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To the Chancellor University of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, I have audited the financial report of the University of South Australia and the consolidated entity comprising the University of South Australia and its controlled entities for the financial year ended 31 December 2017.

Qualified opinion

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

- a) giving a true and fair view of the financial position of the University of South Australia and its controlled entities as at 31 December 2017, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2017
- a Statement of Financial Position as at 31 December 2017
- a Statement of Changes in Equity for the year ended 31 December 2017
- a Statement of Cash Flows for the year ended 31 December 2017
- notes, comprising significant accounting policies and other explanatory information

Basis for qualified opinion

The University and its controlled entities has recognised \$30.5 million of unspent funding as a liability for the year ended 31 December 2017. These amounts have been accounted for as income received in advance and included in 'Other Liabilities - Commonwealth and State Government Grants', 'Other Liabilities - Income in advance on incomplete projects' and 'Other Liabilities - Other' in note 21 to the financial report. The University has disclosed its accounting treatment of these funds in note 21 to the financial report.

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

As a result, the following has been misstated in the 2017 financial report:

- Revenue recognised as Australian Government grants is understated by \$1.3 million (\$3.7 million overstated in 2016)
- Revenue recognised as State and Local Government financial assistance is understated by \$2.6 million (\$2.6 million understated in 2016)
- Revenue recognised as Consultancy and contract research is understated by \$1.6 million (\$202 000 understated in 2016).
- Operating result attributable to members of University of South Australia is understated by \$5.6 million (\$893 000 overstated in 2016)
- Other liabilities is overstated by \$30.5 million (\$25 million overstated in 2016)
- Closing retained earnings is understated by \$30.5 million (\$25 million understated in 2016).

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

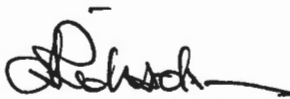
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

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

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

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



Andrew Richardson

Auditor-General

23 April 2018



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	260,952	264,786	260,952	264,786
HECS-HELP - Australian Government payments	2	122,433	118,235	122,433	118,235
FEE-HELP	2	9,090	9,138	9,090	9,138
SA-HELP	2	3,088	2,979	3,088	2,979
State and Local Government financial assistance	3	9,902	7,807	9,902	7,441
HECS-HELP - Student payments		10,145	10,617	10,145	10,617
Fees and charges	4	132,910	132,919	132,910	132,919
Investment revenue	5	8,483	11,016	8,462	10,893
Royalties		370	498	83	90
Consultancy and contract research	6	38,405	35,671	38,628	35,626
Other income	7	15,038	16,060	14,937	15,602
Gains / (Losses) on disposal of assets	8	1	(391)	1	(391)
Total income from continuing operations		610,817	609,335	610,631	607,935
Expenses from continuing operations					
Employee-related expenses	9	377,374	357,414	375,316	355,709
Depreciation and amortisation		33,632	32,408	33,614	32,401
Repairs and maintenance		18,155	16,132	18,154	16,131
Other expenses	10	168,129	162,452	169,802	162,749
Bad and doubtful debts		496	534	456	534
Total expenses from continuing operations		597,786	568,940	597,342	567,524
Operating result before income tax		13,031	40,395	13,289	40,411
Income tax (income) / expense		(138)	(64)	18	35
Operating result attributable to members of University of South Australia		13,169	40,459	13,271	40,376
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets valuation gains taken to equity		5,264	11,352	5,264	11,352
Available-for-sale financial assets transfer to profit or loss		(85)	(111)	(85)	(111)
Total		5,179	11,241	5,179	11,241
Items that will not be reclassified to profit or loss:					
Gain / (Loss) on revaluation of Land, Buildings and Infrastructure		(3,527)	50,994	(3,527)	50,994
Gain on revaluation of Art collection		-	323	-	323
Total		(3,527)	51,317	(3,527)	51,317
Total comprehensive income attributable to the members of the University of South Australia		14,821	103,017	14,923	102,934

