

2018

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 Group consisting of University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2018.

2018 Council members

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

Ms Pauline Carr, Chancellor (commenced as Chancellor 1 September 2018)
Mr Jim McDowell, Chancellor (until 31 August 2018)
Professor David Lloyd, Vice Chancellor and President
Dr Wendy Craik AM, Deputy Chancellor (until 31 March 2018)
Hon John Hill, Deputy Chancellor (commenced as Deputy Chancellor 19 December 2018)
Mr Jim Hazel, Pro Chancellor (commenced as Pro Chancellor 19 December 2018)
Mr Michael Abbott AO QC
Mr Eric Granger
Ms Karen Hunt
Professor Caroline McMillen (commenced 19 December 2018)
Mr Jordan Mumford (until 31 December 2018)
Ms Mary Patetsos
Ms Kate Riggall (until 31 December 2018)
Ms Miriam Silva
Associate Professor Deirdre Tedmanson
Professor Vicki Waye
Mr Jim Whalley

The remuneration of Council members is detailed in Note 23(b) of the Financial Statements.

Changes in Council membership since 31 December 2018

Ms Grace Dixon (term commenced 1 January 2019)
Ms Nida Baig (term commenced 1 January 2019)

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 2018, 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		Governance Legislation		Honorary Awards	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mr Jim McDowell	5	5											2	2	2	2	1	1	1	1
Ms Pauline Carr	7	8			5	5	5	7	4	4			3	3	1	1	1	1	1	1
Professor David Lloyd	8	8	5	8	5	5	6	7	4	4	4	4	3	3	3	3	2	2	2	2
Dr Wendy Craik AM	1	2																		
Hon John Hill	8	8					7	7					1	1			2	2		
Mr Jim Hazel	5	8			3	5	6	7												
Mr Michael Abbott AO QC	6	8													3	3	2	2		
Mr Eric Granger	7	8													3	3				
Ms Karen Hunt	7	8							4	4							2	2		
Mr Jordan Mumford	8	8	8	8													2	2		
Ms Mary Patetsos	8	8											2	3					2	2
Ms Kate Riggall	8	8																		
Ms Miriam Silva	4	8					5	7							1	3				
Associate Prof. Deirdre Tedmanson	8	8							4	4							2	2		
Professor Vicki Waye	7	8	7	8															2	2
Mr Jim Whalley	7	8			3	5														

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 Group 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 programs for the benefit of the wider community or programs 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 Group during the 2018 year.

Review of operations

The 2018 consolidated surplus was \$19.5 million (2017: \$13.2 million). The surplus resulted in a safety margin (operating result as a percentage of total income) of 3.0% (2017: 2.2%). Income increased by 7.8% to \$658.5 million while expenses grew by 6.9% to \$638.9 million.

The University's consolidated financial position remained sound during the 2018 year with net assets of \$1,209 million (2017: \$1,189 million). Cash balances decreased slightly to \$182.2 million at year end (2017: \$188.2 million) primarily due to the University's capital program.

Consolidated cash flows from operating activities in 2018 were \$67.0 million (2017: \$64.1 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 Group that occurred during the 2018 year not otherwise disclosed in this report or elsewhere in the Annual Review.

Subsequent events

There has not arisen in the interval between the end of the 2018 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation. The significant environmental regulations applying to the Group 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

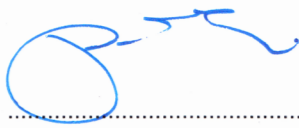
The University has paid insurance premiums in respect to Directors and Officers liability, Directors and Officers supplementary legal expenses and statutory liability, for current and former members of University Council and officers.

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 Group

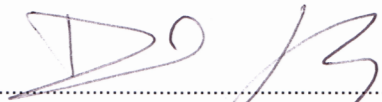
There are no legal proceedings on behalf of the Group that have arisen during the 2018 year or subsequent to year end that affect significantly the operations of the Group.

This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 2 May 2019.



**Ms Pauline Carr
Chancellor**

2 May 2019



**Professor David G. Lloyd
Vice Chancellor and President**

2 May 2019



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		Consolidated		University	
		2018	2017	2018	2017
	Notes	\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	268,702	260,952	268,718	260,952
HECS-HELP - Australian Government payments	2	129,178	122,433	129,178	122,433
FEE-HELP	2	8,390	9,090	8,390	9,090
SA-HELP	2	3,431	3,088	3,431	3,088
State and Local Government financial assistance	3	10,850	9,902	10,850	9,902
HECS-HELP - Student payments		9,973	10,145	9,973	10,145
Fees and charges	4	145,429	132,910	145,429	132,910
Investment income	5	15,310	8,483	15,297	8,462
Royalties		390	370	62	83
Consultancy and contract research	6	41,676	38,405	41,603	38,628
Other revenue	7	25,439	15,038	24,934	14,937
Gain / (Loss) on disposal of assets	8	(301)	1	(301)	1
Total income from continuing operations		658,467	610,817	657,564	610,631
Expenses from continuing operations					
Employee-related expenses	9	397,490	377,374	395,292	375,316
Depreciation and amortisation		40,763	33,632	40,747	33,614
Repairs and maintenance		14,366	18,155	14,361	18,154
Impairment of property, plant and equipment	16	697	-	697	-
Other expenses	10	185,243	168,129	186,704	169,802
Bad and doubtful debts		317	496	317	456
Total expenses from continuing operations		638,876	597,786	638,118	597,342
Operating result before income tax		19,591	13,031	19,446	13,289
Income tax (income) / expense		87	(138)	40	18
Operating result attributable to members of University of South Australia		19,504	13,169	19,406	13,271
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets valuation gain taken to equity		-	5,264	-	5,264
Available-for-sale financial assets transfer to profit or loss		-	(85)	-	(85)
Total		-	5,179	-	5,179
Items that will not be reclassified to profit or loss:					
Gain / (Loss) on revaluation of Land, Buildings and Infrastructure		-	(3,527)	-	(3,527)
Gain / (Loss) on equity instruments designated at fair value through other comprehensive income		922	-	922	-
Total		922	(3,527)	922	(3,527)
Total comprehensive income attributable to the members of the University of South Australia		20,426	14,821	20,328	14,923

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

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Notes	Consolidated		University	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets					
Cash and cash equivalents	11	182,169	188,216	180,549	186,716
Receivables	12	21,847	23,150	21,364	22,765
Other financial assets	14	6,161	7,429	6,161	7,429
Deferred Government superannuation contribution	28	30,493	30,900	30,493	30,900
Other non-financial assets	15	18,434	16,921	18,389	16,878
Total current assets		259,104	266,616	256,956	264,688
Non-current assets					
Other financial assets	14	44,360	41,938	46,424	43,999
Property, plant and equipment	16	1,105,596	1,087,150	1,105,583	1,087,129
Deferred tax assets		558	563	-	-
Intangible assets	17	5,374	5,382	5,374	5,382
Deferred Government superannuation contribution	28	381,364	385,042	381,364	385,042
Total non-current assets		1,537,252	1,520,075	1,538,745	1,521,552
Total assets		1,796,356	1,786,691	1,795,701	1,786,240
Current liabilities					
Trade and other payables	18	45,039	52,078	45,361	52,516
Provisions	20	61,004	59,320	60,768	59,122
Current tax liabilities		101	73	86	65
Other liabilities	21	53,793	56,026	53,581	55,759
Defined benefit obligation	28	30,493	30,900	30,493	30,900
Total current liabilities		190,430	198,397	190,289	198,362
Non-current liabilities					
Trade and other payables	18	1,863	1,740	1,863	1,740
Provisions	20	13,469	12,708	13,469	12,708
Defined benefit obligation	28	381,364	385,042	381,364	385,042
Total non-current liabilities		396,696	399,490	396,696	399,490
Total liabilities		587,126	597,887	586,985	597,852
Net assets		1,209,230	1,188,804	1,208,716	1,188,388
Equity					
Reserves	22	255,430	254,218	255,430	254,218
Retained earnings		953,800	934,586	953,286	934,170
Total equity		1,209,230	1,188,804	1,208,716	1,188,388

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 2018

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2017	252,566	921,417	1,173,983	252,566	920,899	1,173,465
Profit or loss	-	13,169	13,169	-	13,271	13,271
Available-for-sale financial assets valuation gain taken to equity	5,264	-	5,264	5,264	-	5,264
Available-for-sale financial assets valuation gain taken to profit or loss	(85)	-	(85)	(85)	-	(85)
Loss on revaluation of Land, Buildings and Infrastructure	(3,527)	-	(3,527)	(3,527)	-	(3,527)
Total comprehensive income	1,652	13,169	14,821	1,652	13,271	14,923
Balance as at 31 December 2017	254,218	934,586	1,188,804	254,218	934,170	1,188,388

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	254,218	934,586	1,188,804	254,218	934,170	1,188,388
Profit or loss	-	19,504	19,504	-	19,406	19,406
Gain/ (Loss) on equity instruments designated at fair value through other comprehensive income	922	-	922	922	-	922
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income to retained earnings	290	(290)	-	290	(290)	-
Total comprehensive income	1,212	19,214	20,426	1,212	19,116	20,328
Balance as at 31 December 2018	255,430	953,800	1,209,230	255,430	953,286	1,208,716

