

# The University of Adelaide **Annual Report 2004**



## **Part Two | Financial Statements**







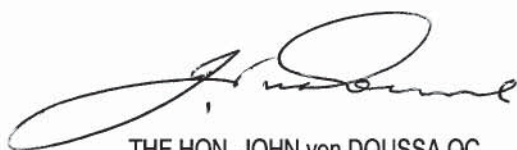
### Statement by the Chancellor and the Vice-Chancellor

In our opinion:

- (a) the Financial Statements of The University of Adelaide present fairly the financial transactions of the University during the financial year ended 31 December 2004, and the financial position of its operations as at that date;
- (b) in all material respects, the Financial Statements have been prepared in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, the Higher Education Funding Act 1988, Australian Accounting Standards and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views;
- (c) at the date of signing this Statement there are reasonable grounds to believe that The University of Adelaide will be able to pay its debts as and when they fall due;
- (d) the amount of Commonwealth financial assistance expended during the reporting period was for the purposes for which it was provided; and
- (e) The University of Adelaide has complied in full with the requirements of programme guidelines that apply to the Commonwealth financial assistance in the Financial Statements.

We are not aware, at the date of signing this Statement, of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Council of The University of Adelaide.



THE HON. JOHN von DOUSSA QC  
Chancellor



PROFESSOR JAMES A. McWha  
Vice-Chancellor

30 May 2005



**Auditor-General's  
Department**

## **INDEPENDENT AUDIT REPORT**

### **TO THE CHANCELLOR**

#### **SCOPE**

As required by section 31 of the *Public Finance and Audit Act 1987* and section 25(2) of the *University of Adelaide Act 1971*, I have audited the financial report of the University of Adelaide for the financial year ended 31 December 2004. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- Notes to and forming part of the Financial Statements;
- A Certificate by the Chancellor and the Vice-Chancellor.

The financial report includes the consolidated financial statements of the consolidated entity, comprising the University of Adelaide and the entities it controlled at the year's end or from time to time during the financial year.

The members of the Council of the University of Adelaide are responsible for the financial report. I have conducted an independent audit of this financial report in order to express an opinion on it to the Chancellor.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing and Assurance Standards to provide reasonable assurance that the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Funding Act 1988*, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of the University of Adelaide and of the consolidated entity's financial position, their financial performance and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### **AUDIT OPINION**

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, the *Higher Education Funding Act 1988*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the University of Adelaide and of the economic entity as at 31 December 2004, their financial performance and their cash flows for the year then ended.

**S O'Neill  
DEPUTY AUDITOR-GENERAL**

**8 June 2005**

**Statement of Financial Performance for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Operating Revenue from ordinary activities</b>	5,6				
<b>Received under Higher Education Funding Act</b>					
Base operating financial assistance		99,692	105,375	99,692	105,375
Other operating financial assistance		5,570	5,428	5,570	5,428
Higher Education Contribution Scheme		47,854	47,370	47,854	47,370
		<b>153,116</b>	<b>158,173</b>	<b>153,116</b>	<b>158,173</b>
<b>Learning and Teaching</b>					
Student fees	5	54,454	42,051	54,454	42,051
Grants		15,453	14,004	15,453	14,004
		<b>69,907</b>	<b>56,055</b>	<b>69,907</b>	<b>56,055</b>
<b>Research Grants and Fees</b>					
National competitive grants		51,316	49,365	51,316	49,365
Public sector - other		19,760	14,110	19,540	13,890
Industry and other		13,419	11,481	13,419	11,481
		<b>84,495</b>	<b>74,956</b>	<b>84,275</b>	<b>74,736</b>
<b>Research Other</b>					
Cooperative Research Centre direct funding		7,754	5,691	7,754	5,691
Research infrastructure program		12,953	11,893	12,953	11,893
		<b>20,707</b>	<b>17,584</b>	<b>20,707</b>	<b>17,584</b>
<b>Other</b>					
Investment revenue	5	18,197	10,176	16,390	8,663
Property revenue	5	6,693	6,590	6,693	6,590
Specialist services and trading	5	45,134	44,454	16,501	15,402
Deferred employee superannuation benefits	24	900	(400)	900	(400)
Other	5	20,553	27,335	20,815	26,226
		<b>91,477</b>	<b>88,155</b>	<b>61,299</b>	<b>56,481</b>
<b>Total operating revenue from ordinary activities</b>		<b>419,702</b>	<b>394,923</b>	<b>389,304</b>	<b>363,029</b>
Share of net profits of associates and joint ventures accounted for using the equity method	5	2,708	1,423	-	-
<b>Total revenue from ordinary activities</b>		<b>422,410</b>	<b>396,346</b>	<b>389,304</b>	<b>363,029</b>
<b>Operating Expenses from ordinary activities</b>	6				
Salaries and related expenses	3(o), 6	214,514	194,834	202,782	185,505
Student services		19,794	17,308	19,794	17,308
Teaching and research materials		44,531	35,792	44,491	35,779
Buildings and grounds		21,241	19,749	21,241	19,749
Borrowing costs	6	155	150	143	133
Administration, communication and travel		57,581	55,471	39,899	37,037
Finance and fund administration		1,308	2,271	1,873	2,271
Misc equip, dep'n and WDV of assets sold		35,460	44,900	33,941	43,247
Deferred and HEFA superannuation	6	3,555	1,763	3,555	1,763
<b>Total operating expenses from ordinary activities</b>		<b>398,139</b>	<b>372,238</b>	<b>367,719</b>	<b>342,792</b>
<b>Operating surplus before minority interests</b>		<b>24,271</b>	<b>24,108</b>	<b>21,585</b>	<b>20,237</b>
Operating (surplus) / deficit attributable to outside equity interest	30	58	(257)	-	-
<b>Operating Surplus from ordinary activities</b>		<b>24,329</b>	<b>23,851</b>	<b>21,585</b>	<b>20,237</b>
<b>Change in Equity – net increase (decrease)</b>					
Outside equity interest		(158)	137	-	-
Asset revaluation reserve	19	6,238	25,371	5,624	27,178
<b>Total changes in equity</b>		<b>30,409</b>	<b>49,359</b>	<b>27,209</b>	<b>47,415</b>

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

## Statement of Financial Position as at 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Current Assets</b>					
Cash		13,991	14,925	2,651	4,696
Receivables	7	19,704	23,269	16,739	20,005
Other financial assets	8	65,613	44,728	62,596	41,493
Inventories	9	4,364	4,131	1,754	1,809
Other non-financial assets	10	5,383	6,016	3,021	3,681
<b>Total current assets</b>		<b>109,055</b>	<b>93,069</b>	<b>86,761</b>	<b>71,684</b>
<b>Non-current Assets</b>					
Other financial assets	8	77,551	63,512	124,186	112,742
Investments accounted for using the equity method	11	4,938	2,230	363	363
Property, plant and equipment	12	584,449	576,293	545,506	536,608
Intangibles	13	127	142	-	-
Other non-financial assets	10	1,273	1,340	1,273	1,340
Deferred government superannuation contribution	24	38,300	37,400	38,300	37,400
<b>Total non-current assets</b>		<b>706,638</b>	<b>680,917</b>	<b>709,628</b>	<b>688,453</b>
<b>Total assets</b>		<b>815,693</b>	<b>773,986</b>	<b>796,389</b>	<b>760,137</b>
<b>Current Liabilities</b>					
Payables	14	32,784	26,160	23,227	18,498
Interest-bearing liabilities	15	108	114	6	6
Provisions	16	12,677	10,434	11,863	9,768
Deferred government superannuation contribution	24	3,000	3,000	3,000	3,000
Other	17	8,940	8,049	8,676	8,049
<b>Total current liabilities</b>		<b>57,509</b>	<b>47,757</b>	<b>46,772</b>	<b>39,321</b>
<b>Non-Current Liabilities</b>					
Payables	14	2,399	2,326	2,393	2,324
Interest-bearing liabilities	15	129	209	81	87
Provisions	16	19,386	18,734	19,339	18,710
Deferred government superannuation contribution	24	35,300	34,400	35,300	34,400
<b>Total non-current liabilities</b>		<b>57,214</b>	<b>55,669</b>	<b>57,113</b>	<b>55,521</b>
<b>Total liabilities</b>		<b>114,723</b>	<b>103,426</b>	<b>103,885</b>	<b>94,842</b>
<b>Net assets</b>		<b>700,970</b>	<b>670,560</b>	<b>692,504</b>	<b>665,295</b>
<b>Equity</b>					
Capital reserves	19	457,693	451,455	471,785	466,161
Specific purpose reserves	19	141,201	123,029	141,201	123,029
Accumulated results – of operations	19	100,199	94,041	79,518	76,105
<b>Total University interests</b>		<b>699,093</b>	<b>668,525</b>	<b>692,504</b>	<b>665,295</b>
Accumulated results – outside equity interest		1,877	2,035	-	-
<b>Total equity</b>		<b>700,970</b>	<b>670,560</b>	<b>692,504</b>	<b>665,295</b>

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

**Statement of Cash Flows for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Cash Flows from operating activities</b>					
<b>Inflows:</b>					
Commonwealth Government financial assistance					
Teaching and learning		62,918	67,635	62,918	67,635
HECS and other loan programmes		45,127	41,701	45,127	41,701
Scholarships		5,323	5,013	5,323	5,013
DEST research		52,809	53,644	52,809	53,644
ARC - discovery		9,391	9,431	9,391	9,431
ARC - linkages		11,357	7,866	11,357	7,866
Other Commonwealth Government financial assistance		48,574	37,984	48,574	37,984
State and Local Government financial assistance		14,611	15,641	14,391	15,421
HECS - Student Contributions		7,525	7,904	7,525	7,904
Student fees		51,126	41,451	51,126	41,451
Fees and charges		18,428	13,325	17,316	12,282
Donations and bequests		6,018	7,426	7,252	7,426
Investment income received		4,516	5,491	5,011	6,007
Consultancy and contract research		35,352	33,181	24,309	22,678
Specialist services and produce trading		25,457	29,374	9,923	11,625
Other		12,960	4,504	10,933	3,978
<b>Total Inflows</b>		<b>411,492</b>	<b>381,571</b>	<b>383,285</b>	<b>352,046</b>
<b>Outflows:</b>					
Salaries and related expenses		(214,956)	(192,490)	(203,561)	(183,303)
Student services		(19,560)	(17,322)	(19,520)	(17,308)
Goods and services		(128,550)	(124,703)	(113,171)	(106,053)
Interest paid		(155)	(292)	(143)	(275)
<b>Total Outflows</b>		<b>(363,221)</b>	<b>(334,807)</b>	<b>(336,395)</b>	<b>(306,939)</b>
<b>Net cash provided by operating activities</b>	20	<b>48,271</b>	<b>46,764</b>	<b>46,890</b>	<b>45,107</b>

**Statement of Cash Flows for the year ended 31 December 2004** continued

		Consolidated		University	
	Note	2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Cash Flows from investing activities</b>					
<b>Inflows:</b>					
Proceeds from sale of property, plant and equipment		1,392	10,221	1,118	9,624
Proceeds from sale of investments		4,464	5,061	2,630	3,889
Increase in borrowings		17	-	-	-
Repayment of loan		1,023	184	1,023	483
Total Inflows		<b>6,896</b>	<b>15,466</b>	<b>4,771</b>	<b>13,996</b>
<b>Outflows:</b>					
Payments for property, plant and equipment		(28,047)	(32,183)	(26,068)	(29,553)
Payments for interest in joint ventures		-	(98)	-	-
Increase in investments		(6,067)	-	(6,067)	-
Decrease in borrowings		(6)	(8)	(6)	(7)
Additional lending		-	(176)	-	(176)
Total Outflows		<b>(34,120)</b>	<b>(32,465)</b>	<b>(32,141)</b>	<b>(29,736)</b>
<b>Net cash used in investing activities</b>		<b>(27,224)</b>	<b>(16,999)</b>	<b>(27,370)</b>	<b>(15,740)</b>
<b>Cash Flows from financing activities</b>					
<b>Outflows:</b>					
Repayment of borrowings		(97)	(91)	-	-
Dividends paid to minority interests		(100)	(120)	-	-
Total Outflows		<b>(197)</b>	<b>(211)</b>	<b>-</b>	<b>-</b>
<b>Net cash used in financing activities</b>		<b>(197)</b>	<b>(211)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>		<b>20,850</b>	<b>29,554</b>	<b>19,520</b>	<b>29,367</b>
Cash at the beginning of reporting period		53,795	24,253	43,214	13,859
Effects of exchange rate changes on cash		95	(12)	95	(12)
<b>Cash at end of reporting period</b>	20	<b>74,740</b>	<b>53,795</b>	<b>62,829</b>	<b>43,214</b>

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



## Notes to the Financial Statements for the year ended 31 December 2004

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## Notes to the Financial Statements for the year ended 31 December 2004

## 1. Basis of Preparation

These notes, prepared in conjunction with the financial statements, provide an explanation of significant accounting policies and practices adopted in the preparation of the statements. The financial statements and notes collectively constitute a general purpose financial report prepared in accordance with applicable Australian Accounting Standards and Urgent Issue Group Consensus Views, unless otherwise disclosed in these notes. The report also conforms with the reporting requirements of the Commonwealth Department of Education, Science and Training (DEST).

