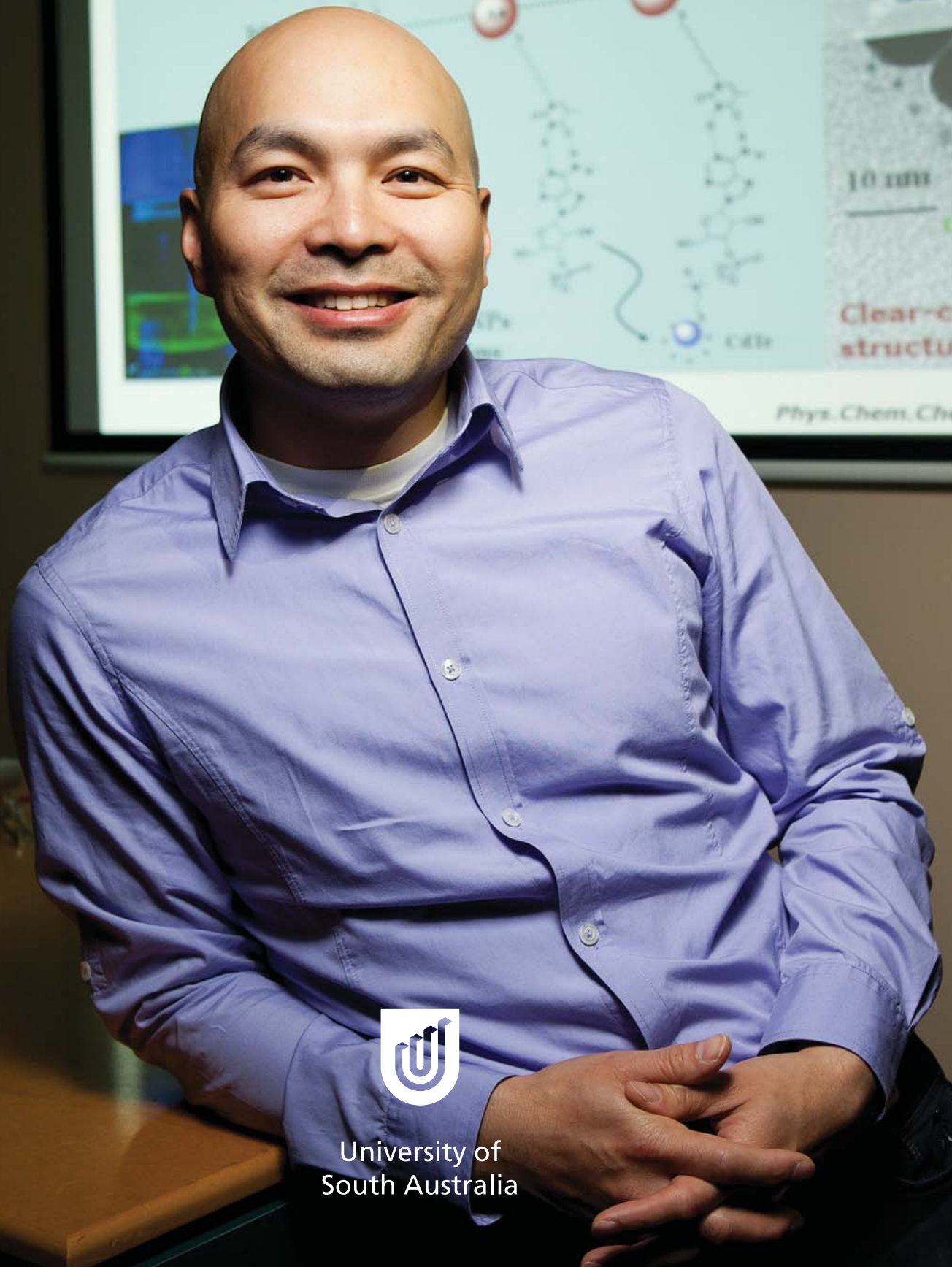


University of South Australia

Financial Statements 2010



University of
South Australia

Companion volume

The *University of South Australia Financial Statements 2010* is a companion volume to the *University of South Australia Annual Report 2010*. It contains the University's annual financial statements for the year ended 31 December 2010, adopted by the University Council on 12 May 2011.

Your feedback

We welcome any comments or suggestions on the content or layout of this document. Please contact the Director: Council Services and Chancellery on:

Telephone: +61 8 8302 0657
Facsimile: +61 8 8302 0943
Email: Penny.Moore@unisa.edu.au

Further information

This document and the *University of South Australia Annual Report 2010*, as well as past annual reports, are available on our website:

<http://www.unisa.edu.au/about/intro/performance.asp>

For hard copies of this document or the *University of South Australia Annual Report 2010*, please contact:

Telephone: +61 8 8302 0657
Facsimile: +61 8 8302 0943

Or write to:

Reception
Chancellery
University of South Australia
GPO Box 2471
Adelaide South Australia 5001

Cover photograph

Professor Dayang Wang joined the Ian Wark Research Institute (The Wark) as a research professor in 2010 from the Max Planck Institute of Colloids and Interfaces in Germany. Dayang is the Chief Investigator, with Associate Professor David Beattie and Dr Catherine Whitby, also of The Wark, on an ARC Discovery Grant into 'Nanoparticle adsorption at air/water interfaces for foam stabilisation', awarded in 2010. **Picture: Randy Larcombe**



University of South Australia

Report by the members of the University Council

Members of the University Council present their report on the Consolidated Entity consisting of the University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2010.

2010 Council members

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

Dr Ian Gould, Chancellor

Professor Peter Høj, Vice Chancellor and President

Dr Wendy Craik, AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor (appointed to Pro Chancellor, commencing 31 March 2010)

Associate Professor Stephen Boyle (terms September to October 2010 and December 2010)

Ms Pauline Carr (term commenced 30 March 2010)

Mr William Cossey, AM

Professor Drew Dawson

Ms Kelly Graham-Sutton (term commenced 1 January 2010, term completed 31 December 2010)

Ms Tanya Hosch

Mr Bruce Linn

Mr Jim McDowell

Mr Ian McLachlan

Ms Paula Nagel (term commenced 30 March 2010)

Associate Professor Margaret Peters (leave of absences September to October 2010 and December 2010; term completed 31 December 2010)

Mr Thomas Rudkin (term commenced 1 January 2010, term completed 31 December 2010)

Dr Sue Vardon, AO (resigned 12 January 2010)

Ms Bronwen Webb

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

Changes in Council membership since 31 December 2010

Ms Melissa Davies Term commenced 1 January 2011

Mr Ian McLachlan Leave of absence 17 March to 14 April 2011; resigned 14 April 2011

Professor Rick Sarre Term commenced 1 January 2011

Mr John Anthony Sy Term commenced 1 January 2011

Meetings of members of the University Council

The numbers of meetings of the members of University Council and of each Council committee held during the year ended 31 December 2010, 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	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Dr Ian Gould	7	7							7	7			4	4				
Professor Peter Høj	7	7	5	9			5	6	7	7	3	3	2	2				3
Dr Wendy Craik, AM	4	7							7	7								3
Mr Terry Evans	7	7			3	4							4	4				3
Assoc Professor Stephen Boyle	2	2	2	2														3
Ms Pauline Carr	6	6					3	3					2	3				
Mr William Cossey, AM	7	7											3	3				
Professor Drew Dawson	3	7							7	7								1
Ms Kelly Graham-Sutton	7	7	8	9														3
Ms Tanya Hosch	5	7																3
Mr Bruce Linn	7	7						6	6						4	4		
Mr Jim McDowell	5	7																
Mr Ian McLachlan	7	7			4	4	6	6										
Ms Paula Nagel	5	6			1	2									3	3		
Assoc Professor Margaret Peters	5	5	6	7														
Mr Thomas Rudkin	4	7																
Ms Bronwen Webb	7	7							7	7								3

A = Number of meetings attended.

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

Principal activities

The principal continuing activities of the Consolidated Entity are:

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

There were no significant changes in the nature of the activities of the Consolidated Entity during the 2010 year.

Review of operations

The 2010 consolidated surplus was \$70.3 million (2009: \$41.5 million) assisted by \$17.2 million of capital grants and a \$14.5 million gain on the sale of investments. The surplus resulted in a safety margin (operating result as a percentage of total income) of 13.6% (2009: 8.8%). Income grew by 9.6% to \$518.6 million while expenses grew by 3.8% to \$447.7 million.

The University's consolidated financial position remained sound during the 2010 year with net assets of \$785.2 million (2009: \$680.8 million). Cash balances increased to \$214.3 million at year end (2009: \$145.6 million) and the property, plant and equipment revaluation surplus increased to \$158.8 million (2009: \$124.5 million) primarily due to the revaluation of land and buildings at the 31 December 2010.

Consolidated cash flows from operating activities in 2010 were \$98.9 million (2009: \$86.5 million).

Changes in the state of affairs

In the opinion of the members of the University Council there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the 2010 year not otherwise disclosed in this report or elsewhere in the Annual Report.

Subsequent events

There has not arisen in the interval between the end of the 2010 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the University Council, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

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

Insurance of officers

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

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

Legal proceedings on behalf of the Consolidated Entity

There are no legal proceedings on behalf of the Consolidated Entity that have arisen during the 2010 year or subsequent to year end that affect significantly the operations of the Consolidated Entity.

This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 12 May 2011.



