



University of
South Australia

UNIVERSITY OF SOUTH AUSTRALIA FINANCIAL STATEMENTS 2012



Companion volume

The University's complete annual financial statements for the year ended 31 December 2012, adopted by the University Council on 12 April, 2013 are contained in the University of South Australia Financial Statements 2012, a companion volume to this report.

Your feedback

We welcome any comments or suggestions on the content or layout of this report. Please contact the Corporate Communications Manager on:

Telephone: +61 8 8302 9136

Facsimile: +61 8 8302 0624

Email: andrew.ramsey@unisa.edu.au

Further information

This report and the University of South Australia Financial Statements 2012, 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 report or the University of South Australia Financial Statements 2012, 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

Design drawing of the University of South Australia's \$85m Learning Centre at its City West campus in Adelaide, due for completion by late 2013. *Image courtesy of John Wardle Architects and Phillips Pilkington Architects in association.*



University of South Australia

Report by the members of the University Council

Members of the University Council present their report on the Consolidated Entity consisting of University of South Australia (the University) and the entities it controlled at the end of, or during, the year ended 31 December 2012.

2012 Council members

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

Dr Ian Gould AM, Chancellor

Professor Peter Høj, Vice Chancellor and President (resigned 7 September 2012)

Professor Joanne Wright, acting Vice Chancellor and President (commenced 8 September 2012)

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Associate Professor Pat Buckley (term commenced 7 January 2012)

Ms Pauline Carr

Mr Bill Cossey AM (term completed 31 December 2012)

Ms Melissa Davies (term commenced 1 January 2012, term completed 31 December 2012)

Professor Drew Dawson (resigned 6 January 2012)

Ms Tanya Hosch (resigned 16 August 2012)

Mr Bruce Linn

Ms Paula Nagel

Ms Corinne Namblard (term commenced 1 January 2012)

Professor Leanna Read

Professor Rick Sarre (term completed 31 December 2012)

Ms Carol Sutherland (term commenced 1 January 2012)

Mr Matthew Walton (term commenced 1 January 2012, term completed 31 December 2012)

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

Changes in Council membership since 31 December 2012

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

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

Mr Andrew Friebe (term commenced 1 January 2013)

Mr Eric Granger (term commenced 20 February 2013)

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

2012 Council members (continued)

Professor Rick Sarre (re-appointed, term commenced 1 January 2013)

Ms Miriam Silva (term commenced 20 February 2013)

Mr Arun Thomas (term commenced 1 February 2013)

Meetings of members of the University Council

The numbers of meetings of the members of the University Council and of each Council committee held during the year ended 31 December 2012, 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 AM	7	7							5	5			4	4			2	2
Professor Peter Høj	4	4	4	5			4	4	3	3			2	2			1	1
Professor Joanne Wright	2	2	6	7			2	2	2	2	3	3					1	1
Dr Wendy Craik AM	6	7							5	5								
Mr Terry Evans	6	7			4	4							4	4			2	2
Associate Professor Pat Buckley	6	7							5	5							1	2
Ms Pauline Carr	6	7			4	4	6	6					4	4				
Mr Bill Cossey AM	5	7									3	3						
Ms Melissa Davies	4	7	2	7													1	2
Ms Tanya Hosch	3	5															1	1
Mr Bruce Linn	6	7					6	6							4	4		
Ms Paula Nagel	6	7			3	4									3	3		
Ms Corinne Namblard	7	7					6	6										
Professor Leanna Read	5	7																
Professor Rick Sarre	6	7	6	7														
Ms Carol Sutherland	7	7							5	5							2	2
Mr Matthew Walton	7	7																

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 2012 year.

Review of operations

The 2012 consolidated surplus was \$32.5 million (2011: \$72.2 million) assisted by \$15.2 million of capital grants. The surplus resulted in a safety margin (operating result as a percentage of total income) of 6.0% (2011: 13.1%). Income decreased by 1.1% to \$545.4 million while expenses grew by 7.0% to \$512.7 million.

The University's consolidated financial position remained sound during the 2012 year with net assets of \$889.8 million (2011: \$856.3 million). Cash balances increased to \$294.0 million at year end (2011: \$261.6 million).

Consolidated cash flows from operating activities in 2012 were \$80.7 million (2011: \$131.8 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 2012 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 2012 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the University Council, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

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

Insurance of officers

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

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

Legal proceedings on behalf of the Consolidated Entity

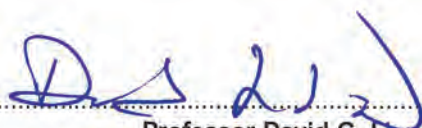
There are no legal proceedings on behalf of the Consolidated Entity that have arisen during the 2012 year or subsequent to year end that affect significantly the operations of the Consolidated Entity.

This report is made in accordance with a resolution of the members of the University Council in Adelaide, South Australia on 12 April 2013.



.....
**Dr Ian Gould
Chancellor**

12 April 2013



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

12 April 2013



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	252,743	264,395	252,743	264,395
HECS-HELP - Australian Government Payments	3	91,700	84,408	91,700	84,408
FEE-HELP	3	8,998	7,438	8,998	7,438
SA-HELP	3	1,124	-	1,124	-
State and Local Government financial assistance	4	10,359	9,005	10,190	8,929
HECS-HELP - Student payments		12,896	12,811	12,896	12,811
Fees and charges	5	108,510	111,952	108,510	111,952
Investment revenue	6	18,040	20,995	17,750	19,994
Royalties		437	470	306	368
Consultancy and contract research	7	29,958	29,224	30,111	29,309
Other revenue	8	11,200	10,828	11,096	10,782
Total revenue from continuing operations		545,965	551,526	545,424	550,386
Gains/(losses) on disposal of assets	9	(553)	(192)	(556)	(253)
Total income from continuing operations		545,412	551,334	544,868	550,133
Expenses from continuing operations					
Employee related expenses	10	318,289	304,037	317,126	302,731
Depreciation and amortisation	11	31,683	29,275	31,662	29,261
Repairs and maintenance	12	10,443	9,303	10,442	9,302
Other expenses	13	151,909	136,422	152,808	135,562
Bad and doubtful debts	14	401	86	401	86
Total expenses from continuing operations		512,725	479,123	512,439	476,942
Operating result before income tax		32,687	72,211	32,429	73,191
Income tax expense		148	49	144	89
Operating result attributable to members of University of South Australia	26(b)	32,539	72,162	32,285	73,102
Property, plant and equipment revaluation surplus:					
Gain/(loss) on revaluation of available-for-sale financial assets	26(a)	915	(1,051)	915	(1,051)
Total comprehensive income attributable to members of the University of South Australia		33,454	71,111	33,200	72,051

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



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current assets					
Cash and cash equivalents	15	294,031	261,616	288,036	255,887
Receivables	16	23,801	35,422	23,374	35,453
Deferred Government superannuation contribution	31	30,100	28,600	30,100	28,600
Other non-financial assets	19	13,080	12,557	13,064	12,557
Total current assets		361,012	338,195	354,574	332,497
Non-current assets					
Other financial assets	18	7,437	6,232	11,782	10,488
Property, plant and equipment	20	730,564	716,943	730,533	716,911
Deferred tax assets		153	60	-	-
Intangible assets	21	5,836	6,980	5,836	6,980
Deferred Government superannuation contribution	31	435,700	435,900	435,700	435,900
Total non-current assets		1,179,690	1,166,115	1,183,851	1,170,279
Total assets		1,540,702	1,504,310	1,538,425	1,502,776
Current liabilities					
Trade and other payables	22	29,258	29,048	28,957	28,831
Provisions	24	17,422	17,629	17,280	17,490
Current tax liabilities		859	739	762	718
Other liabilities	25	88,027	89,651	87,755	89,705
Provision for superannuation	31	30,100	28,600	30,100	28,600
Total current liabilities		165,666	165,667	164,854	165,344
Non-current liabilities					
Trade and other payables	22	5,814	5,365	5,814	5,365
Provisions	24	43,741	41,051	43,741	41,051
Provision for superannuation	31	435,700	435,900	435,700	435,900
Total non-current liabilities		485,255	482,316	485,255	482,316
Total liabilities		650,921	647,983	650,109	647,660
Net assets		889,781	856,327	888,316	855,116
Equity					
Reserves	26(a)	160,625	159,710	160,625	159,710
Retained earnings	26(b)	729,156	696,617	727,691	695,406
Total equity		889,781	856,327	888,316	855,116

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 2012

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2011	160,761	624,455	785,216	160,761	622,304	783,065
Profit or loss	-	72,162	72,162	-	73,102	73,102
Gain/(loss) on available-for-sale financial assets	(1,051)	-	(1,051)	(1,051)	-	(1,051)
Total comprehensive income	(1,051)	72,162	71,111	(1,051)	73,102	72,051
Balance as at 31 December 2011	159,710	696,617	856,327	159,710	695,406	855,116