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 2018

	Notes	Consolidated		University	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received		403,415	399,738	403,476	399,738
OS-HELP (Net)	36(g)	324	1,114	324	1,114
Superannuation supplementation	36(h)	26,601	32,691	26,601	32,691
State and Local Government grants		11,074	14,045	11,074	14,045
HECS-HELP - Student payments		9,973	10,145	9,973	10,145
Receipts from student fees and other customers		158,533	140,816	158,027	140,713
Dividends received		8,563	561	8,563	561
Interest received		4,191	10,242	4,178	10,221
Royalties		390	370	62	83
Consultancy and contract research		45,049	39,592	45,123	39,520
Other receipts		28,945	15,038	28,585	15,228
GST recovered / (paid)		13,854	22,591	14,080	22,829
Outflows:					
Payments to suppliers and employees (GST incl)		(643,938)	(622,874)	(643,219)	(623,223)
Net cash provided by / (used in) operating activities	33	66,974	64,069	66,847	63,665
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of property, plant and equipment		237	3,307	237	3,307
Proceeds from sale of Investments		4,136	4,080	4,136	4,080
Outflows:					
Payments for property, plant and equipment		(71,756)	(195,182)	(71,749)	(195,168)
Payments for investments		(5,638)	(5,847)	(5,638)	(5,765)
Net cash provided by / (used in) investing activities		(73,021)	(193,642)	(73,014)	(193,546)
Net increase / (decrease) in cash and cash equivalents		(6,047)	(129,573)	(6,167)	(129,881)
Cash and cash equivalents at the beginning of the financial year		188,216	317,789	186,716	316,597
Cash and cash equivalents at the end of the financial year	11	182,169	188,216	180,549	186,716

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 and where applicable, throughout the notes to the accounts. 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 (the Group).

(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 (AAS), AASB Interpretations, requirements of the Department of Education and Training (EDUCATION), the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and other State / Australian Government legislative requirements.

The University applies Tier 1 reporting requirements. Except where in conflict with the EDUCATION requirements, the financial statements are prepared in accordance with the relevant South Australian Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*.

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

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

The preparation of these statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the University's accounting policies. All significant estimates or assumptions made in the preparation of the financial statements are described in the relevant accounting policy notes. The estimates and underlying assumptions are reviewed regularly.

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

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

Rounding of amounts

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

Comparative amounts

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



1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gain and loss 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.

(b) Basis of consolidation

The consolidated financial statements represent the financial statements of the parent entity, being the University of South Australia, and the assets, liabilities and results of all entities it controlled in accordance with AASB 10 *Consolidated Financial Statements* at the end of, or during the financial year. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Transactions, balances and unrealised gain on transactions between Group entities are eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A list of controlled entities are contained in Note 29. Subsidiaries of the financial statements.

(c) 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.

(d) 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 extinguished. In relation to foreign operations, the University is subject to tax associated with the legislation of the relevant foreign country. Tax in respect of these operations has been brought to account in the year it is incurred.



1. Summary of significant accounting policies (continued)

(e) Interests in Co-operative Research Centres

The University has an interest in nine Co-operative Research Centres. During 2018 the University provided funding to Co-operative Research Centres through cash contributions and research resources (in-kind) support.

The Co-operative Research Centres are:

- Co-operative Research Centre for Cell Therapy Manufacturing
- Co-operative Research Centre for Contamination Assessment and Remediation of the Environment II
- Co-operative Research Centre for Low Carbon Living
- Data to Decisions Co-operative Research Centre
- Digital Health CRC
- Innovative Manufacturing Co-operative Research Centre
- iMove Co-operative Research Centre
- MinEx CRC
- Wound Management Innovation Co-operative Research Centre

(f) 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 2018.

The application of the AASBs highlighted below may result in material changes to the University's future financial reports, however the quantitative effects of the University adopting these standards is still being assessed.

AASB 15 Revenue from Contracts with Customers

The Australian Accounting Standards Board issued new accounting standard AASB 15 *Revenue from Contracts with Customers* on 12 December 2014 which is mandatory for adoption from 1 January 2019. Early adoption is not permitted by EDUCATION.

AASB 15 establishes a single and comprehensive framework which sets out how and when revenue is recognised. The core principle of AASB 15 is that revenue is recognised when transfers of goods or services to customers occur in exchange for consideration which the vendor expects to be entitled to in exchange for the provision of those goods or services (i.e. fulfilment of performance obligations). Revenue will only be recognised when control over the goods or services is transferred to the customer, either over time or at a point in time.

AASB 1058 Income of Not-for-Profit Entities

The Australian Accounting Standards board issued new accounting standard AASB 1058 *Income of Not-for-Profit Entities* on 20 December 2016 which is mandatory for adoption 1 January 2019. The standard supersedes all the income recognition requirements relating to private sector not-for-profit (NFP) entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*. AASB 1058 clarifies and simplifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15.

Estimated impact of adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-For-Profit Entities

The University will adopt the modified retrospective approach in 2019 whereby comparatives are not adjusted, and opening balance adjustments will be made to equity effective 1 January 2019. The University has elected to exclude donations and bequests from deferral of income on adoption of AASB 1058 and AASB 15, where they have been recognised as income under AASB 1004 prior to 31 December 2018.

The University has elected to adopt the input method, except where the output method is deemed more appropriate due to the nature of the contract to recognise the completion of performance obligations. The adjustment to retained earnings as at 1 January 2019 is estimated to be a decrease of about \$27.00 million, with an equal increase in deferred revenue liabilities to approximately \$61.00 million.



1. Summary of significant accounting policies (continued)

(f) Changes in accounting policies (continued)

Under AASB 15 and AASB 1058 amounts received which are required to be applied as cash payments to third parties, including scholarships and payments to other institutions, are required to be recognised as financial liabilities under AASB 9 and will no longer be recorded as revenue. Upon adoption this is expected to be about \$4.00 million.

If AASB 15 and AASB 1058 were applied to the income received in 2018 it is estimated the University revenue would not be materially different due to the current policy of revenue deferral as detailed in Note 2, with an estimated decrease of \$3.00 to \$5.00 million. The actual impact in the 2019 Annual Financial Statements will vary due to levels of income received, completion of performance obligations and the content of agreements.

AASB 16 Leases

The Australian Accounting Standards board issued new accounting standard AASB 16 *Leases* in February 2016 which is mandatory for adoption 1 January 2019. Early adoption is not permitted by EDUCATION.

AASB 16 introduces a single accounting treatment for lessees, that is, recognition of a right-of-use asset and a lease liability. For lessors the finance and operating lease distinction and the accounting for leases remain largely unchanged.

Estimated impact of the adoption of AASB 16 Leases

The University will adopt the modified retrospective approach in 2019 whereby comparatives are not adjusted, and opening balance adjustments will be made to equity effective 1 January 2019. The adjustment to retained earnings as at 1 January 2019 is estimated to be nil. Based on the leases in place as at 31 December 2018 in the 2019 Annual Financial Statements the University will recognise a right-of-use asset and lease liability of an estimated \$8.60 million and expects any change to lease expenditure to be immaterial. The actual impact in the 2019 Annual Financial Statements will vary due to any changes in the lease terms and any new leases commenced.

AASB 1059 Service Concession Arrangements: Grantors

The Australian Accounting Standards Board issued new accounting standard AASB 1059 *Service Concession Arrangements: Grantors* in July 2017 which is mandatory for adoption from 1 January 2020.

AASB 1059 applies to concession arrangements where the operator provides public services related to a service concession asset on behalf of a grantor. Where the grantor controls a service concession asset it must therefore recognise the asset in its financial statements.

The University does not believe that the adoption of AASB 1059 will have a material impact.

(g) Initial application of AASB 9 Financial Instruments

Adoption of AASB 9 is made in accordance with the transitional provisions. The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below.

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The University applied AASB 9 from 1 January 2018. The University has not restated the comparative information, which continues to be reported under AASB 139.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income (OCI). The classification is based on two criteria: the University's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.



1. Summary of significant accounting policies (continued)

(g) Initial application of AASB 9 Financial Instruments (continued)

The assessment of the University's business model and whether contractual cash flows on debt instruments are solely comprised of principal and interest was made on initial application as at 1 January 2018 based on the current facts and circumstances at initial recognition. The classification and measurement requirements of AASB 9 does not have a significant impact to the University and the University will continue to measure financial assets previously held at fair value under AASB 139 at fair value. As a result the changes in the classification of the University's financial assets are as follows:

- (a) Trade receivables classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost from 1 January 2018.
- (b) Equity investments in non-listed companies classified as available-for-sale financial assets as at 31 December 2017 are classified and measured as equity instruments designated at fair value through OCI from 1 January 2018. The University elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- (c) Listed equity investments classified as available-for-sale financial assets as at 31 December 2017 are classified and measured as financial assets at fair value through OCI from 1 January 2018.