Dr Ian Gould
Chancellor

12 May 2011



Professor Peter Høj
Vice Chancellor and President

12 May 2011



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	Consolidated		University	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Revenue from continuing operations					
Australian Government financial assistance	3				
Australian Government grants		222,120	206,705	222,120	206,705
HECS-HELP - Australian Government Payments		82,787	76,105	82,787	76,105
FEE-HELP		5,525	5,277	5,525	5,277
State and Local Government financial assistance	4	8,501	11,630	8,501	11,630
HECS-HELP - Student payments		13,389	12,986	13,389	12,986
Fees and charges	5	109,751	107,175	109,751	107,175
Investment revenue	6	11,647	6,548	24,247	7,178
Royalties		566	638	606	503
Consultancy and contract research	7	25,690	27,107	25,851	27,273
Other revenue	8	23,693	19,398	16,386	11,291
Total revenue from continuing operations		503,669	473,569	509,163	466,123
Gains/(losses) on disposal of assets	9	14,910	(418)	560	(418)
Total income from continuing operations		518,579	473,151	509,723	465,705
Expenses from continuing operations					
Employee related expenses	10	282,585	264,692	277,669	258,732
Depreciation and amortisation	11	27,608	26,744	27,548	26,525
Repairs and maintenance	12	8,709	8,403	8,708	8,385
Other expenses	13	128,446	131,372	125,359	128,657
Bad and doubtful debts	14	354	204	354	204
Total expenses from continuing operations		447,702	431,415	439,638	422,503
Operating result before income tax		70,877	41,736	70,085	43,202
Income tax expense		539	214	119	214
Operating result attributable to members of University of South Australia					
	26(b)	70,338	41,522	69,966	42,988
Property, plant and equipment revaluation surplus:					
Gain/(loss) on revaluation of land and buildings	26(a)	34,345	-	34,345	-
Gain/(loss) on revaluation of library		-	(83)	-	(83)
Gain/(loss) on revaluation of available-for-sale financial assets		(357)	1,591	(357)	1,591
Gain/(loss) on revaluation of art collection		130	-	130	-
Total comprehensive income attributable to the members of the University of South Australia		104,456	43,030	104,084	44,496

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



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	Consolidated		University	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current assets					
Cash and cash equivalents	15	214,268	145,632	197,935	143,459
Receivables	16	31,071	27,268	30,942	26,063
Deferred Government superannuation contribution	31	29,000	26,000	29,000	26,000
Other non-financial assets	19	16,804	9,973	29,903	10,711
Total current assets		291,143	208,873	287,780	206,233
Non-current assets					
Other financial assets	18	6,560	7,312	7,267	7,508
Property, plant and equipment	20	662,011	610,975	661,984	610,551
Intangible assets	21	6,251	5,553	6,251	5,553
Deferred Government superannuation contribution	31	358,300	330,600	358,300	330,600
Total non-current assets		1,033,122	954,440	1,033,802	954,212
Total assets		1,324,265	1,163,313	1,321,582	1,160,445
Current liabilities					
Trade and other payables	22	27,903	30,694	27,471	30,070
Provisions	24	16,952	18,172	16,757	17,634
Current tax liabilities		663	689	663	689
Other liabilities	25	67,222	41,241	67,317	41,314
Provision for superannuation	31	29,000	26,000	29,000	26,000
Total current liabilities		141,740	116,796	141,208	115,707
Non-current liabilities					
Trade and other payables	22	4,575	4,149	4,575	4,149
Provisions	24	34,434	31,008	34,434	31,008
Provision for superannuation	31	358,300	330,600	358,300	330,600
Total non-current liabilities		397,309	365,757	397,309	365,757
Total liabilities		539,049	482,553	538,517	481,464
Net assets		785,216	680,760	783,065	678,981
Equity					
Reserves	26(a)	160,761	126,643	160,761	126,643
Retained earnings	26(b)	624,455	554,117	622,304	552,338
Total equity		785,216	680,760	783,065	678,981

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 2010

	Consolidated		University			
	Reserves \$'000	Retained earnings \$'000	Total \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2009	125,135	512,595	637,730	125,135	509,350	634,485
Profit/(loss)	-	41,522	41,522	-	42,988	42,988
Gain/(loss) on available-for-sale financial assets	1,591	-	1,591	1,591	-	1,591
Gain/(loss) on revaluation of library	(83)	-	(83)	(83)	-	(83)
Balance at 31 December 2009	126,643	554,117	680,760	126,643	552,338	678,981
Balance at 1 January 2010	126,643	554,117	680,760	126,643	552,338	678,981
Profit/(loss)	-	70,338	70,338	-	69,966	69,966
Gain/(loss) on revaluation of land and buildings	34,345	-	34,345	34,345	-	34,345
Gain/(loss) on available-for-sale financial assets	(357)	-	(357)	(357)	-	(357)
Gain/(loss) on revaluation of art collection	130	-	130	130	-	130
Balance at 31 December 2010	160,761	624,455	785,216	160,761	622,304	783,065

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 2010

	Notes	Consolidated		University	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash flows from operating activities					
Inflows:					
Australian Government grants received	3(h)	307,804	293,498	307,804	293,498
OS-HELP (net)	3(h)	4	(3)	4	(3)
Superannuation Supplementation	3(h)	23,845	28,924	23,845	28,924
State and Local Government grants		12,222	10,173	12,222	10,173
HECS-HELP - student payments		13,389	12,986	13,389	12,986
Receipts from student fees and other customers		118,332	116,632	118,136	115,775
Dividends received		1,371	1,536	1,755	1,434
Interest received		7,673	4,607	7,584	4,533
Royalties		566	638	606	503
Consultancy and contract research		32,323	28,172	31,409	27,757
Other receipts		33,368	19,406	26,130	11,299
GST recovered / paid		5,524	6,813	5,541	7,353
Outflows:					
Payments to suppliers and employees (GST incl)		(457,517)	(436,859)	(448,898)	(427,715)
Net cash provided by / (used in) operating activities	36	98,904	86,523	99,527	86,517
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant and equipment		1,450	354	904	354
Proceeds from sale of investments		15,254	380	585	230
Outflows:					
Payments for property, plant and equipment		(46,174)	(52,116)	(45,895)	(51,903)
Payments for investments		(798)	(888)	(645)	(304)
Net cash provided by / (used in) investing activities		(30,268)	(52,270)	(45,051)	(51,623)
Net increase / (decrease) in cash and cash equivalents		68,636	34,253	54,476	34,894
Cash and cash equivalents at the beginning of the financial year		145,632	111,379	143,459	108,565
Cash and cash equivalents at the end of the financial year	15	214,268	145,632	197,935	143,459

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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1. Summary of significant accounting policies

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

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards (AASB), AASB Interpretations, requirements of the Department of Education, Employment and Workplace Relations (DEEWR) and other State / Australian Government legislative requirements.

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

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

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

Historical cost convention

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

Critical accounting estimates

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

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

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2010 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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



1. Summary of significant accounting policies (continued)

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

Details of subsidiaries are set out in Note 32.

(ii) **Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

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

(iii) **Joint ventures operations**

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

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

(iv) **Joint venture entities**

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

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

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

(c) **Foreign currency translation**

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

(d) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) **Financial assistance**

DEEWR financial assistance (including Commonwealth Grant Scheme, Higher Education Loan Programs, scholarships and DIISR Research)

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



1. Summary of significant accounting policies (continued)

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

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

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

(ii) Fees and charges

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

(iii) Investment income

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

(iv) Consultancy and contract research

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

(v) Other revenue

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

(e) Impairment of assets

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

(f) Cash and cash equivalents

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

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 14 days from the date of recognition.

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

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



1. Summary of significant accounting policies (continued)

(h) Available-for-sale financial assets

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

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

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

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

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

The University has investments in shares, property trusts and managed funds, which are classified as available-for-sale financial assets and are measured at fair value.

(i) Property, plant and equipment

Property, plant and equipment original cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred (refer Note 12).

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

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

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

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

(i) Land

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



1. Summary of significant accounting policies (continued)

The last valuation was as at 31 December 2010 and was performed by R. Wood B AppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Land fair value estimates were based on the highest and best use of the land and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in Note 1(k).

(ii) **Buildings**

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

As at 31 December 2010, the entire buildings portfolio was re-valued independently by R. Wood B AppSc PRM(VAL) AAPI from Southwick Goodyear Pty Ltd. Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation approach adopted was to assess the "written down current cost" for the buildings based upon the "new replacement cost" having regard to the estimated useful and remaining life for each structure.

Buildings under construction and buildings commissioned or purchased after the valuation are measured at cost.

(iii) **Library collection**

The library collection is valued at fair value. The University has concluded that the collection's fair value is best approximated by written down current cost based on a University valuation which is completed at the end of each year. The 2010 valuation resulted in a decrease of \$1.363 million and this has been recognised as a loss in the Statement of Comprehensive Income recorded within other expenses.

(iv) **Plant and equipment**

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

(v) **Art collection**

As at 31 December 2010, the University internally valued its art collection at fair value with the offsetting adjustments to the art collection revaluation surplus. The 2010 valuation resulted in an increase to the fair value of the art collection of \$0.13 million. The art collection will be internally re-valued every three years.

(vi) **Leased assets**

Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The Consolidated Entity has no finance leases for 2010 (2009: nil). Refer to Note 30(b) for details on operating leases.



1. Summary of significant accounting policies (continued)

(j) Depreciation

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

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

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

(k) Restrictions on assets

Land includes \$48.085 million (2009: \$42.130 million) of Crown Lands and \$21.720 million (2009: \$19.610 million) of land dedicated for educational use by the Minister of Education.

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

(l) Intangible assets and amortisation

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

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

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

(m) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs, now DEEWR, the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Statement of Comprehensive Income and the Statement of Financial Position for the first time in 1998.



1. Summary of significant accounting policies (continued)

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

An arrangement exists between the Australian Government and the South Australian State Government to share the unfunded liability of the University's beneficiaries of the South Australian State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1988, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position as a liability with a corresponding asset. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University or the Group (refer to Note 31).

(n) Trade and other payables

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

(o) Employee benefits

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

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

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

(ii) *Sick leave*

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

(iii) *Long service leave*

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 Employee Benefits. The last update was performed at 31 December 2010 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd. The current portion represents the amount expected to be paid in the following 12 months. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The long service leave liability includes associated on-costs. Only on-costs accruing to employees are recognised under employee provisions, while related on-costs are recognised as payables.