## 2. Scope of Reporting

The financial statements and notes disclose the operating results and 2003 comparative results of The University of Adelaide as follows:

University - refers to all aspects of operation of The University of Adelaide only.

Consolidated - refers to the financial results of The University of Adelaide together with financial results of its controlled entities. It includes accounts for the University's interests in associated entities and its joint venture operations. Refer to Note 30 Investments in Controlled Entities.

The controlled entities of The University of Adelaide, included in this report are:

Adelaide Research &amp; Innovation Pty Ltd as trustee for The Adelaide Research &amp; Innovation Investment Trust

Australian Company Number 060 292 486 Pty Ltd formerly Camtech (SA) Pty Ltd as trustee for Camtech Discretionary Trust

Disc Pty Ltd

Lubims Pty Ltd

Martindale Holdings Pty Ltd as trustee for	- JS Davies Estate
	- JAT Mortlock Trust

Repromed Pty Ltd

Reproductive Health Science Pty Ltd

### 3. Statement of Significant Accounting Policies

(a) **Basis of Accounting**

The general purpose financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity, and except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

## (b) Principles of Consolidation

The consolidated financial statements of the Consolidated Entity include the financial statements of the University being the parent entity, and its controlled entities ("the Consolidated Entity").

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

Outside interests in the equity and results of the entities that are controlled by the University are shown as a separate item in the consolidated financial statements.

**(c) Foreign Currency**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions and brought to account in the Financial Statements. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

**(d) Revenue Recognition**

- **Grant Revenue**  
Grant revenue is recognised in the accounting period it is received or when there is a right to receive the grant revenue.
- **Student Tuition Fees and Charges**  
Student tuition fees and charges are recognised in the accounting period in which the service is provided.

## Notes to the Financial Statements for the year ended 31 December 2004

### 3. Statement of Significant Accounting Policies – continued

#### (d) Revenue Recognition - continued

- **Consultancy, Contract and Industry Research**

Consultancy, contract and industry research income is recognised in the accounting period in which the service is provided.

- **Bequests and Donations**

Bequests and donations are recognised as income in the accounting period they are received.

- **Interest and Investment Income**

Interest and income from investments are recognised as they accrue (Refer to Note 3(i)).

- **Asset Sales**

The gross proceeds of asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal of assets is brought to account at the date the contract of sale becomes unconditional.

#### (e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax 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 as a current asset or liability 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.

#### (f) Research and Development Costs

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is treated as deferred expenditure and is brought to account in the Statement of Financial Position.

#### (g) Employee Benefits

- **Wages, Salaries and Annual Leave**

The employees' entitlements to wages, salaries and annual leave represents the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The entitlements have been calculated at the wage and salary expected when leave is taken. The employee on-costs relating to annual leave are reported within payables.

- **Long Service Leave**

The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements, which are not expected to be settled within twelve months, are discounted using the rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have been reported within payables.

- **Superannuation**

Superannuation schemes exist to provide benefits to University employees and their dependents upon retirement, disability or death. The contributions made to these schemes by the University, and emerging costs from unfunded schemes, are expensed in the Statement of Financial Performance. Refer to Note 24 for details relating to the individual schemes.

#### (h) Doubtful and Bad Debts

The collectibility of receivables is assessed at balance date and provision is made for any amounts considered to be doubtful. Any debts considered to be non-collectable have been expensed as bad debts.

#### (i) Other Financial Assets

Funds are invested in the following categories under guidelines determined by the University. Details of these other financial assets are disclosed in Note 8.

- **Cash on Deposit**

These are cash balances held in interest earning facilities with financial institutions.



## Notes to the Financial Statements for the year ended 31 December 2004

### 3. Statement of Significant Accounting Policies – continued

#### (i) Other Financial Assets - Continued

- **Composite Fund**

The majority of specific purpose endowments received by the University to fund research activities, scholarships, prizes and lectures, are included in the Composite Fund. This Fund is invested in cash deposits and longer term investments managed by independent portfolio managers. It includes a mix of Australian equities, overseas equities, fixed interest securities and property trusts. These investments are reported in the Statement of Financial Position at market values obtained from the portfolio managers. Unrealised gains or losses are recognised in the Statement of Financial Performance.

- **Recognition of movements in value**

The movement in value of investments held for trading at the financial year end, is brought to account as income. The movement in value of investments of a non trading nature is reflected in the asset revaluation reserve.

#### (j) Investments in Business Undertakings

- **Controlled Entities**

Investments in controlled entities are carried in the University's financial statements at fair value. Dividends and distributions are brought to account in the Statement of Financial Performance when they are declared by the controlled entities.

- **Associates**

An associate is an entity, other than a partnership, over which the Consolidated Entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

In the University's financial statements, investments in associates are carried at the lower of cost or recoverable amount.

In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The Consolidated Entity's share of the associates' net profit or loss after tax is recognised in the Consolidated Statement of Financial Performance after the elimination of unrealised profits and losses on transactions between the associate and any entities in the Consolidated Entity or another associate of the Consolidated Entity.

- **Joint Venture Operations**

The University derives income as part of its participation in Cooperative Research Centres, as listed in Note 32 (a)(i). In the ordinary course of events this income which is recognised in the financial statements of the University, is used to meet operational costs and/or acquire equipment. As a participant, the University will be entitled to a proportionate share of any intellectual property arising, which in time, it would be required to account for under the rules of joint venture accounting. As at year end, the University is not aware of any material intellectual property with commercial value. As such no accounting entries have been recorded.

The Consolidated Entity's interest in Other Joint Ventures, as described in Note 32 (a)(ii), are accounted for using the equity method of accounting.

- **Other Business Undertakings**

The Consolidated Entity holds, through The Adelaide Research & Innovation Investment Trust, significant investment in a publicly listed entity, namely GroPep Ltd. It does not exercise any significant influence over the operations of this entity. As at 31 December 2004 the investment has been valued at market value.

In addition, the Consolidated Entity holds a number of investments. In the case of publicly listed investments, these have been valued at market value. In the case of non publicly listed investments, these have been valued at lower of cost or net realisable value.

#### (k) Inventories

- **Consumable Materials and Trading Stock**

The University has a number of inventory stores at several locations. The inventory is valued at the lower of cost or net realisable value. Where controlled entities have reported inventory, this is included in the Consolidated Entity at the lower of cost or net realisable value.

- **Livestock**

The University breeds animals for teaching and research activities and not for profit. Consequently it does not attribute a value to livestock for recording in the Statement of Financial Position. Where controlled entities have reported livestock, this is included at net realisable value.

## Notes to the Financial Statements for the year ended 31 December 2004

### 3. Statement of Significant Accounting Policies – continued

#### (I) Non-Current Assets

##### • Acquisitions

Items of property, plant and equipment are initially recorded at cost in the Statement of Financial Position (unless otherwise indicated) and depreciated in accordance with Note 3(m).

##### • Revaluations

During 2002 buildings and works of art were independently valued on a fair value basis in accordance with Australian Accounting Standards and in compliance with changes to the Accounting Policy Statements (APS) pronounced by the Treasurer of South Australia. During 2004 land was independently revalued on a fair value basis. Buildings and works of art were assessed by the valuers as still representing fair value.

##### • Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

##### • Land and Buildings

The University differentiates between “trust” and “other” land and buildings. “Trust” land is land provided to the University by government to be held in trust for the specific purpose of operating the University, or acquired by settlement under a binding trust. Buildings constructed on land classified as “trust” land are classified as “trust” buildings.

All land is recorded at fair value. Fair value for land has been determined on the basis of an independent valuation carried out by Mr N. Satchell, AAPI, B.App.Sc (Val) of Edward Rushton Australia Pty Ltd on 31 December 2004. Buildings are recorded at fair value on the basis of an independent valuation carried out by Mr N Satchell, APPI, B.App.Sc (Val) of Edwards Rushton Australia Pty Ltd on 21 December 2002.

##### • Other Collections

The University owns a number of collections of cultural, historical and scientific significance. Many of these collections are unique or extremely rare. The University is not able to reliably measure the value of these collections and therefore has not recognised them as an asset in the Statement of Financial Position. Furthermore, collections which are irreplaceable (excluding works of art) are not covered by University insurance due to difficulty in determining an insurable value, the costs associated with deriving such a value, and the premium load an insurer would require to carry such a risk.

##### • Library Collection

The Library was revalued on 31 December 2004 using an internal valuation based on the annual price movement of books and journals.

##### • Works of Art

Works of art greater than \$2,000, are recorded at fair value on the basis of an independent valuation carried out by Mr J.F.B. Bruce valuer (MSAV) of Ian Bruce Pty Ltd on 12 December 2002. No provision for depreciation is made for works of art.

##### • Software

The University capitalises certain software costs with a purchase price greater than \$100,000 and an expected useful life greater than twelve months, together with all external costs associated with implementation. These are recorded on the basis of cost and then amortised once the system is operational.

##### • Leased Plant and Equipment

Leased plant and equipment over which the University or its controlled entities assume substantially all the risks and benefits of ownership, are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the Consolidated Entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the Statement of Financial Performance. Also refer to Note 21 Future Expenditure Commitments.

Payments made under operating leases are charged to the Statement of Financial Performance in equal instalments over the accounting periods covered by the lease term.

## Notes to the Financial Statements for the year ended 31 December 2004

### 3. Statement of Significant Accounting Policies – continued

#### (m) Depreciation and Amortisation

Depreciation on freehold buildings is calculated on a diminishing value basis. Depreciation is provided on other property, plant and equipment, excluding land, on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation/amortisation:

	Range
• Buildings	20 – 160 years
• Leasehold improvements	10 – 50 years
• Library	5 – 50 years
• Plant and equipment including motor vehicles	5 – 10 years
• Software and implementation costs	3 – 5 years
• Leased plant and equipment	10 years

#### (n) Workers' Compensation

The University is responsible for payments of workers' compensation claims and is registered with Workcover as an exempt employer. Administrative arrangements with the associated entity Unisure Pty Ltd incorporate the management of claims and funds invested.

The provision for workers' compensation claims has been prepared by Mercer Human Resource Consulting Pty Ltd using the Projected Incurred Cost method. Under the Projected Incurred Cost method the development of the case estimated incurred cost (case estimates plus paid to date) is calculated and development factors adopted based on the past experience. These development factors are used, together with the adopted payment rates, to project payments and estimates for future payment years.

#### (o) Salaries and Related Expenses

Items attributed to salaries and related expenses include salaries and wages, employee entitlements, and other costs incidental to the employment of staff such as professional development costs and fringe benefit tax.

#### (p) Operating Revenue - Other

The classification "Other" contains revenue items which individually are not material due to their nature or size. Such items falling within this classification include sale of assets, income from independent organisations for whom the University provided management services, fund raising and bequests, sundry recoveries and recharges.

#### (q) Recognition of Donations and Bequests

All donations and bequests received by the University are brought to account as income.

#### (r) Rounding

All amounts in this report are rounded to the nearest one thousand dollars.

#### (s) Comparative Information

These financial statements and notes display information for the preceding corresponding reporting period. Comparative figures have been reclassified to reflect current disclosure requirements of the University and DEST.

### 4. Change in Accounting Policy

#### (a) Change in Depreciation Method for Buildings

Prior to 2003, buildings were depreciated over their estimated useful lives on a straight line basis. During 2003 the University elected to depreciate buildings on a diminishing value method as this method more closely reflects deterioration of the asset value. The adoption of the diminishing value method resulted in an increase in depreciation expense in 2003 of \$2.7 million.

#### (b) Change in Useful Lives for Library Collection

The library collection was revalued internally as at 31 December 2004. The useful life of the library collection was also reviewed at the time of the revaluation and a 10 year useful life will be adopted for the entire library collection from 1 January 2005.



## Notes to the Financial Statements for the year ended 31 December 2004

### 4. Change in Accounting Policy - continued

#### (c) Financial effect of changes to Commonwealth payment arrangements for 2005 grant year

##### Background

Payment to universities in respect of programmes under the Higher Education Funding Act 1988 (HEFA) are made on the second and last Thursdays of each month. In the recent past, the first payment in respect of a grant year (equalling 8% of the total recurrent funding for that year) had been made at the end of December of the previous year.

Funding for most programs under HEFA ends on 31 December 2004 while most new programmes under the Higher Education Support Act 2003 (HESA) commence on 1 January 2005. Continuing the current practice of making the first payment in December 2004 for the 2005 grant year would mean that commonwealth payments are treated by majority of universities as revenue for 2004. This has considerable accountability implications for the Australian Government Department of Education, Science and Training (DEST) in administering and accounting for the programme payments.

Higher Education Providers (HEPs) (even those within the same State) do not treat the early payment uniformly and the payment is treated in at least three different ways - as revenue when it is received, as an advance (a liability), and part as revenue and the other as liability. Such varied treatment creates a lack of transparency and distorts both the Commonwealth funding and the HEPs' financial year results.

DEST has announced changes to payment arrangements whereby all recurrent payments in respect of a grant year will be made in that year. For the 2005 grant year, the first payment will be made in January 2005 instead of December 2004.

The changes to payment arrangements will mean, that from 2005 reporting period, the financial statements of all higher education providers will accurately reflect the Commonwealth financial assistance in respect of a grant year.