The University has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the University's financial liabilities.

The table below details the reclassification upon adoption under AASB 9 as at 1 January 2018, with the historical treatment under AASB 139 of trade receivables and available-for-sale investments and the revised treatment under AASB 9 of amortised cost and fair value through other comprehensive income (OCI).

	Consolidated			University		
	2018 treatment under AASB 9			2018 treatment under AASB 9		
	Amortised cost	Fair value through OCI	Total	Amortised cost	Fair value through OCI	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017 treatment under AASB 139						
Loans and receivables						
Trade receivables	23,150	-	23,150	22,765	-	22,765
Available-for-sale						
Listed equity investments	-	15,166	15,166	-	15,166	15,166
Non-listed equity investments	-	26,772	26,772	-	24,802	24,802
	23,150	41,938	65,088	22,765	39,968	62,733


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

	Note	Consolidated		University	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Commonwealth Grants Scheme and other grants	36(a)	191,699	190,062	191,699	190,062
Higher Education Loan Programs	36(b)	140,999	134,611	140,999	134,611
Education Research	36(c)	35,116	35,305	35,116	35,305
Other capital funding	36(e)	37	8	37	8
Australian Research Council	36(f)	6,788	7,951	6,788	7,951
Total CGS, HELP, Scholarships and Research grants		374,639	367,937	374,639	367,937
Other Australian Government financial assistance					
Non-capital		35,062	27,626	35,078	27,626
Capital		-	-	-	-
Total Other Australian Government financial assistance		35,062	27,626	35,078	27,626
Total Australian Government financial assistance		409,701	395,563	409,717	395,563

Accounting policy
EDUCATION financial assistance (including Commonwealth Grant Scheme, Higher Education Loan Programs 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.


3. State and Local Government financial assistance

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-capital research grants	10,306	9,243	10,306	9,343
Non-capital other	544	659	544	559
Total State and Local Government financial assistance	10,850	9,902	10,850	9,902

Accounting Policy

State and Local Government financial assistance is measured and recognised in accordance with the accounting policy set out in Note 2 Australian Government financial assistance.

4. Fees and charges

		Consolidated		University	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Course fees and charges	Note				
Fee-paying onshore overseas students		122,576	109,006	122,576	109,006
Fee-paying offshore overseas students		1,188	1,013	1,188	1,013
Continuing education		1,475	1,377	1,475	1,377
Fee-paying domestic postgraduate students		3,139	3,322	3,139	3,322
Fee-paying domestic non-award students		229	186	229	186
Total course fees and charges		128,607	114,904	128,607	114,904
Other fees and charges					
Miscellaneous enrolment fees		8,680	10,051	8,680	10,051
Other fees and charges		5,090	4,940	5,090	4,940
Seminar / workshop fees		1,735	1,895	1,735	1,895
Student services fees from students	36(i)	1,317	1,120	1,317	1,120
Total other fees and charges		16,822	18,006	16,822	18,006
Total fees and charges		145,429	132,910	145,429	132,910

Accounting Policy

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.

**5. Investment income**

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest				
Debt instruments at amortised cost	4,659	-	4,646	-
Held to maturity investments	-	7,027	-	7,006
Dividends				
Equity instruments designated at fair value through OCI	10,651	-	10,651	-
Equity investments	-	1,456	-	1,456
Investment income gains	15,310	8,483	15,297	8,462

Accounting Policy

Interest income is recognised as it accrues. For all financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

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

6. Consultancy and contract research

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Consultancy	3,667	2,862	3,620	2,809
Contract research	38,009	35,543	37,983	35,819
Total consultancy and contract research	41,676	38,405	41,603	38,628

Accounting Policy

Consultancy and contract research is measured and recognised in accordance with the accounting policy set out in Note 2 Australian Government financial assistance.


7. Other revenue

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	3,639	2,142	3,639	2,142
Scholarships and prizes	1,688	1,617	1,688	1,617
Other fees and charges	7,232	5,161	6,386	5,102
Other*	12,880	6,118	13,221	6,076
Total other revenue	25,439	15,038	24,934	14,937

* Included within other for 2018 is an amount for insurance proceeds of \$8.52 million (2017: \$2.00 million).

Accounting Policy

Other revenue is recognised when the Group becomes entitled to receive the revenue and the revenue can be reliably measured in accordance with AASB 118 *Revenue*.

8. Gain / (Loss) on disposal of assets

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Disposal of property, plant and equipment				
Proceeds from sale	237	3,307	237	3,307
Carrying amount of assets sold*	(538)	(3,612)	(538)	(3,612)
Net Gain / (Loss) on disposal of property, plant and equipment	(301)	(305)	(301)	(305)
Sale of shares				
Available-for-sale investments	-	306	-	306
Total of Net Gain / (Loss) on disposal of assets	(301)	1	(301)	1

*The 2017 carrying amount of asset sold includes the disposal of Land with a carrying amount of \$3.08 million, resulting in no gain or loss on disposal.

**9. Employee-related expenses**

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	164,914	160,013	164,712	159,860
Contributions to superannuation and pension schemes:				
Emerging cost	181	190	181	190
Funded	24,724	24,056	24,724	24,056
Payroll tax	9,493	8,634	9,493	8,634
Workers' compensation	98	123	98	123
Long service leave	5,258	3,984	5,258	3,984
Annual leave	10,856	10,519	10,856	10,519
Total academic	215,524	207,519	215,322	207,366
Non-academic				
Salaries	135,603	126,795	133,889	125,150
Contributions to superannuation and pension schemes:				
Emerging cost	181	180	32	34
Funded	21,423	19,820	21,423	19,820
Payroll tax	9,021	9,026	8,925	8,937
Workers' compensation	277	459	277	459
Long service leave	5,023	3,752	5,001	3,712
Annual leave	10,239	9,599	10,224	9,614
Total non-academic	181,767	169,631	179,771	167,726
Total academic & non-academic employee related expenses	397,291	377,150	395,093	375,092
Council member remuneration	199	224	199	224
Total employee-related expenses	397,490	377,374	395,292	375,316

Accounting Policy

Refer to Note 20. Provisions for the accounting policy relating to employee benefits and Note 28. Superannuation Plans for the accounting policy relating to employee benefits - Superannuation.


10. Other expenses

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	19,330	19,761	19,330	19,761
Non-capitalised equipment	9,244	6,684	9,244	6,684
Advertising, marketing and promotion	11,974	9,195	11,951	9,182
Telecommunications	3,648	3,641	3,636	3,629
Travel, staff development and entertainment	20,650	20,433	20,435	20,300
External services	64,048	55,163	66,100	57,904
IT hardware and software	13,995	13,715	14,020	13,710
Library subscriptions	6,534	6,608	6,534	6,608
Printing	2,057	2,131	2,057	2,131
Operating lease expenses *	3,792	3,347	3,765	3,342
Bank charges, legal costs, insurance and taxes	6,572	5,722	6,256	5,419
General consumables	8,267	7,054	8,248	7,040
Utilities	11,177	8,395	11,177	8,395
Other	3,955	6,280	3,951	5,697
Total other expenses	185,243	168,129	186,704	169,802

Accounting Policy

* 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 are recognised in the Statement of Comprehensive Income over the term of the lease. The operating lease commitments are disclosed in Note 26(b).


11. Cash and cash equivalents

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	8,203	7,565	7,952	7,298
Deposits at call	173,966	180,651	172,597	179,418
Total cash and cash equivalents	182,169	188,216	180,549	186,716

Cash at bank and on hand

During the year cash at bank and on hand earned an average of 0.18% (2017: 0.23%) and interest was credited to the University on a monthly basis.

Deposits at call

During the year Deposits at call earned interest at a fixed rate which ranged between 1.90% and 2.91% (2017: range between 1.50% and 3.17%). These deposits had an average maturity of 253 days (2017: 297 days).

Accounting Policy

Cash and cash equivalents includes cash at bank and 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.

12. Receivables

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade debtors	11,131	11,910	11,207	11,942
Less: Provision for impaired receivables	(115)	(229)	(115)	(229)
	11,016	11,681	11,092	11,713
Student fees	4,105	3,780	4,105	3,780
Less: Provision for impaired receivables	(622)	(617)	(622)	(617)
	3,483	3,163	3,483	3,163
Commonwealth receivables	2,809	2,918	2,809	2,918
Other	4,539	5,388	3,980	4,971
Total receivables	21,847	23,150	21,364	22,765

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days.

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

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

	Consolidated	
	2018	2017
	\$'000	\$'000
At 1 January	229	266
Provision for impairment recognised during the year	34	167
Receivables written-off during the year as uncollectible	(46)	(89)
Unused amount reversed and debts collected	(102)	(115)
At 31 December	115	229

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

	Consolidated	
	2018	2017
	\$'000	\$'000
At 1 January	617	612
Provision for impairment recognised during the year	527	458
Receivables written-off during the year as uncollectible	(398)	(362)
Unused amount reversed and debts collected	(124)	(91)
At 31 December	622	617

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'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.

