South Australian Partnership for Advanced Computing (SAPAC))

eResearch SA is a collaborative joint venture of the three South Australian universities and its mission is to support the development, implementation and use of eResearch methodologies and activities in South Australia and to provide access to eResearch facilities and practical support for researchers from all disciplines. The University's 33% share of this joint venture has not been included in the consolidated report as this is immaterial to the University's activities.

**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 financial results. 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	
		2013	2012
		%	%
(i) Australian Centre for Community Ageing	30 Jun	0.00%	25.00%
(ii) Co-operative Research Centre for Infrastructure and Engineering Asset Management	30 Jun	0.00%	12.27%
(iii) South Australian Consortium for Information Technology and Telecommunications	31 Dec	0.00%	33.33%
(iv) South Australian Tertiary Admissions Centre	31 Dec	25.00%	25.00%
(v) Automotive Australia 2020 CRC (previously AutoCRC)	30 Jun	8.83%	8.20%
(vi) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment II	30 Jun	8.30%	8.30%
(vii) Co-operative Research Centre for Rail Innovation	30 Jun	7.90%	8.98%
(viii) Australian Synchrotron	30 Jun	1.90%	1.00%
(ix) Defence Systems Innovation Centre	30 Jun	0.00%	33.33%
(x) Co-operative Research Centre for Remote Economic Participation	30 Jun	6.81%	6.70%
(xi) Australian Centre for Plant Functional Genomics	31 Dec	2.00%	1.10%
(xii) Wound Management Innovation Co-operative Research Centre	30 Jun	10.80%	10.80%
(xiii) Bushfire Co-operative Research Centre	30 Jun	0.00%	2.80%
(xiv) Co-operative Research Centre for Low Carbon Living	30 Jun	8.05%	0.00%
(xv) Co-operative Research Centre for Cell Therapy Manufacturing	30 Jun	17.30%	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. In 2013 the University withdrew its interest in the ACCA.

(ii) Co-operative Research Centre for Infrastructure and 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. The CIEAM completed operations in June 2013.



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

(iii) 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. The SACITT was deregistered in 2013.

(iv) 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.

(v) Automotive Australia 2020 CRC (previously AutoCRC)

The Automotive Australia 2020 CRC was established in July 2012, in succession of the AutoCRC. The research agenda of Automotive Australia 2020 is focussed on vehicle electrification, gaseous fuels and sustainable automotive manufacturing. New international participants in the CRC complement the skills of the existing cohort, ensuring that outputs and knowledge created from the AutoCRC are integrated into high growth global supply chains.

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

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. The CRC entered its second phase in 2011 with a completion date of 2020.

(vii) 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.

(viii) 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.



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

(ix) Defence Systems Innovation Centre (DSIC)

DSIC is an unincorporated joint venture between the University of South Australia, University of New South Wales 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. The term of the joint venture agreement came to an end in June 2013.

(x) 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.

(xi) Australian Centre for Plant Functional Genomics (ACPFPG)

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.

(xii) Wound Management Innovation Co-operative Research Centre (WMI CRC)

The WMI CRC 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.

(xiii) Bushfire Co-operative Research Centre (Bushfire CRC)

The Bushfire CRC aims to improve the management of the bushfire risk to the community in an economically and ecologically sustainable manner. The CRC seeks to develop an internationally renowned centre of excellence to lead bushfire research in Australia, establish a research framework to enhance the effectiveness of bushfire management agencies, and to increase the self sufficiency of communities in managing the risks from bushfires. The term of the joint venture agreement came to an end in June 2013.

(xiv) Co-operative Research Centre for Low Carbon Living

The CRC for Low Carbon Living aims to provide government and industry with technological and policy tools to overcome market barriers preventing the adoption of cost effective low carbon products and services, while maintaining industry competitiveness and improving quality of life.

(xv) Co-operative Research Centre for Cell Therapy Manufacturing

The Co-operative Research Centre for Cell Therapy Manufacturing will bring together researchers and industry to increase the affordability, accessibility and efficacy of cell therapies. The centre is based at UniSA Mawson Lakes.

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, operations, or the state of affairs of the Consolidated Entity in future periods.