##### Financial Effects for 2004

Changes to payment arrangements will mean that those HEPS that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 will have the effect of understating the Commonwealth funding for the 2004 grant year in their 2004 Statement of Financial Performance.

To identify the impact of the changed treatment on the operating result, grants provided for 2004 activities but recognised as 2003 revenue should be adjusted by incorporating the amount received in December 2003 as revenue for the 2004 reporting period.

	<b>\$'000</b>
2004 Revenue from Operating Activities (per Statement of Financial Performance)	153,116
Add Grants Received in 2003 for 2004 Activities:	
Commonwealth Government financial assistance	9,545
HECS - Commonwealth payments	3,278
Commonwealth loan programmes	-
Total Restated 2004 Revenue from Operating Activities	<b>165,939</b>
Restated 2004 Operating Revenue	165,939
Reported 2004 Operating Revenue	153,116
Financial Effect on 2004 Operating Result	<b>12,823</b>

The Commonwealth will use the restated figures in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all HEPs.

## Notes to the Financial Statements for the year ended 31 December 2004

### 4. Change in Accounting Policy - continued

#### (d) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the year ending 31 December 2005.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained surplus as at 1 January 2004.

The consolidated entity has initiated a review of the Australian equivalents to IFRS under the management of the Chief Financial Officer. To date most of the Australian equivalents to IFRS have been analysed and a number of accounting policy changes have been identified. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following (references to new AASB standards below are to the Australian equivalents to IFRS issued in July 2004):

#### *(i) Financial instruments*

Under the new AASB 132 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the consolidated entity will not change.

Under the new AASB 139 Financial Instruments: Recognition and Measurement there may be impacts as a result of financial assets held by the consolidated entity being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. It is most likely that investments in equity securities will be classified as held for trading and measured at fair value, with changes in fair value recognised in the University's operating result. This treatment is similar to the current treatment of unrealised gains and losses.

#### *(ii) Internally developed software*

Under the new AASB 138 Intangible Assets intangibles internal costs incurred to develop software are to be expensed and not capitalised. The internally developed software is currently recognised as property, plant and equipment and will be reclassified to intangibles.

#### *(iii) Property, Plant and Equipment*

Under the new AASB 140 Investment Property, properties held for investment are to be measured at fair value with any adjustments to fair value recognised as revenue or expense. Currently fair value adjustments for investment properties are recognised in the asset revaluation reserve. These adjustments will be derecognised and transferred to accumulated results.

#### *(iv) Post employment benefits*

Under the new AASB 119 Employee Benefits the net position of each defined benefit superannuation scheme must be recognised as an asset or liability, as applicable. AASB 119 was amended in December 2004 to allow an election to recognise movements in the carrying amount of this liability or asset directly to accumulated results. It is the intention of the University to adopt this election and to adopt this amendment from 1 January 2004.

## Notes to the Financial Statements for the year ended 31 December 2004

### 4. Change in Accounting Policy - continued

#### (d) International Financial Reporting Standards (IFRS)

##### *(v) Impairment of assets*

Under the new AASB 136 Impairment of Assets non-current assets will be subject to assessment for impairment. Impairment must be measured for non-current assets with indications of impairment and for intangible assets not yet available for use. Impairment is measured by comparing the asset's fair value less costs to sell and its value in use. The greater of these two measurements must not exceed the asset's carrying value. 'Value in use' is determined as depreciated replacement cost.

##### *(vi) Employee Benefits*

In the preparation of the financial statements annual leave is assumed to be paid within 12 months however where annual leave will not be taken within 12 months the balance will be included as non-current and measured as the present value of future cashflows. In accordance with the Department of Treasury and Finance Accounting Policy Statements the discount rate to be applied is the market yield on Government bonds.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.



## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>5. Operating Revenue</b>					
<b>Student fee income includes:</b>					
<b>Award courses</b>					
Australian fee paying undergraduate students		1,419	717	1,419	717
Australian fee paying postgraduate students		3,741	3,480	3,741	3,480
International fee paying students		39,503	30,539	39,503	30,539
		<b>44,663</b>	<b>34,736</b>	<b>44,663</b>	<b>34,736</b>
<b>Non award courses</b>					
Continuing education		443	371	443	371
Australian fee paying		1,423	978	1,423	978
Other teaching service fees		3,576	2,874	3,576	2,874
		<b>5,442</b>	<b>4,223</b>	<b>5,442</b>	<b>4,223</b>
		<b>50,105</b>	<b>38,959</b>	<b>50,105</b>	<b>38,959</b>
<b>Tuition fees - Higher Education Funding Act</b>					
Postgraduate Education Loan Scheme		3,576	2,235	3,576	2,235
Overseas postgraduate research scholarship		773	857	773	857
		<b>54,454</b>	<b>42,051</b>	<b>54,454</b>	<b>42,051</b>
<b>Investment revenue</b>					
General fund earnings		5,782	4,641	3,631	2,779
Net realised gains on composite fund investments		2,690	481	2,690	481
General and composite fund investment market valuation adjustment		7,823	3,731	7,823	3,731
Royalty, trademarks and licences		1,621	935	151	343
Dividends received		281	388	170	329
Distribution from controlled entities		-	-	1,925	1,000
		<b>18,197</b>	<b>10,176</b>	<b>16,390</b>	<b>8,663</b>
<b>Property revenue</b>					
Rental charges/accommodation fees		4,561	4,103	4,561	4,103
Parking fees		915	940	915	940
Building development and maintenance recovery		391	757	391	757
Other property revenue		826	790	826	790
		<b>6,693</b>	<b>6,590</b>	<b>6,693</b>	<b>6,590</b>
<b>Specialist services and trading</b>					
Consultancy fees		14,596	13,359	3,553	2,849
Library charges and fines		1,027	1,082	1,027	1,082
Sale of services		20,682	18,846	8,469	8,087
Sale of goods		6,497	7,554	2,358	2,203
Sponsorship & conference income		593	630	593	630
Other specialist services and trading		1,739	2,983	501	551
		<b>45,134</b>	<b>44,454</b>	<b>16,501</b>	<b>15,402</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>5. Operating Revenue - continued</b>					
<b>Other revenue</b>					
<b>Bequests and donations received for:</b>					
Research		4,092	3,129	4,092	3,129
General operational purposes and capital works		2,139	3,181	3,373	3,616
		<u>6,231</u>	<u>6,310</u>	<u>7,465</u>	<u>6,745</u>
Prizes and scholarships		842	681	842	681
Gross proceeds from sale of assets and minor equipment		1,392	10,221	1,118	9,624
Recharge of costs to other organisations		4,730	1,633	4,730	1,633
Application management and late fee		542	601	542	601
Contribution of assets		-	367	-	367
Assets acquired for nil consideration		-	492	-	492
Franchise fees		867	1,120	867	1,120
Bad debts recoveries		428	6	428	6
Other revenue		5,521	5,904	4,823	4,957
		<u><b>20,553</b></u>	<u><b>27,335</b></u>	<u><b>20,815</b></u>	<u><b>26,226</b></u>
 <b>Share of net profits (losses) of associates, joint ventures accounted for using the equity method</b>					
Associates	31	723	1,352	-	-
Joint venture operations	32	1,985	71	-	-
		<u><b>2,708</b></u>	<u><b>1,423</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
 <b>6. Operating Surplus</b>					
Operating surplus is arrived at after crediting and charging the following items:					
<b>Credits</b>					
<b>Net foreign exchange gain</b>		<u><b>95</b></u>	<u><b>-</b></u>	<u><b>95</b></u>	<u><b>-</b></u>
 <b>Proceeds from sale of assets</b>					
Investments		4,464	5,061	2,630	3,889
Property, plant and equipment		1,392	10,221	1,117	9,624
Total proceeds from sale		<u><b>5,856</b></u>	<u><b>15,282</b></u>	<u><b>3,747</b></u>	<u><b>13,513</b></u>
 <b>Carrying amount of assets sold</b>					
Investments		2,630	3,652	2,630	3,889
Property, plant and equipment		1,077	10,097	833	9,746
Total carrying amount of assets sold		<u><b>3,707</b></u>	<u><b>13,749</b></u>	<u><b>3,463</b></u>	<u><b>13,635</b></u>
Net gain/(loss) on sale of assets		<u><b>2,149</b></u>	<u><b>1,533</b></u>	<u><b>284</b></u>	<u><b>(122)</b></u>

## Notes to the Financial Statements for the year ended 31 December 2004

	Consolidated		University	
	2004	2003	2004	2003
Note	\$000	\$000	\$000	\$000
<b>6. Operating Surplus - continued</b>				
<b>Charges</b>				
<b>Salaries and related expenses - Academic</b>				
Salaries	81,982	74,918	81,982	74,918
Contributions to superannuation schemes:				
Emerging cost	1,538	1,250	1,538	1,250
Funded	10,928	10,033	10,928	10,033
	<b>12,466</b>	<b>11,283</b>	<b>12,466</b>	<b>11,283</b>
Payroll tax	4,984	4,578	4,984	4,578
Annual leave	8,780	7,840	8,780	7,840
Long service leave	2,691	2,057	2,691	2,057
Workers' compensation	386	348	386	348
Other	4,122	4,154	4,122	4,154
Total academic salaries and related expenses	<b>115,411</b>	<b>105,178</b>	<b>115,411</b>	<b>105,178</b>
<b>Salaries and related expenses - Non-academic</b>				
Salaries	75,333	67,671	64,555	59,155
Contributions to superannuation schemes:				
Emerging cost	1,117	911	1,117	911
Funded	8,914	8,092	8,379	7,611
	<b>10,031</b>	<b>9,003</b>	<b>9,496</b>	<b>8,522</b>
Payroll tax	3,933	3,653	3,857	3,579
Annual leave	6,801	6,283	6,773	6,131
Long service leave	2,148	1,632	2,057	1,612
Workers' compensation	388	344	299	273
Other	3,124	3,231	2,989	3,216
Total non-academic salaries and related expenses	<b>101,758</b>	<b>91,817</b>	<b>90,026</b>	<b>82,488</b>
Total academic and non-academic salaries and related expenses	<b>217,169</b>	<b>196,995</b>	<b>205,437</b>	<b>187,666</b>
Deferred employee superannuation benefits	900	(398)	900	(398)
Total salaries and related expenses	<b>218,069</b>	<b>196,597</b>	<b>206,337</b>	<b>187,268</b>
Emerging cost	2,655	2,161	2,655	2,161
Deferred employee superannuation benefits	900	(398)	900	(398)
	<b>3,555</b>	<b>1,763</b>	<b>3,555</b>	<b>1,763</b>
Salaries and related expenses	214,514	194,834	202,782	185,505
Total salaries and related expenses	<b>218,069</b>	<b>196,597</b>	<b>206,337</b>	<b>187,268</b>
<b>Bad and doubtful debts cost</b>				
Student loans	15	205	15	205
Student tuition	176	462	176	462
Other debtors	445	233	897	138
	<b>636</b>	<b>900</b>	<b>1,088</b>	<b>805</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>6. Operating Surplus-continued</b>					
<b>Amortisation of intangibles</b>					
Goodwill		15	7	-	-
<b>Amortisation</b>					
Leasehold improvements		307	289	127	114
Software and system development costs		3,385	3,470	3,385	3,470
		<b>3,692</b>	<b>3,759</b>	<b>3,512</b>	<b>3,584</b>
<b>Depreciation</b>					
Buildings		8,859	8,900	8,765	8,828
Plant, equipment and motor vehicles		6,249	5,833	5,092	4,779
Library collection		6,488	6,380	6,488	6,380
		<b>21,596</b>	<b>21,113</b>	<b>20,345</b>	<b>19,987</b>
<b>Net foreign exchange loss</b>		-	12	-	12
<b>Borrowing costs</b>					
Interest		12	33	-	16
Finance charges		143	117	143	117
		<b>155</b>	<b>150</b>	<b>143</b>	<b>133</b>
<b>7. Receivables</b>	3(h)				
<b>Current</b>					
Student tuition fees		3,051	2,861	3,051	2,861
Less: provision for doubtful debts		(664)	(462)	(664)	(462)
		<b>2,387</b>	<b>2,399</b>	<b>2,387</b>	<b>2,399</b>
Sundry and trade debtors		18,993	21,952	15,467	18,458
Less: provision for doubtful debts		(1,755)	(1,153)	(1,175)	(905)
		<b>17,238</b>	<b>20,799</b>	<b>14,292</b>	<b>17,553</b>
Student loans		243	258	243	258
Less: provision for doubtful debts		(183)	(205)	(183)	(205)
		<b>60</b>	<b>53</b>	<b>60</b>	<b>53</b>
Other		19	18	-	-
		<b>19,704</b>	<b>23,269</b>	<b>16,739</b>	<b>20,005</b>
<b>8. Other Financial Assets</b>					
<b>Current</b>					
<b>Short-term investment portfolio</b>					
Cash on deposit	3(i)	60,749	38,870	60,178	38,518
Other	33	4,692	5,690	-	-
		<b>65,441</b>	<b>44,560</b>	<b>60,178</b>	<b>38,518</b>
<b>Loans</b>					
Loans to controlled entities		-	-	2,246	2,807
Other loans		172	168	172	168
		<b>172</b>	<b>168</b>	<b>2,418</b>	<b>2,975</b>
		<b>65,613</b>	<b>44,728</b>	<b>62,596</b>	<b>41,493</b>