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

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 2012

	Notes	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received	3(h)	362,818	373,489	362,818	373,489
OS-HELP (net)	3(h)	60	(71)	60	(71)
Superannuation Supplementation	3(h)	29,271	25,617	29,271	25,617
State and Local Government grants		10,040	7,858	9,871	7,782
HECS-HELP - Student payments		12,896	12,994	12,896	12,994
Receipts from student fees and other customers		117,054	119,673	116,883	119,371
Dividends received		2,027	5,013	2,027	18,024
Interest received		15,816	14,297	15,525	13,400
Royalties		437	469	306	368
Consultancy and contract research		30,574	25,492	31,098	25,679
Other receipts		15,898	30,841	15,700	30,734
GST recovered / paid		7,917	9,913	8,063	9,844
Outflows:					
Payments to suppliers and employees (GST incl)		(524,099)	(493,833)	(524,096)	(491,345)
Net cash provided by / (used in) operating activities		80,709	131,752	80,422	145,886
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of plant and equipment		24	8	24	8
Proceeds from sale of investments		5	163	5	163
Outflows:					
Payments for property, plant and equipment		(47,937)	(83,816)	(47,916)	(83,797)
Payments for investments		(386)	(759)	(386)	(4,308)
Net cash provided by / (used in) investing activities		(48,294)	(84,404)	(48,273)	(87,934)
Net increase / (decrease) in cash and cash equivalents		32,415	47,348	32,149	57,952
Cash and cash equivalents at the beginning of the financial year		261,616	214,268	255,887	197,935
Cash and cash equivalents at the end of the financial year	15	294,031	261,616	288,036	255,887

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.



Note	Contents	Page No
1.	Summary of significant accounting policies	11
2.	Disaggregated information (Consolidated)	20
	Revenue	
3.	Australian Government financial assistance including HECS-HELP and FEE-HELP	
4.	State and Local Government financial assistance	24
5.	Fees and charges	25
6.	Investment revenue	
7.	Consultancy and contract research	25
8.	Other revenue	25
9.	Gains/(losses) on disposal of assets	26
	Expenses	
10.	Employee related expenses	27
11.	Depreciation and amortisation	28
12.	Repairs and maintenance	28
13.	Other expenses	29
14.	Bad and doubtful debts	29
	Assets	
15.	Cash and cash equivalents	29
16.	Receivables	30
17.	Investments accounted for using the equity method	32
18.	Other financial assets	33
19.	Other non-financial assets	33
20.	Property, plant and equipment	34
21.	Intangible assets	37
	Liabilities	
22.	Payables	38
23.	Borrowings	39
24.	Provisions	40
25.	Other liabilities	40
	Equity	
26.	Reserves and retained earnings	41
	Disclosure Notes	
27.	Key management personnel disclosures	42
28.	Remuneration of auditors	44
29.	Contingencies	45
30.	Commitments	45
31.	Superannuation plan	47
32.	Subsidiaries	51
33.	Investments in associates	52
34.	Interests in joint ventures	53
35.	Events occurring after the balance sheet date	57
36.	Reconciliation of operating results after income tax to net cash flows from operating activities	58
37.	Non-cash investing and financing activities	58
38.	Assets and liabilities of trusts for which the University is custodian	58
39.	Financial risk management	59
40.	Acquittal of Australian Government financial assistance	61
41.	Acronyms and definitions	71



1. Summary of significant accounting policies

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

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards, AASB Interpretations, requirements of the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) and other State / Australian Government legislative requirements.

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

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

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

Historical cost convention

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

Critical accounting estimates

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

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

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2012 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.



1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

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

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

Details of subsidiaries are set out in Note 32.

(ii) Associates

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

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

(iii) Joint venture operations

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

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

(iv) Joint venture entities

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

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

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

(c) Foreign currency translation

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



1. Summary of significant accounting policies (continued)

(d) Revenue Recognition

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

Revenue is recognised for the major business activities as follows:

(i) Financial assistance

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

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

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

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

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

(ii) Fees and charges

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

(iii) Investment income

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

(iv) Consultancy and contract research

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

(v) Other revenue

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

(e) Impairment of assets

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

**1. Summary of significant accounting policies (continued)****(f) Cash and cash equivalents**

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

(g) Receivables

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

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

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

(h) Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date (the date on which the University commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

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

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

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

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



1. Summary of significant accounting policies (continued)

(i) Property, plant and equipment

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

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

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

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

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

(i) Land

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

The last valuation was as at 31 December 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, being the existing use as University campuses and valued separately from any structures or improvements residing on it, but having regard to any restrictions of its use. Detail of restrictions on assets is provided in Note 1(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 2012 valuation resulted in a decrease of \$3.218 million (2011: increase of \$0.662 million). The full amount of the revaluation has been recognised as a loss in the Statement of Comprehensive Income recorded within other expenses.



1. Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

(iv) Plant and equipment

Plant and equipment includes computer hardware and software, general equipment and vehicles. Plant and equipment is depreciated in accordance with Note 1(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 \$0.130 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 outstanding finance balance. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The Consolidated Entity has no finance leases for 2012 (2011: 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.

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

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

(k) Restrictions on assets

Land includes \$48.085 million (2011: \$48.085 million) of Crown Lands and \$16.490 million (2011: \$16.490 million) of land dedicated for educational use.

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

(l) Intangible assets and amortisation

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

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

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



1. Summary of significant accounting policies (continued)

(m) Unfunded superannuation

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

The recognition of the expense in the face statements is offset by the revenue received from the Australian Government. Consequently, the Superannuation Supplementation Program funding is no longer recognised as revenue in the Statement of Comprehensive Income as the payment is in respect of an existing liability. The expense (which is a net amount) is shown as an "ordinary" expense within employee related expenses. As the University has a defined benefit plan which is fully covered by the Superannuation Supplementation program it has reported a nil expense in the Statement of Comprehensive Income.

(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.



1. Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(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 2012 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.

(iv) Superannuation

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

(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 2012 by Laurie Brett FIA, FIAA of Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology, consideration is given to individual case estimates of all open claims plus an allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.

(q) Funds held on behalf of external entities

The University holds funds on behalf of a number of external entities which are managed by the University. As at balance date, the funds held are included in cash and cash equivalents and a corresponding liability is included in other liabilities (refer Note 25).

(r) Goods and Services Tax (GST)

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

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

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



1. Summary of significant accounting policies (continued)

(s) Income Tax

The University is exempt from income tax pursuant to Division 50 of the Income Tax Assessment Act 1997. The University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities. In relation to foreign operations, the University is subject to tax under the Tax Acts applicable in some foreign countries. Tax in respect of these operations has been brought to account in the year it is incurred.

(t) Changes in accounting policies

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2012. The University has assessed the impact of the new and amended standards and interpretations and considers the impact to be insignificant.

(u) Comparative amounts

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

2. Disaggregated information (Consolidated)

Geographical

	Revenue		Results		Total Assets	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	539,302	542,794	32,239	71,769	1,540,659	1,504,250
Asia	6,663	8,726	300	393	43	60
Others	-	6	-	-	-	-
Total	545,965	551,526	32,539	72,162	1,540,702	1,504,310

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



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

(a) Commonwealth Grant Scheme and Other Grants

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Commonwealth Grant Scheme		161,951	152,688	161,951	152,688
Indigenous Support Fund		1,146	1,008	1,146	1,008
Partnership and Participation Program		6,038	4,852	6,038	4,852
Disability Support Program		97	131	97	131
Capital Development Pool		-	2,051	-	2,051
Diversity and Structural Adjustment Fund		3,260	1,984	3,260	1,984
Transitional Cost Program		333	650	333	650
Chair in Child Protection		914	655	914	655
Promotion of Excellence in Learning and Teaching		129	-	129	-
Reward funding		835	-	835	-
Total Commonwealth Grants Scheme and Other Grants	40.1	174,703	164,019	174,703	164,019

(b) Higher Education Loan Programmes

	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
HECS-HELP - Australian Government Payments		91,700	84,408	91,700	84,408
FEE-HELP		8,998	7,438	8,998	7,438
SA-HELP		1,124	-	1,124	-
Total Higher Education Loan Programmes	40.2	101,822	91,846	101,822	91,846

(c) Scholarships

	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Australian Postgraduate Awards		4,926	4,058	4,926	4,058
International Postgraduate Research Scholarships		448	419	448	419
Commonwealth Education Costs Scholarship		846	854	846	854
Commonwealth Accommodation Scholarships		490	499	490	499
Indigenous Access scholarships		49	(8)	49	(8)
Total Scholarships	40.3	6,759	5,822	6,759	5,822