**36. Reconciliation of operating results after income tax to net cash flows from operating activities**

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	71,569	32,539	72,990	32,285
Add/(less) non-cash items:				
Depreciation and amortisation	31,732	31,683	31,714	31,662
Non-cash donations	(1,045)	(330)	(1,045)	(330)
Capital assets accrual	(1,106)	308	(1,106)	310
Library collection revaluation	(559)	3,218	(559)	3,218
Net (gain)/loss on sale of property, plant and equipment	1,814	556	1,814	554
Net (gain)/loss on sale of available-for-sale financial assets	-	2	-	2
Fair value gains on other financial assets at fair value through profit or loss	100	90	-	-
Property, plant and equipment in progress adjustments	67	-	67	-
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	3,712	11,621	3,180	12,079
(Increase)/decrease in other assets	(4,008)	(616)	(3,904)	(507)
Increase/(decrease) in payables	(2,423)	659	(1,869)	575
Increase/(decrease) in provisions	6,808	2,483	6,709	2,480
Increase/(decrease) in other liabilities	(16,522)	(1,504)	(15,989)	(1,906)
Net cash provided by / (used in) operating activities	90,139	80,709	92,002	80,422

37. Non-cash investing and financing activities

	Consolidated		University	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Donations of works of art and library materials	1,045	330	1,045	330
	1,045	330	1,045	330

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 uses different methods to measure different types of risk to which it is exposed. These methods include informal sensitivity analyses and seeking professional advice to manage 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 2013 the University held MYR\$0.336 million (AUD\$0.114 million) (2012: MYR\$0.137 million (AUD\$0.043 million)) in an offshore bank account.

During 2013 the University entered into 4 hedging contracts totalling USD\$5.510 million (AUD\$6.074 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\$0.085 million (2012: Net payable of AUD\$0.042 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.

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

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

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

The nature of the University's activities are generally low risk. Investments tend to be largely held in term deposits with banking institutions and debtors are spread across a large number of customers. 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.



39. Financial risk management (continued)

(c) Liquidity risk

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

	Average Interest rate	Less than 1 Year	1 to 5 years	5+ years	Non interest bearing	Total
2013	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	4.14%	310,083	-	-	-	310,083
Receivables		-	-	-	20,089	20,089
Other financial assets		-	-	-	8,847	8,847
Total financial assets		310,083	-	-	28,936	339,019
Financial liabilities						
Payables		-	-	-	23,698	23,698
Total financial liabilities		-	-	-	23,698	23,698

	Average Interest rate	Less than 1 Year	1 to 5 years	5+ years	Non interest bearing	Total
2012	%	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	5.30%	294,031	-	-	-	294,031
Receivables		-	-	-	23,801	23,801
Other financial assets		-	-	-	7,437	7,437
Total financial assets		294,031	-	-	31,238	325,269
Financial liabilities						
Payables		-	-	-	25,788	25,788
Total financial liabilities		-	-	-	25,788	25,788

**40. Fair Value Measurement****(a) Fair value hierarchy**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivable their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying amounts and aggregate net fair values of the Group's financial assets and liabilities at balance date are:

	Carrying Amount		Fair Value	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	310,083	294,031	310,083	294,031
Receivables	20,089	23,801	20,089	23,801
Other financial assets	8,847	7,437	8,847	7,437
Total financial assets	339,019	325,269	339,019	325,269
Financial Liabilities				
Payables	23,698	25,788	23,698	25,788
Total financial liabilities	23,698	25,788	23,698	25,788

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Land and buildings
- Library collection
- Art collection

(b) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements.

- | | |
|---------|--|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

(i) Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2013. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.



40. Fair Value Measurement (continued)

(b) Fair value hierarchy (continued)

Fair value measurements at 31 December 2013

	Note	2013 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
Financial assets					
Available for sale financial assets	18				
Equity securities		8,847	6,996	-	1,851
Total financial assets		8,847	6,996	-	1,851
Non-financial assets					
Land and buildings	20				
Land		128,030	-	128,030	-
Buildings		530,378	-	-	530,378
Other non-financial assets	20				
Library collection		13,737	-	-	13,737
Art collection		3,279	-	-	3,279
Total non-financial assets		675,424	-	128,030	547,394

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

The University's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as trading and available-for-sale securities disclosed in note 18) is based on quoted market prices for identical assets or liabilities at the reporting date (Level 1). This is the most representative of fair value in the circumstances.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

(c) Valuation techniques used to derive Level 2 and Level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If there are significant inputs to a valuation which are not obtained from observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.



40. Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (Level 3)

The following table is a reconciliation of Level 3 items for the period ended 31 December 2013.

Level 3 Fair Value Measurement 2013	Unlisted equity securities \$'000	Buildings \$'000	Library Collection \$'000	Art Collection \$'000	Total \$'000
Opening balance	-	-	-	-	-
Adoption of AASB13	1,880	516,856	13,120	1,594	533,450
Acquisitions	-	16,112	3,437	1,020	20,569
Disposals	(13)	(59)	(1,401)	-	(1,473)
Recognised in net operating result	-	(18,774)	(1,419)	-	(20,193)
Recognised in other comprehensive income	(16)	16,243	-	665	16,892
Closing balance	1,851	530,378	13,737	3,279	549,245

(i) Transfers between Level 2 and Level 3 and changes in valuation techniques

Other than described above, there were no changes in valuation techniques during the year.

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair value at 31 December 2013 \$'000	Unobservable inputs*	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	1,851	Market comparison based on internal assessment of net asset values and potential growth.	Net asset position and future earnings.	Increase in net assets and increase in future earnings would result in higher fair values; decrease in net assets and decrease in future earnings would result in lower fair values.
Buildings	530,378	Estimated useful lives of individual buildings.	Useful life ranges for buildings provided by valuer.	Increased remaining useful lives of buildings would result in higher fair values; lower remaining useful lives would result in lower fair values.
Library Collection	13,737	Current year average purchase cost.	Ranges of prices and volumes of purchases.	Increased average purchased cost would result in higher fair values; lower average purchased cost would result in lower fair values.
Art Collection	3,279	Market comparison based on internal assessment of the value of comparable artworks.	Number and type of purchases and market value of comparable artworks.	Increase in market value assessment of similar art would result in higher fair value; decrease in market value assessment of similar art would result in lower fair value.



40. Fair Value Measurement (continued)

(d) Fair value measurements using significant unobservable inputs (Level 3)

(iii) Valuation processes

The Group performs the valuations of non-property items required for financial reporting purposes, including Level 3 fair values.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every 3 years. As at 31 December 2013, the fair values of land and buildings have been determined by Opteon Pty Ltd.

The valuation technique for buildings adopted by Opteon Pty Ltd was to assess the written down current cost for the buildings. New replacement costs on the basis of a modern equivalent were assessed and then generally depreciated using the straight line method, having regard to the estimated useful and remaining life for each structure.

Land has been assessed based upon its highest and best use of the property as a whole. The land value assessment for each property recognises the existing use rights and is made irrespective of the number of titles/parcels and underlying zoning. The land values have been split between Crown land and Freehold land.

The Library collection is revalued annually at the end of each year using an internal valuation based on the average purchase cost of books and journals.

The Art collection is revalued at least every 3 years using an internal valuation carried out by the Director: Samstag Museum of Art giving consideration to current sales and auctions of works by the same artist and/or similar genre.



41. Acquittal of Australian Government financial assistance

41.1 Commonwealth Grant Scheme and other Grants

Note	Commonwealth Grant Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Capital Development Pool		Structural Adjustment Fund		Diversity and
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	166,587	160,560	1,335	1,008	6,874	6,038	84	97	-	-	-	-	-
Net accrual adjustments	2,172	1,391	(138)	138	(1,526)	-	-	-	-	-	1,546	3,260	3,260
Revenue for the period	168,759	161,951	1,197	1,146	5,348	6,038	84	97	-	-	1,546	3,260	3,260
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	(1,546)	(3,260)	(3,260)
Surplus/(deficit) from the previous year	-	-	-	-	232	676	368	394	4,900	4,900	5,037	8,284	8,284
Total revenue including accrued revenue	168,759	161,951	1,197	1,146	5,580	6,714	452	491	4,900	4,900	5,037	8,284	8,284
Less expenses including accrued expenses	(168,759)	(161,951)	(1,197)	(1,146)	(5,464)	(6,482)	(106)	(123)	-	-	(1,559)	(3,247)	(3,247)
Surplus/(deficit) for the reporting period	-	-	-	-	116	232	346	368	4,900	4,900	3,478	5,037	5,037