## Notes to the Financial Statements for the year ended 31 December 2004

		Consolidated		University	
		2004	2003	2004	2003
	Note	\$000	\$000	\$000	\$000
<b>8. Other Financial Assets - continued</b>					
<b>Non-Current</b>					
<b>Composite fund at fair value</b>	3(i)				
Australian fixed interest securities		10,037	8,025	10,037	8,025
Overseas fixed interest securities		6,416	4,349	6,416	4,349
Australian equities		21,665	17,067	21,665	17,067
Overseas equities		19,119	15,905	19,119	15,905
Property trusts		4,442	3,210	4,442	3,210
Cash and liquid assets		2,397	2,798	2,397	2,798
Alternative strategies		1,003	-	1,003	-
		<b>65,079</b>	<b>51,354</b>	<b>65,079</b>	<b>51,354</b>
<b>Managed investment held by</b>					
<b>Unisure Pty Ltd</b>		<b>7,172</b>	<b>6,934</b>	<b>7,172</b>	<b>6,934</b>
<b>Interest in business undertakings</b>					
<b>Controlled entities</b>	30	-	-	<b>48,645</b>	<b>50,541</b>
<b>Other investments</b>	33	<b>3,927</b>	<b>3,681</b>	<b>1,917</b>	<b>2,370</b>
<b>Other loans</b>		<b>1,373</b>	<b>1,543</b>	<b>1,373</b>	<b>1,543</b>
		<b>77,551</b>	<b>63,512</b>	<b>124,186</b>	<b>112,742</b>
Other loans are all secured by way of either a mortgage over land or a second priority fixed or floating charge over property.					
<b>9. Inventories</b>	3(k)				
Consumable materials and trading stock		2,116	1,943	1,877	1,909
Livestock		2,371	2,288	-	-
Provision for obsolescence		(123)	(100)	(123)	(100)
		<b>4,364</b>	<b>4,131</b>	<b>1,754</b>	<b>1,809</b>
<b>10. Other Non-Financial Assets</b>					
<b>Current</b>					
Pre-payments		5,003	4,899	2,682	3,532
Accrued income		380	464	339	149
Other		-	653	-	-
		<b>5,383</b>	<b>6,016</b>	<b>3,021</b>	<b>3,681</b>
<b>Non Current</b>					
Pre-payments		<b>1,273</b>	<b>1,340</b>	<b>1,273</b>	<b>1,340</b>
<b>11. Investments Accounted for Using the Equity Method</b>					
<b>Associated entities</b>	31				
At cost		-	-	298	298
Equity accounted		2,515	1,792	-	-
<b>Joint venture entities</b>	32				
At cost		-	-	65	65
Equity accounted		2,423	438	-	-
		<b>4,938</b>	<b>2,230</b>	<b>363</b>	<b>363</b>

## Notes to the Financial Statements for the year ended 31 December 2004

		Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
Note					
<b>12. Property, Plant and Equipment</b>	3(l)				
<b>12.1 Summary</b>					
<b>Land</b>					
Trust land:	At independent valuation 1998	5	5	5	5
	At independent valuation 2003	-	92,330	-	92,330
	At independent valuation 2004	103,685	-	103,685	-
		<u>103,690</u>	<u>92,335</u>	<u>103,690</u>	<u>92,335</u>
Other land:	At cost	220	220	220	220
	At independent valuation 1998	499	499	499	499
	At Valuer-General's valuation	-	4,625	-	4,625
	At independent valuation 2003	-	65,353	-	33,255
	At independent valuation 2004	74,816	-	43,765	-
		<u>75,535</u>	<u>70,697</u>	<u>44,484</u>	<u>38,599</u>
<b>Total land</b>		<b>179,225</b>	<b>163,032</b>	<b>148,174</b>	<b>130,934</b>
<b>Buildings</b>					
Trust buildings:	At cost	16,920	1,703	16,920	1,703
	At independent valuation 2002	273,391	273,391	273,391	273,391
		<u>290,311</u>	<u>275,094</u>	<u>290,311</u>	<u>275,094</u>
Other buildings:	At cost	3,069	2,068	2,716	1,800
	At independent valuation 2002	35,815	35,815	33,871	33,871
		<u>38,884</u>	<u>37,883</u>	<u>36,587</u>	<u>35,671</u>
Capital work in progress - at cost		11,320	17,910	11,320	17,910
<b>Total buildings</b>		<b>340,515</b>	<b>330,887</b>	<b>338,218</b>	<b>328,675</b>
<b>Provision for depreciation of buildings</b>					
Trust buildings:	At cost	(117)	-	(117)	-
	At independent valuation 2002	(15,044)	(7,663)	(15,044)	(7,663)
		<u>(15,161)</u>	<u>(7,663)</u>	<u>(15,161)</u>	<u>(7,663)</u>
Other buildings:	At cost	(69)	(25)	(37)	(20)
	At independent valuation 2002	(2,530)	(1,213)	(2,396)	(1,146)
		<u>(2,599)</u>	<u>(1,238)</u>	<u>(2,433)</u>	<u>(1,166)</u>
<b>Total provision for depreciation</b>		<b>(17,760)</b>	<b>(8,901)</b>	<b>(17,594)</b>	<b>(8,829)</b>
<b>Total buildings net of depreciation</b>		<b>322,755</b>	<b>321,986</b>	<b>320,624</b>	<b>319,846</b>
<b>Leasehold improvements</b>					
	At cost	4,326	3,090	2,491	1,278
	Provision for amortisation	(785)	(479)	(390)	(264)
		<u>3,541</u>	<u>2,611</u>	<u>2,101</u>	<u>1,014</u>
<b>Library collection</b>					
	At cost	-	3,156	-	3,156
	At Council valuation 2002	-	55,819	-	55,819
	At Council valuation 2004	39,457	-	39,457	-
		<u>39,457</u>	<u>58,975</u>	<u>39,457</u>	<u>58,975</u>
	Provision for depreciation	-	(6,380)	-	(6,380)
		<u>39,457</u>	<u>52,595</u>	<u>39,457</u>	<u>52,595</u>
<b>Works of art</b>					
	At independent valuation 2002	4,188	4,188	4,188	4,188
		<u>4,188</u>	<u>4,188</u>	<u>4,188</u>	<u>4,188</u>

## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>12 Property, Plant and Equipment - continued</b>	3(l)				
<b>12.1 Summary-continued</b>					
<b>Plant and equipment</b>					
At cost		115,631	104,944	105,815	96,563
Provision for depreciation		(80,348)	(73,063)	(74,853)	(68,532)
		<b>35,283</b>	<b>31,881</b>	<b>30,962</b>	<b>28,031</b>
<b>Total Property, Plant and Equipment</b>		<b>584,449</b>	<b>576,293</b>	<b>545,506</b>	<b>536,608</b>

Aggregate depreciation and amortisation allocated during the year is recognised as an expense and disclosed in Note 6 Operating Surplus.

### 12.2 Reconciliation

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Land	Buildings Inc WIP	Leasehold Improve- ments	Library Collections	Works of Art	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated</b>							
Opening Balance	163,032	321,986	2,611	52,595	4,188	31,881	576,293
Additions	-	9,628	1,237	3,267	-	13,915	28,047
Disposals	-	-	-	(197)	-	(879)	(1,076)
Revaluation increments/(decrements)	16,193	-	-	(9,720)	-	-	6,473
Depreciation/amortisation	-	(8,859)	(307)	(6,488)	-	(9,634)	(25,288)
<b>Closing Balance</b>	<b>179,225</b>	<b>322,755</b>	<b>3,541</b>	<b>39,457</b>	<b>4,188</b>	<b>35,283</b>	<b>584,449</b>
<b>Parent</b>							
Opening Balance	130,934	319,846	1,014	52,595	4,188	28,031	536,608
Additions	-	9,543	1,214	3,267	-	12,044	26,068
Disposal	-	-	-	(197)	-	(636)	(833)
Revaluation increments/(decrements)	17,240	-	-	(9,720)	-	-	7,520
Depreciation/amortisation	-	(8,765)	(127)	(6,488)	-	(8,477)	(23,857)
<b>Closing Balance</b>	<b>148,174</b>	<b>320,624</b>	<b>2,101</b>	<b>39,457</b>	<b>4,188</b>	<b>30,962</b>	<b>545,506</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>13. Intangibles</b>					
<b>Non-Current</b>					
Goodwill		149	149	-	-
Accumulated amortisation		(22)	(7)	-	-
		<b>127</b>	<b>142</b>	<b>-</b>	<b>-</b>
<b>14. Payables</b>					
<b>Current</b>					
Accounts payable		23,351	20,412	16,572	14,370
Accruals		9,433	5,748	6,655	4,128
		<b>32,784</b>	<b>26,160</b>	<b>23,227</b>	<b>18,498</b>
<b>Non-Current</b>					
Accounts payable		<b>2,399</b>	<b>2,326</b>	<b>2,393</b>	<b>2,324</b>
<b>15. Interest-bearing Liabilities</b>					
<b>Current</b>					
Bank loans and commercial paper		102	108	-	-
Other		6	6	6	6
		<b>108</b>	<b>114</b>	<b>6</b>	<b>6</b>
<b>Non-Current</b>					
Bank loans and commercial paper		31	122	-	-
Other		98	87	81	87
		<b>129</b>	<b>209</b>	<b>81</b>	<b>87</b>
<b>16. Provisions</b>					
<b>Current</b>					
Workers' compensation provision		742	741	742	741
Annual and long service leave		10,219	8,754	9,405	8,088
Insurance provision		1,716	939	1,716	939
		<b>12,677</b>	<b>10,434</b>	<b>11,863</b>	<b>9,768</b>
<b>Non-Current</b>					
Workers' compensation provision		1,608	1,499	1,608	1,499
Long service leave provision		17,778	17,235	17,731	17,211
		<b>19,386</b>	<b>18,734</b>	<b>19,339</b>	<b>18,710</b>
<b>17. Other Liabilities</b>					
<b>Current</b>					
Outside funded positions		947	917	947	917
Income in advance		751	290	487	290
Salary and wage deductions		4,097	2,357	4,097	2,357
Student tuition fees received in advance		2,658	2,423	2,658	2,423
Unspent Commonwealth financial assistance		-	842	-	842
Residential bonds		32	20	32	20
Employee benefits – redundancy		455	1,200	455	1,200
		<b>8,940</b>	<b>8,049</b>	<b>8,676</b>	<b>8,049</b>



## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>18. Employee Benefits and Related On-Cost Liabilities</b>					
In accordance with the requirements of AASB 1028 "Employee Benefits", employee on-costs are required to be reported as payables whilst leave liability amounts are reported separately as "Employee Benefits". Below is a composite note disclosure showing the total liabilities the University has as at 31 December 2004 relating to employee benefits:					
<b>Annual Leave</b>					
On-costs included in payables - current		1,183	1,118	1,071	1,037
Employee benefits - current	16	4,733	4,473	4,285	4,150
		<b>5,916</b>	<b>5,591</b>	<b>5,356</b>	<b>5,187</b>
<b>Long Service Leave</b>					
On-costs included in payables - current		742	578	692	532
Employee benefits - current	16	5,486	4,281	5,120	3,938
		6,228	4,859	5,812	4,470
On-costs included in payables - non-current	14	2,399	2,326	2,393	2,324
Employee benefits - non-current	16	17,778	17,235	17,731	17,211
		20,177	19,561	20,124	19,535
		<b>32,321</b>	<b>30,011</b>	<b>31,292</b>	<b>29,192</b>
<b>19. Accumulated result and reserves</b>					
<b>19.1 Summary</b>					
<b>Accumulated result</b>		<b>100,199</b>	<b>94,041</b>	<b>79,518</b>	<b>76,105</b>
<b>Capital reserves</b>					
Capital reserve		2,970	2,970	-	-
Capital profits reserve		687	687	-	-
Asset revaluation reserve		174,912	168,674	192,661	187,037
Initial asset recognition reserve		279,124	279,124	279,124	279,124
		<b>457,693</b>	<b>451,455</b>	<b>471,785</b>	<b>466,161</b>
<b>Specific purpose reserves</b>					
Special reserve		55,542	51,669	55,542	51,669
Bequests/donations unspent income reserve		12,651	12,088	12,651	12,088
Restricted purpose bequest capital reserve		53,261	46,310	53,261	46,310
Composite fund revaluation reserve		19,747	12,962	19,747	12,962
		<b>141,201</b>	<b>123,029</b>	<b>141,201</b>	<b>123,029</b>
<b>19.2 Movements in accumulated result</b>					
Opening balance		94,041	78,948	76,105	64,619
Add/(deduct): net operating result		24,329	23,851	21,585	20,237
Transfer (to) / from special reserve		(3,873)	(5,217)	(3,873)	(5,217)
Transfer (to) / from bequests/donations unspent income reserve		(563)	327	(563)	327
Transfer (to) / from restricted purpose bequest capital		(6,951)	(1,528)	(6,951)	(1,528)
Transfer (to) / from composite fund revaluation reserve		(6,785)	(2,333)	(6,785)	(2,333)
Adjustment to outside equity interests		1	(7)	-	-
Closing balance		<b>100,199</b>	<b>94,041</b>	<b>79,518</b>	<b>76,105</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>19.3 Movements in reserves</b>					
<b>Capital reserve</b>					
Opening balance		2,970	2,970	-	-
Current year movement		-	-	-	-
Closing balance		<b>2,970</b>	<b>2,970</b>	-	-
<b>Capital profits reserve</b>					
Opening balance		687	687	-	-
Current year movement		-	-	-	-
Closing balance		<b>687</b>	<b>687</b>	-	-
<b>Asset revaluation reserve</b>					
Opening balance		168,674	143,303	187,037	159,859
Add/(deduct): revaluation increment/(decrement) on investments		(235)	(655)	(1,896)	6,306
Add/(deduct): revaluation increment(decrement) on property, plant and equipment		6,473	26,026	7,520	20,872
Closing balance		<b>174,912</b>	<b>168,674</b>	<b>192,661</b>	<b>187,037</b>
<b>Initial asset recognition reserve</b>					
Opening balance		279,124	279,124	279,124	279,124
Current year movement		-	-	-	-
Closing balance		<b>279,124</b>	<b>279,124</b>	<b>279,124</b>	<b>279,124</b>
<b>Special reserve</b>					
Opening balance		51,669	46,452	51,669	46,452
Transfer (to) / from accumulated funds		3,873	5,217	3,873	5,217
Closing balance		<b>55,542</b>	<b>51,669</b>	<b>55,542</b>	<b>51,669</b>
<b>Bequests / donations unspent income reserve</b>					
Opening balance		12,088	12,415	12,088	12,415
Transfer (to) / from accumulated funds		563	(327)	563	(327)
Closing balance		<b>12,651</b>	<b>12,088</b>	<b>12,651</b>	<b>12,088</b>
<b>Restricted purpose bequest capital reserve</b>					
Opening balance		46,310	44,782	46,310	44,782
Transfer (to) / from accumulated funds		6,951	1,528	6,951	1,528
Closing balance		<b>53,261</b>	<b>46,310</b>	<b>53,261</b>	<b>46,310</b>
<b>Composite fund revaluation reserve</b>					
Opening balance		12,962	10,629	12,962	10,629
Transfer (to) / from accumulated funds		6,785	2,333	6,785	2,333
Closing balance		<b>19,747</b>	<b>12,962</b>	<b>19,747</b>	<b>12,962</b>

## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>19. Reserves - continued</b>					
<b>19.3 Nature and purpose of reserves</b>					
<b>Capital reserve</b>					
Represents capital accounts held within controlled entities of the University.					
<b>Capital profits reserve</b>					
Represents the accumulation of realised revalued increments of assets sold.					
<b>Asset revaluation reserve</b>					
Is used to record increments and decrements on the revaluation of non-current assets. Refer accounting policy note 3(l).					
<b>Initial asset recognition reserve</b>					
Represents the equity impact arising from the recognition of assets which until the first time the University prepared a set of accrual financial statements, had not previously been recognised.					
<b>Specific purpose reserves</b>					
Represents a number of reserves generated through a series of specific purpose transactions, and can only be used in accordance with the attributes of the generating transactions, eg composite fund revaluations reserve, bequest/donations reserve etc. In particular, the special reserve is created for surplus funds which will be specifically acquitted in future accounting periods.					
<b>20. Notes to the Statement of Cash Flows</b>					
<b>(a) Reconciliation of cash</b>					
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term investments in money market instruments. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:					
Cash		13,991	14,925	2,651	4,696
Short term cash investment		60,749	38,870	60,178	38,518
		<b>74,740</b>	<b>53,795</b>	<b>62,829</b>	<b>43,214</b>
<b>(b) Reconciliation of net cash provided by operating activities to operating surplus</b>					
<b>Operating surplus</b>		<b>24,271</b>	<b>24,108</b>	<b>21,585</b>	<b>20,237</b>
Add/(subtract) non cash items					
Amortisation	6	3,707	3,766	3,512	3,584
Depreciation	6	21,596	21,113	20,345	19,987
Write down/(up) investments		(9,868)	(3,611)	(9,718)	(3,611)
Contributed investments		-	(367)	-	(367)
Bad debts written off		-	(405)	565	(500)
Superannuation expense		(900)	(400)	(900)	(400)
Superannuation revenue		900	400	900	400
Other revenue/expenses		(5,635)	(3,826)	(1,312)	(1,697)
(Profit)/loss on sale of property, plant and equipment		(315)	(124)	(284)	122
<b>Changes in assets/liabilities</b>					
(Increase)/decrease in inventories		(233)	(662)	55	(149)
(Increase)/decrease in receivables		3,565	2,705	3,266	2,712
(Increase)/decrease in other assets		700	(1,958)	727	(1,806)
Increase/(decrease) in payables		6,529	1,312	4,798	2,009
Increase/(decrease) in other current liabilities		891	2,918	627	2,921
Increase/(decrease) in provisions		3,063	1,795	2,724	1,665
<b>Net cash provided by operating activities</b>		<b>48,271</b>	<b>46,764</b>	<b>46,890</b>	<b>45,107</b>
<b>(c) Interest-bearing liabilities</b>					
Refer to Note 15.					

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>21. Future Expenditure Commitments</b>					
<b>Operating Expenditure</b>					
Contracted but not provided for and payable:					
Not later than one year		11,572	12,237	11,572	12,237
Later than one year, but not later than five years		11,580	18,284	11,580	18,284
Later than five years		75	336	75	336
		<b>23,227</b>	<b>30,857</b>	<b>23,227</b>	<b>30,857</b>
<b>Capital Expenditure</b>					
Contracted but not provided for and payable:					
Not later than one year		2,975	4,501	2,975	4,501
Later than one year, but not later than five years		-	98	-	98
Later than five years		-	22	-	22
		<b>2,975</b>	<b>4,621</b>	<b>2,975</b>	<b>4,621</b>
<b>Operating Lease Commitments</b>					
Future operating base rental not provided for and payable:					
Not later than one year		3,061	3,754	2,418	3,213
Later than one year, but not later than five years		5,604	5,370	3,296	3,235
Later than five years		2,451	2,061	789	38
		<b>11,116</b>	<b>11,185</b>	<b>6,503</b>	<b>6,486</b>

**22. Contingent Liabilities****(a) Guarantees**

The University in 1997 provided a \$4.35 million guarantee and an indemnity to the Bank of South Australia to support a loan made to Frome Street Car Park Developments Pty Ltd. The guarantee is for a ten year period.

The University in 1997 provided a \$120,000 guarantee to the Commonwealth Government, Department of Health and Aged Care, for an interest free, 20 year loan of \$126,000 to be used for the construction of the Observatory Child Care Centre.

**(b) Superannuation****(i) The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)**

The University has guaranteed that members of this superannuation scheme will receive defined benefits in the event that this closed scheme has insufficient assets to meet the benefits. Employer contributions of 14% of salaries recommenced on actuarial advice as from 1 January 2003 to ensure there are sufficient assets in the scheme to meet expected future liabilities of remaining members. Refer to Note 24(c).

**(ii) UniSuper Limited Superannuation Schemes**

Refer to Note 24(b).



## Notes to the Financial Statements for the year ended 31 December 2004

### 22. Contingent Liabilities - continued

#### (c) Litigation

In the ordinary course of its operations, the University and its controlled entities became involved in legal disputes. At the date of adoption of these financial statements, some matters remained outstanding. On legal advice, the University is of the opinion that no material losses are likely to arise. The University or its controlled entities will make a provision where a material loss is identified. Claims of an insurance nature have been covered by a provision of \$1.7m under the self insurance component of the University programme. Refer note 16.

#### (d) Taxation claim involving R&D syndicate

During August 2000 The Adelaide Research & Innovation Investment Trust was notified by the Australian Taxation Office (ATO) that the Trust may be assessable to income tax in respect of certain income arising from the Transgenic Syndicated R&D Project in the 1991/1992 year and following years. The ATO claimed that on the information available to it Adelaide Research & Innovation had not distributed that income to the beneficiary The University of Adelaide. The potential liability to the ATO is \$21 million income tax (plus any penalties and interest). Adelaide Research & Innovation has contested the ATO's view, and its legal advice strongly supports Adelaide Research & Innovation's position that Adelaide Research & Innovation is not properly liable for any tax. The ATO has not pursued this matter since August 2000 and no assessment had been issued prior to the adoption of these accounts. Consequently no further action has been taken by Adelaide Research & Innovation.

In addition to this claim, the company received notification from the sponsor of the R&D Syndication that in the event that their defence of a claim placed upon them by the ATO was unsuccessful, they would make a counter claim for the 2,967,000 BresaGen shares issued to Adelaide Research & Innovation Investment Trust arising from the R&D syndication. The judgment was in favour of the Syndicate but the ATO appealed the decision and the appeal was successful. The matter was referred back to the Administrative Appeals Tribunal for rehearing. The matter was subsequently resolved in 2004 following an out of court settlement reached between Zoffanies Pty Ltd and the Australian Taxation Office. The obligations on Adelaide Research & Innovation regarding the BresaGen shares no longer exist.

### 23. National Wine Centre

During 2003 the University entered into an agreement with the State Government of South Australia to lease the National Wine Centre for a period of 40 years for consideration of \$1 million. The lease consideration has been included in the Statement of Financial Position as a prepayment and is to be amortised over the life of the lease on a straight line basis. The University also entered into an agreement with the State Government of South Australia to receive various items of plant and equipment for nil consideration. These items of plant and equipment were recognised as revenue within the Statement of Financial Performance and those items valued at less than the University capitalisation threshold of \$10,000 were expensed (\$0.5 million). The National Wine Centre also held exhibition assets. As the University has adopted a policy of free admissions to the National Wine Centre exhibition, these assets were determined to have limited future benefit and thus were not recognised in the University's Financial Statements.

### 24. Superannuation Schemes

#### (a) Categories

The University contributes to a range of superannuation schemes, which are divided into the following categories:

- (i) Those operative and open to membership:
  - UniSuper Defined Benefit Plan or Investment Choice Plan
  - UniSuper Award Plus Plan
- (ii) Those operative but closed to future membership:
  - The University of Adelaide Superannuation Scheme A 1985 (Scheme A 1985)
- (iii) State Government Schemes closed to future membership by University employees:
  - State Pension Scheme
  - State Lump Sum Scheme

#### (b) UniSuper Limited Superannuation Schemes

The employee's UniSuper plan is determined by the terms of employment and is administered by UniSuper Management Pty Ltd with UniSuper Ltd as the trustee.

## Notes to the Financial Statements for the year ended 31 December 2004

### 24. Superannuation Schemes – continued

#### (b) UniSuper Limited Superannuation Schemes - continued

The employer contribution rate during 2004 for employees in either the Defined Benefit Plan or Investment Choice Plan was 14% of salaries plus 3% of salaries contribution to the Award Plus Plan and for employees only in the Award Plus Plan was 9% of salaries. The employee contribution rate throughout 2004 for employees in either the Defined Benefit Plan or Investment Choice Plan was 7% of their gross salaries.

An actuarial assessment, as at 31 December 2002, was completed on 16 May 2003. The assessment was conducted by Mr Grant Harslett (FIA, FIAA) and Mr Matthew Burgess (FIAA) of Towers Perrin. The actuary concluded that the assets of the fund were sufficient to meet all benefits payable in the event of the fund's termination, or the voluntary or compulsory termination of employment of each employee of the University.

The Trustee of UniSuper has advised the vested and accrued benefits of staff members who are in the Defined Benefits Plan, as follows:

- (i) Estimated vested benefits at 30 June 2004 - \$178.4 million (2003 - \$166.9 million).
- (ii) Estimated accrued benefits as at 30 June 2004 - \$153.4 million (2003 - \$139.5 million).
- (iii) Estimated net market value of assets for current members, at 30 June 2004 available to pay the superannuation liabilities of The University of Adelaide members was \$172.7 million (2003 - \$147.1 million).
- (iv) The difference between the estimated net market value of assets and accrued benefits at 30 June 2004 apportioned to The University of Adelaide was \$19.3 million (2003 - \$7.6 million).

The accrued benefits have been calculated as the present value of expected future benefit payments to the relevant members which arise from membership of UniSuper up to the reporting date, determined using the actuary's current expectations of earnings of UniSuper's assets, future inflation, salary levels and other relevant assumptions.

The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution), which members were entitled to receive had their membership been voluntarily terminated as at the reporting date.

The Trustee has advised the University that based on reasonable assumptions about the future, the actuary expects commitments to members to be met and the existing contribution rates to remain appropriate. However since the Vested Benefit Index as at 31/12/2002 was in an 'unsatisfactory financial position', the Trustee had triggered Clause 34(a) of the Unisuper Trust Deed on 31/7/2003 as a matter of prudence (being a four year notice for contribution increase) for a possible further deterioration of the Fund. However, based on the performance since then, it is unlikely that an increase in contribution rates is now required.

#### (c) The University of Adelaide Superannuation Scheme A 1985

The University of Adelaide Superannuation Scheme A 1985 (Scheme) provides superannuation benefits for employees who had not transferred to UniSuper. The Scheme is administered by William M Mercer Pty Ltd. The trustee is The University of Adelaide Superannuation Scheme A 1985 Inc. The Scheme is governed by a separate trust deed and the general laws relating to trusts and superannuation. The Scheme provides a defined benefit (or accumulated member contributions multiplied by a factor of 2.5 if this amount is greater) and is fully funded.