**12. Receivables (continued)****Accounting Policy**

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade debtors are due for settlement no more than 14 days from the date that invoice was issued for domestic Australian debtors, and no more than 30 days for other debtors.

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

Collectability of receivables is reviewed on an ongoing basis and the assessment of the provision for impaired receivables included consideration of the expected credit losses in accordance with AASB 9 *Financial Instruments*. Individual trade debtors and student fee receivables assessed for impairment, considering both historic and future factors where possible including the age of the debt, the circumstances of the debtor, experience with similar debt types and current economic circumstances. In addition, both trade debtors and student fee receivables are collectively evaluated for impairment based upon past due status and historical collection experience. 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 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.

13. 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.

14. Other financial assets

	Note	Consolidated		University	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current					
Accrued Income		6,161	7,429	6,161	7,429
Total current other financial assets		6,161	7,429	6,161	7,429
Non-current					
Equity instruments designated at fair value through other comprehensive income		44,360	-	39,282	-
Shares in subsidiaries	29	-	-	7,142	4,031
Available-for-sale financial assets at fair value		-	41,938	-	39,968
Total non-current other financial assets		44,360	41,938	46,424	43,999
Total other financial assets		50,521	49,367	52,585	51,428

**14. Other financial assets (continued)****Accounting Policy****Shares in subsidiaries**

Investments in all wholly-owned subsidiaries are recorded at fair value. Where an estimate of fair value is not readily available, the Net Assets of the subsidiary are used as a proxy for fair value.

Equity Instruments designated at fair value through other comprehensive income

The University invests in shares, fixed interest, property trusts and managed funds known as Investments. In the 2017 Annual Financial Statements, these Investments were classified as available-for-sale financial assets and measured at fair value. With the adoption of AASB 9 *Financial Instruments* for reporting periods commencing from 1 January 2018, these Investments are now classified as equity instruments designated at fair value through other comprehensive income.

Under AASB 9 *Financial Instruments*, the University has made an irrevocable decision to fair value investments through the Statement of Comprehensive Income. The Investments held by the University meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

These Investments 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. Investments are derecognised when the rights to receive cash flows from them have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Unrealised gain or loss arising from changes in the fair value of investments are recognised in other comprehensive income under Gain / (Loss) on equity instruments designated at fair value through other comprehensive income.

Realised gain or loss arising from the sale of investments are recognised in other comprehensive income under Gain / (Loss) on equity instruments designated at fair value through other comprehensive income.

Only dividends are recognised in the income statement when the right of payment has been established unless when it is part of a recovery of cost in which case it is recognised in other comprehensive income.

Since these investments are designated at fair value through other comprehensive income they are not subject to impairment assessment.

15. Other non-financial assets

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	18,319	16,861	18,274	16,818
Other	115	60	115	60
Total other non-financial assets	18,434	16,921	18,389	16,878



16. Property, plant and equipment

	Capital works in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Art collection	Library collection	Infrastructure	Total
University	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017										
- Cost	120,189	-	-	90,672	3,530	7,784	36	5,026	-	227,237
- Valuation	-	158,810	1,057,884	-	-	-	3,774	17,294	87,500	1,325,262
Accumulated depreciation and impairment	-	-	(503,192)	(58,651)	-	(5,565)	-	(9,289)	(45,440)	(622,137)
Net book amount	120,189	158,810	554,692	32,021	3,530	2,219	3,810	13,031	42,060	930,362
Year ended 31 December 2017										
Opening net book amount	120,189	158,810	554,692	32,021	3,530	2,219	3,810	13,031	42,060	930,362
Additions	176,790	1,135	3,027	8,648	2,462	-	-	2,008	-	194,070
Disposals	-	-	-	(315)	-	-	-	(217)	-	(532)
Reclassifications	(24,481)	-	22,326	3,380	(3,069)	-	-	-	1,844	-
Revaluation	-	-	(3,527)	-	-	-	-	-	-	(3,527)
Amortisation / Depreciation charge	-	-	(19,168)	(8,984)	-	(519)	-	(2,219)	(1,776)	(32,666)
Other changes, movements	(179)	-	-	-	(399)	-	-	-	-	(578)
Closing net book amount	272,319	159,945	557,350	34,750	2,524	1,700	3,810	12,603	42,128	1,087,129
At 31 December 2017										
- Cost	272,319	1,135	25,352	98,080	2,524	7,784	36	6,964	1,844	416,038
- Valuation	-	158,810	1,040,014	-	-	-	3,774	15,159	87,500	1,305,257
Accumulated amortisation / depreciation and impairment	-	-	(508,016)	(63,330)	-	(6,084)	-	(9,520)	(47,216)	(634,166)
Net book amount	272,319	159,945	557,350	34,750	2,524	1,700	3,810	12,603	42,128	1,087,129



16. Property, plant and equipment (continued)

University	Capital works in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Art collection	Library collection	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2018										
Opening net book amount	272,319	159,945	557,350	34,750	2,524	1,700	3,810	12,603	42,128	1,087,129
Additions	45,894	120	955	7,318	2,220	-	-	2,479	-	58,986
Disposals	-	-	-	(356)	-	-	-	(182)	-	(538)
Reclassification	(313,612)	-	307,885	6,965	(2,531)	172	30	-	1,091	-
Impairment loss	-	-	-	(697)	-	-	-	-	-	(697)
Amortisation / Depreciation charge	-	(107)	(24,854)	(9,829)	-	(499)	-	(2,153)	(1,802)	(39,244)
Other changes, movements	(59)	-	-	-	6	-	-	-	-	(53)
Closing net book amount	4,542	159,958	841,336	38,151	2,219	1,373	3,840	12,747	41,417	1,105,583
At 31 December 2018										
- Cost	4,542	1,255	334,192	105,845	2,219	7,956	66	9,337	2,936	468,348
- Valuation	-	158,810	1,040,014	-	-	-	3,774	13,459	87,500	1,303,557
Accumulated amortisation / depreciation and impairment	-	(107)	(532,870)	(67,694)	-	(6,583)	-	(10,049)	(49,019)	(666,322)
Net book amount	4,542	159,958	841,336	38,151	2,219	1,373	3,840	12,747	41,417	1,105,583



16. Property, plant and equipment (continued)

	Capital works in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Art collection	Library collection	Infrastructure	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017										
- Cost	120,189	-	-	90,772	3,530	7,784	36	5,026	-	227,337
- Valuation	-	158,810	1,057,884	-	-	-	3,774	17,294	87,500	1,325,262
Accumulated amortisation / depreciation and impairment	-	-	(503,192)	(58,726)	-	(5,565)	-	(9,289)	(45,440)	(622,212)
Net book amount	120,189	158,810	554,692	32,046	3,530	2,219	3,810	13,031	42,060	930,387
Year ended 31 December 2017										
Opening net book amount	120,189	158,810	554,692	32,046	3,530	2,219	3,810	13,031	42,060	930,387
Additions	176,790	1,135	3,027	8,662	2,462	-	-	2,008	-	194,084
Disposals	-	-	-	(315)	-	-	-	(217)	-	(532)
Reclassifications	(24,481)	-	22,326	3,380	(3,069)	-	-	-	1,844	-
Revaluation	-	-	(3,527)	-	-	-	-	-	-	(3,527)
Amortisation / Depreciation charge	-	-	(19,168)	(9,002)	-	(519)	-	(2,219)	(1,776)	(32,684)
Other changes, movements	(179)	-	-	-	(399)	-	-	-	-	(578)
Closing net book amount	272,319	159,945	557,350	34,771	2,524	1,700	3,810	12,603	42,128	1,087,150
At 31 December 2017										
- Cost	272,319	1,135	25,352	98,202	2,524	7,784	36	6,964	1,844	416,160
- Valuation	-	158,810	1,040,014	-	-	-	3,774	15,159	87,500	1,305,257
Accumulated amortisation / depreciation and impairment	-	-	(508,016)	(63,431)	-	(6,084)	-	(9,520)	(47,216)	(634,267)
Net book amount	272,319	159,945	557,350	34,771	2,524	1,700	3,810	12,603	42,128	1,087,150


16. Property, plant and equipment (continued)

Consolidated	Capital works in progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Art collection	Library collection	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2018										
Opening net book amount	272,319	159,945	557,350	34,771	2,524	1,700	3,810	12,603	42,128	1,087,150
Additions	45,894	120	955	7,326	2,220	-	-	2,479	-	58,994
Disposals	-	-	-	(356)	-	-	-	(182)	-	(538)
Reclassifications	(313,612)	-	307,885	6,965	(2,531)	172	30	-	1,091	-
Impairment loss	-	-	-	(697)	-	-	-	-	-	(697)
Amortisation / Depreciation charge	-	(107)	(24,854)	(9,845)	-	(499)	-	(2,153)	(1,802)	(39,260)
Other changes, movements	(59)	-	-	-	6	-	-	-	-	(53)
Closing net book amount	4,542	159,958	841,336	38,164	2,219	1,373	3,840	12,747	41,417	1,105,596
At 31 December 2018										
- Cost	4,542	1,255	334,192	105,976	2,219	7,956	66	9,337	2,936	468,479
- Valuation	-	158,810	1,040,014	-	-	-	3,774	13,459	87,500	1,303,557
Accumulated amortisation / depreciation and impairment	-	(107)	(532,870)	(67,812)	-	(6,583)	-	(10,049)	(49,019)	(666,440)
Net book amount	4,542	159,958	841,336	38,164	2,219	1,373	3,840	12,747	41,417	1,105,596



16. Property, plant and equipment (continued)

Accounting Policy

Initial recognition and measurement

Assets with a useful life of more than 12 months and an acquisition cost of more than \$10,000 are initially capitalised at cost. Costs incurred on Plant and equipment which do not meet the capitalisation criteria are expensed as incurred. Following initial recognition at cost Land, Buildings, Infrastructure and Art collection are carried at fair value.