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

(d) DIISRTE Research

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Joint Research Engagement Scheme		7,707	7,284	7,707	7,284
Research Training Scheme		12,548	11,700	12,548	11,700
Research Infrastructure Block Grants		2,956	2,712	2,956	2,712
Commercialisation Training Scheme		(184)	144	(184)	144
Sustainable Research Excellence in Universities		1,937	1,694	1,937	1,694
Total DIISRTE Research	40.4	24,964	23,534	24,964	23,534

(e) Other Capital Funding

	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Education Investment Fund		12,500	41,704	12,500	41,704
Total Other Capital Funding	40.5	12,500	41,704	12,500	41,704

(f) Australian Research Council

	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(i) Discovery					
Projects		2,913	3,989	2,913	3,989
Fellowships		1,508	1,248	1,508	1,248
Indigenous Researchers Development		63	4	63	4
Discovery - Early Career Research		412	-	412	-
Total Discovery	40.6(i)	4,896	5,241	4,896	5,241
(ii) Linkages					
Linkages - Special Research Initiatives		249	-	249	-
Infrastructure		65	259	65	259
International		4	15	4	15
Projects		3,337	2,712	3,337	2,712
Total Linkages	40.6(ii)	3,655	2,986	3,655	2,986
(iii) Networks and Centres					
Research networks		-	9	-	9
Centres		71	70	71	70
Total Networks and Centres	40.6(iii)	71	79	71	79
Total Australian Research Council		8,622	8,306	8,622	8,306



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

(g) Other Australian Government financial assistance

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Indigenous Tutorial Assistance Scheme grant	268	227	268	227
Other Commonwealth grants	4,876	2,923	4,876	2,923
Other Australian Government research grants	20,051	17,860	20,051	17,860
Total Other Australian Government financial assistance	25,195	21,010	25,195	21,010
Total Australian Government financial assistance	354,565	356,241	354,565	356,241
Reconciliation				
Australian Government grants	252,743	264,395	252,743	264,395
HECS-HELP payments	91,700	84,408	91,700	84,408
FEE-HELP	8,998	7,438	8,998	7,438
SA-HELP	1,124	-	1,124	-
Total Australian Government financial assistance	354,565	356,241	354,565	356,241



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

(h) Australian Government Grants received - cash basis

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
CGS and Other DIISRTE Grants	170,744	167,370	170,744	167,370
Higher Education Loan Programmes	99,405	96,827	99,405	96,827
Scholarships	6,211	7,071	6,211	7,071
DIISRTE research	25,148	23,534	25,148	23,534
Other Capital Funding	23,866	37,978	23,866	37,978
ARC grants - Discovery	5,606	5,498	5,606	5,498
ARC grants - Linkages	2,612	3,782	2,612	3,782
Other Australian Government Grants	29,226	31,429	29,226	31,429
Total Australian Government Grants received - cash basis	362,818	373,489	362,818	373,489
OS-HELP (Net)	60	(71)	60	(71)
Superannuation Supplementation	29,271	25,617	29,271	25,617
Total Australian Government funding received - cash basis	392,149	399,035	392,149	399,035

4. State and Local Government financial assistance

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Research grants	7,515	7,355	7,577	7,355
Other	392	102	161	26
Total	7,907	7,457	7,738	7,381
Capital				
State and local govt fin assistance - Capital	2,452	1,548	2,452	1,548
Total	2,452	1,548	2,452	1,548
Total State and Local Government financial assistance	10,359	9,005	10,190	8,929



5. Fees and charges

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Course fees and charges				
Continuing education	793	1,053	793	1,053
Fee-paying overseas students	87,335	88,451	87,335	88,451
Fee-paying domestic postgraduate students	3,238	5,678	3,238	5,678
Total course fees and charges	91,366	95,182	91,366	95,182
Other fees and charges				
Other fees and charges	9,688	8,896	9,688	8,896
Miscellaneous enrolment fees	5,920	6,824	5,920	6,824
Seminar/workshops	1,062	1,050	1,062	1,050
Student Services Fees from students	474	-	474	-
Total other fees and charges	17,144	16,770	17,144	16,770
Total fees and charges	108,510	111,952	108,510	111,952

6. Investment revenue

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Dividends and distributions	1,618	6,002	1,618	5,898
Interest	16,422	14,993	16,132	14,096
Total investment revenue	18,040	20,995	17,750	19,994

7. Consultancy and contract research

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Consultancy	4,762	5,166	4,691	5,067
Contracts	25,196	24,058	25,420	24,242
Total consultancy and contract research	29,958	29,224	30,111	29,309

8. Other revenue

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	1,233	1,944	1,233	1,944
Scholarships and prizes	1,308	1,152	1,308	1,152
Other fees and charges	6,041	5,290	5,905	5,260
Other	2,618	2,442	2,650	2,426
Total other revenue	11,200	10,828	11,096	10,782



9. Gains/(losses) on disposal of assets

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(a) Disposal of property, plant and equipment				
Proceeds from sale	24	8	24	8
Carrying amount of assets sold	(580)	(385)	(578)	(385)
Net gain/(loss) on disposal of property, plant and equipment	(556)	(377)	(554)	(377)
(b) Sale of shares				
Realised gain/(loss) on disposal of investments	3	185	(2)	124
Total of net gain/(loss) on disposal of assets	(553)	(192)	(556)	(253)



10. Employee related expenses

(a) Employee related expenses

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	136,962	128,940	136,962	128,940
Contributions to superannuation and pension schemes:				
Emerging cost	761	856	761	856
Funded	19,598	18,601	19,598	18,601
Payroll tax	8,268	7,696	8,268	7,696
Workers' compensation	(167)	70	(167)	70
Long service leave	3,935	6,851	3,935	6,851
Annual leave	9,230	8,169	9,230	8,169
Total academic	178,587	171,183	178,587	171,183
Non-academic				
Salaries	104,508	98,031	103,473	96,906
Contributions to superannuation and pension schemes:				
Emerging cost	236	258	142	157
Funded	15,742	14,949	15,742	14,949
Payroll tax	6,441	6,323	6,379	6,258
Workers' compensation	500	551	500	551
Long service leave	3,810	5,260	3,858	5,239
Annual leave	8,264	7,300	8,244	7,306
Total non-academic	139,501	132,672	138,338	131,366
Total academic & non-academic employee benefits and on-costs	318,088	303,855	316,925	302,549
Council member remuneration	201	182	201	182
Total employee related expenses	318,289	304,037	317,126	302,731



10. Employee related expenses (continued)

(b) Voluntary separation packages

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

	Consolidated		University	
	2012	2011	2012	2011
	Number	Number	Number	Number
Number of voluntary separation packages	16	15	16	15
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	2,198	1,034	2,198	1,034
Annual leave and long service leave entitlements paid	801	340	801	340
Total amount associated with separations	2,999	1,374	2,999	1,374

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

11. Depreciation and amortisation

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	18,576	17,285	18,576	17,285
Leasehold improvements	660	627	660	627
Library collection	2,442	2,175	2,442	2,175
Plant and equipment	8,463	7,986	8,442	7,972
Total depreciation	30,141	28,073	30,120	28,059
Amortisation				
Intangibles	1,542	1,202	1,542	1,202
Total amortisation	1,542	1,202	1,542	1,202
Total depreciation and amortisation	31,683	29,275	31,662	29,261

12. Repairs and maintenance

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Buildings	9,268	8,184	9,267	8,183
Grounds	1,175	1,119	1,175	1,119
Total repairs and maintenance	10,443	9,303	10,442	9,302



13. Other expenses

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	22,589	21,216	22,586	21,216
Non-capitalised equipment	5,220	5,417	5,217	5,417
Advertising, marketing and promotional expenses	6,872	6,454	6,860	6,377
Telecommunications	4,657	4,513	4,645	4,500
Travel, staff development and entertainment	19,130	19,289	19,080	19,199
External services*	46,633	39,921	48,080	39,613
IT hardware and software	10,762	10,841	10,714	10,820
Library subscriptions	4,445	3,241	4,445	3,241
Printing	1,147	1,364	1,147	1,364
Operating lease rental expenses	2,607	2,510	2,607	2,510
Bank charges, legal costs, insurance and taxes	5,521	5,442	5,236	5,109
General consumables	6,961	6,585	6,944	6,569
Other**	15,365	9,629	15,247	9,627
Total other expenses	151,909	136,422	152,808	135,562

* Included within external services for 2012 is an amount for consultants of \$2.180 million University (\$2.415 million Consolidated) exclusive of GST (2011: \$1.778 million University, \$2.169 million Consolidated). This amount excludes consultant payments for the capital works program.