Employer contributions of 14% of salaries recommenced on actuarial advice as from 1 January 2003 to ensure that there are sufficient assets in the Scheme to meet expected future liabilities of remaining members.

The actuary, William M Mercer Pty Ltd, has provided the following information on the scheme, based on the most recent financial report of the superannuation fund:

- (i) Vested benefits as at 30 June 2004 was \$10.0 million (2003 - \$9.9 million)
- (ii) Net market value of the assets of the Scheme available to pay benefits as at 30 June 2004 was \$9.5 million (2003 - \$10.0 million).
- (iii) Accrued benefits as at the date of last measurement being 30 June 2002 of \$10.5 million; the previous measurement as at 30 June 2001 was \$11.6 million.
- (iv) The difference between accrued benefits and the net market value of assets as at 30 June 2002, was \$0.2 million; the difference at the last measurement as at 30 June 2001 was \$0.6 million.

The actuary, William M Mercer Pty Ltd, has noted that as at 30 June 2004 the Scheme was in an unsatisfactory financial position as net assets were insufficient to cover vested benefits. The actuary will review the level of contributions required to be paid by the University as part of a review currently underway.

## Notes to the Financial Statements for the year ended 31 December 2004

### 24. Superannuation Schemes – continued

#### (d) State Government Superannuation Schemes

In 1991 employees of the City Campus of South Australian College of Advanced Education and Roseworthy Agricultural College were transferred to the University. Their terms of appointment to the University protected their membership of the State Pension Scheme and State Lump Sum Scheme. The schemes are administered by the Superannuation Board of South Australia. The schemes provide defined benefits and are mainly unfunded. The only employer contributions made in 2004 were 3% of salaries, and remaining benefits are met on an emerging cost basis.

The South Australian Department of Treasury and Finance estimate that, as at 31 December 2004, there is an unfunded liability of \$38.3 million (2003 - \$37.4 million). This represents an increase in liability of \$0.9 million since 31 December 2003. This is recognised as expenditure in the 2004 Statement of Financial Performance, with a corresponding adjustment to revenue.

The Commonwealth Government has agreed to provide assistance under Section 20 of the Higher Education Funding Act to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided for this purpose in the base operating grant. Under the Commonwealth legislation titled "State Grants (General Purposes) Amendment Act 1982", the method of payment of these costs by the Commonwealth to the State Governments was promulgated. Further, the accounting methodology employed in these financial statements is in accordance with "Financial Statement Guidelines for Australian Higher Education Providers for 2004 Reporting Period" provided by DEST. The accounting treatment employed is also consistent with the approach taken by other Australian Universities. Accordingly, total assets of \$38.3 million have been recorded as a "Deferred government superannuation contribution" which offsets the current and non-current liability for the State Government Superannuation Schemes recorded as "Deferred Employee Superannuation Benefits".

Summary	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Deferred Government Superannuation Contribution</b>					
Non-current asset		<b>38,300</b>	<b>37,400</b>	<b>38,300</b>	<b>37,400</b>
<b>Deferred Employee Superannuation Benefits</b>					
Current Liability		3,000	3,000	3,000	3,000
Non-current Liability		35,300	34,400	35,300	34,400
		<b>38,300</b>	<b>37,400</b>	<b>38,300</b>	<b>37,400</b>
<b>The total employer contributions were:</b>					
UniSuper Defined Benefit Plan or Investment Choice Plan		15,027	13,951	15,027	13,951
UniSuper Award Plus Plan		7,084	6,632	7,084	6,632
State Government Superannuation Schemes (3%)		27	26	27	26
The University of Adelaide Superannuation Scheme A 1985		123	125	123	125
		<b>22,261</b>	<b>20,734</b>	<b>22,261</b>	<b>20,734</b>

### 25. Post Balance Date Event

On 11 March 2005, the University suffered a significant water damage event. Costs associated with the repair and replacement of assets damaged during this event will be covered by insurance. The insurance excess to be borne by the University is immaterial. At the time of finalising the financial statements, the total cost of the insurance claim was unable to be quantified, however, the prompt and efficient action by University staff and contractors has ensured the costs have been minimised.

### 26. Disaggregation Information

The University predominantly operates in the field of higher education in Australia. Its primary activities are teaching and research. Income generated overseas from teaching and research activities is not significant so as to warrant disaggregation information disclosure.

## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>27. Auditors' Remuneration</b>					
Amounts paid or payable were:					
South Australian Auditor-General		202	190	202	190
Other auditors of controlled entities		73	68	-	-
		<u>275</u>	<u>258</u>	<u>202</u>	<u>190</u>
Other services		19	18	-	-
		<u>294</u>	<u>276</u>	<u>202</u>	<u>190</u>

**28. The University Council Members and Senior Management****(a) Names of the University Council Members and Senior Management**

## University Council Members

Ex officio	von Doussa QC, the Hon John William	commenced 26/7/2004
	Champion de Crespigny AC, Mr Robert	ceased 25/7/2004
	McWha, Professor James Alexander	
	Henneberg, Professor Maciej	
	Campbell, Ms Alice	commenced 6/3/2004
Appointed	Crafter, The Hon Gregory John	
	Adler AO, Mr Norman Ross	
	Bagot, Mr Charles	
	Castine, Ms Kate	
	Croser AO, Mr Brian	
Elected	Kowalick, Mr Ian John	
	Martin, Ms Pamela	
	Young, Mr Stephen Elliott	
	Crewther, Dr Rodney James	
	Gill, Dr Peter Maxwell	
Student	Dibb-Smith, Ms Janet Ann	
	Cecchin, Mr John	
	Handshin, Ms Mia	commenced 6/9/2004
	Medlin, Dr Edwin Harry	
	Perry, the Hon Justice John	ceased 14/5/2004
	Teague, Mr Baden	ceased 14/5/2004
	Giam, Mr Patrick Cheng Tiam	commenced 6/4/2004
	Longbottom, Ms Mardi Louise	commenced 30/8/2004
	Heath, Ms Georgia	ceased 5/3/2004
	Harrison, Mr Phil	ceased 5/3/2004
University Senior Management	Henbest, Mr Sebastian	ceased 5/3/2004
	McWha, Professor James	
	Boumelha, Professor Penny	
	Marsh, Professor Neville	
	Taplin, Professor John	
	Duldig, Mr Paul	
	MacIntosh, Ms Susan	
	Dowd, Professor Peter	commenced 30/7/2004
	Parker, Dr Anthony	ceased 6/8/2004
	Frewin, Professor Derek	
	Innes, Professor Michael	
	McDougall, Professor Fred	
	Rathjen, Professor Peter	
	Stoler, Mr Andrew	



## Notes to the Financial Statements for the year ended 31 December 2004

### 28. The University Council Members and Senior Management - continued

#### (b) Remuneration of the University Council Members and Senior Management

			2004	2003
			\$000	\$000
<hr/>				
University Council Members				
No remuneration was received by the University Council Members from the University during 2004 or 2003.				
University Senior Management				
Amounts paid or payable to University senior management:				
			3,011	2,865
			<b>Number</b>	<b>Number</b>
130,000	-	139,999	1	-
150,000	-	159,999	-	1
160,000	-	169,999	1	1
170,000	-	179,999	1	-
180,000	-	189,999	-	1
190,000	-	199,999	1	-
200,000	-	209,999	1	1
220,000	-	229,999	-	3
230,000	-	239,999	2	1
240,000	-	249,999	1	-
250,000	-	259,999	1	-
330,000	-	339,999	-	1
350,000	-	359,999	-	1
420,000	-	429,999	1	-
510,000	-	519,999	-	1
560,000	-	569,999	1	-
			<hr/>	<hr/>
			11	11
			<hr/>	<hr/>

Remuneration is based upon the total remuneration package which includes employer and employee (pre tax) superannuation contributions and termination payments, due and receivable, by senior managers from the University. Certain senior managers were employed for part of the year.

## Notes to the Financial Statements for the year ended 31 December 2004

### 29. Additional Financial Instruments Disclosure

#### (a) Interest Rate Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers enter into interest rate swaps, future contracts, interest rate options and other forms of agreements to manage cash flow risks associated with the interest rates on investments that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

		Floating Interest Rate \$000	1 Year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non- Interest bearing \$000	Total \$000
	Note						
<b>2004</b>							
<b>Financial Assets</b>							
Cash		13,991	-	-	-	-	13,991
Receivables	7	-	-	-	-	19,704	19,704
Other Financial Assets	8,11	53,479	6,871	326	870	86,556	148,102
		<b>67,470</b>	<b>6,871</b>	<b>326</b>	<b>870</b>	<b>106,260</b>	<b>181,797</b>

Weighted average interest rate 4.83% 5.42% 5.41% 6.43%

#### Financial Liabilities

Payables	14	-	-	-	-	35,183	35,183
Interest-bearing Liabilities	15	-	101	48	-	88	237
		<b>-</b>	<b>101</b>	<b>48</b>	<b>-</b>	<b>35,271</b>	<b>35,420</b>

Weighted average interest rate 0.00% 6.06% 6.06% 0.00%

		Floating Interest Rate \$000	1 Year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non- Interest bearing \$000	Total \$000
	Note						
<b>2003</b>							
<b>Financial Assets</b>							
Cash		14,925	-	-	-	-	14,925
Receivables	7	-	-	-	-	23,269	23,269
Other Financial Assets	8,11	32,103	6,584	188	1,178	70,417	110,470
		<b>47,028</b>	<b>6,584</b>	<b>188</b>	<b>1,178</b>	<b>93,686</b>	<b>148,664</b>

Weighted average interest rate 4.23% 5.43% 4.02% 6.34%

#### Financial Liabilities

Payables	14	-	-	-	-	28,486	28,486
Interest-bearing Liabilities	15	-	108	122	-	93	323
		<b>-</b>	<b>108</b>	<b>122</b>	<b>-</b>	<b>28,579</b>	<b>28,809</b>

Weighted average interest rate 0.00% 6.28% 6.28% 0.00%

## Notes to the Financial Statements for the year ended 31 December 2004

### 29. Additional Financial Instruments Disclosure - continued

#### (b) Foreign Exchange Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers enter into forward foreign currency exchange contracts to hedge overseas share trading and foreign currency cash exposures. The terms of the hedge contracts are usually less than three months.

#### (c) Credit Risk Exposures

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

##### (i) On Statement of Financial Position Financial Instruments

The credit risk on financial assets, excluding investments of the Consolidated Entity which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provisions for doubtful debts.

The Consolidated Entity's financial assets and liabilities are not materially exposed to any individual overseas country or individual customer.

##### (ii) Off Statement of Financial Position Financial Instruments

The reporting entity and its controlled entities do not possess or trade any Off Statement of Financial Position Financial Instruments.

#### (d) Net Fair Values of Financial Asset and Liabilities

Net fair values of financial assets and liabilities are determined by the Consolidated Entity on the following basis:

##### (i) On Statement of Financial Position Financial Instruments

The Consolidated Entity has placed its investments in a portfolio managed by independent managers. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Consolidated Entity values these investments at current market value.

Monetary financial assets and financial liabilities not readily traded in an organised financial market, are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

The carrying amount of bank term deposits, accounts receivable, accounts payable and bank loans approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to underlying net assets of the respective corporations.

##### (ii) Off Statement of Financial Position Financial Instruments

The reporting entity and its controlled entities do not possess or trade any Off Statement of Financial Position Financial Instruments.

### 30. Investments in Controlled Entities

Controlled entities and contribution to operating result before elimination of consolidation items:

Controlled Entity	Investment		Investment		Contribution to	
	at Fair Value		at Cost		Operating Result	
	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000
The Adelaide Research & Innovation Investment Trust	9,390	10,557	2,898	2,898	1,376	1,166
Lubims Pty Ltd	1,901	1,672	-	-	174	49
Martindale Holdings Pty Ltd as trustee for:						
· JS Davies Estate	17,058	16,988	-	-	(347)	1,539
· JAT Mortlock Trust	20,296	21,324	-	-	700	694
	<b>48,645</b>	<b>50,541</b>	<b>2,898</b>	<b>2,898</b>	<b>1,903</b>	<b>3,448</b>

#### JS Davies

The University holds a 5/6th interest in a joint venture named JS Davies Estate, the principal activity of which is farming. This venture is managed by Martindale Holdings Pty Ltd and included in the Consolidated Entity. The remaining 1/6th is recognised as an outside equity interest.

#### Fair value of investments in controlled entities

The investment in controlled entities has been reported at fair value using the net asset basis. Refer Note 3(j).