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets					
Cash and cash equivalents	11	188,216	317,789	186,716	316,597
Receivables	12	22,733	25,348	22,765	25,330
Other financial assets	14	7,429	7,124	7,429	7,124
Deferred Government superannuation contribution	27	30,900	30,700	30,900	30,700
Other non-financial assets	15	16,921	15,983	16,878	15,961
Non-current assets held-for-sale		-	3,080	-	3,080
Total current assets		266,199	400,024	264,688	398,792
Non-current assets					
Other financial assets	14	41,938	35,779	43,999	37,339
Property, plant and equipment	16	1,087,150	930,387	1,087,129	930,362
Deferred tax assets		563	398	-	-
Intangible assets	17	5,382	3,763	5,382	3,763
Deferred Government superannuation contribution	27	385,042	399,761	385,042	399,761
Total non-current assets		1,520,075	1,370,088	1,521,552	1,371,225
Total assets		1,786,274	1,770,112	1,786,240	1,770,017
Current liabilities					
Trade and other payables	18	52,078	49,332	52,516	49,135
Provisions	20	59,320	58,592	59,122	58,418
Current tax liabilities		73	42	65	46
Other liabilities	21	55,609	43,043	55,759	43,833
Defined benefit obligation	27	30,900	30,700	30,900	30,700
Total current liabilities		197,980	181,709	198,362	182,132
Non-current liabilities					
Trade and other payables	18	1,740	1,277	1,740	1,277
Provisions	20	12,708	13,382	12,708	13,382
Defined benefit obligation	27	385,042	399,761	385,042	399,761
Total non-current liabilities		399,490	414,420	399,490	414,420
Total liabilities		597,470	596,129	597,852	596,552
Net assets		1,188,804	1,173,983	1,188,388	1,173,465
Equity					
Reserves	22	254,218	252,566	254,218	252,566
Retained earnings		934,586	921,417	934,170	920,899
Total equity		1,188,804	1,173,983	1,188,388	1,173,465

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



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated			University		
	Reserves	Retained earnings	Total	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2016	190,003	880,961	1,070,964	190,003	880,526	1,070,529
Profit or loss	-	40,461	40,461	-	40,378	40,378
Available-for-sale financial assets valuation gains taken to equity	11,352	-	11,352	11,352	-	11,352
Available-for-sale financial assets valuation gains taken to profit or loss	(111)	-	(111)	(111)	-	(111)
Gain on revaluation of Land, Buildings and Infrastructure	50,994	-	50,994	50,994	-	50,994
Gain on revaluation of Art collection	323	-	323	323	-	323
Total comprehensive income	62,558	40,461	103,019	62,558	40,378	102,936
Transfers to / (from) Reserves	5	(5)	-	5	(5)	-
Balance as at 31 December 2016	252,566	921,417	1,173,983	252,566	920,899	1,173,465

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received		399,738	389,541	399,738	389,541
OS-HELP (Net)	35(g)	1,114	(518)	1,114	(518)
Superannuation supplementation	35(h)	32,691	29,413	32,691	29,413
State and Local Government grants		14,045	9,195	14,045	8,828
HECS-HELP - Student payments		10,145	10,617	10,145	10,617
Receipts from student fees and other customers		140,816	138,009	140,713	137,811
Dividends received		561	945	561	838
Interest received		10,242	10,325	10,221	10,309
Royalties		370	498	83	90
Consultancy and contract research		39,592	32,361	39,520	32,402
Other receipts		15,038	16,319	15,228	15,853
GST recovered / (paid)		22,591	13,871	22,829	14,042
Outflows:					
Payments to suppliers and employees (GST incl)		(622,874)	(576,003)	(623,223)	(574,840)
Net cash provided by / (used in) operating activities	32	64,069	74,573	63,665	74,386
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of property, plant and equipment		3,307	892	3,307	892
Proceeds from sale of Investments		4,080	2,827	4,080	2,728
Outflows:					
Payments for property, plant and equipment		(195,182)	(100,659)	(195,168)	(100,632)
Payments for investments		(5,847)	(2,873)	(5,765)	(2,377)
Net cash provided by / (used in) investing activities		(193,642)	(99,813)	(193,546)	(99,389)
Net increase / (decrease) in cash and cash equivalents		(129,573)	(25,240)	(129,881)	(25,003)
Cash and cash equivalents at the beginning of the financial year		317,789	343,029	316,597	341,600
Cash and cash equivalents at the end of the financial year	11	188,216	317,789	186,716	316,597

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



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1. Summary of significant accounting policies

General information

The principal accounting policies adopted in the preparation of these financial statements are set out below and where applicable, throughout the notes to the accounts. These policies have been consistently applied to all the years reported, unless otherwise stated. The financial statements include separate statements for the University of South Australia (the University) and the University and its subsidiaries (the Group).