** Net foreign exchange losses included in other expenses for 2012 were \$0.301 million University (\$0.307 million Consolidated) (2011: \$0.130 million University and Consolidated).

14. Bad and doubtful debts

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Bad and doubtful debts	401	86	401	86
Total bad and doubtful debts	401	86	401	86

15. Cash and cash equivalents

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	19,973	13,681	19,871	9,626
Deposits	274,058	247,935	268,165	246,261
Total cash and cash equivalents	294,031	261,616	288,036	255,887



15. Cash and cash equivalents (continued)

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balances as per Statement of Financial Position	294,031	261,616	288,036	255,887
Balances as per Statement of Cash Flows	294,031	261,616	288,036	255,887

(b) Cash at bank and on hand

During the year cash earned an average of 3.36% (2011: 3.75%) and interest is credited to the University on a monthly basis.

(c) Deposits

During the year cash deposits earned interest at a fixed rate which ranged between 4.34% and 6.44% (2011: range between 5.60% and 6.34%). These deposits had an average maturity of 170 days (2011: 172 days).

16. Receivables

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade debtors	13,079	14,747	12,896	14,785
Less: Provision for impaired receivables	(197)	(213)	(197)	(213)
	12,882	14,534	12,699	14,572
Student fees	4,336	4,007	4,336	4,007
Less: Provision for impaired receivables	(640)	(517)	(640)	(517)
	3,696	3,490	3,696	3,490
Commonwealth receivables	5,241	15,283	5,241	15,283
Other	1,982	2,115	1,738	2,108
Total receivables	23,801	35,422	23,374	35,453

(a) Impaired receivables

As at 31 December 2012 current trade receivables of the Group with a nominal value of \$0.183 million (2011: \$0.191 million) were specifically identified as impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade receivables were collectively evaluated for impairment based upon past due status and historical collection experience resulting in a further provision of \$0.014 million (2011: \$0.022 million). The total amount of the provision for impaired trade receivables was \$0.197 million (2011: \$0.213 million).



16. Receivables (continued)

(a) Impaired receivables (continued)

Trade receivables

The ageing analysis of impaired trade receivables is as follows:

	Consolidated	
	2012	2011
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	42	140
Over 6 months	155	73
	197	213

As at 31 December 2012, trade receivables of \$5.170 million (2011: \$6.103 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of past due but not impaired receivables is as follows:

	Consolidated	
	2012	2011
	\$'000	\$'000
Less than 3 months	4,203	4,586
3 to 6 months	741	1,364
Over 6 months	226	153
	5,170	6,103

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

	Consolidated	
	2012	2011
	\$'000	\$'000
At 1 January	213	368
Provision for impairment recognised during the year	175	192
Receivables written off during the year as uncollectible	(3)	(91)
Unused amount reversed and debts collected	(188)	(256)
At 31 December	197	213



16. Receivables (continued)

(a) Impaired receivables (continued)

Student receivables

As at 31 December 2012, student receivables of \$3.478 million (2011: \$3.204 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Consolidated	
	2012	2011
	\$'000	\$'000
Less than 3 months	952	215
3 to 6 months	1,781	2,522
Over 6 months	745	467
	3,478	3,204

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

	Consolidated	
	2012	2011
	\$'000	\$'000
At 1 January	517	533
Provision for impairment recognised during the year	435	353
Receivables written off during the year as uncollectible	(259)	(363)
Unused amount reversed and debts collected	(53)	(6)
At 31 December	640	517

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

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

(b) Foreign exchange and interest rate risk

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

(c) Fair value and credit risk

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

17. Investments accounted for using the equity method

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



18. Other financial assets

	Note	Consolidated		University	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-Current					
Shares in subsidiaries	32	-	-	5,730	5,730
Available-for-sale financial assets		7,437	6,232	6,052	4,758
Total other financial assets		7,437	6,232	11,782	10,488

19. Other non-financial assets

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Prepayments	8,411	8,564	8,395	8,564
Accrued income	4,669	3,993	4,669	3,993
Total other non financial assets	13,080	12,557	13,064	12,557



20. Property, plant and equipment

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Land				
At valuation	114,900	114,900	114,900	114,900
At cost	11,396	11,396	11,396	11,396
Net book amount	126,296	126,296	126,296	126,296
Buildings				
At valuation	909,164	909,164	909,164	909,164
At cost	79,841	65,012	79,841	65,012
Accumulated depreciation	(472,149)	(453,573)	(472,149)	(453,573)
Net book amount	516,856	520,603	516,856	520,603
Construction in progress				
At cost	32,663	11,450	32,663	11,450
Net book amount	32,663	11,450	32,663	11,450
Plant and equipment				
At cost	76,827	73,353	76,742	72,989
Accumulated depreciation	(39,691)	(36,418)	(39,637)	(36,086)
Net book amount	37,136	36,935	37,105	36,903
Leasehold Improvements				
At cost	5,863	5,564	5,863	5,564
Accumulated amortisation	(3,655)	(2,995)	(3,655)	(2,995)
Net book amount	2,208	2,569	2,208	2,569
Art collection				
At valuation	1,535	1,535	1,535	1,535
At cost	59	31	59	31
Net book amount	1,594	1,566	1,594	1,566
Library				
At valuation	21,962	27,060	21,962	27,060
Accumulated depreciation	(8,842)	(11,281)	(8,842)	(11,281)
Net book amount	13,120	15,779	13,120	15,779
Plant and equipment in progress				
At cost	691	1,745	691	1,745
Net book amount	691	1,745	691	1,745
Total property, plant and equipment	730,564	716,943	730,533	716,911

20. Property, plant and equipment (continued)

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

	Construction in progress	Land	Freehold buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Library	Art collection	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2011									
Opening net book amount	21,466	114,900	472,876	29,273	4,513	3,157	14,291	1,535	662,011
Revaluation	-	-	-	-	-	-	662	-	662
Additions	53,742	11,396	1,666	11,464	1,412	-	3,010	31	82,721
Disposals	-	-	-	(369)	-	-	(9)	-	(378)
Reclassifications	(63,758)	-	63,346	4,553	(4,180)	39	-	-	-
Depreciation/amortisation charge	-	-	(17,285)	(7,986)	-	(627)	(2,175)	-	(28,073)
Closing net book amount	11,450	126,296	520,603	36,935	1,745	2,569	15,779	1,566	716,943
	Construction in progress	Land	Freehold buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Library	Art collection	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2012									
Opening net book amount	11,450	126,296	520,603	36,935	1,745	2,569	15,779	1,566	716,943
Revaluation	-	-	-	-	-	-	(3,218)	-	(3,218)
Additions	36,265	-	306	7,136	586	-	3,227	28	47,548
Disposals	-	-	-	(342)	-	-	(226)	-	(568)
Reclassifications	(15,052)	-	14,523	1,870	(1,640)	299	-	-	-
Depreciation/amortisation charge	-	-	(18,576)	(8,463)	-	(660)	(2,442)	-	(30,141)
Closing net book amount	32,663	126,296	516,856	37,136	691	2,208	13,120	1,594	730,564



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
Year ended 31 December 2011									
Opening net book amount	21,466	114,900	472,876	29,246	4,513	3,157	14,291	1,535	661,984
Revaluation	-	-	-	-	-	-	662	-	662
Additions	53,742	11,396	1,666	11,445	1,412	-	3,010	31	82,702
Disposals	-	-	-	(369)	-	-	(9)	-	(378)
Reclassifications	(63,758)	-	63,346	4,553	(4,180)	39	-	-	-
Depreciation charge	-	-	(17,285)	(7,972)	-	(627)	(2,175)	-	(28,059)
Closing net book amount	11,450	126,296	520,603	36,903	1,745	2,569	15,779	1,566	716,911

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
Year ended 31 December 2012									
Opening net book value	11,450	126,296	520,603	36,903	1,745	2,569	15,779	1,566	716,911
Revaluation	-	-	-	-	-	-	(3,218)	-	(3,218)
Additions	36,265	-	306	7,114	586	-	3,227	28	47,526
Disposals	-	-	-	(340)	-	-	(226)	-	(566)
Reclassifications	(15,052)	-	14,523	1,870	(1,640)	299	-	-	-
Depreciation charge	-	-	(18,576)	(8,442)	-	(660)	(2,442)	-	(30,120)
Closing net book amount	32,663	126,296	516,856	37,105	691	2,208	13,120	1,594	730,533



21. Intangible assets

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Intangibles in progress				
At cost	744	395	744	395
Net closing book amount	744	395	744	395
Other intangible assets				
At cost	10,146	10,114	10,146	10,114
Accumulated amortisation and impairment	(5,054)	(3,529)	(5,054)	(3,529)
Net closing book amount	5,092	6,585	5,092	6,585
Total Intangibles	5,836	6,980	5,836	6,980