41. Acquittal of Australian Government financial assistance

41.1 Commonwealth Grant Scheme and other Grants

	Note	Transitional Cost		Promo of Exc in Learning and Teaching		Reward Funding		Chair in Child Protection		Total	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period		-	638	599	378	804	835	1,237	1,190	177,520	170,744
Net accrual adjustments		235	(305)	(141)	(249)	-	-	1,482	(276)	3,630	3,959
Revenue for the period	3(a)	235	333	458	129	804	835	2,719	914	181,150	174,703
Movement in deferred income		-	-	141	249	-	-	(1,482)	276	(2,887)	(2,735)
Surplus/(deficit) from the previous year		-	-	310	-	-	-	1,482	1,206	12,329	15,460
Total revenue including accrued revenue		235	333	909	378	804	835	2,719	2,396	190,592	187,428
Less expenses including accrued expenses		(235)	(333)	(429)	(68)	(804)	(835)	(2,719)	(914)	(181,272)	(175,099)
Surplus/(deficit) for the reporting period		-	-	480	310	-	-	-	1,482	9,320	12,329

41. Acquittal of Australian Government financial assistance (continued)

41.2 Higher Education Loan Programs (excl OS-HELP)

	Note	HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total	
		2013	2012	2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Payable/(Receivable) at the beginning of the year		762	1,440	(1,269)	-	(470)	-	(977)	1,440
Financial assistance received in cash during the reporting period		105,264	91,022	8,446	7,729	3,093	654	116,803	99,405
Cash available for the period		106,026	92,462	7,177	7,729	2,623	654	115,826	100,845
Revenue earned	3(b)	104,990	91,700	6,079	8,998	2,609	1,124	113,678	101,822
Cash Payable/(Receivable) at the end of the year		1,036	762	1,098	(1,269)	14	(470)	2,148	(977)

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41. Acquittal of Australian Government financial assistance (continued)

41.3 Scholarships

	Note	Australian		International		Commonwealth		Commonwealth		Indigenous		Indigenous		Indigenous Staff		Total	
		Postgraduate		Postgraduate		Education Cost		Accommodation		Access		Scholarships		Scholarships		Scholarships	
		Awards		Scholarships		Scholarships		Scholarships		Scholarships		Scholarships		Scholarships			
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period		5,522	4,926	465	448	(1,085)	507	(202)	281	(60)	49	-	-	-	-	4,640	6,211
Net accrual adjustments		-	-	-	-	471	339	178	209	51	-	-	-	-	-	700	548
Revenue for the period	3(c)	5,522	4,926	465	448	(614)	846	(24)	490	(9)	49	-	-	-	-	5,340	6,759
Movement in deferred income		-	-	-	-	(471)	(339)	(178)	(208)	(51)	-	-	-	-	-	(700)	(547)
Surplus/(deficit) from the previous year		1,302	851	-	-	1,372	978	290	392	(5)	-	12	12	12	12	2,971	2,233
Total revenue including accrued revenue		6,824	5,777	465	448	287	1,485	88	674	(65)	49	12	12	12	12	7,611	8,445
Less expenses including accrued expenses		(5,482)	(4,475)	(465)	(448)	(151)	(113)	(62)	(384)	93	(54)	-	-	-	-	(6,067)	(5,474)
Surplus/(deficit) for the reporting period		1,342	1,302	-	-	136	1,372	26	290	28	(5)	12	12	12	12	1,544	2,971

41. Acquittal of Australian Government financial assistance (continued)

41.4 EDUCATION Research

	Note	Joint Research Engagement		JRE Engineering Cadetships		Research Training Scheme		Research Infrastructure Block Grants	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assistance received in cash during the reporting period		7,281	7,677	59	30	13,287	12,548	2,791	2,956
Net accrual adjustments		-	-	-	-	-	-	-	-
Revenue for the period	3(d)	7,281	7,677	59	30	13,287	12,548	2,791	2,956
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-
Total revenue including accrued revenue		7,281	7,677	59	30	13,287	12,548	2,791	2,956
Less expenses including accrued expenses		(7,281)	(7,677)	(59)	(30)	(13,287)	(12,548)	(2,791)	(2,956)
Surplus/(deficit) for the reporting period		-	-	-	-	-	-	-	-