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS), AASB Interpretations, requirements of the Department of Education and Training (EDUCATION), the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and other State / Australian Government legislative requirements.

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

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

Historical cost convention

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

Critical accounting estimates

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

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

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

Rounding of amounts

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

Comparative amounts

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



1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Foreign currency translation

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

(b) Basis of consolidation

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

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

A list of controlled entities are contained in Note 28. Subsidiaries of the financial statements.

(c) Goods and Services Tax (GST)

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

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

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

(d) Income tax

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



1. Summary of significant accounting policies (continued)

(e) Interests in Co-operative Research Centres

The University has an interest in nine Co-operative Research Centres. During 2017 the University provided funding to Co-operative Research Centres through cash contributions and research resources (in-kind) support.

The Co-operative Research Centres are:

- Automotive Australia 2020 CRC
- Co-operative Research Centre for Cell Therapy Manufacturing
- Co-operative Research Centre for Contamination Assessment and Remediation of the Environment II
- Co-operative Research Centre for Low Carbon Living
- Co-operative Research Centre for Remote Economic Participation
- Data to Decisions Co-operative Research Centre
- Innovative Manufacturing Co-operative Research Centre
- iMove Co-operative Research Centre
- Wound Management Innovation Co-operative Research Centre

(f) Changes in accounting policies

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the University for the reporting period ending 31 December 2017.

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

AASB 15 Revenue from Contracts with Customers

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

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

AASB 1058 Income of Not-for-Profit Entities

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

AASB 16 Leases

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

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



1. Summary of significant accounting policies (continued)

(f) Changes in accounting policies (continued)

AASB 9 Financial Instruments

The Australian Accounting Standards board issued new accounting standard AASB 9 *Financial Instruments* to replace AASB 139 *Financial Instruments: Recognition and Measurement* which is mandatory for adoption 1 January 2018.



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

Australian Government financial assistance

	Note	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commonwealth Grants Scheme and Other Grants	35(a)	190,062	194,440	190,062	194,440
Higher Education Loan Programs	35(b)	134,611	130,352	134,611	130,352
Scholarships	35(c)	19,843	20,033	19,843	20,033
Education Research	35(c)	15,462	14,672	15,462	14,672
Other Capital Funding	35(e)	8	321	8	321
Australian Research Council	35(f)	7,951	6,268	7,951	6,268
Total CGS, HELP, Scholarships and Research Grants		367,937	366,086	367,937	366,086
Other Australian Government financial assistance					
Non-capital		27,626	29,052	27,626	29,052
Capital		-	-	-	-
Total Other Australian Government financial assistance		27,626	29,052	27,626	29,052
Total Australian Government financial assistance		395,563	395,138	395,563	395,138

Accounting policy

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

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

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

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

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



3. State and Local Government financial assistance

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Non-capital research grants	9,243	6,854	9,343	6,854
Non-capital other	659	784	559	418
Capital	-	169	-	169
Total State and Local Government financial assistance	9,902	7,807	9,902	7,441

Accounting Policy

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

4. Fees and charges

	Note	Consolidated		University	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Course fees and charges					
Fee-paying onshore overseas students		109,006	102,539	109,006	102,539
Fee-paying offshore overseas students		1,013	2,467	1,013	2,467
Continuing education		1,377	967	1,377	967
Fee-paying domestic postgraduate students		3,508	3,636	3,508	3,636
Total course fees and charges		114,904	109,609	114,904	109,609
Other fees and charges					
Miscellaneous enrolment fees		10,051	9,843	10,051	9,843
Other fees and charges		4,940	8,300	4,940	8,300
Seminar / workshop fees		1,895	3,052	1,895	3,052
Student services fees from students	35(i)	1,120	2,115	1,120	2,115
Total other fees and charges		18,006	23,310	18,006	23,310
Total fees and charges		132,910	132,919	132,910	132,919

Accounting Policy

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



5. Investment revenue

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Dividends and distributions	1,456	796	1,456	689
Interest	7,027	10,220	7,006	10,204
Total investment revenue	8,483	11,016	8,462	10,893

Accounting Policy

Interest income is recognised as it accrues.