	University		
	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2012			
Balance at the beginning of the year	395	6,585	6,980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charge	-	(1,542)	(1,542)
Closing value at 31 December 2012	744	5,092	5,836
Year ended 31 December 2011			
Balance at the beginning of the year	1,822	4,429	6,251
Additions	1,938	-	1,938
Disposals	-	(7)	(7)
Reclassifications	(3,365)	3,365	-
Amortisation charges	-	(1,202)	(1,202)
Closing value at 31 December 2011	395	6,585	6,980

21. Intangible assets (continued)

	Consolidated		Total \$'000
	Intangibles in progress \$'000	Other intangible assets \$'000	
Year ended 31 December 2012			
Balance at the beginning of the year	395	6,585	6,980
Additions	349	61	410
Disposals	-	(12)	(12)
Amortisation charge	-	(1,542)	(1,542)
Closing value at 31 December 2012	744	5,092	5,836
Year ended 31 December 2011			
Balance at the beginning of the year	1,822	4,429	6,251
Additions	1,938	-	1,938
Disposals	-	(7)	(7)
Reclassifications	(3,365)	3,365	-
Amortisation charge	-	(1,202)	(1,202)
Closing value at 31 December 2011	395	6,585	6,980

22. Payables

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Trade creditors	16,996	18,324	16,695	18,107
Accrued salaries	8,792	7,409	8,792	7,409
Annual leave on-costs	2,928	2,772	2,928	2,772
Long service leave on-costs	542	543	542	543
Total current payables	29,258	29,048	28,957	28,831
Non-current				
Annual leave on-costs	1,649	1,530	1,649	1,530
Long service leave on-costs	4,165	3,835	4,165	3,835
Total non-current payables	5,814	5,365	5,814	5,365
Total payables	35,072	34,413	34,771	34,196

(a) Foreign exchange and interest rate risk

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



23. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility with National Australia Bank (NAB)	8,000	8,000	8,000	8,000
Credit card facility with American Express (Amex)	1,530	1,380	1,530	1,380
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	500	500	500
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	5,100	5,100	5,100	5,100
	20,330	20,180	20,330	20,180
Used at balance date				
Credit card facility with NAB	13	7	13	7
Credit card facility with Amex	105	453	105	453
Documentary letter of credit facility with NAB	-	-	-	-
Pre-approved lease/lease purchase with NAB	-	-	-	-
IT lease facility with Commonwealth Bank	-	-	-	-
Bank Guarantee	2,600	3,677	2,600	3,677
	2,718	4,137	2,718	4,137
Unused at balance date				
Credit card facility with NAB	7,987	7,993	7,987	7,993
Credit card facility with Amex	1,425	927	1,425	927
Documentary letter of credit facility with NAB	200	200	200	200
Pre-approved lease/lease purchase with NAB	500	500	500	500
IT lease facility with Commonwealth Bank	5,000	5,000	5,000	5,000
Bank Guarantee	2,500	1,423	2,500	1,423
	17,612	16,043	17,612	16,043
Bank loan facilities				
Unused at balance date				
	-	-	-	-



24. Provisions

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current				
Annual leave	12,331	11,733	12,258	11,680
Long service leave	4,391	5,025	4,322	4,939
Separation scheme	442	445	442	445
Workers' compensation liability	258	426	258	426
Total current provisions	17,422	17,629	17,280	17,490
Non-current				
Annual leave	6,799	6,380	6,799	6,380
Long service leave	36,475	34,068	36,475	34,068
Workers' compensation liability	467	603	467	603
Total non-current provisions	43,741	41,051	43,741	41,051
Total provisions	61,163	58,680	61,021	58,541

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	1,029	902	1,029	902
Additional provisions recognised	355	403	355	403
Amounts used	(345)	(259)	(345)	(259)
Unused amounts reversed	(336)	(40)	(336)	(40)
Increase/(decrease) in discounted amount	22	23	22	23
Carrying amount at end of year	725	1,029	725	1,029

25. Other liabilities

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	30,443	29,332	30,407	29,332
Income in advance on incomplete projects	1,212	956	1,212	956
Fees and charges	9,632	9,286	9,632	9,286
Cwlth and State Government grants	44,937	47,315	44,937	47,315
Other	1,803	2,762	1,567	2,816
Total other liabilities	88,027	89,651	87,755	89,705



26. Reserves and retained earnings

(a) Reserves

	Consolidated		University	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Property, plant and equipment revaluation surplus				
Land and buildings	158,839	158,839	158,839	158,839
Art collection	424	424	424	424
Library	-	-	-	-
	159,263	159,263	159,263	159,263
Available-for-sale investments revaluation surplus	1,362	447	1,362	447
	160,625	159,710	160,625	159,710

Movements

Property, plant and equipment revaluation reserve

Land and buildings				
Balance 1 January	158,839	158,839	158,839	158,839
Asset revaluation increment	-	-	-	-
Balance 31 December	158,839	158,839	158,839	158,839
Art collection				
Balance 1 January	424	424	424	424
Asset revaluation increment	-	-	-	-
Balance 31 December	424	424	424	424

Available for sale investments revaluation surplus

Balance 1 January	447	1,498	447	1,498
Asset revaluation decrement	915	(1,051)	915	(1,051)
Total available for sale investments revaluation surplus	1,362	447	1,362	447

(b) Retained earnings

Retained earnings at 1 January	696,617	624,455	695,406	622,304
Operating result for the period	32,539	72,162	32,285	73,102
Retained earnings at 31 December	729,156	696,617	727,691	695,406

(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 2012 year. Council members include University employees who may be ex-officio members or elected staff members.

2012 Council Members

Dr Ian Gould AM, Chancellor

Professor Peter Høj, Vice Chancellor and President (resigned 7 September 2012)

Professor Joanne Wright, acting Vice Chancellor and President (commenced 8 September 2012)

Dr Wendy Craik AM, Deputy Chancellor

Mr Terry Evans, Pro Chancellor

Associate Professor Pat Buckley (term commenced 7 January 2012)

Ms Pauline Carr

Mr Bill Cossey AM (term completed 31 December 2012)

Ms Melissa Davies (term commenced 1 January 2012, term completed 31 December 2012)

Professor Drew Dawson (resigned 6 January 2012)

Ms Tanya Hosch (resigned 16 August 2012)

Mr Bruce Linn

Ms Paula Nagel

Ms Corinne Namblard (term commenced 1 January 2012)

Professor Leanna Read

Professor Rick Sarre (term completed 31 December 2012)

Ms Carol Sutherland (term commenced 1 January 2012)

Mr Matthew Walton (term commenced 1 January 2012, term completed 31 December 2012)

Directorships held by Council members during the 2012 year in subsidiaries and associates of University

Mr Bruce Linn, ITEK Pty Ltd (1 January 2012 to 19 April 2012), ITEK Ventures Pty Ltd and SABRENet Ltd.



27. Key management personnel disclosures (continued)

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Remuneration of Council members				
Nil	6	5	6	5
\$1 to \$9,999	1	3	1	3
\$10,000 to \$19,999	8	7	8	7
\$20,000 to \$29,999	1	-	2	1
\$40,000 to \$49,999	1	1	-	-
\$50,000 to \$59,999	1	1	1	1
	18	17	18	17

Remuneration received and receivable by Council members for their services as Council members was \$200,750 (2011: \$181,984). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$227,250 (2011: \$206,984).

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Remuneration of executive officers				
\$100,000 to \$109,999	-	1	-	1
\$240,000 to \$249,999	-	1	-	1
\$270,000 to \$279,999	-	1	-	1
\$310,000 to \$319,999	1	1	1	1
\$320,000 to \$329,999	-	2	-	2
\$340,000 to \$349,999	1	-	1	-
\$350,000 to \$359,999	2	1	2	1
\$370,000 to \$379,999	-	1	-	1
\$390,000 to \$399,999	1	-	1	-
\$420,000 to \$429,999	-	1	-	1
\$430,000 to \$439,999	1	-	1	-
\$440,000 to \$449,999	1	-	1	-
\$450,000 to \$459,999	1	-	1	-
\$740,000 to \$749,999*	1	-	1	-
\$940,000 to \$949,999#	-	1	-	1
	9	10	9	10

* includes leave paid on termination.

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



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 year. No executive received any remuneration from the University other than by way of salary and related benefits from a normal employment relationship.