	Note	Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assistance received in cash during the reporting period		-	-	2,017	1,937	25,435	25,148
Net accrual adjustments		-	(184)	-	-	-	(184)
Revenue for the period	3(d)	-	(184)	2,017	1,937	25,435	24,964
Surplus/(deficit) from the previous year		-	294	-	-	-	294
Total revenue including accrued revenue		-	110	2,017	1,937	25,435	25,258
Less expenses including accrued expenses		-	(110)	(2,017)	(1,937)	(25,435)	(25,258)
Surplus/(deficit) for the reporting period		-	-	-	-	-	-

41. Acquittal of Australian Government financial assistance (continued)

41.5 Other Capital Funding

	Note	Teaching and Learning		Education Investment		Total	
		Capital Fund		Fund			
		2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period		-	-	3,080	23,866	3,080	23,866
Net accrual adjustments		-	-	-	(11,366)	-	(11,366)
Revenue for the period	3(e)	-	-	3,080	12,500	3,080	12,500
Surplus/(deficit) from the previous year		-	2,488	3,023	11,988	3,023	14,476
Total revenue including accrued revenue		-	2,488	6,103	24,488	6,103	26,976
Less expenses including accrued expenses		-	(2,488)	(3,477)	(21,465)	(3,477)	(23,953)
Surplus/(deficit) for the reporting period		-	-	2,626	3,023	2,626	3,023

41. Acquittal of Australian Government financial assistance (continued)

41.6 Australian Research Council Grants

	Note	Projects			Fellowships			Indigenous Researchers Development			Discovery - Early Career Research		
		2013			2013			2013			2013		
		\$'000	2012	\$'000	\$'000	2012	\$'000	\$'000	2012	\$'000	\$'000	2012	\$'000
(i) Discovery													
Financial assistance received in cash during the reporting period		2,601	3,433	1,636	1,597			314	70	685		506	
Net accrual adjustments		121	(520)	127	(89)			(82)	(7)	(125)		(94)	
Revenue for the period	3(f)(i)	2,722	2,913	1,763	1,508			232	63	560		412	
Movement in deferred income		(228)	499	(127)	90			81	7	125		94	
Surplus/(deficit) from the previous year		2,538	2,039	953	864			70	63	94		-	
Total revenue including accrued revenue		5,032	5,451	2,589	2,462			383	133	779		506	
Less expenses including accrued expenses		(2,722)	(2,913)	(1,763)	(1,509)			(231)	(63)	(559)		(412)	
Surplus/(deficit) for the reporting period		2,310	2,538	826	953			152	70	220		94	

(i) Discovery

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

Revenue for the period
Movement in deferred income
Surplus/(deficit) from the previous year

Total revenue including accrued revenue
Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Note	Total	
	2013	2012
	\$'000	\$'000
	5,236	5,606
	41	(710)
3(f)(i)	5,277	4,896
	(149)	690
	3,655	2,966
	8,783	8,552
	(5,275)	(4,897)
	3,508	3,655

41. Acquittal of Australian Government financial assistance (continued)

41.6 Australian Research Council Grants (continued)

	Note	Special Research Initiatives		Infrastructure		International		Projects	
		2013	2012	2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(ii) Linkages									
Financial assistance received in cash during the reporting period		-	-	-	300	-	-	2,344	2,312
Net accrual adjustments		137	249	800	(235)	-	4	101	1,025
Revenue for the period	3(f)(ii)	137	249	800	65	-	4	2,445	3,337
Movement in deferred income		(25)	(54)	(211)	247	-	(4)	(93)	(893)
Surplus/(deficit) from the previous year		25	79	247	-	-	3	3,008	3,901
Total revenue including accrued revenue		137	274	836	312	-	3	5,360	6,345
Less expenses including accrued expenses		(137)	(249)	(800)	(65)	-	(3)	(2,445)	(3,337)
Surplus/(deficit) for the reporting period		-	25	36	247	-	-	2,915	3,008