## Notes to the Financial Statements for the year ended 31 December 2004

### 31. Investments in Associates

#### (a) Equity and Contribution to Results

Associate Entity	Principal Activity	Holding %	Consolidated Carrying Amount		Investment at Cost	
			2004	2003	2004	2003
			\$000	\$000	\$000	\$000
<b>Held by the University</b>						
Unisure Pty Ltd	Responsible for processing of Tertiary Institution Workers' Compensation Insurance.	33	-	-	-	-
Ngee Ann Adelaide Education Centre Pty Ltd	Operates a graduate education centre in Singapore.	50	644	201	298	298
Australian Centre for Plant Functional Genomics Pty Ltd	Responsible for the development of world-class capability in plant genomic research & its application for economic & social benefit to Australia.	27	27	80	-	-
Australian Grain Technology Pty Ltd	Responsible for the development of research into new grain varieties.	25	1,844	1,511	-	-
			<b>2,515</b>	<b>1,792</b>	<b>298</b>	<b>298</b>
			<b>Consolidated</b>		<b>University</b>	
			<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Note</b>			<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>(b) Movements in Carrying Amounts of Investments in Associates</b>						
At beginning of financial year			1,792	440	-	-
Share of operating profits/(losses)			723	1,352	-	-
			<b>2,515</b>	<b>1,792</b>	<b>-</b>	<b>-</b>
<b>(c) Results Attributed to Associates</b>						
Operating profits/(losses)			723	1,352	-	-
Retained profits attributable to associates at the start of the financial year			1,792	440	-	-
Retained profits attributable to associates at the end of the financial year			<b>2,515</b>	<b>1,792</b>	<b>-</b>	<b>-</b>

#### (d) Accounting for Associates

##### (i) Capital and Other Expenditure Commitments

There are no material capital expenditure commitments relating to associated entities.

##### (ii) Contingent Liabilities

There are no material contingent liabilities relating to associated entities.

##### (iii) After Balance Date Events

There are no material after balance date events to report for associated entities.

## Notes to the Financial Statements for the year ended 31 December 2004

### 31. Investments in Associates – continued

#### (d) Accounting for Associates

##### (iv) Assets, Revenue and Expenditure

Since the above activities do not materially effect the University group figures, assets, revenue and expenditure have been reported as net amounts.

##### (v) Off Statement of Financial Position Financial Instruments

Neither the reporting entity, nor any of its associated entities, have any Off Statement of Financial Position Financial Instruments.

### 32. Interests in Joint Ventures

#### (a) Groups

The University participates in a number of joint ventures. These operations are not material to the University and there is no separate disclosure for 2004 in accordance with the Australian Accounting Standard AASB 1006 - "Interests in Joint Ventures". For reporting purposes these have been segregated into two group as follows: Refer note 3(j).

##### (i) Cooperative Research Centres

The University participated in a number of Cooperative Research Centres (CRCs) during 2004. These CRCs have the characteristics of joint ventures and have been reported as such.

A CRC is a research initiative of the Australian Government established to pursue specific areas of research. One of the desired outcomes of a CRC is the creation of specific intellectual property with commercial value. The participants in CRCs are an amalgam of research institutions, eg CSIRO, universities and private enterprise. Direct participants in these schemes are vested with joint venture interest. The funding of the CRC is co-ordinated through a Centre Agent who is appointed generally from one of the participating entities.

Funding transfers between the CRC and the University are accounted for as general revenue and expenditure with the overall impact for the period being revenue neutral. Consequently, they are reported as part of the University's activity. At this stage, with the exception of GroPep Ltd, there has been no intellectual property yet developed which is considered to have commercial value in either the ongoing or completed CRCs. Consequently at balance date, no value was ascribed to the intellectual property of the CRCs.

			Participation
CRC for Greenhouse Gas Technologies	(U)	(C)	11%
CRC for Welded Structures Ltd	(I)	(C)	7%
CRC for Molecular Plant Breeding	(U)	-	18%
CRC for Clean Power from Lignite	(U)	(C)	9%
CRC for Sensor Signal and Information Processing	(U)	-	13%
CRC for Viticulture	(U)	(C)	7%
CRC for Water Quality and Treatment	(U)	(C)	5%
CRC for Australian Weed Management	(U)	(C)	7%
CRC for Pest Animal Control	(U)	(C)	8%
CRC for Cattle & Beef Quality	(U)	(C)	-
CRC for Freshwater Ecology	(U)	(C)	1%
CRC for Smart Internet Technology Pty Ltd	(I)	-	5%
CRC for Plant-Based Management of Dryland Salinity	(U)	(C)	5%
CRC for Landscape Environments and Mineral Exploration	(U)	(C)	7%
CRC for Aquafin	(U)	(C)	-

The University is a supporting participant (but not a signatory) for the CRC for Cattle & Beef Quality and the CRC for Aquafin.

The University over the next six years will make both cash and in-kind contributions to support the work of the CRC's. The University has committed to participate in the work of these CRC's, with contributions in constant dollars, of \$2.1 million in cash and \$30.5 million in kind.

## Notes to the Financial Statements for the year ended 31 December 2004

### 32. Interests in Joint Ventures - continued

#### (ii) Other Joint Ventures

Name	Principal Activity	Participation
Middleback Field Centre	To provide pastoral-zone courses and range land ecology research programmes.	(U) 33%
Professional Certificate in Arbitration (previously - National Course in General Arbitration & Dispute Resolution)	To develop and deliver tertiary courses in arbitration.	(U) 50%
South Australian Centre for Economic Studies	To obtain quality research regarding regional economic development with particular application to South Australia.	(U) 50%
South Australian Tertiary Admissions Centre	Established as the agent for tertiary institutions in Adelaide for the purpose of receiving and processing applications from intending students.	(U) 25%
South Australian Consortium for Information Technology & Telecommunications	Represents the three South Australian Universities by providing a focal point for the State in pursuing & winning major research funding in IT & T.	(I) 33%
(I) Incorporated	(U) Unincorporated	(C) CSIRO is a partner

The Consolidated Entity's reported interest in the assets employed in the joint ventures totals \$2,423,000 (2003-\$438,000). These are included in the consolidated Statement of Financial Position, in accordance with the accounting policy described in Note 3 (j).

#### (b) Equity and Contribution to Results

Joint Venture Entity		Consolidated Carrying Amount		Investment at Cost	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Held by The University of Adelaide</b>					
Professional Certificate in Arbitration	50%	73	65	65	65
Middleback Field Centre	33%	25	27	-	-
South Australian Centre for Economic Studies	50%	31	97	-	-
South Australian Tertiary Admissions Centre	25%	336	249	-	-
South Australian Consortium for Information Technology & Telecommunications	33%	1,958	-	-	-
		<b>2,423</b>	<b>438</b>	<b>65</b>	<b>65</b>
		Consolidated		University	
	Note	2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>(c) Movements in Carrying Amounts of Joint Ventures</b>					
At beginning of financial year		438	367	-	-
Share of operating profits/(losses)		1,985	71	-	-
		<b>2,423</b>	<b>438</b>	<b>-</b>	<b>-</b>
<b>(d) Results Attributed to Joint Ventures</b>					
Operating profits/(losses)		1,985	71	-	-
Retained profits attributable at start of financial year		438	367	-	-
Retained profits attributable at the end of the financial year		<b>2,423</b>	<b>438</b>	<b>-</b>	<b>-</b>



## Notes to the Financial Statements for the year ended 31 December 2004

### 32. Interests in Joint Ventures - continued

#### (e) Accounting for Joint Ventures

##### (i) Capital and other expenditure commitments

There are no material capital expenditure commitments relating to joint ventures.

##### (ii) Contingent Liabilities

There are no known material contingent liabilities relating to joint ventures.

##### (iii) After Balance Date Events

There are no material after balance date events to report for joint ventures.

##### (iv) Assets, Revenue and Expenditure

Since the above activities do not materially affect the University group figures, assets, revenue and expenditure have been reported as net amounts.

##### (v) Off Statement of Financial Position Financial Instruments

Neither the reporting entity, nor any of its joint ventures, have any Off Statement of Financial Position Financial Instruments.

### 33. Other Investments

The University holds investments in the following business undertakings.

Entity	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>Investments at Cost</b>		<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Investments at Council valuation 2004</b>	3(j)				
Other		3,916	3,670	1,906	2,359
<b>Held by ARI Investment Trust at Council valuation <sup>(1)</sup></b>	3(j)				
BresaGen Ltd      Biotechnology research		324	793	-	-
GroPep Ltd        Biotechnology research		4,368	4,897	-	-
		<b>4,692</b>	<b>5,690</b>	<b>-</b>	<b>-</b>
		<b>8,619</b>	<b>9,371</b>	<b>1,917</b>	<b>2,370</b>

(1) These investments are publicly listed and have been recorded at the market value at balance date. BresaGen Ltd went into voluntary administration on 19 January 2004. BresaGen Ltd shares were suspended from quotation on the Australian Stock Exchange on 20 January 2004, at which time the market value was \$896,000. In December 2004 BresaGen Ltd shares were re-listed on the Australian Stock Exchange.

### 34. Related Party Transactions

#### (a) Councillor Related Transactions

Certain Councillors are members of incorporated and unincorporated associations that are an integral part of the University. Transactions between these bodies, the University and Council members, in respect of services provided to Council members are trivial and domestic in nature.

Certain Council members hold positions and interests in entities that provide goods and services to the University and its subsidiaries. The provision of these goods and services is on normal trading terms.

#### (b) Property Leases

The University is the lessor of long term leases at peppercorn rents to the CSIRO, Australian Wine Research Institute and SARDI. On this land, these organisations have erected or leased buildings. These buildings become property of the University at the termination of the lease.

The University and the CSIRO are partners in a number of Cooperative Research Centres - refer to Note 32.

#### (c) Fees Paid To Members of Council

No remuneration was paid to any members of Council, or its standing committees for the financial year. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

#### (d) Students at The University of Adelaide

From time to time, Council members will have members of their immediate family who are students at the University. Unless specifically stated within the financial statements, such students are subject to the normal fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

## Notes to the Financial Statements for the year ended 31 December 2004

The following information being Note 35 to Note 39 has been prepared in accordance with the DEST reporting guidelines.

### 35. Statement of Financial Performance for the Year Ended 31 December 2004

		Consolidated		University	
		2004	2003	2004	2003
	Note	\$000	\$000	\$000	\$000
<b>OPERATING REVENUE FROM ORDINARY ACTIVITIES</b>					
Commonwealth Government financial assistance					
Teaching and learning	36(a)	62,918	67,635	62,918	67,635
HECS and other loan programmes	36(b)	43,904	43,605	43,904	43,605
Scholarships	36(c)	5,323	5,013	5,323	5,013
DEST research	36(d)	53,650	53,644	53,650	53,644
ARC - discovery	36(e)	9,391	9,431	9,391	9,431
ARC - linkages	36(e)	9,454	7,866	9,454	7,866
Other Commonwealth Government financial assistance	36(f)	47,713	40,735	47,713	40,735
State and Local Government financial assistance	38	15,866	15,503	15,481	15,283
HECS - Student Contributions		7,525	6,000	7,525	6,000
Fees and charges	39	67,568	57,046	66,456	51,760
Superannuation - deferred Government contributions		900	(400)	900	(400)
Investment income		17,376	9,240	16,239	8,320
Royalties, trademarks and licenses	5	1,621	935	151	343
Consultancy and contract research		36,757	32,340	25,714	21,837
Other revenue		42,444	47,753	24,485	31,957
<b>Total operating revenue from ordinary activities</b>		<b>422,410</b>	<b>396,346</b>	<b>389,304</b>	<b>363,029</b>
<b>OPERATING EXPENSES FROM ORDINARY ACTIVITIES</b>					
Employee benefits	6	218,069	196,597	206,337	187,268
Depreciation and amortisation	6	25,303	24,879	23,857	23,571
Buildings and grounds		21,241	19,749	21,241	19,749
Bad and doubtful debts	6	636	900	1,088	805
Borrowing cost expense	6	155	150	143	133
Scholarships, grants and prizes		19,021	16,406	19,021	16,406
Non-capitalised equipment		9,273	9,928	9,273	9,928
Advertising, marketing and promotional expenses		2,497	2,382	2,497	2,382
Other expenses		101,944	101,247	84,262	82,550
<b>Total operating expenses from ordinary activities</b>		<b>398,139</b>	<b>372,238</b>	<b>367,719</b>	<b>342,792</b>
<b>Operating result from ordinary activities</b>		<b>24,271</b>	<b>24,108</b>	<b>21,585</b>	<b>20,237</b>

## Notes to the Financial Statements for the year ended 31 December 2004

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>36. Commonwealth Government Financial Assistance</b>					
<b>(a) DEST - Teaching and Learning:</b>					
Operating (including Superannuation and Workplace Reform Programmes)		60,309	65,003	60,309	65,003
Teaching Hospitals		511	541	511	541
Capital Development Pool		2,098	2,091	2,098	2,091
		<b>62,918</b>	<b>67,635</b>	<b>62,918</b>	<b>67,635</b>
<b>(b) HECS and other Commonwealth loan programmes</b>					
HECS - Commonwealth payments		40,328	41,370	40,328	41,370
PELS		3,576	2,235	3,576	2,235
		<b>43,904</b>	<b>43,605</b>	<b>43,904</b>	<b>43,605</b>
<b>(c) Scholarships</b>					
Australian Postgraduate Awards		4,186	4,156	4,186	4,156
International Postgraduate Research Scholarships		773	857	773	857
Commonwealth Education Costs Scholarships		100	-	100	-
Commonwealth Accommodation Scholarships		264	-	264	-
		<b>5,323</b>	<b>5,013</b>	<b>5,323</b>	<b>5,013</b>
<b>(d) DEST Research:</b>					
Institutional Grants Scheme		14,675	15,378	14,675	15,378
Research Training Scheme		27,670	27,790	27,670	27,790
Systemic Infrastructure Initiative		87	95	87	95
Research Infrastructure Block Grants		11,218	10,381	11,218	10,381
		<b>53,650</b>	<b>53,644</b>	<b>53,650</b>	<b>53,644</b>
		<b>165,795</b>	<b>169,897</b>	<b>165,795</b>	<b>169,897</b>
<b>(e) Australian Research Council</b>					
<b>Discovery</b>					
Projects		7,943	7,645	7,943	7,645
Fellowships		673	1,216	673	1,216
Federation Fellowships		775	570	775	570
		<b>9,391</b>	<b>9,431</b>	<b>9,391</b>	<b>9,431</b>
<b>Linkages</b>					
Special Research Initiatives		300	120	300	120
Infrastructure		1,734	1,512	1,734	1,512
International		122	129	122	129
Projects		3,754	4,045	3,754	2,060
Centres		3,544	129	3,544	4,045
		<b>9,454</b>	<b>5,935</b>	<b>9,454</b>	<b>7,866</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