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

6. Consultancy and contract research

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Consultancy	2,862	2,327	2,809	2,263
Contracts	35,543	33,344	35,819	33,363
Total consultancy and contract research	38,405	35,671	38,628	35,626

Accounting Policy

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

7. Other income

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	2,142	1,900	2,142	1,900
Scholarships and prizes	1,617	1,573	1,617	1,573
Other fees and charges	5,161	6,530	5,102	6,247
Other*	6,118	6,057	6,076	5,882
Total other income	15,038	16,060	14,937	15,602

* Included within other for 2017 is an amount for insurance proceeds of \$2.000 million University (\$2.000 million Consolidated).

Accounting Policy

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



8. Gains / (Losses) on disposal of assets

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Disposal of property, plant and equipment				
Proceeds from sale	3,307	892	3,307	892
Carrying amount of assets sold*	(3,612)	(1,596)	(3,612)	(1,596)
Net Gain / (Loss) on disposal of property, plant and equipment	(305)	(704)	(305)	(704)
Sale of shares				
Available-for-sale investments	306	313	306	313
Total of Net Gain/(Loss) on disposal of assets	1	(391)	1	(391)

*The 2017 carrying amount of asset sold includes the disposal of Land with a carrying amount of \$3.080 million, resulting in no gain or loss on disposal.



9. Employee-related expenses

(a) Employee-related expenses

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	160,013	148,937	159,860	148,792
Contributions to superannuation and pension schemes:				
Emerging cost	190	210	190	210
Funded	24,056	22,386	24,056	22,386
Payroll tax	8,634	8,800	8,634	8,800
Workers' compensation	123	152	123	152
Long service leave	3,984	4,283	3,984	4,283
Annual leave	10,519	10,361	10,519	10,361
Total academic	207,519	195,129	207,366	194,984
Non-academic				
Salaries	126,795	121,455	125,150	120,129
Contributions to superannuation and pension schemes:				
Emerging cost	180	156	34	36
Funded	19,820	18,581	19,820	18,581
Payroll tax	9,026	7,584	8,937	7,508
Workers' compensation	459	125	459	125
Long service leave	3,752	4,277	3,712	4,254
Annual leave	9,599	9,877	9,614	9,862
Total non-academic	169,631	162,055	167,726	160,495
Total academic & non-academic employee related expenses	377,150	357,184	375,092	355,479
Council member remuneration	224	230	224	230
Total employee-related expenses	377,374	357,414	375,316	355,709



9. Employee-related expenses (continued)

(b) Voluntary separation packages

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

	Consolidated		University	
	2017 Number	2016 Number	2017 Number	2016 Number
Number of voluntary separation packages	15	29	15	29
	\$'000	\$'000	\$'000	\$'000
Voluntary separation packages expenses	1,574	2,418	1,574	2,418
Annual leave and long service leave entitlements paid	388	821	388	821
Total amount associated with separations	1,962	3,239	1,962	3,239

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

Accounting Policy

Refer to Note 20. Provisions for the accounting policy relating to employee benefits and Note 27. Superannuation Plans for the accounting policy relating to employee benefits - Superannuation.

10. Other expenses

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	19,761	21,126	19,761	21,126
Non-capitalised equipment	6,684	6,200	6,684	6,200
Advertising, marketing and promotion	9,195	7,317	9,182	7,290
Telecommunications	3,641	3,461	3,629	3,449
Travel, staff development and entertainment	20,433	19,048	20,300	18,924
External services*	55,163	57,678	57,904	58,639
IT hardware and software	13,715	11,420	13,710	11,403
Library subscriptions	6,608	5,841	6,608	5,841
Printing	2,131	1,903	2,131	1,903
Operating lease expenses ***	3,347	3,320	3,342	3,320
Bank charges, legal costs, insurance and taxes	5,722	5,590	5,419	5,123
General consumables	7,054	7,326	7,040	7,310
Utilities	8,395	6,957	8,395	6,957
Other**	6,280	5,265	5,697	5,264
Total other expenses	168,129	162,452	169,802	162,749

* Included within external services for 2017 is an amount for consultants of \$2.507 million University (\$2.653 million Consolidated) exclusive of GST (2016: \$1.783 million University, \$1.922 million Consolidated). This amount excludes consultant payments for the capital works program.