	Note	Total	
		2013	2012
		\$'000	\$'000
(ii) Linkages			
Financial assistance received in cash during the reporting period		2,344	2,612
Net accrual adjustments		1,038	1,043
Revenue for the period	3(f)(ii)	3,382	3,655
Movement in deferred income		(329)	(704)
Surplus/(deficit) from the previous year		3,280	3,983
Total revenue including accrued revenue		6,333	6,934
Less expenses including accrued expenses		(3,382)	(3,654)
Surplus/(deficit) for the reporting period		2,951	3,280

41. Acquittal of Australian Government financial assistance (continued)

41.6 Australian Research Council Grants (continued)

	Note	Centres		Total	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
(iii) Networks and Centres					
Financial assistance received in cash during the reporting period		-	-	-	-
Net accrual adjustments		163	71	163	71
Revenue for the period	3(f)(iii)	163	71	163	71
Movement in deferred income		-	-	-	-
Surplus/(deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		163	71	163	71
Less expenses including accrued expenses		(163)	(71)	(163)	(71)
Surplus/(deficit) for the reporting period		-	-	-	-

41.7 Student Services and Amenities Fee

	Note	2013	2012
		\$'000	\$'000
SA-HELP revenue earned	3(b)	2,609	1,124
Student services fees direct from students	5	1,083	474
Total revenue expendable in period		3,692	1,598
Student services expenses during period		(3,642)	(1,598)
Unspent/(overspent) student services revenue		50	-

41. Acquittal of Australian Government financial assistance (continued)

41.8 OS-HELP

	Note	2013 \$'000	2012 \$'000
Cash received during the reporting period		908	486
Cash spent during the reporting period		(858)	(426)
Net cash received		50	60
Net accrual adjustment		-	(60)
Cash surplus for the reporting period	22	50	-

41.9 Superannuation Supplementation

	Note	2013 \$'000	2012 \$'000
Cash received during the reporting period	3(h)	29,679	29,271
Cash available		29,679	29,271
Cash surplus / (deficit) from the previous period		857	(580)
Cash available for current period		30,536	28,691
Contributions to specified defined benefit funds		(29,879)	(27,834)
Cash surplus for this period		657	857

**42. 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
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
DETAFE	South Australian Government Department of Education, Training and Employment
EDUCATION	Australian Government Department of Education
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 2013

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 2013 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.
- the University charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Dr Ian Gould
Chancellor

16 April 2014

Professor David G. Lloyd
Vice Chancellor and President

16 April 2014

Mr Paul Beard
Chief Operating Officer

16 April 2014



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**To The Chancellor
University of South Australia**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, 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 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2013
- a Statement of Financial Position as at 31 December 2013
- a Statement of Changes in Equity for the year ended 31 December 2013
- a Statement of Cash Flows for the year ended 31 December 2013
- notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial report comprises the University and the entities it controlled at the year's end or from time to time during the 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*, the *Higher Education Support Act 2003* and Australian Accounting Standards, and for such internal control as the members of the Council determines are necessary to enable the preparation of the 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 \$35.5 million of unspent funding as a liability for the year ended 31 December 2013. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants', 'Other Liabilities - Income in advance on incomplete projects' and 'Other Liabilities – Other' 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 2013 financial report:

- the revenue recognised as Australian Government grants is overstated by \$4.9 million (\$5.8 million overstated in 2012)
- the revenue recognised as State and Local Government financial assistance is overstated by \$60 000 (\$600 000 overstated in 2012)
- the revenue recognised as Consultancy and contract research is overstated by \$2.5 million (\$4.5 million understated in 2012)
- operating result attributable to members of University of South Australia is overstated by \$7.5 million (\$1.9 million overstated in 2012)
- other liabilities is overstated by \$35.5 million (\$43 million overstated in 2012)
- retained earnings is understated by \$43 million (\$44.9 million understated in 2012).

Qualified Opinion

In my opinion, except for the effect 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 controlled entities (the Consolidated Entity) as at 31 December 2013, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Support Act 2003* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
17 April 2014



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South Australia**

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