(c) Executive Officers' compensation

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	3,429	3,300	3,429	3,300
Post-employment benefits	484	474	484	474
	3,913	3,774	3,913	3,774

(d) Related party transactions

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

28. Remuneration of auditors

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Assurance Service				
Audit services:				
Fees paid to Auditor General's Department:				
Audit of financial reports	262	254	262	254
Fees paid to BDO Australia Ltd:				
Audit and review of financial reports of any entity in the Consolidated Entity	9	18	-	-
Total remuneration for audit services	271	272	262	254



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 2012 this contingent liability reduced to \$0.291 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 2012 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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment:				
Within one year	39,265	9,232	39,265	9,232
Later than one year	91	3,670	91	3,670
	39,356	12,902	39,356	12,902

(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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Within one year	2,755	2,229	2,755	2,229
Between one and five years	6,944	5,340	6,944	5,340
Later than five years	2,064	-	2,064	-
	11,763	7,569	11,763	7,569

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



30. Commitments (continued)

(c) Other expenditure commitments

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

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Within one year	5,266	3,264	5,266	3,264
Between one and five years	7,982	6,160	7,982	5,600
Later than five years	1,415	2,193	1,415	1,994
	14,663	11,617	14,663	10,858



31. Superannuation plan

The University contributes to the following employee superannuation funds:

(a) Superannuation plan

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

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

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

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by Brett and Watson Pty Ltd as at 31 December 2012. The actuarial valuation was based on 30 June 2012 membership data which was projected to 31 December 2012. The University's present value of the defined benefit obligations was assessed to be \$495.7 million (2011: \$491.1 million).

The University's liability under the scheme has been partly funded by an amount of \$29.9 million (2011: \$26.6 million) arising from 3% productivity employer contributions. This results in an unfunded liability of \$465.8 million (2011: \$464.5 million).

	2012	2011
	\$'000	\$'000
Defined benefit obligations		
Present value obligations	495,700	491,100
Present value of plan assets	29,900	26,600
Total liability	465,800	464,500

The net unfunded amount of \$465.8 million (2011: \$464.5 million) has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the Assessment.

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



31. Superannuation plan (continued)

(a) Superannuation plan (continued)

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

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2011 2.5%)
- Rate of salary increases 4.0% per annum (2011 4.0%)
- Discount Rate 3.8% per annum (2011 4.1%)
- Return of Fund assets 7.0% per annum (2011 7.0%)

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

(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 \$29.048 million (2011: \$26.229 million) are offset by \$29.048 million (2011: \$26.229 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.

	2012	2011
	\$'000	\$'000
Defined benefit obligations		
Current provision for superannuation	30,100	28,600
Non-current provision for superannuation	435,700	435,900
Total liability	465,800	464,500
Reimbursement rights		
Current deferred Government superannuation contribution	30,100	28,600
Non-current deferred Government superannuation contribution	435,700	435,900
Total asset	465,800	464,500
Total net liability/asset in balance sheet	-	-

(c) UniSuper

The University contributes to the following employee superannuation funds:

(i) UniSuper Defined Benefit Division (DBD)

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



31. Superannuation plan (continued)

(c) UniSuper (continued)

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 also required to 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."

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

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

As at 30 June 2012 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$2,010.8 million (2011: \$906.5 million) in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.
- \$906.8 million in deficiency (2011: \$426.7 million in excess) of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.



31. Superannuation plan (continued)

(c) UniSuper (continued)

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits Pty Ltd using the actuarial demographic assumptions outlined in their report dated 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - DBD pensions	5.85% p.a.	7.50% p.a.
Gross of tax investment return - commercial rate index pensions	3.40% p.a.	3.40% p.a.
Net of tax investment return - non pensioners members	5.25% p.a.	6.70% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases short term (2 years)	5.00% p.a.	5.00% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.

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

At 30 June 2012 the Vested Benefit Index (VBI) was 85.3% and the Accrued Benefit Index (ABI) was 92.8%. As the VBI was below 100%, the Defined Benefit Division as at 30 June 2012 is in an "unsatisfactory financial position" as defined by Superannuation Industry (Supervision) Act 1993 Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'.

The Trustee has invoked the Clause 34 process following the report on the actuarial investigations as at 31 December 2008, 30 June 2011 and 30 June 2012. The four year monitoring periods will end 31 December 2012, 30 June 2015 and 30 June 2016 respectively.

UniSuper closely monitors the DBD during these periods. This action is designed to protect the long-term financial stability of the DBD and to enable the Trustee to properly manage the assets of all DBD members for the future. After the four year monitoring period, if the VBI and ABI are below the specified thresholds, the Trustee may reduce the benefits payable on a fair and equitable basis.

The Clause 34 monitoring period which was triggered in June 2009, following the December 2008 actuarial report, ceased on 31 December 2012. The Fund's actuary will now conduct a further review of the financial position of the DBD, to determine whether benefit reductions are required. If the funding level of the DBD continues to be insufficient, benefit reductions could be considered at the end of either or both the 30 June 2015 and the 30 June 2016 monitoring periods. The Trust Deed does not impose any obligations on employers to make additional contributions.

(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 Accum 2. Contributions made by both the employee and employer remain unchanged.

The University has recognised an expense of \$23.565 million (2011: \$22.360 million) for the DBD and Accum 2.



31. Superannuation plan (continued)

(c) UniSuper (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 \$11.679 million (2011: \$11.152 million) for 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	
		2012	2011
		%	%
(a) ITEK Pty Ltd	Australia	100	100
(b) University of South Australia Foundation Incorporated	Australia	100	100
(c) ITEK Ventures Pty Ltd	Australia	100	100
(d) UniSA Health Pty Ltd	Australia	100	100

(a) ITEK Pty Ltd (ITEK)

ITEK Pty Ltd was formed on 1 July 1999 and is the trustee for the ITEK Trust. The ITEK Trust provided the University with business incubation and technology commercialisation services. Its role was to support the commercialisation of University research through the formation of spin-off companies, licensing and the sale of intellectual property to generate returns for the University, and also for the staff and students involved in the creation of intellectual property.

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



32. Subsidiaries (continued)

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

The Foundation is a dormant entity with no assets, liabilities or equity as at 31 December 2012. This company will remain legally intact indefinitely to ensure that any future bequests, which have named the Foundation as the beneficiary, will ultimately flow to the University as intended.

(c) ITEK Ventures Pty Ltd

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

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

(d) UniSA Health Pty Ltd

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

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

33. Investments in associates

SABRENet Ltd (SABRENet)

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

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

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

South Australian Health and Medical Research Institute (SAHMRI)

SAHMRI was established by the South Australian Government and in collaboration with the South Australian research community, health sector and universities seeks to fundamentally improve the quality of life for all people, through innovative, world class and groundbreaking health and medical research. As South Australia's flagship research facility, SAHMRI will provide a clear focal point for health and medical research in the State.

While the University is considered to have significant influence over SAHMRI, its interest has no right to residual assets. Consequently the University's interest in SAHMRI has not been recognised in the accounts on an equity basis.



34. Interests in joint ventures

(a) Joint venture operations

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

Entity	Reporting date	Ownership interest	
		2012 %	2011 %
(i) Mawson Centre Building	31 Dec	63.00 %	63.00 %
(ii) eResearch SA	31 Dec	33.00 %	33.00 %
(iii) SA node of the Australian National Fabrication Facility (ANFF)	30 June	0.00 %	0.00 %

(i) Mawson Centre Building

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

In 2010 the building was independently re-valued and the University's 63% share of the asset's carrying amount as at 31 December 2012 is \$6.994 million (2011: \$7.160 million) which is included in Buildings.

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

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

(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	
		2012	2011
		%	%
(i) Australian Centre for Community Ageing	30 Jun	25.00 %	25.00 %
(ii) Co-operative Research Centre for Infrastructure and Engineering Asset Management	30 Jun	12.27 %	12.27 %
(iii) South Australian Consortium for Information Technology and Telecommunications	31 Dec	33.33 %	33.33 %
(iv) South Australian Tertiary Admissions Centre	31 Dec	25.00 %	25.00 %
(v) AutoCRC (previously the Co-operative Research Centre for Advanced Automotive Technology)	30 Jun	0.00 %	8.90 %
(vi) Automotive Australia 2020 CRC (previously AutoCRC)	30 Jun	8.20 %	0.00 %
(vii) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment	30 Jun	0.00 %	22.76 %
(viii) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment II	30 Jun	8.30 %	0.00 %
(ix) Co-operative Research Centre for Polymers	30 Jun	0.00 %	1.67 %
(x) Co-operative Research Centre for Rail Innovation	30 Jun	8.98 %	9.66 %
(xi) Australian Seafood Co-operative Research Centre	30 Jun	0.00 %	1.06 %
(xii) Australian Synchrotron	30 Jun	1.00 %	1.00 %
(xiii) Defence Systems Innovation Centre	30 Jun	33.33 %	33.33 %
(xiv) The Co-operative Research Centre for Remote Economic Participation	30 Jun	6.70 %	7.82 %
(xv) Australian Centre for Plant Functional Genomics	31 Dec	1.10 %	1.10 %
(xvi) Wound Management Innovation Co-operative Research Centre	30 Jun	10.80 %	8.61 %
(xvii) Bushfire Co-operative Research Centre	30 Jun	2.80 %	0.00 %

(i) Australian Centre for Community Ageing (ACCA)

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



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

(ii) Co-operative Research Centre for Infrastructure and Engineering Asset Management (CIEAM)

The CIEAM is a national co-operative research centre which involves a multidisciplinary team of Australia's leading researchers in engineering, IT, business and humanities, and six major industry partners in a novel, co-ordinated and comprehensive approach to the maintenance of Australia's national engineering infrastructure. 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) South Australian Consortium for Information Technology and Telecommunications (SACITT)

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

(iv) South Australian Tertiary Admissions Centre (SATAC)

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

(v) AutoCRC (previously Co-operative Research Centre for Advanced Automotive Technology)

The AutoCRC 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 AutoCRC 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. The first tranche of funding for AutoCRC continued until June 2012.