1. Summary of significant accounting policies (continued)

- (iv) **Superannuation**
- Superannuation schemes exist to provide benefits to University employees and their dependants upon resignation, retirement, disability or death. The contributions made to the funded schemes and on an emerging cost basis to the unfunded schemes by the University and are expensed in the Statement of Comprehensive Income. Note 31 provides details in respect of the individual schemes.
- (p) **Workers' compensation**
- The University is responsible for payments of workers' compensation.
- The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2010 by Laurie Brett FIA, FIAA of Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology consideration is given to individual case estimates of all open claims plus allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.
- (q) **Funds held on behalf of external entities**
- The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash and cash equivalents and a corresponding liability is included in other liabilities (refer Note 25).
- (r) **Goods and services tax (GST)**
- Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.
- Receivables and payables are stated with the amount of GST included.
- The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the Statement of Financial Position.
- Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.
- (s) **Income tax**
- The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities. Due to the University's Income Tax Exempt Charitable Entity status, it does not incur Australian income tax. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in some foreign countries. Tax in respect of these operations has been brought to account in the year it is incurred.
- (t) **Changes in accounting policy note**
- Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2010. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be insignificant.



2. Disaggregated information (consolidated)

Geographical

	Revenue		Results		Total Assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Australia	490,332	454,471	69,738	40,662	1,324,110	1,163,256
Asia	13,271	19,057	597	858	155	57
Other	66	41	3	2	-	-
Total	503,669	473,569	70,338	41,522	1,324,265	1,163,313

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



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

	Notes	Consolidated		University	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Commonwealth Grants Scheme and Other Grants	40.1				
Commonwealth Grants Scheme		143,668	130,835	143,668	130,835
Indigenous Support Program		1,096	1,059	1,096	1,059
Partnership & Participation Program		3,000	602	3,000	602
Workplace Reform Program		-	1,634	-	1,634
Workplace Productivity Program		1,581	1,581	1,581	1,581
Learning & Teaching Performance Fund		-	1,532	-	1,532
Capital Development Pool		2,849	-	2,849	-
Improving the Practical Component of Teacher Education Initiative		-	726	-	726
Transitional Cost Program		461	1,083	461	1,083
Diversity & Structural Adjustment Fund		2,595	1,266	2,595	1,266
Chair in Child Protection		1,102	419	1,102	419
Total Commonwealth Grants Scheme and Other Grants		156,352	140,737	156,352	140,737
(b) Higher Education Loan Programs	40.2				
HECS-HELP		82,787	76,105	82,787	76,105
FEE-HELP		5,525	5,277	5,525	5,277
Total Higher Education Loan Programs		88,312	81,382	88,312	81,382
(c) Scholarships	40.3				
Australian Postgraduate Awards		3,273	2,356	3,273	2,356
International Postgraduate Research Scholarship		368	344	368	344
Commonwealth Education Cost Scholarships		3,045	2,412	3,045	2,412
Commonwealth Accommodation Scholarships		23	2,084	23	2,084
Indigenous Access Scholarships		81	-	81	-
Indigenous Staff Scholarships		-	35	-	35
Total Scholarships		6,790	7,231	6,790	7,231
(d) DIISR Research	40.4				
Joint Research Engagement Scheme		6,631	5,708	6,631	5,708
Research Training Scheme		11,277	10,753	11,277	10,753
Research Infrastructure Block Grants		2,383	2,295	2,383	2,295
Implementation Assistance Program		71	137	71	137
Australian Scheme for Higher Education Repositories		-	242	-	242
Commercialisation Training Scheme		114	110	114	110
Sustainable Research Excellence in Universities		1,062	-	1,062	-
Total DIISR Research Grants		21,538	19,245	21,538	19,245
(e) Other Capital Funding	40.5				
Teaching and Learning Capital Fund		-	14,914	-	14,914
Education Investment Fund		13,210	2,586	13,210	2,586
Total Other Capital Funding		13,210	17,500	13,210	17,500



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

	Notes	Consolidated 2010 \$'000	2009 \$'000	University 2010 \$'000	2009 \$'000
(f) Australian Research Council	40.6				
(i) <i>Discovery</i>	40.6(a)				
Project		3,549	3,314	3,549	3,314
Fellowships		307	-	307	-
Indigenous Researchers Development		-	5	-	5
Total Discovery		3,856	3,319	3,856	3,319
(ii) <i>Linkages</i>	40.6(b)				
Infrastructure		100	(15)	100	(15)
International Projects		16	43	16	43
Total Linkages		4,160	3,168	4,160	3,168
(iii) <i>Networks and Centres</i>	40.6(c)				
Research Networks		230	346	230	346
Centres		69	68	69	68
Total Networks and Centres		299	414	299	414
Total Australian Research Council		8,431	6,929	8,431	6,929
(g) Other Australian Government financial assistance					
Aboriginal Tutorial Assistance Scheme grant		143	201	143	201
Other Commonwealth grants		1,539	1,299	1,539	1,299
Other Australian Government research grants		14,117	13,563	14,117	13,563
Total Other Australian Government financial assistance		15,799	15,063	15,799	15,063
Total Australian Government financial assistance		310,432	288,087	310,432	288,087
Reconciliation					
Australian Government grants		222,120	206,705	222,120	206,705
HECS-HELP payments		82,787	76,105	82,787	76,105
FEE-HELP payments		5,525	5,277	5,525	5,277
Total Australian Government financial assistance		310,432	288,087	310,432	288,087



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

Notes	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(h) Australian Government Grants received - cash basis				
CGS and Other DEEWR grants	157,538	145,284	157,538	145,284
Higher Education Loan Programs	89,218	77,709	89,218	77,709
Scholarships	6,790	7,231	6,790	7,231
DIISR Research	21,568	19,245	21,568	19,245
Other Capital Funding	6,470	16,600	6,470	16,600
ARC grants - Discovery	3,825	3,388	3,825	3,388
ARC grants - Linkages	5,678	5,602	5,678	5,602
ARC grants - Networks and Centres	-	234	-	234
Other Australian Government grants	16,717	18,205	16,717	18,205
Total Australian Government Grants received - cash basis	307,804	293,498	307,804	293,498
OS-HELP (Net)	4	(3)	4	(3)
Superannuation Supplementation	23,845	28,924	23,845	28,924
Total Australian Government funding received - cash basis	331,653	322,419	331,653	322,419

4. State and Local Government financial assistance

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Research grants	7,429	9,542	7,429	9,542
Other	1,072	2,088	1,072	2,088
Total State and Local Government financial assistance	8,501	11,630	8,501	11,630

5. Fees and charges

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Course fees and charges				
Continuing education	1,745	1,838	1,745	1,838
Fee-paying overseas students	89,379	88,411	89,379	88,411
Fee-paying domestic postgraduate students	2,852	1,799	2,852	1,799
Total course fees and charges	93,976	92,048	93,976	92,048
Other fees and charges				
Other fees and charges	7,799	7,485	7,799	7,485
Miscellaneous enrolment fees	7,366	6,780	7,366	6,780
Seminar/workshops	610	862	610	862
Total other fees and charges	15,775	15,127	15,775	15,127
Total fees and charges	109,751	107,175	109,751	107,175



6. Investment revenue

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Dividends and distributions	1,949	1,541	14,643	2,245
Interest	9,698	5,007	9,604	4,933
Total investment revenue	11,647	6,548	24,247	7,178

7. Consultancy and contract research

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Consultancy	4,103	4,716	4,114	4,742
Contracts	21,587	22,391	21,737	22,531
Total consultancy and contract research	25,690	27,107	25,851	27,273

8. Other revenue

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Donations and bequests	1,627	1,625	1,627	1,625
Scholarships and prizes	1,448	1,505	1,448	1,505
Other fees and charges	13,098	13,799	5,787	5,682
Other	7,520	2,469	7,524	2,479
Total other revenue	23,693	19,398	16,386	11,291

9. Gains/(losses) on disposal of assets

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Disposal of property, plant and equipment				
Proceeds from sale	1,450	354	904	354
Carrying amount of assets sold	(1,010)	(724)	(395)	(724)
Net gain/(loss) on disposal of property, plant and equipment	440	(370)	509	(370)
(b) Sale of shares				
Realised gain/(loss) on disposal of investments	14,470	(48)	51	(48)
Total of net gain/(loss) on disposal of assets	14,910	(418)	560	(418)



10. Employee related expenses

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Employee related expenses				
Academic				
Salaries	119,911	115,254	119,911	115,254
Contribution to funded superannuation and pension schemes:				
Emerging cost	635	745	635	745
Funded	17,190	16,089	17,190	16,089
Payroll tax	7,134	6,787	7,134	6,787
Workers' compensation	(52)	554	(52)	554
Long service leave	3,702	2,356	3,702	2,356
Annual leave	9,132	7,070	9,132	7,070
Total academic	157,652	148,855	157,652	148,855
Non-academic				
Salaries	93,354	87,589	89,109	82,445
Contribution to superannuation and pension schemes:				
Emerging cost	815	970	445	517
Funded	13,678	12,458	13,678	12,458
Payroll tax	6,095	5,845	5,839	5,552
Workers' compensation	(21)	489	(39)	460
Long service leave	3,068	1,935	3,049	1,910
Annual leave	7,750	6,350	7,742	6,334
Total non-academic	124,739	115,636	119,823	109,676
Total academic & non-academic employee benefits and on-costs	282,391	264,491	277,475	258,531
Council member remuneration	194	201	194	201
Total employee related expenses	282,585	264,692	277,669	258,732

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10. Employee related expenses (continued)

(b) Voluntary separation packages

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

	Consolidated		University	
	2010 Number	2009 Number	2010 Number	2009 Number
Number of voluntary separation packages	20	27	20	27
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	1,333	2,266	1,333	2,266
Annual leave and long service leave entitlements paid	506	877	506	877
Total amount associated with separations	1,839	3,143	1,839	3,143