** Net foreign exchange losses included in other expenses for 2017 were \$0.631 million University (\$0.631 million Consolidated) (2016: Net foreign exchange gains included in other revenue \$0.163 million University and \$0.163 million Consolidated)

Accounting Policy

*** Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the Statement of Comprehensive Income over the term of the lease. The operating lease commitments are disclosed in Note 26(b).



11. Cash and cash equivalents

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	7,565	8,187	7,298	8,147
Deposits at call	180,651	309,602	179,418	308,450
Total cash and cash equivalents	188,216	317,789	186,716	316,597

Cash at bank and on hand

During the year cash earned an average of 0.23% (2016: 0.48%) and interest was credited to the University on a monthly basis.

Deposits at call

During the year Deposits at call earned interest at a fixed rate which ranged between 1.50% and 3.17% (2016: range between 2.74% and 3.40%). These deposits had an average maturity of 297 days (2016: 320 days).

Accounting Policy

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

12. Receivables

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade debtors	11,910	13,218	11,942	13,015
Less: Provision for impaired receivables	(229)	(266)	(229)	(266)
	11,681	12,952	11,713	12,749
Student fees	3,780	3,741	3,780	3,741
Less: Provision for impaired receivables	(617)	(612)	(617)	(612)
	3,163	3,129	3,163	3,129
Commonwealth receivables	2,918	5,156	2,918	5,156
Other	4,971	4,111	4,971	4,296
Total receivables	22,733	25,348	22,765	25,330

(a) Impaired receivables

As at 31 December 2017 current trade debtors of the Group with a nominal value of \$0.209 million (2016: \$0.256 million) were impaired. The individually impaired receivables were assessed in consultation with local responsible managers. Factors considered in the assessment included the age of the debt combined with the particular circumstances and experience with similar debt types. In addition, current trade debtors were collectively evaluated for impairment based upon past due status and historical collection experience resulting in a further provision of \$0.020 million (2016: \$0.010 million). The total amount of the provision for impaired trade debtors was \$0.229 million (2016: \$0.266 million).

12. Receivables (continued)

(a) Impaired receivables (continued)

Trade debtors

The ageing analysis of impaired trade debtors is as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
Less than 3 months	-	-
3 to 6 months	77	19
Over 6 months	152	247
Total impaired trade debtors	229	266

As at 31 December 2017, trade debtors of \$5.590 million (2016: \$4.093 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Less than 3 months	4,340	3,674
3 to 6 months	1,041	390
Over 6 months	209	29
	5,590	4,093

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

	Consolidated	
	2017	2016
	\$'000	\$'000
At 1 January	266	166
Provision for impairment recognised during the year	167	237
Unused amount reversed and debts collected	(204)	(137)
At 31 December	229	266



12. Receivables (continued)

(a) Impaired receivables (continued)

Student fees

As at 31 December 2017, student fees of \$2.501 million (2016: \$2.286 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
Less than 3 months	198	83
3 to 6 months	1,348	1,064
Over 6 months	955	1,139
	2,501	2,286

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

	Consolidated	
	2017	2016
	\$'000	\$'000
At 1 January	612	562
Provision for impairment recognised during the year	458	430
Receivables written-off during the year as uncollectible	(362)	(342)
Unused amount reversed and debts collected	(91)	(38)
At 31 December	617	612

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

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

(b) Foreign exchange and interest rate risk

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

(c) Fair value and credit risk

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

12. Receivables (continued)

Accounting Policy

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

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables.

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

13. Investments accounted for using the equity method

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

14. Other financial assets

	Note	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current					
Accrued Income		7,429	7,124	7,429	7,124
Total current other financial assets		7,429	7,124	7,429	7,124
Non-current					
Shares in subsidiaries	28	-	-	4,031	4,100
Available-for-sale financial assets at fair value		41,938	35,779	39,968	33,239
Total non-current other financial assets		41,938	35,779	43,999	37,339
Total other financial assets		49,367	42,903	51,428	44,463



14. Other financial assets (continued)

Accounting Policy

Shares in subsidiaries

Investments in all wholly-owned subsidiaries are recorded at fair value. Where fair value is not readily available, investments are carried at the lower of cost and recoverable amount. The Group assesses at each reporting date whether there is objective evidence that the investment is impaired.