(vi) Automotive Australia 2020 CRC (previously AutoCRC)

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

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

The CRC CARE was established under the Federal Government's CRC Program in 2005 to bring together Australia's foremost expertise in science, industry and government. The CRC CARE is a research and development organisation providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air. The first phase of this CRC ended in 2011.

**34. Interests in joint ventures (continued)****(b) Joint venture entities (continued)****(viii) Co-operative Research Centre for Contamination Assessment and Remediation of the Environment (CRC CARE II)**

The CRC CARE was established under the Federal Government's CRC Program in 2005 to bring together Australia's foremost expertise in science, industry and government. The CRC CARE is a research and development organisation providing cutting edge technologies and knowledge in assessing, preventing and remediating contamination of soil, water and air. The CRC entered its second phase in 2011 with a completion date of 2020.

(ix) 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. UniSA is not a participant within the second phase of this CRC, which commenced in 2012.

(x) 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.

(xi) 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.

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

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



34. Interests in joint ventures (continued)

(b) Joint venture entities (continued)

(xiii) Defence Systems Innovation Centre (DSIC)

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

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

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

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

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

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

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

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

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

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 results after income tax to net cash flows from operating activities

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	32,539	72,162	32,285	73,102
Add/(less) non-cash items:				
Depreciation and amortisation	31,683	29,275	31,662	29,261
Non-cash donations	(330)	(629)	(330)	(629)
Capital assets accrual	308	28	310	(32)
Library collection revaluation	3,218	(662)	3,218	(662)
Net (gain)/loss on sale of property, plant and equipment	556	377	554	377
Net (gain)/loss on sale of available-for-sale financial assets	2	(185)	2	(124)
Fair value gains on other financial assets at fair value through profit or loss	90	(185)	-	(185)
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	11,621	(4,351)	12,079	(4,511)
(Increase)/decrease in other assets	(616)	4,187	(507)	17,346
Increase/(decrease) in payables	659	1,936	575	2,150
Increase/(decrease) in provisions	2,483	7,294	2,480	7,350
Increase/(decrease) in other liabilities	(1,504)	22,505	(1,906)	22,443
Net cash provided by / (used in) operating activities	80,709	131,752	80,422	145,886

37. Non-cash investing and financing activities

	Consolidated		University	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Donations of works of art and library materials	330	629	330	629
	330	629	330	629

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

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



39. Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The University 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 to manage the market risk of its investments.

Risk management is co-ordinated by the University under policies approved by Council. The University identifies and evaluates financial risks in close co-operation with the University's operating units.

(a) Market risk

(i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate. As at 31 December 2012 the University held MYR\$0.137 million (AUD\$0.043 million) (2011: MYR\$0.194 million (AUD\$0.060 million)) in an offshore bank account.

During 2012 the University entered into 3 hedging contracts totalling USD\$4.109 million (AUD\$4.000 million) to mitigate foreign exchange risk for probable forecasted transactions in foreign currencies therefore classified as a fair value hedge. The fair value is recorded as a net payable amount of AUD\$0.042 million (2011: Net receivable of AUD\$0.056 million).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The University no longer holds a bill facility with the NAB due to the high available cash balance.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to 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 maintained a \$35.0 million bill facility with the NAB which was a drawdown facility, available to 31 October 2011. The University did not enter into a new facility.

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

	Average Interest rate	Less than 1 Year \$'000	1 to 5 years \$'000	5+ years \$'000	Non interest bearing \$'000	Total \$'000
2012	%					
Financial assets						
Cash and cash equivalents	5.30 %	294,031	-	-	-	294,031
Receivables		-	-	-	23,801	23,801
Other financial assets		-	-	-	7,437	7,437
Accrued income		-	-	-	4,669	4,669
Total financial assets		294,031	-	-	35,907	329,938
Financial liabilities						
Payables		-	-	-	35,072	35,072
Other		-	-	-	1,803	1,803
Funds held on behalf of external entities		-	-	-	30,443	30,443
Total financial liabilities		-	-	-	67,318	67,318

	Average Interest rate	Less than 1 Year \$'000	1 to 5 years \$'000	5+ years \$'000	Non interest bearing \$'000	Total \$'000
2011	%					
Financial assets						
Cash and cash equivalents	5.70 %	261,616	-	-	-	261,616
Receivables		-	-	-	35,422	35,422
Other financial assets		-	-	-	6,232	6,232
Accrued income		-	-	-	3,993	3,993
Total financial assets		261,616	-	-	45,647	307,263
Financial liabilities						
Payables		-	-	-	34,413	34,413
Other		-	-	-	2,762	2,762
Funds held on behalf of external entities		-	-	-	29,332	29,332
Total financial liabilities		-	-	-	66,507	66,507

(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 Grant Scheme and other Grants

	Commonwealth Grant Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Capital Development Pool		Diversity and Structural Adjustment Fund	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	160,560	156,126	1,008	1,008	6,038	4,852	97	131	-	2,051	-	1,520
Net accrual adjustments	1,391	(3,438)	138	-	-	-	-	-	-	-	3,260	464
Revenue for the period	161,951	152,688	1,146	1,008	6,038	4,852	97	131	-	2,051	3,260	1,984
Movement in deferred income	-	-	-	-	-	-	-	-	-	-	(3,260)	(464)
Surplus/(deficit) from the previous year	-	-	-	-	676	602	394	462	4,900	2,868	8,284	8,685
Total revenue including accrued revenue	161,951	152,688	1,146	1,008	6,714	5,454	491	593	4,900	4,919	8,284	10,205
Less expenses including accrued expenses	(161,951)	(152,688)	(1,146)	(1,008)	(6,482)	(4,778)	(123)	(199)	-	(19)	(3,247)	(1,921)
Surplus/(deficit) for the reporting period	-	-	-	-	232	676	368	394	4,900	4,900	5,037	8,284



40. Acquittal of Australian Government financial assistance (continued)

40.1 Commonwealth Grant Scheme and other Grants (continued)

	Transitional Cost Program		Promo of Exc in Learning and Teaching		Reward Funding		Chair in Child Protection		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	638	535	378	-	835	-	1,190	1,147	170,744	167,370
Net accrual adjustments	(305)	115	(249)	-	-	-	(276)	(492)	3,959	(3,351)
Revenue for the period	333	650	129	-	835	-	914	655	174,703	164,019
Movement in deferred income	-	-	249	-	-	-	276	492	(2,735)	28
Surplus/(deficit) from the previous year	-	-	-	-	-	-	1,206	717	15,460	13,334
Total revenue including accrued revenue	333	650	378	-	835	-	2,396	1,864	187,428	177,381
Less expenses including accrued expenses	(333)	(650)	(68)	-	(835)	-	(914)	(658)	(175,099)	(161,921)
Surplus/(deficit) for the reporting period	-	-	310	-	-	-	1,482	1,206	12,329	15,460



40. Acquittal of Australian Government financial assistance (continued)

40.2 Higher Education Loan Programs (excl OS-HELP)

	HECS-HELP (Australian Government payments only)						SA-HELP		Total	
	2012		2011		2012		2011		2012	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Payable/(Receivable) at beginning of year	1,440	(3,534)	-	-	-	-	-	-	1,440	(3,534)
Financial assistance received in Cash during the reporting period	91,022	89,382	7,729	7,445	654	-	-	99,405	96,827	
Cash available for the reporting period	92,462	85,848	7,729	7,445	654	-	-	100,845	93,293	
Revenue earned	91,700	84,408	8,998	7,445	1,124	-	-	101,822	91,853	
Cash Payable/(Receivable) at end of year	762	1,440	(1,269)	-	(470)	-	-	(977)	1,440	