Subsequent capital costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

All other property, plant and equipment is stated at historical cost less depreciation.

Revaluations

Independent valuations of Land, Buildings, Infrastructure and Art collection are performed every three years to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

Revaluation surpluses have been credited to the asset revaluation reserve included in the equity section of the statement of financial position. Revaluation increments and decrements are offset against one another within asset classes, but not otherwise. Refer to Note 35(c) for information regarding revaluations.

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.

Land includes \$50.00 million (2017: \$50.00 million) of Crown Lands, \$17.36 million (2017: \$17.36 million) of land dedicated for educational use and \$5.18 million (2017: \$5.29 million) Land under Finance Lease. The University has restrictions on the above land by application of the University of South Australia Act, 1990 Section 6(3).

Leased assets

Leases of Property, Plant and Equipment where the University has substantially all the risks and benefits of ownership are classified as finance leases.

Impairment of assets

Assets 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.

**16. Property, plant and equipment (continued)****Accounting Policy (continued)****Depreciation**

Land, Art collection and Buildings under construction are not depreciated. Depreciation, where applicable, 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 & Infrastructure	50-150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	10 years
Plant and equipment:	
IT infrastructure	5 years
IT other	3 years
Motor vehicles	5 years
Other	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.



17. Intangible assets

	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
University			
At 1 January 2017			
Cost	1,469	11,655	13,124
Accumulated amortisation and impairment	-	(9,361)	(9,361)
Net book amount	1,469	2,294	3,763
Year ended 31 December 2017			
Opening net book amount	1,469	2,294	3,763
Additions	2,567	-	2,567
Reclassifications	(436)	436	-
Amortisation	-	(948)	(948)
Closing net book amount	3,600	1,782	5,382
At 31 December 2017			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382
Year ended 31 December 2018			
Opening net book amount	3,600	1,782	5,382
Additions	1,870	-	1,870
Reclassifications	(5,053)	5,053	-
Amortisation	-	(1,503)	(1,503)
Other changes, movements	(138)	(237)	(375)
Closing net book amount	279	5,095	5,374
At 31 December 2018			
Cost	279	16,907	17,186
Accumulated amortisation and impairment	-	(11,812)	(11,812)
Net book amount	279	5,095	5,374



17. Intangible assets (continued)

	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
Consolidated			
At 1 January 2017			
Cost	1,469	11,655	13,124
Accumulated amortisation and impairment	-	(9,361)	(9,361)
Net book amount	1,469	2,294	3,763
Year ended 31 December 2017			
Opening net book amount	1,469	2,294	3,763
Additions	2,567	-	2,567
Reclassifications	(436)	436	-
Amortisation	-	(948)	(948)
Closing net book amount	3,600	1,782	5,382
At 31 December 2017			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382
Year ended 31 December 2018			
Opening net book amount	3,600	1,782	5,382
Additions	1,870	-	1,870
Reclassifications	(5,053)	5,053	-
Amortisation	-	(1,503)	(1,503)
Other changes, movements	(138)	(237)	(375)
Closing net book amount	279	5,095	5,374
At 31 December 2018			
Cost	279	16,907	17,186
Accumulated amortisation and impairment	-	(11,812)	(11,812)
Net book amount	279	5,095	5,374

Accounting Policy

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 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 where the University has control over the expected benefits. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is recognised 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 4 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.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.


18. Payables

		Consolidated		University	
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
Current					
Trade creditors*		24,292	33,732	24,614	34,170
Accrued salaries*		6,805	5,257	6,805	5,257
Annual leave on-costs**		5,549	5,491	5,549	5,491
Long service leave on-costs**		6,889	6,418	6,889	6,418
OS-HELP liability to Australian Government	36(g)	1,504	1,180	1,504	1,180
Total current payables		45,039	52,078	45,361	52,516
Non-current					
Long service leave on-costs		1,863	1,740	1,863	1,740
Total non-current payables		1,863	1,740	1,863	1,740
Total payables		46,902	53,818	47,224	54,256

Accounting Policy

* These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Accrued expenses relate to expenses incurred not yet invoiced.

** Refer to Note 20 Provisions for the accounting policy relating to employee benefits.


19. Borrowings

The University does not hold any borrowings.

Financing arrangements

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

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility	3,000	3,000	3,000	3,000
Documentary letter of credit facility	200	200	200	200
Bank guarantee	5,100	5,100	5,100	5,100
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total credit standby arrangements	9,300	9,300	9,300	9,300
Used at balance date				
Credit card facility	1,141	1,204	1,141	1,204
Documentary letter of credit facility	-	-	-	-
Bank guarantee	1,600	1,600	1,600	1,600
Overseas bills purchased facility	-	-	-	-
Total used at balance date	2,741	2,804	2,741	2,804
Unused at balance date				
Credit card facility	1,859	1,796	1,859	1,796
Documentary letter of credit facility	200	200	200	200
Bank guarantee	3,500	3,500	3,500	3,500
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total unused at balance date	6,559	6,496	6,559	6,496


20. Provisions

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Annual leave*	15,476	14,837	15,406	14,782
Long service leave**	7,187	6,591	7,021	6,448
Separation scheme	-	1,402	-	1,402
Workers' compensation liability	469	375	469	375
	23,132	23,205	22,896	23,007
Current provisions expected to be settled after more than 12 months				
Annual leave*	7,741	8,069	7,741	8,069
Long service leave**	30,131	28,046	30,131	28,046
	37,872	36,115	37,872	36,115
Total current provisions	61,004	59,320	60,768	59,122
Non-current				
Long service leave**	13,016	12,152	13,016	12,152
Workers' compensation liability	453	556	453	556
Total non-current provisions	13,469	12,708	13,469	12,708
Total provisions	74,473	72,028	74,237	71,830

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

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	931	863	931	863
Additional provisions recognised	291	640	291	640
Amounts used	(209)	(234)	(209)	(234)
Unused amounts reversed	(107)	(350)	(107)	(350)
Increase / (decrease) in discounted amount	16	12	16	12
Carrying amount at end of year	922	931	922	931



20. Provisions (continued)

Accounting Policy

*Annual leave

The annual leave liability is independently calculated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2018 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.

The employees' entitlement to annual leave expected to be settled within twelve months of the end of the reporting period have been calculated at the amounts expected to be paid when liabilities are settled. Where the employees' entitlement to annual leave are not expected to be settled within 12 months of the end of the reporting period, the provision has been discounted to present values. Related on-costs have been recognised in payables.

Sick leave

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

**Long service leave

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2018 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.

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

Liabilities for employees' entitlements, which are expected to be settled after twelve months 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.

Workers' compensation

The University is responsible for payment of workers' compensation.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2018 by 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.


21. Other liabilities

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	3,383	2,760	3,165	2,488
Commonwealth and State Government grants	27,697	34,620	27,697	34,620
Income in advance on incomplete projects	4,362	2,912	4,362	2,912
Student fees and charges in advance	17,808	14,129	17,808	14,129
Other	543	1,605	549	1,610
Total other liabilities	53,793	56,026	53,581	55,759

Accounting Policy

Funds held on behalf of external entities are amounts held by the University on behalf of a number of external entities. As at balance date, the funds held are included in cash and cash equivalents and a corresponding liability is included in other liabilities above.

Commonwealth and State Government Grants represents Australian Government Grants received and represents funding received but not spent as detailed in Note 2 accounting policy.

Income in advance on incomplete projects represents grants and contracts received from other sources and represents the amounts received but not spent.

22. Reserves and retained earnings

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment revaluation surplus				
Land, Buildings and Infrastructure	226,230	226,230	226,230	226,230
Art collection	1,417	1,417	1,417	1,417
	227,647	227,647	227,647	227,647
Available-for-sale investments revaluation surplus	-	26,571	-	26,571
Equity instruments designated at fair value through other comprehensive income revaluation surplus	27,783	-	27,783	-
Total reserves	255,430	254,218	255,430	254,218

The University has three reserves. The Land, Buildings and Infrastructure reserve records revaluations in Land, Buildings and Infrastructure, the Art collection reserve records revaluations in the Art collection and the Equity instruments designated at fair value through other comprehensive income records revaluations in investments.



23. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2018 year. Council members include University employees who may be ex-officio members or elected staff members.

2018 Council Members

Ms Pauline Carr, Chancellor (commenced as Chancellor 1 September 2018)
Mr Jim McDowell, Chancellor (until 31 August 2018)
Professor David Lloyd, Vice Chancellor and President
Dr Wendy Craik AM, Deputy Chancellor (until 31 March 2018)
Hon John Hill, Deputy Chancellor (commenced as Deputy Chancellor 19 December 2018)
Mr Jim Hazel, Pro Chancellor (commenced as Pro Chancellor 19 December 2018)
Mr Michael Abbott AO QC
Mr Eric Granger
Ms Karen Hunt
Professor Caroline McMillen (commenced 19 December 2018)
Mr Jordan Mumford (until 31 December 2018)
Ms Mary Patetsos
Ms Kate Riggall (until 31 December 2018)
Ms Miriam Silva
Associate Professor Deirdre Tedmanson
Professor Vicki Waye
Mr Jim Whalley

2018 University Senior Management

Professor David Lloyd, Vice Chancellor and President
Mr Paul Beard
Professor Simon Beecham
Ms Jane Booth
Dr Laura-Anne Bull
Professor Joanne Cys (commenced 8 January 2018)
Professor Allan Evans
Professor Tanya Monro
Mr Nigel Relph
Professor Robert Vink (until 31 December 2018)
Professor Irene Watson
Professor Marie Wilson



23. Key management personnel disclosures (continued)

(b) Remuneration of key management personnel

	Consolidated		University	
	2018 Number	2017 Number	2018 Number	2017 Number
Remuneration of Council members				
Nil	4	4	4	4
\$1 to \$9,999	1	1	1	1
\$10,000 to \$19,999	8	6	8	6
\$20,000 to \$29,999	1	4	1	4
\$30,000 to \$39,999	1	-	1	-
\$40,000 to \$49,999	1	-	1	-
\$60,000 to \$69,999	-	1	-	1
	16	16	16	16

Remuneration received and receivable by Council members for their services as Council members was \$198,925 (2017: \$224,475). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$198,925 (2017: \$224,475).

	Consolidated		University	
	2018 Number	2017 Number	2018 Number	2017 Number
Remuneration of executive officers				
\$160,000 to \$169,999	-	1	-	1
\$170,000 to \$179,999	1	-	1	-
\$330,000 to \$339,999	1	1	1	1
\$360,000 to \$369,999	-	1	-	1
\$370,000 to \$379,999	-	2	-	2
\$380,000 to \$389,999	2	2	2	2
\$390,000 to \$399,999	2	-	2	-
\$400,000 to \$409,999	1	1	1	1
\$420,000 to \$429,999	1	-	1	-
\$500,000 to \$509,999	-	1	-	1
\$510,000 to \$519,999	1	-	1	-
\$620,000 to \$629,999	-	1	-	1
\$630,000 to \$639,999	-	1	-	1
\$650,000 to \$659,999	1	-	1	-
\$670,000 to \$679,999	1	-	1	-
\$1,030,000 to \$1,039,999	-	1	-	1
\$1,090,000 to \$1,099,999	1	-	1	-
	12	12	12	12


23. Key management personnel disclosures (continued)
(b) Remuneration of key management personnel (continued)

Executive officers are defined as the Vice Chancellor and 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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	5,216	4,955	5,216	4,955
Post-employment benefits	633	629	633	629
Total executive officers' compensation	5,849	5,584	5,849	5,584

(d) Related party transactions

From time to time key management personnel have interests or positions in entities with which the University conducts business. In all cases transactions with these entities are undertaken during the ordinary course and under normal trading terms. In 2018 \$1.00 million was received from the Neurosurgical Research Foundation Inc. (NRF) of which a Senior Management member was the President.

24. 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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit the Financial Statements				
Fees paid to Auditor-General's Department	276	301	276	301
Fees paid to BDO Australia Ltd	18	18	-	-
Total paid for audit	294	319	276	301

Audit fees paid / payable to the Auditor-General's Department relating to work performed under Section 19 of the University of South Australia Act 1990 in 2018 were \$0.30m (2017: \$0.30m).

25. Contingencies

The University has no material contingent liabilities or assets.

26. Commitments

(a) Capital commitments

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

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment:				
Within one year	8,814	30,211	8,814	30,211
Total Property, plant and equipment commitments	8,814	30,211	8,814	30,211

(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 are recognised to the Statement of Comprehensive Income over the lease term.

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	3,012	3,065	3,012	3,065
Between one and five years	5,647	6,383	5,647	6,383
Total future minimum lease payments	8,659	9,448	8,659	9,448

Major operating leases are for office spaces. Some of these lease agreements include renewal options ranging between one and ten years. Renewal options have been excluded from the numbers shown above.

(c) Other expenditure commitments

Commitments for other expenditure in existence at the reporting date but not recognised as liabilities, are payable as follows (GST exclusive):

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	8,975	7,196	12,028	10,205
Between one and five years	4,706	5,879	7,804	12,031
Later than five years	425	450	425	450
Total other expenditure commitments	14,106	13,525	20,257	22,686

Other expenditure commitments includes material commitments arising from grants received from the NHMRC, contributions to Co-operative Research Centres (CRC) and cleaning. The Consolidated other expenditure commitments eliminates \$6.20 million of commitments between the University and its subsidiaries for Service Level Agreements (2017: \$9.20 million).



27. Related Parties

(a) Parent entities

The ultimate Australian parent entity within the Group is the University of South Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 23.

(d) Transactions with related parties

The following transactions occurred during the reporting period with related parties:

	2018	2017
	\$'000	\$'000
Fees paid to subsidiaries for the provision of services under agreement	2,860	3,000



28. Superannuation plans

(a) Categories

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

- (i) UniSuper plans 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.

The employer contribution rate for 2018 for employees in either the Defined Benefit Division (DBD) or Accumulation Super 2 was 17% of salaries. For employees in Accumulation Super 1 the contribution rate was 9.5% for 2018.

The UniSuper DBD is a defined benefit plan under Superannuation Law but is considered to be a defined contribution plan under Accounting Standards AASB 119. As set out under paragraph 28 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) of the Trust Deed 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".

No further Clause 34 monitoring periods have been initiated since the end of the monitoring period on 30 June 2017.

As at 30 June 2018 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$3,785 million above (2017: \$2,797 million in excess) vested benefits, after allowing for various reserves. The Vested Benefits Index based on funding assumption was 118.5%. 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.
- \$5,477 million above (2017: \$4,258 million in excess) accrued benefits, after allowing for various reserves. The Accrued Benefits Index based on best estimate assumptions was 129.1%. 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.



28. Superannuation plans (continued)

(b) UniSuper Limited Superannuation Scheme (continued)

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 30 June 2018. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - DBD pensions	5.3% p.a.	6.6% p.a.
Gross of tax investment return - commercial rate indexed pensions	2.9% p.a.	2.9% p.a.
Net of tax investment return - non pensioner members	4.7% p.a.	5.8% p.a.
Consumer Price Index	2.0% p.a.	2.0% p.a.
Inflationary salary increases long term	3.0% p.a.	3.0% p.a.

Assets have been included at their net market value, that is, after allowing for realisation costs.

(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 Brett & Watson Pty. Ltd. as at 31 December 2018. The actuarial valuation was based on 30 June 2018 membership data which was projected to 31 December 2018 using the Projected Unit Credit Method. The University's present value of the defined benefit obligations was assessed to be \$459.82 million (2017: \$463.12 million).

The University's liability under the scheme has been partly funded by assets of \$47.96 million (2017: \$47.17 million) from 3% productivity employer contributions. This results in an unfunded liability of \$411.86 million (2017: \$415.94 million).

**28. Superannuation plans (continued)****(c) Super SA Superannuation plan (continued)**

The weighted average duration of the defined benefit obligation is 12.03 years (2017: 12.45 years). The expected maturity analysis of undisclosed benefit obligations is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined Benefit obligation - 31 Dec 2018	30,493	29,673	87,957	465,041	613,164
Defined Benefit obligation - 31 Dec 2017	30,923	30,112	89,057	498,584	648,676

The analysis of the plan assets and the expected rate of return at the balance sheet date is as follows:

	2018 (%)		2017 (%)	
	Active Market	No Active Market	Active Market	No Active Market
Equity instruments	53.6	0.0	52.3	0.0
Property	2.4	13.9	2.2	13.0
Diversified Strategies Growth	0.7	13.2	1.0	10.8
Diversified Strategies Income	14.4	0.0	15.2	0.0
Inflation Linked Securities	0.7	0.2	3.2	1.0
Cash	0.9	0.0	1.3	0.0
Total	72.7	27.3	75.2	24.8



28. Superannuation plans (continued)

(d) Amounts recognised in the Statement of Financial Position

	University	
	2018	2017
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at beginning of year	463,115	472,852
Current service cost	207	515
Interest cost	12,534	14,183
Actuarial (gain) / loss		
(a) Impact of changes in demographic assumptions	-	(6,412)
(b) Impact of changes in financial assumptions	17,954	13,749
(c) Experience items	(4,342)	(2,727)
Benefits and expenses paid	(29,652)	(29,045)
Present value of defined benefits obligations at end of year	459,816	463,115
Reconciliation of the fair value of the defined benefit plan assets		
Fair value of Scheme assets at start of year	47,173	42,391
Interest income	1,309	1,281
Actual return on assets less Interest income	(549)	3,477
Employer contributions	29,678	29,069
Benefits and expenses paid	(29,652)	(29,045)
Fair value of Scheme assets at end of year	47,959	47,173
Net Liability		
Defined Benefit Obligation	459,816	463,115
Less: Fair value of plan assets	(47,959)	(47,173)
Net Liability	411,857	415,942
Defined Benefit Provision		
Current	30,493	30,900
Non-current	381,364	385,042
Total Defined Benefit Provision	411,857	415,942

The net unfunded amount of \$411.90 million (2017: \$415.90 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.