Available-for-sale financial assets

The University invests in shares, fixed interest, property trusts and managed funds known as Investments, which are classified as available-for-sale financial assets and measured at fair value. These Investments are included in non-current assets unless management intends to dispose of the Investment within 12 months of the balance sheet date.

Purchases and sales of Investments are recognised on trade date (the date on which the University commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from them have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

Available-for-sale Investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the available-for-sale investments revaluation surplus. When Investments classified as available-for-sale are sold the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses on disposal of assets.

Impairment of financial assets

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. When securities classified as available-for-sale are impaired the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from financial assets.

15. Other non-financial assets

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	16,861	15,878	16,818	15,856
Other	60	105	60	105
Total other non-financial assets	16,921	15,983	16,878	15,961



16. Property, plant and equipment

University	Capital works in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Art collection \$'000	Library collection \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2016										
- Cost	35,301	9,276	113,393	87,190	2,170	7,215	33	1,946	1,446	257,970
- Valuation	-	122,570	907,147	-	-	-	3,279	21,122	84,252	1,138,370
Accumulated depreciation and impairment	-	-	(473,015)	(54,945)	-	(5,322)	-	(10,034)	(44,551)	(587,867)
Net book amount	35,301	131,846	547,525	32,245	2,170	1,893	3,312	13,034	41,147	808,473
Year ended 31 December 2016										
Opening net book amount	35,301	131,846	547,525	32,245	2,170	1,893	3,312	13,034	41,147	808,473
Additions	93,386	281	-	7,690	2,321	-	81	3,140	-	106,899
Disposals	-	-	-	(742)	-	(18)	(5)	(831)	-	(1,596)
Reclassifications	(8,440)	-	7,131	900	(961)	870	99	-	401	-
Transfers to held-for-sale	-	(3,080)	-	-	-	-	-	-	-	(3,080)
Revaluation	-	29,763	19,009	-	-	-	323	-	2,222	51,317
Depreciation charge	-	-	(18,973)	(8,072)	-	(526)	-	(2,312)	(1,710)	(31,593)
Other changes, movements	(58)	-	-	-	-	-	-	-	-	(58)
Closing net book amount	120,189	158,810	554,692	32,021	3,530	2,219	3,810	13,031	42,060	930,362
At 31 December 2016										
- Cost	120,189	-	-	90,672	3,530	7,784	36	5,026	-	227,237
- Valuation	-	158,810	1,057,884	-	-	-	3,774	17,294	87,500	1,325,262
Accumulated depreciation and impairment	-	-	(503,192)	(58,651)	-	(5,565)	-	(9,289)	(45,440)	(622,137)
Net book amount	120,189	158,810	554,692	32,021	3,530	2,219	3,810	13,031	42,060	930,362



16. Property, plant and equipment (continued)

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



16. Property, plant and equipment (continued)

Consolidated	Capital works in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Plant and equipment in progress \$'000	Leasehold improvements \$'000	Art collection \$'000	Library collection \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2016										
- Cost	35,301	9,276	113,393	87,264	2,170	7,215	33	1,946	1,446	258,044
- Valuation	-	122,570	907,147	-	-	-	3,279	21,122	84,252	1,138,370
Accumulated depreciation and impairment	-	-	(473,015)	(55,013)	-	(5,322)	-	(10,034)	(44,551)	(587,935)
Net book amount	35,301	131,846	547,525	32,251	2,170	1,893	3,312	13,034	41,147	808,479
Year ended 31 December 2016										
Opening net book amount	35,301	131,846	547,525	32,251	2,170	1,893	3,312	13,034	41,147	808,479
Additions	93,386	281	-	7,716	2,321	-	81	3,140	-	106,925
Disposals - written-down value	-	-	-	(742)	-	(18)	(5)	(831)	-	(1,596)
Reclassifications	(8,440)	-	7,131	900	(961)	870	99	-	401	-
Transfers to held-for-sale	-	(3,080)	-	-	-	-	-	-	-	(3,080)
Revaluation	-	29,763	19,009	-	-	-	323	-	2,222	51,317
Depreciation charge	-	-	(18,973)	(8,079)	-	(526)	-	(2,312)	(1,710)	(31,600)
Other changes, movements	(58)	-	-	-	-	-	-	-	-	(58)
Closing net book amount	120,189	158,810	554,692	32,046	3,530	2,219	3,810	13,031	42,060	930,387
At 31 December 2016										
- Cost	120,189	-	-	90,772	3,530	7,784	36	5,026	-	227,337
- Valuation	-	158,810	1,057,884	-	-	-	3,774	17,294	87,500	1,325,262
Accumulated depreciation and impairment	-	-	(503,192)	(58,726)	-	(5,565)	-	(9,289)	(45,440)	(622,212)
Net book amount	120,189	158,810	554,692	32,046	3,530	2,219	3,810	13,031	42,060	930,387