40. Acquittal of Australian Government financial assistance (continued)

40.3 Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial assistance received in cash during the reporting period	4,926	4,058	448	419	507	1,665	281	937	49	(8)	-	-	6,211	7,071
Net accrual adjustments	-	-	-	-	339	(811)	209	(438)	-	-	-	-	548	(1,249)
Revenue for the period	4,926	4,058	448	419	846	854	490	499	49	(8)	-	-	6,759	5,822
Movement in deferred income	-	-	-	-	(339)	811	(208)	438	-	-	-	-	(547)	1,249
Surplus/(deficit) from the previous year	851	738	-	-	978	43	392	329	-	29	12	12	2,233	1,151
Total revenue including accrued revenue	5,777	4,796	448	419	1,485	1,708	674	1,266	49	21	12	12	8,445	8,222
Less expenses including accrued expenses	(4,475)	(3,945)	(448)	(419)	(113)	(730)	(384)	(874)	(54)	(21)	-	-	(5,474)	(5,989)
Surplus/(deficit) for the reporting period	1,302	851	-	-	1,372	978	290	392	(5)	-	12	12	2,971	2,233



40. Acquittal of Australian Government financial assistance (continued)

40.4 DIISRTE Research

	Joint Research Engagement Scheme		Research Training Scheme		Research Infrastructure Block Grants		Commercialisation Training Scheme		Sustainable Research Excellence in Universities		Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	7,707	7,284	12,548	11,700	2,956	2,712	-	144	1,937	1,694	23,534
Net accrual adjustments	-	-	-	-	-	-	(184)	-	-	-	(184)
Revenue for the period	7,707	7,284	12,548	11,700	2,956	2,712	(184)	144	1,937	1,694	23,534
Surplus/(deficit) from the previous year	-	-	-	-	-	-	294	150	-	-	294
Total revenue including accrued revenue	7,707	7,284	12,548	11,700	2,956	2,712	110	294	1,937	1,694	23,684
Less expenses including accrued expenses	(7,707)	(7,284)	(12,548)	(11,700)	(2,956)	(2,712)	(110)	-	(1,937)	(1,694)	(23,390)
Surplus/(deficit) for the reporting period	-	-	-	-	-	-	-	294	-	-	294



40. Acquittal of Australian Government financial assistance (continued)

40.5 Other Capital Funding

	Teaching and Learning Capital Fund		Education Investment Fund		Total	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	-	-	23,866	37,978	23,866	37,978
Net accrual adjustments	-	-	(11,366)	3,726	(11,366)	3,726
Revenue for the period	2,488	11,228	12,500	41,704	12,500	41,704
Surplus/(deficit) from the previous year	2,488	11,228	11,988	666	14,476	11,894
Total revenue including accrued revenue	(2,488)	(8,740)	24,488	42,370	26,976	53,598
Less expenses including accrued expenses			(21,465)	(30,382)	(23,953)	(39,122)
Surplus/(deficit) for the reporting period	-	2,488	3,023	11,988	3,023	14,476



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants

	Projects		Fellowships		Indigenous Researchers Development		Early Career Researcher Award		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(i) Discovery										
Financial assistance received in cash during the reporting period	3,433	3,584	1,597	1,847	70	67	506	-	5,606	5,498
Net accrual adjustments	(520)	405	(89)	(599)	(7)	(63)	(94)	-	(710)	(257)
Revenue for the period	2,913	3,989	1,508	1,248	63	4	412	-	4,896	5,241
Movement in deferred income	499	(200)	90	599	7	63	94	-	690	462
Surplus/(deficit) from the previous year	2,039	2,239	864	265	63	-	-	-	2,966	2,504
Total revenue including accrued revenue	5,451	6,028	2,462	2,112	133	67	506	-	8,552	8,207
Less expenses including accrued expenses	(2,913)	(3,989)	(1,509)	(1,248)	(63)	(4)	(412)	-	(4,897)	(5,241)
Surplus/(deficit) for the reporting period	2,538	2,039	953	864	70	63	94	-	3,655	2,966



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

	Special Research											
	Initiatives		Infrastructure		International		Projects		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
(ii) Linkages												
Financial assistance received in cash during the reporting period	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net accrual adjustments	-	-	300	-	-	-	2,312	3,782	2,612	3,782	1,043	3,782
	249	-	(235)	259	4	15	1,025	(1,070)	1,043	(796)		
Revenue for the period	249	-	65	259	4	15	3,337	2,712	3,655	2,986		
Movement in deferred income	(54)	79	247	(400)	(4)	(15)	(893)	881	(704)	545		
Surplus/(deficit) from the previous year	79	-	-	400	3	18	3,901	3,020	3,983	3,438		
Total revenue including accrued revenue	274	79	312	259	3	18	6,345	6,613	6,934	6,969		
Less expenses including accrued expenses	(249)	-	(65)	(259)	(3)	(15)	(3,337)	(2,712)	(3,654)	(2,986)		
Surplus/(deficit) for the reporting period	25	79	247	-	-	3	3,008	3,901	3,280	3,983		



40. Acquittal of Australian Government financial assistance (continued)

40.6 Australian Research Council Grants (continued)

	Research Networks			Centres			Total	
	2012	2011	2012	2012	2011	2012	2011	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
(iii) Networks and Centres								
Financial assistance received in cash during the reporting period	-	-	-	-	-	-	-	
Net accrual adjustments	-	9	71	71	70	71	79	
Revenue for the period	-	9	71	71	70	71	79	
Movement in deferred income	-	(9)	-	-	-	-	(9)	
Surplus/(deficit) from the previous year	-	9	-	-	-	-	9	
Total revenue including accrued revenue	-	9	71	71	70	71	79	
Less expenses including accrued expenses	-	(9)	(71)	(71)	(70)	(71)	(79)	
Surplus/(deficit) for the reporting period	-	-	-	-	-	-	-	



40. Acquittal of Australian Government financial assistance (continued)

40.7 OS-HELP

	2012	2011
	\$'000	\$'000
Cash Received during the reporting period	486	460
Cash Spent during the reporting period	(426)	(531)
Net Cash received	60	(71)
Net accrual adjustment	(60)	67
Cash Surplus/(deficit) from the previous period	-	4
Cash surplus/(deficit) for the reporting period	-	-

40.8 Superannuation Supplementation

	2012	2011
	\$'000	\$'000
Cash Received during the reporting period	29,271	25,617
Cash Surplus / (deficit) from the previous period	(580)	891
Cash available for current period	28,691	26,508
Contributions to specified defined benefit funds	(27,834)	(27,088)
Cash surplus/(deficit) for this period	857	(580)



41. Acronyms and definitions

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

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



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 and the result of its operations and its cash flows for the year then ended;
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
- the University charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Dr Ian Gould
Chancellor

12 April 2013

Professor David G. Lloyd
Vice Chancellor and President

12 April 2013

Mr Paul Beard
Chief Operating Officer

12 April 2013



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(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, I have audited the accompanying financial report of the University of South Australia (the University) and the consolidated entity comprising the University and its controlled entities for the financial year ended 31 December 2012. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2012
- a Statement of Financial Position as at 31 December 2012
- a Statement of Changes in Equity for the year ended 31 December 2012
- a Statement of Cash Flows for the year ended 31 December 2012
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chancellor, the Vice Chancellor and President and the Chief Operating Officer.

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

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The University has recognised \$43 million of unspent funding as a liability for the year ended 31 December 2012. This amount has been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants', 'Other Liabilities - Income in advance on incomplete projects' and 'Other Liabilities – Other current liability' in note 25 to the financial report. The University has disclosed its accounting treatment of these funds in note 1(d) to the financial report.

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

As a result, the following has been misstated in the 2012 financial report:

- the revenue recognised as Australian Government grants is overstated by \$5.8 million (\$10.9 million understated in 2011)
- the revenue recognised as State and Local Government financial assistance is overstated by \$600 000 (\$500 000 overstated in 2011)
- the revenue recognised as Consultancy and contract research is understated by \$4.5 million (\$800 000 understated in 2011)
- Operating result attributable to members of University of South Australia is overstated by \$1.9 million (\$11.2 million understated in 2011)
- Other liabilities is overstated by \$43 million (\$44.9 million overstated in 2011)
- Retained earnings is understated by \$44.9 million (\$33.7 million understated in 2011)

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraphs, the financial report gives a true and fair view of the financial position of the University of South Australia and its controlled entities as at 31 December 2012, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Support Act 2003* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
19 April 2013



**University of
South Australia**

University of
South Australia

GPO Box 2471
Adelaide
South Australia 5001
Australia

Phone: +61 8 8302 6611
Fax: +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