**28. Superannuation plans (continued)****(d) Amounts recognised in the Statement of Financial Position (continued)**

The Commonwealth Government has agreed to provide assistance under Section 20 of the *Higher Education Funding Act* to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant.

Assumptions adopted by Brett & Watson Pty. Ltd in determining the University's liability were:

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2017 2.5%)
- Salary increases 4.0% per annum (2017 4.0%)
- Discount Rate 2.4% per annum (2017 2.8%)

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

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

Significant Assumption	Increase in assumption	Impact on Defined Benefit Obligation	Decrease in assumption	Impact on Defined Benefit Obligation
Discount rate	0.5%	Decrease by 4.8%	0.5%	Increase by 5.3%
Pension increase rate	0.5%	Increase by 5.4%	0.5%	Decrease by 5.0%
Mortality rate	10.0%	Decrease by 3.3%	10.0%	Increase by 3.7%

Accounting Policy

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.

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 the State Grants (General Revenue) Amendment Act 1988, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the University of South Australia. The net expense is nil as the defined benefit plans are fully funded.



29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy included in Note 14 Other financial assets:

Name of Entity	Principal Activities	Principal place of business	Ownership interest	
			2018 %	2017 %
University of South Australia Foundation Incorporated	Dormant entity with no assets, liabilities or equity	Australia	100	100
UniSA Ventures Pty Ltd	Commercialisation of research of the University	Australia	100	100
UniSA Health Pty Ltd	Provision of clinical placements to undergraduate and postgraduate students in allied health clinics	Australia	100	100

30. Investments in associates

The South Australian Broadband Research & Education Network (SABRENet) Ltd is an associate of the Group. While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset. That is, the University receives no return for its interest in SABRENet. The investment in this associate is not material and therefore it is not incorporated in the financial statements.

Accounting Policy

Associates are all entities over which the Group has significant influence but not control. If material, 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.

31. Interests in joint arrangements

Accounting Policy

Under AASB 11 interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

The University's interests in joint operations are Centre for Cancer Biology (Ownership Interest 2018:50% (2017:50%)) and Mawson Centre Building (Ownership Interest 2018:63% (2017:63%)).

Overall the University's interests in these joint operations are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements. If material, the share of assets, liabilities and expenses of a joint operation are incorporated in the financial statements under the appropriate headings.

Joint ventures

The University's interests in joint ventures are eResearch SA (Ownership Interest 2018:33% (2017:33%)) and South Australian Tertiary Admissions Centre Ltd (Ownership Interest 2018:20% (2017:20%)).

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. If material, interests in a joint venture are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost by the University.


32. 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 University or the Group, the results of operations, or the state of affairs of the University or the Group in future periods.

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

	Consolidated		University	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	19,504	13,169	19,406	13,271
Add / (less) non-cash items:				
Depreciation and amortisation	40,763	33,632	40,747	33,614
Non-cash donations	(346)	(297)	(346)	(297)
Net (gain) / loss on sale of property, plant and equipment	301	305	301	305
Net (gain) / loss on sale of available-for-sale financial assets	-	(306)	-	(306)
Fair value (gain) / loss on other financial assets at fair value through profit or loss	-	1,093	-	510
Impairment of property, plant and equipment	697	-	697	-
Property, plant and equipment in progress adjustments	428	578	428	578
Changes in operating assets and liabilities:				
(Increase) / decrease in receivables	1,303	2,615	1,401	2,565
(Increase) / decrease in other assets	(240)	(1,408)	(243)	(1,222)
Increase / (decrease) in payables and tax liabilities	4,324	2,068	4,206	2,691
Increase / (decrease) in provisions	2,445	54	2,407	30
Increase / (decrease) in other liabilities	(2,205)	12,566	(2,157)	11,926
Net cash provided by / (used in) operating activities	66,974	64,069	66,847	63,665



34. 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 University of South Australia.

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 2018 the University held MYR0.14 million (AUD\$0.05 million) (2017: MYR0.14 million (AUD\$0.04 million)) in an offshore bank account.

As at 31 December 2018 the University held USD\$4.91 million (AUD\$6.96 million) (2017: USD\$4.91 million (AUD\$6.30 million)) in an offshore bank account.

The University assesses the likely foreign exchange risk for probable forecasted transactions in foreign currencies for onshore activities and enters into hedging arrangements to mitigate foreign exchange risk if appropriate.

(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 such the Group intends to hold fixed rate assets and liabilities to maturity.

(iii) Risk associated with equity instruments designated at fair value through other comprehensive income

Investments comprise investments in listed and unlisted 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.



34. Financial risk management (continued)

(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.

(c) Liquidity risk

The University manages liquidity risk by monitoring forecast cash flows to enable the University to meet financial commitments in a timely manner.

Non-Interest Bearing financial assets and financial liabilities include receivables, other financial assets and payables. Cash and cash equivalents is an interest earning financial asset and due to mature in less than a year.

35. Fair value measurement

(a) Fair value measurements

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 receivables, their carrying value approximates 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. Similarly, due to the short-term nature of current payables, the carrying value is assumed to approximate fair value.

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

- Equity instruments designated at fair value through other comprehensive income
- Land and Buildings
- Infrastructure
- 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)

**35. Fair value measurement (continued)****(b) Fair value hierarchy (continued)****(i) Recognised fair value measurements**

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2018.

Fair value measurements

	Note	2018 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 Dec 2018					
Financial assets					
Equity instruments designated at fair value through other comprehensive income	14	44,360	14,614	24,668	5,078
Total financial assets		44,360	14,614	24,668	5,078
Non-financial assets					
Land and buildings	16				
Land		159,958	-	159,958	-
Buildings		841,336	-	11,000	830,336
Infrastructure		41,417	-	-	41,417
Other non-financial assets	16				
Art Collection		3,840	-	-	3,840
Total non-financial assets		1,046,551	-	170,958	875,593
	Note	2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 Dec 2017					
Financial assets					
Available-for-sale financial assets	14	41,938	15,167	24,801	1,970
Total financial assets		41,938	15,167	24,801	1,970
Non-financial assets					
Land and buildings	16				
Land		159,945	-	159,945	-
Buildings		557,350	-	11,000	546,350
Infrastructure		42,128	-	-	42,128
Other non-financial assets	16				
Art collection		3,810	-	-	3,810
Total non-financial assets		763,233	-	170,945	592,288

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year.



35. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

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.

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

Assets or liabilities not traded in active markets

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.

Land, Buildings and Infrastructure

The Group engages external, independent and qualified valuers to determine the fair value of the Group's Land, Buildings and Infrastructure at least every three years. As at 31 December 2016, the fair values of Land, Buildings and Infrastructure have been determined by Opteon Pty Ltd. One of the University's buildings was partly damaged by fire and impaired as a result of Opteon Pty Ltd determination of the building's fair value as at 31 December 2017.

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 on its use. These assets are classified as Level 2.

Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. 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. Ten properties were identified as having sufficient market based evidence to assess their value and these are classified as Level 2. All other Buildings are classified as Level 3.

Art collection

The Art collection is revalued at least every three 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. The last valuation was at 31 December 2016.



35. 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 periods ended 31 December 2018 and 2017.

Level 3 Fair Value Measurement 2018	Unlisted equity securities \$'000	Buildings \$'000	Infrastructure \$'000	Art collection \$'000	Total \$'000
Opening balance	1,970	546,350	42,128	3,810	594,258
Additions	177	308,840	1,091	30	310,138
Recognised in profit or loss	-	(24,854)	(1,802)	-	(26,656)
Recognised in other comprehensive income	2,931	-	-	-	2,931
Closing balance	5,078	830,336	41,417	3,840	880,671

Level 3 Fair Value Measurement 2017	Unlisted equity securities \$'000	Buildings \$'000	Infrastructure \$'000	Art Collection \$'000	Total \$'000
Opening balance	3,013	543,692	42,060	3,810	592,575
Additions	302	25,353	1,844	-	27,499
Disposals	(473)	-	-	-	(473)
Recognised in profit or loss	-	(19,168)	(1,776)	-	(20,944)
Recognised in other comprehensive income	(872)	(3,527)	-	-	(4,399)
Closing balance	1,970	546,350	42,128	3,810	594,258

(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.