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

(c) Aggregate employee benefits liability

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Annual leave				
On-costs included in payables - current	2,760	2,275	2,760	2,275
On-costs included in payables - non-current	1,399	1,179	1,399	1,179
Employee benefits - current	11,731	10,215	11,662	9,959
Employee benefits - non-current	5,842	5,159	5,842	5,159
	21,732	18,828	21,663	18,572
Long service leave				
On-costs included in payables - current	499	691	499	691
On-costs included in payables - non-current	3,176	2,970	3,176	2,970
Employee benefits - current	4,678	6,381	4,552	6,099
Employee benefits - non-current	28,023	24,721	28,023	24,721
	36,376	34,763	36,250	34,481
Separations scheme				
Employee benefits - current	210	1,025	210	1,025
Total aggregate employee benefits liability	58,318	54,616	58,123	54,078



11. Depreciation and amortisation

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Depreciation				
Buildings	16,115	15,707	16,115	15,676
Leasehold improvements	549	426	549	426
Library collection	2,374	2,645	2,374	2,645
Plant and equipment	7,528	6,975	7,468	6,787
Total depreciation	26,566	25,753	26,506	25,534
Amortisation				
Intangibles	1,042	991	1,042	991
Total amortisation	1,042	991	1,042	991
Total depreciation and amortisation	27,608	26,744	27,548	26,525

12. Repairs and maintenance

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Buildings	7,668	7,347	7,668	7,338
Grounds	1,041	1,056	1,040	1,047
Total repairs and maintenance	8,709	8,403	8,708	8,385



13. Other expenses

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Scholarships, grants and prizes	19,688	20,771	19,688	20,771
Non-capitalised equipment	4,207	4,130	4,198	4,127
Advertising, marketing and promotional expenses	6,778	6,338	6,712	6,241
Telecommunications	4,464	4,830	4,396	4,740
Travel, staff development and entertainment	18,806	16,633	18,628	16,420
External services*	36,225	40,099	35,135	39,180
IT hardware and software	7,940	7,843	7,912	7,808
Library subscriptions	3,473	3,539	3,473	3,539
Printing	1,620	1,747	1,607	1,747
Operating lease rental expenses	2,774	2,474	2,756	2,450
Bank charges, legal costs, insurance and taxes	4,354	4,262	4,327	4,219
General consumables	6,229	7,571	5,560	6,879
Other**	11,888	11,135	10,967	10,536
Total other expenses	128,446	131,372	125,359	128,657

* Included within external services for 2010 is an amount for consultants of \$2.279 million University (\$2.621 million Consolidated) exclusive of GST (2009: \$2.089 million University, \$2.127 million Consolidated). This amount excludes consultant payments in relation to the capital works program.

** Net foreign exchange losses included in other expenses for 2010 were \$0.409 million University and Consolidated (2009: \$0.484 million University and Consolidated). Impairment loss in respect of available-for-sale assets included in other expenses for 2010 was nil University, \$0.414 million Consolidated (2009: nil University and Consolidated).

14. Bad and doubtful debts

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Bad and doubtful debts	354	204	354	204
Total bad and doubtful debts	354	204	354	204

15. Cash and cash equivalents

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank and on hand	6,145	4,316	6,174	3,904
Deposits	208,123	141,316	191,761	139,555
Total cash and cash equivalents	214,268	145,632	197,935	143,459



15. Cash and cash equivalents (continued)

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balances as per Statement of Financial Position	214,268	145,632	197,935	143,459
Balances per Statement of Cash Flows	<u>214,268</u>	<u>145,632</u>	<u>197,935</u>	<u>143,459</u>

(b) Cash at bank and on hand

During the year cash earned 4.25% interest (2009: 3.25%) and the interest is credited to the University quarterly in March, June, September and December.

(c) Deposits

During the year the cash deposits earned interest at a fixed rate which ranged between 3.25% and 6.34% (2009: range of 3.25% and 6.15%). These deposits had an average maturity of 140 days.

16. Receivables

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade debtors	12,195	14,792	12,066	13,587
Less: Provision for impaired receivables	(368)	(505)	(368)	(505)
	<u>11,827</u>	<u>14,287</u>	<u>11,698</u>	<u>13,082</u>
Student fees	4,035	4,267	4,035	4,267
Less: Provision for impaired receivables	(533)	(576)	(533)	(576)
	<u>3,502</u>	<u>3,691</u>	<u>3,502</u>	<u>3,691</u>
Commonwealth receivables	13,658	7,832	13,658	7,832
Other	2,084	1,458	2,084	1,458
Total receivables	<u>31,071</u>	<u>27,268</u>	<u>30,942</u>	<u>26,063</u>

(a) Impaired receivables

As at 31 December 2010 current trade receivables of the Group with a nominal value of \$0.351 million (2009: \$0.492 million) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past-due status and historical collection experience resulting in a further provision of \$0.017 million (2009: \$0.013 million). The total amount of the provision was \$0.368 million (2009: \$0.505 million).



16. Receivables (continued)

Trade receivables

The ageing analysis of trade receivables is as follows:

	Consolidated	
	2010 \$'000	2009 \$'000
Less than 3 months	-	-
3 to 6 months	37	27
Over 6 months	331	478
	<u>368</u>	<u>505</u>

As at 31 December 2010, trade receivables of \$6.554 million (2009: \$4.966 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:

	Consolidated	
	2010 \$'000	2009 \$'000
Less than 3 months	5,410	4,021
3 to 6 months	590	760
Over 6 months	554	185
	<u>6,554</u>	<u>4,966</u>

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

	Consolidated	
	2010 \$'000	2009 \$'000
At 1 January	505	455
Provision for impairment recognised during the year	143	385
Receivables written off during the year as uncollectible	(107)	(42)
Unused amount reversed and debts collected	(173)	(293)
At 31 December	<u>368</u>	<u>505</u>



16. Receivables (continued)

Student receivables

As at 31 December 2010, student receivables of \$3.704 million (2009: \$4.061 million) were past due but not impaired:

	Consolidated	
	2010 \$'000	2009 \$'000
The ageing analysis of these receivables is as follows:		
Less than 3 months	504	371
3 to 6 months	2,205	2,853
Over 6 months	995	837
	<u>3,704</u>	<u>4,061</u>

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

	Consolidated	
	2010 \$'000	2009 \$'000
At 1 January	576	661
Provision for impairment recognised during the year	314	316
Receivables written off during the year as uncollectible	(288)	(325)
Unused amount reversed and debts collected	(69)	(76)
At 31 December	<u>533</u>	<u>576</u>

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

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

(b) Foreign exchange and interest rate risk

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

(c) Fair value and credit risk

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



17. Investments accounted for using the equity method

The University has no material investments in associates or joint venture entities which would be accounted for in the consolidated financial statements using the equity method of accounting.

18. Other financial assets

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current				
Shares in subsidiaries (Note 32)	-	-	1,730	1,730
Available-for-sale financial assets	6,560	7,312	5,537	5,778
Total other financial assets	6,560	7,312	7,267	7,508

19. Other non-financial assets

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current				
Prepayments	8,136	8,134	8,120	8,066
Accrued income	8,668	1,839	21,783	2,645
Total other non-financial assets	16,804	9,973	29,903	10,711



20. Property, plant and equipment

Consolidated	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2009									
- Cost	6,246	-	30,569	53,461	-	3,283	-	-	93,559
- Valuation	-	87,740	797,778	-	-	-	31,640	1,333	918,491
Accumulated depreciation	-	-	(381,666)	(27,976)	-	(1,411)	(15,345)	-	(426,398)
Net book amount	6,246	87,740	446,681	25,485	-	1,872	16,295	1,333	585,652
Year ended 31 December 2009									
Opening net book amount	6,246	87,740	446,681	25,485	-	1,872	16,295	1,333	585,652
Revaluation	-	-	-	-	-	-	(702)	-	(702)
Additions	26,948	6,147	5,435	11,237	-	-	2,707	28	52,502
Disposals	-	-	-	(723)	-	-	(1)	-	(724)
Reclassifications	(14,108)	-	12,419	1,597	-	92	-	-	-
Depreciation charge	-	-	(15,707)	(6,975)	-	(426)	(2,645)	-	(25,753)
Closing net book amount	19,086	93,887	448,828	30,621	-	1,538	15,654	1,361	610,975
At 31 December 2009									
- Cost	19,086	6,147	48,424	61,564	-	3,375	-	-	138,596
- Valuation	-	87,740	797,778	-	-	-	28,202	1,361	915,081
Accumulated depreciation	-	-	(397,374)	(30,943)	-	(1,837)	(12,548)	-	(442,702)
Net book amount	19,086	93,887	448,828	30,621	-	1,538	15,654	1,361	610,975
Year Ended 31 December 2010									
Opening net book amount	19,086	93,887	448,828	30,621	-	1,538	15,654	1,361	610,975
Revaluation	-	19,455	14,890	-	-	-	(1,363)	130	33,112
Additions	30,012	1,558	706	6,244	4,513	-	2,424	44	45,501
Disposals	-	-	(341)	(615)	-	(5)	(50)	-	(1,011)
Reclassifications	(27,632)	-	24,908	551	-	2,173	-	-	-
Depreciation charge	-	-	(16,115)	(7,528)	-	(549)	(2,374)	-	(26,566)
Closing net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011
At 31 December 2010									
- Cost	21,466	-	-	63,016	4,513	5,525	-	-	94,520
- Valuation	-	114,900	909,164	-	-	-	25,211	1,535	1,050,810
Accumulated depreciation	-	-	(436,288)	(33,743)	-	(2,368)	(10,920)	-	(483,319)
Net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011