	Note	Consolidated		University	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>36. Commonwealth Government Financial Assistance - continued</b>					
(f) Other Commonwealth Government financial assistance received:					
Attorney General's Department		19	19	19	19
Australian Centre for International Agricultural Research		549	432	549	432
Australian Institute of Health and Welfare		891	575	891	575
Bureau of Meteorology		35	35	35	35
Centrelink		-	107	-	107
CSIRO		188	257	188	257
Defence, Science and Technology Organisation		693	280	693	280
Department of Agriculture, Fisheries and Forestry		13,181	12,550	13,181	12,550
Department of Communications, IT and Arts		8	3	8	3
Department of Defence		300	37	300	37
Department of Education, Science and Training		3,087	207	3,087	207
Department of Employment and Workplace Relations		-	28	-	28
Department of Environment and Heritage		133	87	133	87
Department of Finance and Administration		1	36	1	36
Department of Foreign Affairs and Trade		-	12	-	12
Department of Health and Aged Care		28,298	25,628	28,298	25,628
Department of Immigration, Multicultural and Indigenous Affairs		67	20	67	20
Department of Industry, Tourism and Resources		-	1	-	1
Department of Treasury		20	4	20	4
Department of Veteran's Affairs		44	22	44	22
Medical Services Advisory Committee		-	395	-	395
Other		199	-	199	-
		<b>47,713</b>	<b>40,735</b>	<b>47,713</b>	<b>40,735</b>
<b>Total Commonwealth Government financial assistance</b>		<b>232,353</b>	<b>225,998</b>	<b>232,353</b>	<b>227,929</b>

# Notes to the Financial Statements for the year ended 31 December 2004

## 37(a). Acquittal of Commonwealth Government Financial Assistance

### DEST - Teaching & Learning

### Parent Entity (University) Only

	Notes	Operating Financial Assistance		Teaching Hospitals		Capital Development Pool		Total	
		2004	2003	2004	2003	2004	2003	2004	2003
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assistance received in cash during the reporting period		67,002	66,463	554	541	2,098	2,091	69,654	69,095
Net accrual adjustments		(6,693)	(1,460)	(43)	-	-	-	(6,736)	(1,460)
Revenue for the period	36(a)	60,309	65,003	511	541	2,098	2,091	62,918	67,635
Surplus/(Deficit) from the previous year		-	-	-	-	-	-	-	-
Total revenue including accrued revenue		60,309	65,003	511	541	2,098	2,091	62,918	67,635
Total expenses including accrued expenses		60,309	65,003	511	541	2,098	2,091	62,918	67,635
Surplus/(Deficit) for reporting period		-	-	-	-	-	-	-	-

## Notes to the Financial Statements for the year ended 31 December 2004

## 37(b). Acquittal of Commonwealth Government Financial Assistance (continued)

	HECS and Other Commonwealth Loan Programmes	Parent Entity (University) Only	HECS (Commonwealth payments only)							
			PELS				Total			
			2004	2003	2004	2003	2004	2003	2004	2003
	Notes		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assistance received in cash during the reporting period			40,328	41,370	3,176	1,935	43,504	43,305		
Net accrual adjustments			-	-	400	300	400	300		
Revenue for the period	36(b)		40,328	41,370	3,576	2,235	43,904	43,605		
Surplus/(Deficit) from the previous year			-	-	-	-	-	-		
Total revenue including accrued revenue			40,328	41,370	3,576	2,235	43,904	43,605		
Total expenses including accrued expenses			40,328	41,370	3,576	2,235	43,904	43,605		
Surplus/(Deficit) for reporting period			-	-	-	-	-	-		



37(c). Acquittal of Commonwealth Government Financial Assistance (continued)

Scholarships	Parent Entity (University) Only									
	Australian Postgraduate Awards Pre-2002				Australian Postgraduate Awards Post-2002				International Postgraduate Research Scholarships	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Notes									
Financial assistance received in cash during the reporting period	595	1,753	3,591	2,403			790	857	100	-
Net accrual adjustments	-	-	-	-	-	-	(17)	-	-	-
Revenue for the period	595	1,753	3,591	2,403			773	857	100	-
Surplus/(Deficit) from the previous year	-	111	140	-			-	-	-	-
Total revenue including accrued revenue	595	1,864	3,731	2,403			773	857	100	-
Total expenses including accrued expenses	735	1,864	3,431	2,263			773	857	100	-
Surplus/(Deficit) for reporting period	(140)	-	300	140			-	-	-	-

## Notes to the Financial Statements for the year ended 31 December 2004

## 37(c). Acquittal of Commonwealth Government Financial Assistance (continued)

## Scholarships - continued

## Parent Entity (University) Only

	Notes	Commonwealth Accommodation Scholarships				Total	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Financial assistance received in cash during the reporting period		264	-	5,340	5,013		
Net accrual adjustments		-	-	(17)	-		
Revenue for the period	36(c)	264	-	5,323	5,013		
Surplus/(Deficit) from the previous year		-	-	140	111		
Total revenue including accrued revenue		264	-	5,463	5,124		
Total expenses including accrued expenses		256	-	5,295	4,984		
Surplus/(Deficit) for reporting period		8	-	168	140		

# Notes to the Financial Statements for the year ended 31 December 2004

## 37(d). Acquittal of Commonwealth Government Financial Assistance (continued)

### DEST Research

### Parent Entity (University) Only

	Notes	Institutional Grants Scheme						Research Training Scheme				Systemic Infrastructure Initiative				Research Infrastructure Block Grants				Total	
		2004		2003		2004		2003		2004		2003		2004		2003		2004		2003	
		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000		\$000	
Financial assistance received in cash during the reporting period		15,951		15,325				27,138								10,222					
Net accrual adjustments		(1,276)		53		29,161		(190)		95		95		12,194		159		57,401		52,780	
Revenue for the period	36(d)	14,675		15,378		(1,491)		26,948		(8)		-		(976)		10,381		(3,751)		22	
Surplus/(Deficit) from the previous year		-		-		27,670		992		87		95		11,218		528		53,650		52,802	
Total revenue including accrued revenue		14,675		15,378		-		27,940		55		117		528		369		583		1,478	
Total expenses including accrued expenses		14,675		15,378		27,670		27,940		142		212		11,746		10,750		54,233		54,280	
Surplus/(Deficit) for reporting period		-		-		-		-		111		157		12,194		10,222		54,650		53,697	
										31		55		(448)		528		(417)		583	

## Notes to the Financial Statements for the year ended 31 December 2004

## 37(e). Acquittal of Commonwealth Government Financial Assistance (continued)

	Parent Entity (University) Only									
	Australian Research Council - Discovery									
	Projects		Fellowships		Fellowship		Total			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	<b>Notes</b>									
Financial assistance received in cash during the reporting period	8,149	7,645	772	1,225		570	9,696	9,440		
Net accrual adjustments	(206)	-	(99)	(9)		-	(305)	(9)		
Revenue for the period	7,943	7,645	673	1,216		570	9,391	9,431		
Surplus/(Deficit) from the previous year	2,070	2,039	197	333		266	2,783	2,638		
Total revenue including accrued revenue	10,013	9,684	870	1,549		836	12,174	12,069		
Total expenses including accrued expenses	7,456	7,614	861	1,352		320	8,927	9,286		
Surplus/(Deficit) for reporting period	2,557	2,070	9	197		516	3,247	2,783		

37(f). Acquittal of Commonwealth Government Financial Assistance (continued)

Australian Research Council - Projects Parent Entity (University) Only

Special Research														
	Notes	Initiatives			Infrastructure			International			Projects			
		2004	2003		2004	2003		2004	2003		2004	2003		
		\$000	\$000		\$000	\$000		\$000	\$000		\$000	\$000		
Financial assistance received in cash during the reporting period		300	120		1,734	1,512				139	145		3,833	2,071
Net accrual adjustments		-	-	-	-	-	-	-	-	(17)	(16)	-	(79)	(11)
Revenue for the period	36(e)	300	120		1,734	1,512				122	129		3,754	2,060
Surplus/(Deficit) from the previous year		120	-	-	499	-	-			142	227		558	878
Total revenue including accrued revenue		420	120		2,233	1,512				264	356		4,312	2,938
Total expenses including accrued expenses		140	-	-	2,013	1,013				127	214		2,663	2,380
Surplus/(Deficit) for reporting period		280	120		220	499				137	142		1,649	558

## Notes to the Financial Statements for the year ended 31 December 2004

## 37(f). Acquittal of Commonwealth Government Financial Assistance (continued)

## Australian Research Council - Projects - continued

## Parent Entity (University) Only

	Notes	Centres			Total	
		2004 \$000	2003 \$000	2004 \$000	2004 \$000	2003 \$000
Financial assistance received in cash during the reporting period		3,544	4,045	9,550	7,893	
Net accrual adjustments		-	-	(96)	(27)	
Revenue for the period	36(e)	3,544	4,045	9,454	7,866	
Surplus/(Deficit) from the previous year		1,235	2,315	2,554	3,420	
Total revenue including accrued revenue		4,779	6,360	12,008	11,286	
Total expenses including accrued expenses		4,682	5,125	9,625	8,732	
Surplus/(Deficit) for reporting period		97	1,235	2,383	2,554	



## Notes to the Financial Statements for the year ended 31 December 2004

	2004	2003	2004	2003
Note	\$000	\$000	\$000	\$000
<b>38. State and Local Government Financial Assistance</b>				
<b>(a) South Australian Government and Local Government financial assistance</b>				
Arts South Australia	87	83	87	83
Bio Innovation SA	1,845	2,745	1,774	2,745
Central Northern Adelaide Health Service	2,020	1,848	2,020	1,848
Department for Environment and Heritage	256	131	256	131
Department for Families and Communities	165	-	165	-
Department of Further Education, Employment, Science and Technology	2,667	2,090	2,667	2,090
Department of Health	1,133	-	1,133	-
Department of Human Services	-	923	-	923
Department of the Premier and Cabinet	343	293	343	293
Department of Primary Industries & Resources	1,125	1,300	905	1,080
Department of Education & Children Services	884	1,012	884	1,012
Department for Trade and Economic Development	8	82	8	82
Department of Transport & Urban Planning	636	1,137	636	1,137
Department of Water, Land and Biodiversity Conservation	576	641	576	641
Institute of Medical and Veterinary Science	182	161	182	161
Land Management Corporation	5	27	5	27
Motor Accident Commission	665	520	665	520
Multicultural SA	-	35	-	35
Office for the Commissioner for Public Employment	5	18	5	18
Planning SA	41	3	41	3
Police Department SA	150	228	150	228
Port Pirie Regional Health Service	25	22	25	22
Public Trustee Office	23	14	23	14
Repatriation General Hospital	20	25	20	25
Royal Adelaide Hospital	1,173	1,070	1,173	1,070
SAICORP	-	16	-	16
South Australian Dental Service	239	160	239	160
South Australian Museum	113	99	113	99
SA Water Corporation	-	30	-	30
South Australian State Energy Research Advisory Committee	10	44	10	44
Torrens and Patawalonga Catchment Water Management Board	29	40	29	40
Women's and Children's Hospital	537	379	537	379
Workcover Corporation	32	11	32	11
Other	131	148	131	148
<b>Total South Australian Government and Local Government financial assistance</b>	<b>15,125</b>	<b>15,335</b>	<b>14,834</b>	<b>15,115</b>
<b>(b) Other State Government and Local Government financial assistance</b>	<b>741</b>	<b>168</b>	<b>647</b>	<b>168</b>
<b>Total State and Local Government financial assistance</b>	<b>15,866</b>	<b>15,503</b>	<b>15,481</b>	<b>15,283</b>

**Notes to the Financial Statements for the year ended 31 December 2004**

		Consolidated		University	
		2004	2003	2004	2003
	Note	\$000	\$000	\$000	\$000
<b>39. Fees and Charges</b>					
Fees and charges were collected from the following sources during the reporting period:					
Student fee income	5	50,105	38,959	50,105	38,959
Library charges and fines		1,027	1,082	1,027	1,082
Application management and late fees		542	601	542	601
Parking fees		915	940	915	940
Rental charges/accommodation fees		4,561	4,103	4,561	4,103
Recharge of costs to other organisations		4,730	1,633	4,730	1,633
Franchise fees		867	1,120	867	1,120
Other		4,821	4,365	3,709	3,322
<b>Total</b>		<b>67,568</b>	<b>52,803</b>	<b>66,456</b>	<b>51,760</b>

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