**35. Fair value measurement (continued)****(d) Fair value measurements using significant unobservable inputs (Level 3) (continued)****(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 2018 \$'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	5,078	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.



36. Acquittal of Australian Government financial assistance

(a) Education - CGS and other Education grants

	Note	Commonwealth Grants Scheme		Higher Education Participation Funding		Promotion of Excellence in Learning and Teaching		Disability Performance Funding	
		2018	2017	2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		180,486	185,262	5,329	5,512	-	84	92	114
Net accrual adjustments		3,466	(3,195)	154	360	139	156	-	-
Revenue for the period	2	183,952	182,067	5,483	5,872	139	240	92	114
Movement in deferred income		-	-	(154)	(361)	(139)	(156)	-	-
Surplus / (deficit) from the previous year		-	-	154	514	292	453	-	91
Total revenue including accrued revenue		183,952	182,067	5,483	6,025	292	537	92	205
Less expenses including accrued expenses		(183,952)	(182,067)	(5,483)	(5,871)	(161)	(245)	(92)	(205)
Surplus / (deficit) for reporting period		-	-	-	154	131	292	-	-



36. Acquittal of Australian Government financial assistance (continued)

(a) Education - CGS and other Education grants (continued)

	Australian Maths & Science Partnership Program		Indigenous Student Success Program		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)	(15)	-	1,779	1,692	187,671	192,664
Net accrual adjustments	269	77	-	-	4,028	(2,602)
Revenue for the period	254	77	1,779	1,692	191,699	190,062
Movement in deferred income	(269)	(77)	-	-	(562)	(594)
Surplus / (deficit) from the previous year	269	346	12	143	727	1,547
Total revenue including accrued revenue	254	346	1,791	1,835	191,864	191,015
Less expenses including accrued expenses	(254)	(77)	(1,689)	(1,823)	(191,631)	(190,288)
Surplus / (deficit) for reporting period	-	269	102	12	233	727

Note

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36. Acquittal of Australian Government financial assistance (continued)

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

	HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Payable / (Receivable) at the beginning of the year	(701)	(2,340)	37	(20)	68	69	(596)	(2,291)
Financial assistance received in cash during the reporting period	129,402	124,072	8,938	9,147	3,247	3,087	141,587	136,306
Cash available for the period	128,701	121,732	8,975	9,127	3,315	3,156	140,991	134,015
Revenue earned	129,178	122,433	8,390	9,090	3,431	3,088	140,999	134,611
Cash Payable / (Receivable) at the end of the year	(477)	(701)	585	37	(116)	68	(8)	(596)



36. Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Training Research

Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)

Net accrual adjustments

Revenue for the period

Surplus / (deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

Note	Research Training Program		Research Support Program		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
	19,765	19,843	15,351	15,836	35,116	35,679
	-	-	-	(374)	-	(374)
2	19,765	19,843	15,351	15,462	35,116	35,305
	2,798	2,649	5	391	2,803	3,040
	22,563	22,492	15,356	15,853	37,919	38,345
	(20,469)	(19,694)	(15,356)	(15,848)	(35,825)	(35,542)
	2,094	2,798	-	5	2,094	2,803

The reported surpluses for Research Training Program (RTP) of \$2.09 million for 2018 are expected to be rolled over for future use by the University.

**36. Acquittal of Australian Government financial assistance (continued)****(d) Total Higher Education Provider Research Training Program expenditure**

	Total domestic students \$'000	Total overseas students \$'000
Research Training Program fees offsets	14,210	-
Research Training Program stipends	5,273	841
Research Training Program allowances	10	135
Total for all types of support	19,493	976

(e) Other capital funding

	Linkage Infrastructure, Equipment and Facilities Grant		Total	
	2018	2017	2018	2017
Note	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)	-	-	-	-
Net accrual adjustments	37	8	37	8
Revenue for the period	37	8	37	8
Movement in deferred income	62	13	62	13
Surplus / (deficit) from the previous year	13	-	13	-
Total revenue including accrued revenue	112	21	112	21
Less expenses including accrued expenses	(37)	(8)	(37)	(8)
Surplus / (deficit) for reporting period	75	13	75	13



36. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants

	Note	Discovery		Linkages		Networks and Centres		Total	
		2018	2017	2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		3,708	4,212	981	1,480	-	-	4,689	5,692
Net accrual adjustments		860	420	1,022	1,616	217	223	2,099	2,259
Revenue for the period	2	4,568	4,632	2,003	3,096	217	223	6,788	7,951
Movement in deferred income		(815)	(175)	(544)	(578)	73	77	(1,286)	(676)
Surplus / (deficit) from the previous year		3,450	3,625	2,406	2,983	188	111	6,044	6,719
Total revenue including accrued revenue		7,203	8,082	3,865	5,501	478	411	11,546	13,994
Less expenses including accrued expenses		(4,569)	(4,632)	(2,003)	(3,095)	(217)	(223)	(6,789)	(7,950)
Surplus / (deficit) for reporting period		2,634	3,450	1,862	2,406	261	188	4,757	6,044

**36. Acquittal of Australian Government financial assistance (continued)****(g) OS-HELP**

	2018	2017
	\$'000	\$'000
Cash received during the reporting period	2,264	3,328
Cash spent during the reporting period	(1,940)	(2,213)
Net cash received	324	1,115
Cash surplus / (deficit) from the previous period	1,180	65
Cash surplus for the reporting period	1,504	1,180

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(h) Superannuation Supplementation

	2018	2017
	\$'000	\$'000
Cash received during the reporting period	26,601	32,691
Cash available	26,601	32,691
Cash surplus / (deficit) from the previous period	3,218	(601)
Cash available for current period	29,819	32,090
Contributions to specified defined benefit funds	(28,612)	(28,872)
Cash surplus for the reporting period	1,207	3,218

(i) Student services and amenities fee

	2018	2017
	\$'000	\$'000
Unspent / (overspent) revenue from previous period	253	493
SA-HELP revenue earned	3,431	3,088
Student services fees direct from students	1,317	1,120
Total revenue expendable in period	5,001	4,701
Student services expenses during period	(4,731)	(4,448)
Unspent student services revenue	270	253

Note

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CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*;
 - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in the Accounting Policy in Note 2 Australian Government Grants and the Independent Audit Report; and
 - present a true and fair view of the financial position of the University as at 31 December 2018 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.

Ms Pauline Carr
Chancellor

2 May 2019

Professor David G. Lloyd
Vice Chancellor and President

2 May 2019

Mr Peter Prest
Chief Financial Officer

2 May 2019



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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 financial report of the University of South Australia and the consolidated entity comprising the University of South Australia and its controlled entities for the financial year ended 31 December 2018.

Qualified opinion

In my opinion, except for the effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report has been prepared in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Higher Education Support Act 2003* and Australian Accounting Standards including:

- a) giving a true and fair view of the financial position of the University of South Australia and its controlled entities as at 31 December 2018, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2018
- a Statement of Financial Position as at 31 December 2018
- a Statement of Changes in Equity for the year ended 31 December 2018
- a Statement of Cash Flows for the year ended 31 December 2018
- notes, comprising significant accounting policies and other explanatory information.

Basis for qualified opinion

The University and its controlled entities has recognised \$30.2 million of unspent funding as a liability for the year ended 31 December 2018. These amounts have 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 21 to the financial report. The University has disclosed its accounting treatment of these funds in note 21 to the financial report.

The funds represent contributions and meet the recognition criteria of income in accordance with Accounting Standard AASB 1004 Contributions. 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 should be recognised as income at the time of receipt.

As a result, the following has been misstated in the 2018 financial report:

- Revenue recognised as Australian Government grants is overstated by \$2.2 million (\$1.3 million understated in 2017)
- Revenue recognised as State and Local Government financial assistance is understated by \$193 000 (\$2.6 million understated in 2017)
- Revenue recognised as Consultancy and contract research is understated by \$1.7 million (\$1.6 million understated in 2017)
- Operating result attributable to members of University of South Australia is overstated by \$308 000 (\$5.6 million understated in 2017)
- Other liabilities is overstated by \$30.2 million (\$30.5 million overstated in 2017)
- Closing retained earnings is understated by \$30.2 million (\$30.5 million understated in 2017).

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial report’ section of my report. I am independent of the University of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Vice-Chancellor and President and the Council for the financial report

The Vice-Chancellor and President is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer’s Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Higher Education Support Act 2003* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Council is responsible for overseeing the University of South Australia’s financial reporting process.

Auditor's responsibilities for the audit of the financial report

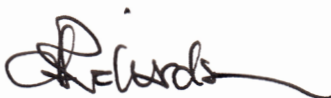
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Vice-Chancellor and President and the Council about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

3 May 2019

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South Australia**

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