20. Property, plant and equipment (continued)

University	Construction in progress \$'000	Land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Library \$'000	Art collection \$'000	Total \$'000
At 1 January 2009									
- Cost	6,246	-	30,100	52,093	-	3,283	-	-	91,722
- Valuation	-	87,740	797,778	-	-	-	31,640	1,333	918,491
Accumulated depreciation	-	-	(381,299)	(26,936)	-	(1,411)	(15,345)	-	(424,991)
Net book amount	6,246	87,740	446,579	25,157	-	1,872	16,295	1,333	585,222
Year ended 31 December 2009									
Opening net book amount	6,246	87,740	446,579	25,157	-	1,872	16,295	1,333	585,222
Revaluation	-	-	-	-	-	-	(702)	-	(702)
Additions	26,948	6,147	5,433	11,026	-	-	2,707	28	52,289
Disposals	-	-	-	(723)	-	-	-	(1)	(724)
Reclassifications	(14,108)	-	12,419	1,597	-	92	-	-	-
Depreciation charge	-	-	(15,676)	(6,787)	-	(426)	(2,645)	-	(25,534)
Closing net book amount	19,086	93,887	448,755	30,270	-	1,538	15,654	1,361	610,551
At 31 December 2009									
- Cost	19,086	6,147	47,952	59,985	-	3,375	-	-	136,545
- Valuation	-	87,740	797,778	-	-	-	28,202	1,361	915,081
Accumulated depreciation	-	-	(396,975)	(29,715)	-	(1,837)	(12,548)	-	(441,075)
Net book amount	19,086	93,887	448,755	30,270	-	1,538	15,654	1,361	610,551
Year ended 31 December 2010									
Opening net book amount	19,086	93,887	448,755	30,270	-	1,538	15,654	1,361	610,551
Revaluation	-	19,455	14,890	-	-	-	(1,363)	130	33,112
Additions	30,012	1,558	438	6,233	4,513	-	2,424	44	45,222
Disposals	-	-	-	(340)	-	(5)	(50)	-	(395)
Reclassifications	(27,632)	-	24,908	551	-	2,173	-	-	-
Depreciation charge	-	-	(16,115)	(7,468)	-	(549)	(2,374)	-	(26,506)
Closing net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984
At 31 December 2010									
- Cost	21,466	-	-	62,672	4,513	5,525	-	-	94,176
- Valuation	-	114,900	909,164	-	-	-	25,211	1,535	1,050,810
Accumulated depreciation	-	-	(436,286)	(33,426)	-	(2,368)	(10,920)	-	(483,002)
Net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984



21. Intangible assets

Consolidated	Intangibles in progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2009			
Cost	-	5,968	5,968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5,638	5,638
Year Ended 31 December 2009			
Opening net book amount	-	5,638	5,638
Additions	891	15	906
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4,662	5,553
At 31 December 2009			
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553
Year Ended 31 December 2010			
Opening net book amount	891	4,662	5,553
Additions	1,740	-	1,740
Reclassifications	(809)	809	-
Amortisation charge	-	(1,042)	(1,042)
Closing net book amount	1,822	4,429	6,251
At 31 December 2010			
Cost	1,822	6,792	8,614
Accumulated amortisation	-	(2,363)	(2,363)
Net book amount	1,822	4,429	6,251

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21. Intangible assets (continued)

University	Intangibles in progress \$'000	Intangibles \$'000	Total \$'000
At 1 January 2009			
Cost	-	5,968	5,968
Accumulated amortisation	-	(330)	(330)
Net book amount	-	5,638	5,638
Year Ended 31 December 2009			
Opening net book amount	-	5,638	5,638
Additions	891	15	906
Amortisation charge	-	(991)	(991)
Closing net book amount	891	4,662	5,553
At 31 December 2009			
Cost	891	5,983	6,874
Accumulated amortisation	-	(1,321)	(1,321)
Net book amount	891	4,662	5,553
Year Ended 31 December 2010			
Opening net book amount	891	4,662	5,553
Additions	1,740	-	1,740
Reclassifications	(809)	809	-
Amortisation charge	-	(1,042)	(1,042)
Closing net book amount	1,822	4,429	6,251
At 31 December 2010			
Cost	1,822	6,792	8,614
Accumulated amortisation	-	(2,363)	(2,363)
Net book amount	1,822	4,429	6,251



22. Payables

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current				
Trade creditors	17,951	21,911	17,519	21,287
Accrued salaries	6,693	5,817	6,693	5,817
Annual leave on-costs	2,760	2,275	2,760	2,275
Long service leave on-costs	499	691	499	691
Total current payables	27,903	30,694	27,471	30,070
Non-current				
Annual leave on-costs	1,399	1,179	1,399	1,179
Long service leave on-costs	3,176	2,970	3,176	2,970
Total non-current payables	4,575	4,149	4,575	4,149
Total payables	32,478	34,843	32,046	34,219

(a) Foreign exchange and interest rate risk

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



23. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Credit standby arrangements				
Total facilities:				
Credit card facility with National Australia Bank (NAB)	8,000	5,000	8,000	5,000
Credit card facility with American Express (Amex)	1,530	1,530	1,530	1,530
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	2,000	500	2,000
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
	20,330	18,830	20,330	18,830
Used at balance date:				
Credit card facility with NAB	1,052	919	1,052	919
Credit card facility with Amex	323	374	323	374
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	-	1	-	1
Bank Guarantee	1,423	3,677	1,423	3,677
	2,798	4,971	2,798	4,971
Unused at balance date:				
Credit card facility with NAB	6,948	4,081	6,948	4,081
Credit card facility with Amex	1,207	1,156	1,207	1,156
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	2,000	500	2,000
IT lease facility with Commonwealth Bank	5,000	4,999	5,000	4,999
Bank Guarantee	3,677	1,423	3,677	1,423
	17,532	13,859	17,532	13,859
Bank loan facilities				
NAB facilities	35,000	35,000	35,000	35,000
Total facilities	35,000	35,000	35,000	35,000
Used at balance date	-	-	-	-
Unused at balance date	35,000	35,000	35,000	35,000



24. Provisions

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current:				
Annual leave	11,731	10,215	11,662	9,959
Long service leave	4,678	6,381	4,552	6,099
Separation scheme	210	1,025	210	1,025
Workers' compensation liability	333	551	333	551
Total current provisions	16,952	18,172	16,757	17,634
Non-current:				
Annual leave	5,842	5,159	5,842	5,159
Long service leave	28,023	24,721	28,023	24,721
Workers' compensation liability	569	1,128	569	1,128
Total non-current provisions	34,434	31,008	34,434	31,008
Total provisions	51,386	49,180	51,191	48,642

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Carrying amount at start of year	1,679	1,902	1,679	1,902
Additional provisions recognised	412	788	412	788
Amounts used	(711)	(748)	(711)	(748)
Unused amounts reversed	(401)	(99)	(401)	(99)
Increase/(decrease) in discounted amount	(77)	(164)	(77)	(164)
Carrying amount at end of year	902	1,679	902	1,679

25. Other liabilities

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current				
Funds held on behalf of external entities	17,676	1,250	17,676	1,250
Income in advance on incomplete projects	4,827	6,812	4,827	6,812
Fees and charges	11,598	10,798	11,598	10,798
Cwth and State Government Grants	31,421	21,639	31,421	21,639
Other	1,700	742	1,795	815
Total other liabilities	67,222	41,241	67,317	41,314



26. Reserves and retained earnings

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Reserves				
Property, plant and equipment revaluation surplus				
Land and buildings	158,839	124,494	158,839	124,494
Art collection	424	294	424	294
Library	-	-	-	-
	159,263	124,788	159,263	124,788
Available-for-sale investments revaluation surplus	1,498	1,855	1,498	1,855
	160,761	126,643	160,761	126,643
Movements in reserves				
Property, plant and equipment revaluation surplus				
<i>Land and buildings</i>				
Balance 1 January	124,494	124,494	124,494	124,494
Asset revaluation increment	34,345	-	34,345	-
Balance 31 December	158,839	124,494	158,839	124,494
<i>Art collection</i>				
Balance 1 January	294	294	294	294
Asset revaluation increment	130	-	130	-
Balance 31 December	424	294	424	294
<i>Library</i>				
Balance 1 January	-	83	-	83
Asset revaluation decrement	-	(83)	-	(83)
Balance 31 December	-	-	-	-
Available-for-sale investments revaluation surplus				
Balance 1 January	1,855	264	1,855	264
Asset revaluation increment	-	1,591	-	1,591
Asset revaluation decrement	(357)	-	(357)	-
Total available-for-sale investments revaluation surplus	1,498	1,855	1,498	1,855
(b) Retained earnings				
Retained earnings at 1 January	554,117	512,595	552,338	509,350
Operating result for the period	70,338	41,522	69,966	42,988
Retained earnings at 31 December	624,455	554,117	622,304	552,338
(c) Nature and purpose of reserves				

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



27. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2010 year. Council members include University employees who may be ex-officio members or elected staff members.

2010 Council members

Dr Ian Gould, Chancellor

Professor Peter Høj, Vice Chancellor and President

Dr Wendy Craik, AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor (appointed to Pro Chancellor, commencing 31 March 2010)

Associate Professor Stephen Boyle (terms September to October 2010 and December 2010)

Ms Pauline Carr (term commenced 30 March 2010)

Mr William Cossey, AM

Professor Drew Dawson

Ms Kelly Graham-Sutton (term commenced 1 January 2010, term completed 31 December 2010)

Ms Tanya Hosch

Mr Bruce Linn

Mr Jim McDowell

Mr Ian McLachlan

Ms Paula Nagel (term commenced 30 March 2010)

Associate Professor Margaret Peters (leave of absences September to October 2010 and December 2010; term completed 31 December 2010)

Mr Thomas Rudkin (term commenced 1 January 2010, term completed 31 December 2010)

Dr Sue Vardon, AO (resigned 12 January 2010)

Ms Bronwen Webb

Directorships held by Council members during the 2010 year in subsidiaries and associates of the University

Mr Bruce Linn, ITEK Pty Ltd, GTA Pty Ltd (1 January 2010 to 30 November 2010), GTA No 2 Pty Ltd (from 19 March 2010) and SABRENet Ltd

Mr Ian McLachlan, ITEK Pty Ltd



27. Key management personnel disclosures (continued)

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

	Consolidated		University	
	2010 Number	2009 Number	2010 Number	2009 Number
Remuneration of Council members				
Nil	7	7	7	7
\$10,000 to \$19,999	8	7	8	8
\$20,000 to \$29,999	-	-	2	1
\$30,000 to \$39,999	-	1	-	1
\$40,000 to \$49,999	1	2	-	-
\$50,000 to \$59,999	2	1	1	1
	18	18	18	18

The remuneration received and receivable by Council members for their services as Council members was \$194,400 (2009: \$200,995). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$255,067 (2009: \$261,695).

	Consolidated		University	
	2010 Number	2009 Number	2010 Number	2009 Number
Remuneration of executive officers				
\$100,000 to \$109,999	-	1	-	1
\$150,000 to \$159,999*	1	-	1	-
\$180,000 to \$189,999	1	-	1	-
\$200,000 to \$209,999	-	1	-	1
\$260,000 to \$269,999*	-	1	-	1
\$270,000 to \$279,999	1	2	1	2
\$280,000 to \$289,999	-	1	-	1
\$290,000 to \$299,999	2	1	2	1
\$310,000 to \$319,999	1	-	1	-
\$320,000 to \$329,999	-	1	-	1
\$330,000 to \$339,999	-	1	-	1
\$340,000 to \$349,999*	2	-	2	-
\$350,000 to \$359,999	1	1	1	1
\$410,000 to \$419,999	1	-	1	-
\$580,000 to \$589,999	-	1	-	1
\$690,000 to \$699,999	1	-	1	-
	11	11	11	11

* includes leave paid on termination.



27. Key management personnel disclosures (continued)

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

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

(c) **Executive Officers' compensation**

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Short-term employee benefits	3,061	2,936	3,061	2,936
Post-employment benefits	485	431	485	431
Other long-term benefits	104	21	104	21
Termination benefits	124	-	124	-
	3,774	3,388	3,774	3,388

(d) **Related party transactions**

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

28. Remuneration of auditors

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Assurance services				
Audit services:				
Fees paid to Auditor-General's Department:				
Audit of financial reports and other audit work	248	233	248	233
Fees paid to other audit firms:				
Audit and review of financial reports of any entity in the Consolidated Entity	10	19	-	-
	258	252	248	233



29. Contingencies

The University entered into an agreement with the Minister of the Department of Education, Training and Employment (DETAFE) on 20 February 1997 to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated at any time after the commencement of the eighth year of the term, a sum of \$0.680 million is to be repaid on a pro rata basis reducing to zero after 21 years. As at 31 December 2010 this contingent liability reduced to \$0.389 million.

The University entered into an agreement with the Commonwealth Department of Innovation, Industry, Science and Research (DIISR) on 23 September 2009 to raise \$5.000 million by 2014 after which an endowed chair in child protection can be funded from investment revenue. The Commonwealth has provided \$2.000 million and the University must raise \$3.000 million by 2014. If the \$3.000 million is not raised by 2014, the Commonwealth may request repayment of any portion of the Commonwealth contribution of \$2.000 million. As at 31 December 2010 this contingent liability is \$2.000 million.

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

The University has no other material contingent liabilities.



30. Commitments

(a) Capital commitments

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Property, plant and equipment payable:				
Within one year	30,066	8,707	30,066	8,707
Later than one year but not later than five years	3,850	4,279	3,850	4,279
Total capital commitments	33,916	12,986	33,916	12,986

(b) Lease commitments - Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities (i.e. operating leases), are payable as follows:

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Within one year	2,602	2,602	2,602	2,602
Later than one year but not later than five years	4,296	3,233	4,296	3,233
Later than five years	86	-	86	-
Total Lease commitments - Operating leases	6,984	5,835	6,984	5,835

Major operating leases include leases for office space, vehicles and computers. The terms of the office space lease agreements include renewal or purchase options ranging between 1 and 10 years.

(c) Other expenditure commitments

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

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Within one year	6,148	5,427	6,148	5,427
Later than one year but not later than five years	5,293	8,313	5,293	8,313
Later than five years	1,635	615	1,635	615
Total other expenditure commitments	13,076	14,355	13,076	14,355



31. Superannuation plans

The University contributes to the following employee superannuation funds:

(a) **Superannuation plan**

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

Under these schemes, 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 are refund of the member's contributions with investment returns plus a defined multiple of final salary.

Under current arrangements, Super SA pays eligible members their benefit and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government fully funds the University on an emerging cost basis for the costs and recovers the State's share of the cost directly from the State Government under the Commonwealth - State Agreement. The Agreement provides that the employer component of the superannuation benefits payable to former employees of the University who were members of one of the main State Schemes, be shared.

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by Brett and Watson Pty Ltd as at 31 December 2010. The actuarial valuation was based on 30 June 2010 membership data which was projected to 31 December 2010. The University's superannuation liability was assessed to be \$413.8 million (2009: \$379.8 million).

The University's liability under the scheme has been partly funded by an amount of \$26.5 million (2009: \$23.2 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$387.3 million (2009: \$356.6 million).

	2010 \$'000	2009 \$'000
Defined benefit obligations		
Present value obligations	413,800	379,800
Present value of plan assets	26,500	23,200
Total liability	387,300	356,600

The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the Assessment.

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

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

- Rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2009: 2.5%)
- Rate of salary increases 4.0% per annum (2009: 4.0%)
- Discount Rate 5.7% per annum (2009: 5.9%)
- Return of Fund assets 7.0% per annum (2009: 8.0%)

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



31. Superannuation plans (continued)

(b) Deferred Government Superannuation Contribution

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

On an accrual basis, expenses of \$24.693 million (2009: \$24.722 million) are offset by \$24.693 million (2009: \$24.722 million) Commonwealth Revenue. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program these costs have been offset and have a nil balance in the Statement of Comprehensive Income.

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

	2010 \$'000	2009 \$'000
Defined benefit obligations		
Current provision for superannuation	29,000	26,000
Non-current provision for superannuation	<u>358,300</u>	<u>330,600</u>
Total liability	<u>387,300</u>	<u>356,600</u>
Reimbursement rights		
Current deferred Government superannuation contribution	29,000	26,000
Non-current deferred Government superannuation contribution	<u>358,300</u>	<u>330,600</u>
Total asset	<u>387,300</u>	<u>356,600</u>
Total net liability/asset in Statement of Financial Position	<u>-</u>	<u>-</u>

(c) UniSuper

The University contributes to the following employee superannuation funds:

(i) UniSuper Defined Benefit Division (DBD)

The Defined Benefit Division (DBD) Superannuation Fund (the Fund) is managed by a corporate trustee, UniSuper Limited, which has delegated the day-to-day administration of the Fund to a wholly owned subsidiary company, UniSuper Management Pty Ltd. The executive management of UniSuper Management Pty Ltd reports to the Boards of UniSuper Limited and UniSuper Management Pty Ltd.

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

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

Clause 34 (b) now state that if "the Trustee still considers that UniSuper is or may be insufficient to provide the benefits payable under the Deed, the Trustee must reduce the benefits (including benefits in the course of payment) payable under Division A and Division B on a fair and equitable basis."

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31. Superannuation plans (continued)

As set out under paragraph 25 of AASB 119 a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the funds and the actuarial risk and investment risk fall on the employee.

As at 30 June 2010 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$1,217.0 million (2009: \$1,396.0 million) in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.
- \$312.0 million in excess (2009: \$39.0 million in deficiency) of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 12 June 2009 on the actuarial investigation of the DBD as at 31 December 2008. The financial assumptions used were:

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

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

The Defined Benefit Division as at 30 June 2010 is therefore in an "unsatisfactory financial position" as defined by Superannuation Industry (Supervision) Act Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the Superannuation Industry (Supervision) Act 1993 (SIS Act) when funds are found to be in an unsatisfactory financial position.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2010, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions.

(ii) UniSuper Accumulation Super 2 (Accum 2)

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

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

The University has also recognised an expense of \$20.542 million (2009: \$19.157 million) in respect of Accum 2.



31. Superannuation plans (continued)

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

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

The University has recognised an expense of \$20.534 million (2009: \$19.157 million) in respect of the DBD and Accum 2.

The University has also recognised an expense of \$10.292 million (2009: \$9.355 million) in respect of Accum 1.

32. Subsidiaries

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

Name of entity	Country of incorporation	Ownership interest	
		2010 %	2009 %
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100

(a) **ITEK Pty Ltd (ITEK)**

ITEK Pty Ltd was formed on 1 July 1999 and is the trustee for the ITEK Trust. In the year ended 31 December 2009, ITEK Trust changed its accounting period from 30 June to 31 December therefore 31 December 2010 was the first full calendar year report. The financial results of the Group are consolidated on a calendar year basis.

The ITEK Trust provides the University with business incubation and technology commercialisation services. ITEK's role is to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

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

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

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2010 and no transactions over the reporting period. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

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



33. Investments in associates

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

SABRENet Ltd (SABRENet)

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

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

While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset (the network). That is, the University receives no return for its interest in SABRENet. To date, the University has provided \$0.250 million to SABRENet which has been recognised as an expense in the year payment was made. Consequently the University's interest in SABRENet has not been taken up in the accounts on an equity basis.

34. Interests in joint ventures

(a) Joint venture operations

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

Entity	Reporting date	Ownership interest	
		2010 %	2009 %
(i) Mawson Centre Building	31 Dec	63.00%	63.00%
(ii) e-Research SA	31 Dec	33.00%	25.00%
(iii) SA node of the Australian National Fabrication Facility (ANFF)	30 Jun	0.00%	0.00%

(i) **Mawson Centre Building**

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

In 2010 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2010 is \$7.328 million (2009: \$8.709 million) which is included in Buildings.

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

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

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

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



34. Interests in joint ventures (continued)

(b) Joint venture entities

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

Entity		Reporting date	Ownership interest 2010 %	2009 %
(i)	Australian Centre for Community Ageing	30 Jun	25.00%	25.00%
(ii)	Co-operative Research Centre for Integrated Engineering Asset Management	30 Jun	12.27%	11.41%
(iii)	Co-operative Research Centre for Irrigation Futures	30 Jun	0.00%	3.85%
(iv)	Co-operative Research Centre for Sustainable Tourism Pty Ltd	30 Jun	0.00%	2.72%
(v)	Desert Knowledge Co-operative Research Centre	30 Jun	0.00%	9.08%
(vi)	South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33%	33.33%
(vii)	Spencer Gulf Rural Health School	31 Dec	50.00%	50.00%
(viii)	South Australian Tertiary Admissions Centre	30 Jun	25.00%	25.00%
(ix)	Co-operative Research Centre for Advanced Automotive Technologies	30 Jun	5.00%	5.00%
(x)	Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	22.76%	24.85%
(xi)	Co-operative Research Centre for Polymers	30 Jun	1.97%	1.86%
(xii)	Co-operative Research Centre for Rail Innovation	30 Jun	10.60%	11.00%
(xiii)	Australian Seafood Co-operative Research Centre	30 Jun	1.06%	2.08%
(xiv)	Australian Synchrotron	30 Jun	1.00%	1.00%
(xv)	Defence Systems Innovation Centre	30 Jun	50.00%	50.00%
(xvi)	The Co-operative Research Centre for Remote Economic Participation	30 Jun	8.74%	0.00%
(xvii)	Australian Centre for Plant Functional Genomics	31 Dec	1.10%	0.60%

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

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



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

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

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

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

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

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

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

The DK-CRC is a national co-operative research centre and brokerage institution that links researchers with 27 partners. Its purpose is to develop and disseminate an understanding of sustainable living in remote desert environments, delivering enduring regional economies and livelihoods based on Desert Knowledge, and creating the networks to market this knowledge in other desert lands. Funding received by DK-CRC came to an end on 30 June 2010.

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

The SACITT brings together the three universities of South Australia and is supported by an advisory board comprising industry and government representatives. Its purposes are to establish South Australia as an international centre for IT&T research and academic excellence, to create a single point of focus for marketing the state as centre for IT&T research and academic excellence, to create a forum for information sharing and collaboration, to coordinate future IT&T research demands by South Australian industry, and to enable the three universities to plan jointly for education provision in IT&T through advice to the South Australian Vice-Chancellors' Committee.

(vii) *Spencer Gulf Rural Health School (SGRHS)*

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

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

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

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

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



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

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

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

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

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

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

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

(xiii) ***Australian Seafood Co-operative Research Centre (Australian Seafood CRC)***

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

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

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

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

DSIC is an unincorporated joint venture between the University of South Australia and The University of Adelaide. Its purpose is to deliver joint projects, contractual based studies, consultancies, post-graduate courses, and an in-house research program focused on collaborative projects of direct relevance to the defence community.

(xvi) ***The Cooperative Research Centre for Remote Economic Participation (CRC-REP)***

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

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

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

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35. Events occurring after the balance sheet date

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

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

Notes	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Operating result for the period	70,338	41,522	69,966	42,988
Add/(less) items classified as investing activities:				
Net (gain)/loss on sale of non-current assets	(440)	370	(509)	370
Add/(less) non-cash items:				
Depreciation and amortisation	27,608	26,744	27,548	26,525
Non-cash donations	(306)	(400)	(306)	(400)
Capital assets accrual	(765)	(939)	(765)	(939)
Available-for-sale asset revaluation	-	-	-	-
Library collection revaluation	1,363	619	1,363	619
Net (gain)/loss on sale of available-for-sale financial assets	(14,470)	48	(51)	48
Fair value gains on other financial assets at fair value through profit or loss	414	-	-	-
Change in operating assets and liabilities:				
(Increase) / decrease in receivables	(3,803)	(2,116)	(4,879)	(2,696)
(Increase) / decrease in other assets	(6,831)	2,330	(19,192)	1,574
Increase / (decrease) in payables	(2,366)	7,227	(2,175)	7,254
Increase / (decrease) in other liabilities	25,956	11,236	25,978	11,334
Increase / (decrease) in provisions	2,206	(118)	2,549	(160)
Net cash provided by / (used in) operating activities	98,904	86,523	99,527	86,517

37. Non-cash investing and financing activities

	Consolidated		University	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Donations of works of art and library materials	306	400	306	400
Total non-cash investing and financing activities	306	400	306	400

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

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

Donald Dyer Scholarship Fund; and
Irene & David Davy Scholarship Fund.



39. Financial risk management

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

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

Risk management is coordinated 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 2010 the University held USD\$2.018 million (AUD\$1.986 million) (2009: USD\$0.001 million (AUD\$0.001 million)) in an Australian bank account and MYR\$0.486 million (AUD\$0.155 million) - Malaysian Ringgit (2009: MYR\$0.174 million (AUD\$0.057 million) in an offshore bank account.

During 2010 the University did not enter into any hedging contracts to mitigate foreign exchange risk as transactions in foreign currencies are partially offset by natural hedging arrangements. From time to time the University will purchase and hold foreign currency to assist with the purchase of goods and services and to help manage foreign exchange risk. Currency conversion gains and losses are included in the operating result for the year.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The \$35.0 million bill facility (refer Note 23) with the NAB is at a floating rate of interest.

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

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

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

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

(b) Credit risk

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

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

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



39. Financial risk management (continued)

(c) Liquidity risk

The University maintains a \$35.0 million bill facility with the NAB which has a drawdown facility, available to 31 October 2011. As at 31 December 2010 this facility has not been drawn down.

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

	Average Interest Rate %	Less than 1 Year \$'000	1 to 5 Years \$'000	5+ Years \$'000	Non interest bearing \$'000	Total \$'000
2010						
Financial assets						
Cash assets	5.14%	214,268	-	-	-	214,268
Receivables		-	-	-	31,071	31,071
Other financial assets		-	-	-	6,560	6,560
Accrued income		-	-	-	8,668	8,668
Total financial assets		214,268	-	-	46,299	260,567
Financial liabilities						
Payables		-	-	-	32,478	32,478
Other		-	-	-	1,700	1,700
Funds held on behalf of external entities		-	-	-	17,676	17,676
Total financial liabilities		-	-	-	51,854	51,854

2009

Financial assets

Cash assets	3.99%	145,632	-	-	-	145,632
Receivables		-	-	-	27,268	27,268
Other financial assets		-	-	-	7,312	7,312
Accrued income		-	-	-	1,839	1,839

Total financial assets

145,632 - - 36,419 182,051

Financial liabilities

Payables		-	-	-	34,843	34,843
Other		-	-	-	742	742
Funds held on behalf of external entities		-	-	-	1,250	1,250

Total financial liabilities

- - - 36,835 36,835

(d) Fair value estimation

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



40. Acquittal of Australian Government financial assistance

40.1 Commonwealth Grants Scheme and other Grants

	Commonwealth Grants Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Workplace Reform Program		Workplace Productivity Program		Learning & Teaching Performance Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	146,751	129,648	1,096	1,059	2,845	440	155	162	-	1,634	1,581	1,581	-	1,532
Net accrual adjustments	(3,083)	1,187	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	143,668	130,835	1,096	1,059	2,845	440	155	162	-	1,634	1,581	1,581	-	1,532
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus / (deficit) from the previous year	-	-	-	227	-	-	494	428	-	-	-	-	432	-
Total revenue including accrued revenue	143,668	130,835	1,096	1,286	2,845	440	649	590	-	1,634	1,581	1,581	432	1,532
Less expenses including accrued expenses	(143,668)	(130,835)	(1,096)	(1,286)	(2,243)	(440)	(187)	(96)	-	(1,634)	(1,581)	(1,581)	(432)	(1,100)
Surplus / (deficit) for reporting period	-	-	-	-	602	-	462	494	-	-	-	-	-	432



40. Acquittal of Australian Government financial assistance (continued)

40.1 Commonwealth Grants Scheme and other Grants (continued)

	Capital Development Pool		Improving the Practical Component of Teacher Education Initiative		Transitional Cost Program		Diversity and Structural Adjustment Fund		Chair in Child Protection ¹		Total
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	
Financial assistance received in cash during the reporting period	2,849	-	-	726	1,161	1,106	575	6,235	1,129	1,106	145,284
Net accrual adjustments	-	-	-	-	(78)	(687)	2,020	(4,969)	(27)	(687)	(4,547)
Revenue for the period	2,849	-	-	726	1,083	419	2,595	1,266	1,102	419	140,737
Movement in deferred income	-	-	-	-	-	-	(2,020)	4,969	27	687	5,656
Surplus / (deficit) from the previous year	19	92	-	-	-	-	10,768	5,799	687	2,564	9,110
Total revenue including accrued revenue	2,868	92	-	726	1,083	461	11,343	12,034	1,816	3,670	155,503
Less expenses including accrued expenses	-	(73)	-	(726)	(1,083)	(461)	(2,658)	(1,266)	(1,099)	(2,983)	(143,103)
Surplus / (deficit) for reporting period	2,868	19	-	-	-	-	8,685	10,768	717	687	12,400

¹2009 expenses include transfer of \$2.00m which has been designated to establish a corpus to fund an endowed Chair in Child Protection



40. Acquittal of Australian Government financial assistance (continued)

40.2 Higher Education Loan Programs (excl OS-HELP)

	HECS-HELP (Australian Government payments only)		FEE-HELP		Total 2009 \$'000
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	

Financial assistance received in cash during the reporting period	81,798	74,457	7,420	3,252	89,218	77,709
Net accrual adjustments	989	1,648	(1,895)	2,025	(906)	3,673
Revenue for the period	82,787	76,105	5,525	5,277	88,312	81,382

Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	82,787	76,105	5,525	5,277	88,312	81,382
Less expenses including accrued expenses	(82,787)	(76,105)	(5,525)	(5,277)	(88,312)	(81,382)
Surplus / (deficit) for reporting period	-	-	-	-	-	-



40. Acquittal of Australian Government financial assistance (continued)

40.3 Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarship		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships		Total
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	
Financial assistance received in cash during the reporting period	3,273	2,356	368	344	3,045	2,412	23	2,084	81	-	-	35	7,231
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	3,273	2,356	368	344	3,045	2,412	23	2,084	81	-	-	35	7,231
Surplus / (deficit) from the previous year	441	449	-	-	35	15	35	86	12	79	16	-	539
Total revenue including accrued revenue	3,714	2,805	368	344	3,080	2,427	58	2,170	93	79	16	35	7,329
Less expenses including accrued expenses	(2,976)	(2,364)	(368)	(344)	(3,037)	(2,392)	271	(2,135)	(64)	(67)	(4)	(19)	(7,321)
Surplus / (deficit) for reporting period	738	441	-	-	43	35	329	35	29	12	12	16	539



40. Acquittal of Australian Government financial assistance (continued)

40.4 DIISR Research

	Joint Research Engagement Scheme		Research Training Scheme		Research Infrastructure Block Grants		Implementation Assistance Programme		Australian Scheme for Higher Education Repositories		Commercialisation Training Scheme		Sustainable Research Excellence in Universities	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	6,631	5,708	11,277	10,753	2,383	2,295	71	137	-	242	114	110	1,092	-
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	6,631	5,708	11,277	10,753	2,383	2,295	71	137	-	242	114	110	1,092	-
Surplus / (deficit) from the previous year	-	-	-	-	-	-	5	80	-	-	74	8	-	-
Total revenue including accrued revenue	6,631	5,708	11,277	10,753	2,383	2,295	76	217	-	242	188	118	1,092	-
Less expenses including accrued expenses	(6,631)	(5,708)	(11,277)	(10,753)	(2,383)	(2,295)	(76)	(212)	-	(242)	(38)	(44)	(1,092)	-
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	5	-	-	150	74	-	-



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

40.4 DIISR Research (continued)

	Total	
	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	21,568	19,245
Net accrual adjustments	-	-
Revenue for the period	21,568	19,245
Surplus / (deficit) from the previous year	79	88
Total revenue including accrued revenue	21,647	19,333
Less expenses including accrued expenses	(21,497)	(19,254)
Surplus / (deficit) for reporting period	150	79



40. Acquittal of Australian Government financial assistance (continued)

40.5 Other Capital Funding

	Better Universities Renewal Funding		Teaching and Learning Capital Fund		Education Investment Fund		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	-	-	-	14,914	6,470	1,686	6,470	16,600
Net accrual adjustments	-	-	-	-	6,740	900	6,740	900
Revenue for the period	-	-	-	14,914	13,210	2,586	13,210	17,500
Surplus / (deficit) from the previous year	1,881	2,755	14,551	-	496	-	16,928	2,755
Total revenue including accrued revenue	1,881	2,755	14,551	14,914	13,706	2,586	30,138	20,255
Less expenses including accrued expenses	(1,881)	(874)	(3,323)	(363)	(13,040)	(2,090)	(18,244)	(3,327)
Surplus / (deficit) for reporting period	-	1,881	11,228	14,551	666	496	11,894	16,928



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants

(a) Discovery

	Project		Fellowships		Indigenous Researchers Development		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	3,516	3,125	309	263	-	-	3,825	3,388
Net accrual adjustments	33	189	(2)	(263)	-	5	31	(69)
Revenue for the period	3,549	3,314	307	-	-	5	3,856	3,319
Movement in deferred income	212	(7)	2	263	-	(5)	214	251
Surplus / (deficit) from the previous year	2,027	2,034	263	-	-	5	2,290	2,039
Total revenue including accrued revenue	5,788	5,341	572	263	-	5	6,360	5,609
Less expenses including accrued expenses	(3,549)	(3,314)	(307)	-	-	(5)	(3,856)	(3,319)
Surplus / (deficit) for reporting period	2,239	2,027	265	263	-	-	2,504	2,290



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

(b) Linkages

	Infrastructure		International		Projects			Total	
	2010	2009	2010	2009	2010	2009	2010	2009	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assistance received in cash during the reporting period	500	-	18	16	5,160	5,586	5,678	5,602	
Net accrual adjustments	(400)	(15)	(2)	27	(1,000)	(2,418)	(1,402)	(2,406)	
Revenue for the period	100	(15)	16	43	4,160	3,168	4,276	3,196	
Movement in deferred income	400	-	2	(27)	(80)	1,354	322	1,327	
Surplus / (deficit) from the previous year	-	-	16	43	3,100	2,087	3,116	2,130	
Total revenue including accrued revenue	500	(15)	34	59	7,180	6,609	7,714	6,653	
Less expenses including accrued expenses	(100)	15	(16)	(43)	(4,160)	(3,509)	(4,276)	(3,537)	
Surplus / (deficit) for reporting period	400	-	18	16	3,020	3,100	3,438	3,116	

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40. Acquitment of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

(c) Networks and Centres

	Research Networks		Centres		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial assistance received in cash during the reporting period	-	166	-	68	-	234
Net accrual adjustments	230	180	69	-	299	180
Revenue for the period	230	346	69	68	299	414
Movement in deferred income	(205)	(180)	-	-	(205)	(180)
Surplus / (deficit) from the previous year	214	394	-	-	214	394
Total revenue including accrued revenue	239	560	69	68	308	628
Less expenses including accrued expenses	(230)	(346)	(69)	(68)	(299)	(414)
Surplus / (deficit) for reporting period	9	214	-	-	9	214



40. Acquittal of Australian Government financial assistance (continued)

40.7 OS-HELP

	2010 \$'000	2009 \$'000
Cash Received during the reporting period	365	185
Cash Spent during the reporting period	(361)	(188)
Net Cash received	4	(3)
Cash Surplus / (deficit) from the previous period	-	3
Cash Surplus / (deficit) for reporting period	4	-

40.8 Superannuation Supplementation

	2010 \$'000	2009 \$'000
Cash Received during the reporting period	23,845	28,924
Cash Surplus / (deficit) from the previous period	1,693	(2,541)
Cash available for current period	25,538	26,383
Contributions to specified defined benefit funds	(24,647)	(24,690)
Cash Surplus / (deficit) this period	891	1,693

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41. Acronyms and definitions

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

AASB	Australian Accounting Standards Board
ARC	Australian Research Council
ASIC	Australian Securities & Investment Commission
ATO	Australian Taxation Office
AUD	Australian Dollar
CPI	Consumer Price Index
CRC	Co-operative Research Centre
DBD	UniSuper Defined Benefit Division
DECS	South Australian Government Department of Education and Children's Services
DEEWR	Australian Government Department of Education, Employment and Workplace Relations
DFEEST	Australian Government Department of Further Education, Employment, Science and Technology
DIISR	Australian Government Department of Innovation, Industry, Science and Research
GST	Goods and Services Tax
HECS	Higher Education Contribution Scheme
MYR	Malaysian Ringgit
NAB	National Australia Bank
NHMRC	National Health and Medical Research Council
Safety margin	Operating result as a percentage of total income
USD	United States Dollar



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

To the best of our knowledge and belief:

- the financial statements:
 - are in accordance with the accounts and records of the University and give an accurate indication of the financial transactions of the University for the year then ended;
 - comply with the relevant Treasurer's Instructions promulgated under the provisions of the South Australian Public Finance and Audit Act 1987;
 - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in Note 1 Summary of Significant Accounting Policies and the Independent Audit Report; and
 - present a true and fair view of the financial position of the University as at 31 December 2010 and the result of its operations and its cash flows for the year then ended;
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure; and
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Dr Ian Gould
Chancellor
12 May 2011

Professor Peter Høj
Vice Chancellor and President
12 May 2011

Mr Paul Beard
Chief Operating Officer
12 May 2011



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

To the Chancellor University of South Australia

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the University of South Australia and its controlled entities (the consolidated entity) for the financial year ended 31 December 2010. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2010
- a Statement of Financial Position as at 31 December 2010
- a Statement of Changes in Equity for the year ended 31 December 2010
- a Statement of Cash Flows for the year ended 31 December 2010
- notes to and forming part of the financial statements
- a certificate from the Chancellor, the Vice Chancellor and President and the Chief Operating Officer.

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

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The University has recognised \$33.7 million of unspent funding as a liability for the year ended 31 December 2010. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants' and 'Other Liabilities - Income in advance on incomplete projects' in Note 25 to the financial statements. The University has disclosed its accounting treatment of these funds in Note 1(d) to the financial statements.

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

As a result, the following has been misstated in the 2010 financial report:

- the revenue recognised as Australian Government grants is understated by \$1.8 million (\$11 million understated in 2009)
- the revenue recognised as State and Local Government financial assistance is understated by \$4.1 million (\$2 million overstated in 2009)
- the revenue recognised as Consultancy and contract research is understated by \$2.2 million (\$620 000 understated in 2009)
- Operating result attributable to members of University of South Australia is understated by \$8.1 million (\$9.6 million understated in 2009)
- Retained earnings is understated by \$25.6 million (\$16 million understated in 2009)
- Other liabilities is overstated by \$33.7 million (\$25.6 million overstated in 2009).

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report gives a true and fair view of the financial position of the University of South Australia and its controlled entities (the consolidated entity) as at 31 December 2010, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and guidelines issued under the *Higher Education Support Act 2003* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
19 May 2011

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University of South Australia

GPO Box 2471
Adelaide
South Australia 5001
Australia

Telephone: +61 8 8302 6611

Facsimile: +61 8 8302 2466

www.unisa.edu.au

CRICOS Provider Code: 00121B

Campuses

City West Campus

North Terrace
Adelaide
South Australia 5000

City East Campus

North Terrace
Adelaide
South Australia 5000

Mawson Lakes Campus

Mawson Lakes Boulevard
Mawson Lakes
South Australia 5095

Magill Campus

St Bernards Road
Magill
South Australia 5072

Whyalla Campus

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

Mount Gambier Regional Centre

Wireless Road
Mt Gambier
South Australia 5290
Telephone: +61 8 8721 8900
Facsimile: +61 8 8721 8951



University of
South Australia