16. Property, plant and equipment (continued)

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



16. Property, plant and equipment (continued)

Accounting Policy

Initial recognition and measurement

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

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

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

Revaluations

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

Revaluation surpluses have been credited to the asset revaluation reserve included in the equity section of the statement of financial position. Revaluation increments and decrements are offset against one another within asset classes, but not otherwise. Refer to Note 34(c) for information regarding revaluations.

Land

Land occupied by the University is either owned by the University or by the State Government. All land is recognised on the basis that the University effectively controls the land occupied.

Land includes \$50.000 million (2016: \$50.000 million) of Crown Lands, \$17.360 million (2016: \$17.360 million) of land dedicated for educational use and \$5.290 million (2016: \$5.290 million) Land under Finance Lease. The University has restrictions on the above land by application of the University of South Australia Act, 1990 Section 6(3).

Leased assets

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

Impairment of assets

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



16. Property, plant and equipment (continued)

Accounting Policy (continued)

Depreciation

Land, Art collection and Buildings under construction are not depreciated. Depreciation, where applicable, is calculated on a straight line basis to allocate the written down current cost of an asset over its estimated remaining useful life.

Assets class	Useful Life
Property:	
Buildings & Infrastructure	50-150 years
Leasehold improvements	Lease term
Library collection:	
Books	10 years
Journals	10 years
Plant and equipment:	
IT infrastructure	5 years
IT other	3 years
Motor vehicles	5 years
Other	10 years

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



17. Intangible assets

University	Intangibles in progress \$'000	Other intangible assets \$'000	Total \$'000
At 1 January 2016			
Cost	1,618	10,663	12,281
Accumulated amortisation and impairment	-	(8,554)	(8,554)
Net book amount	1,618	2,109	3,727
Year ended 31 December 2016			
Opening net book amount	1,618	2,109	3,727
Additions	844	-	844
Reclassifications	(993)	993	-
Amortisation	-	(808)	(808)
Closing net book amount	1,469	2,294	3,763
At 31 December 2016			
Cost	1,469	11,655	13,124
Accumulated amortisation and impairment	-	(9,361)	(9,361)
Net book amount	1,469	2,294	3,763
Year ended 31 December 2017			
Opening net book amount	1,469	2,294	3,763
Additions	2,567	-	2,567
Reclassifications	(436)	436	-
Amortisation	-	(948)	(948)
Closing net book amount	3,600	1,782	5,382
At 31 December 2017			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382



17. Intangible assets (continued)

Consolidated	Intangibles in progress	Other intangible assets	Total
	\$'000	\$'000	\$'000
At 1 January 2016			
Cost	1,618	10,663	12,281
Accumulated amortisation and impairment	-	(8,554)	(8,554)
Net book amount	1,618	2,109	3,727
Year ended 31 December 2016			
Opening net book amount	1,618	2,109	3,727
Additions	844	-	844
Reclassifications	(993)	993	-
Amortisation	-	(808)	(808)
Closing net book amount	1,469	2,294	3,763
At 31 December 2016			
Cost	1,469	11,655	13,124
Accumulated amortisation and impairment	-	(9,361)	(9,361)
Net book amount	1,469	2,294	3,763
Year ended 31 December 2017			
Opening net book amount	1,469	2,294	3,763
Additions	2,567	-	2,567
Reclassifications	(436)	436	-
Amortisation	-	(948)	(948)
Closing net book amount	3,600	1,782	5,382
At 31 December 2017			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382

Accounting Policy

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

With respect to internally generated Intangible assets, expenditure on development activities is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly-attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is recognised at cost less accumulated amortisation.

Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which is currently between 6 and 7 years.

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

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



18. Payables

	Note	Consolidated		University	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current					
Trade creditors*		33,732	34,656	34,170	34,459
Accrued salaries*		5,257	5,049	5,257	5,049
Annual leave on-costs**		5,491	5,355	5,491	5,355
Long service leave on-costs**		6,418	4,207	6,418	4,207
OS-HELP liability to Australian Government	35(g)	1,180	65	1,180	65
Total current payables		52,078	49,332	52,516	49,135
Non-current					
Long service leave on-costs		1,740	1,277	1,740	1,277
Total non-current payables		1,740	1,277	1,740	1,277
Total payables		53,818	50,609	54,256	50,412

Accounting Policy

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

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



19. Borrowings

The University does not hold any borrowings.

(a) Financing arrangements

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility	3,000	8,000	3,000	8,000
Documentary letter of credit facility	200	200	200	200
Bank guarantee	5,100	5,100	5,100	5,100
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total credit standby arrangements	9,300	14,300	9,300	14,300
Used at balance date				
Credit card facility	1,204	11	1,204	11
Documentary letter of credit facility	-	-	-	-
Bank guarantee	1,600	2,600	1,600	2,600
Overseas bills purchased facility	-	-	-	-
Total used at balance date	2,804	2,611	2,804	2,611
Unused at balance date				
Credit card facility	1,796	7,989	1,796	7,989
Documentary letter of credit facility	200	200	200	200
Bank guarantee	3,500	2,500	3,500	2,500
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total unused at balance date	6,496	11,689	6,496	11,689



20. Provisions

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Annual leave*	14,837	14,295	14,782	14,224
Long service leave**	6,591	5,923	6,448	5,820
Separation scheme	1,402	888	1,402	888
Workers' compensation liability	375	391	375	391
	23,205	21,497	23,007	21,323
Current provisions expected to be settled after more than 12 months				
Annual leave*	8,069	8,074	8,069	8,074
Long service leave**	28,046	29,021	28,046	29,021
	36,115	37,095	36,115	37,095
Total current provisions	59,320	58,592	59,122	58,418
Non-current				
Long service leave**	12,152	12,910	12,152	12,910
Workers' compensation liability	556	472	556	472
Total non-current provisions	12,708	13,382	12,708	13,382
Total provisions	72,028	71,974	71,830	71,800

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	863	1,146	863	1,146
Additional provisions recognised	640	689	640	689
Amounts used	(234)	(602)	(234)	(602)
Unused amounts reversed	(350)	(395)	(350)	(395)
Increase / (decrease) in discounted amount	12	25	12	25
Carrying amount at end of year	931	863	931	863



20. Provisions (continued)

Accounting Policy

*Annual leave

The annual leave liability is independently calculated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2017 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.

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

Sick leave

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

**Long service leave

The long service leave liability is independently actuarially estimated each year in accordance with AASB 119 *Employee Benefits*. The last update was performed at 31 December 2017 by Bruce Watson FIA, FIAA of Brett & Watson Pty Ltd.

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

Liabilities for employees' entitlements, which are expected to be settled after twelve months are discounted using market yields at the reporting date on national Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Workers' compensation

The University is responsible for payment of workers' compensation.

The provision for workers' compensation is independently actuarially estimated each year. The last update was performed at 31 December 2017 by Brett & Watson Pty Ltd using Case Estimation Methodology. Under this methodology, consideration is given to individual case estimates of all open claims plus an allowance for incurred but not reported claims, re-opening of claims regarded as closed and unforeseen escalation of case estimates as more information becomes available.



21. Other liabilities

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	2,760	1,731	2,488	1,631
Commonwealth and State Government grants	34,620	23,281	34,620	23,281
Income in advance on incomplete projects	2,912	708	2,912	708
Fees and charges	14,129	13,365	14,129	13,365
Other	1,188	3,958	1,610	4,848
Total other liabilities	55,609	43,043	55,759	43,833

Accounting Policy

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

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

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

Fees and charges represents student fees received in advance when students pay all or part of their fees in advance of services being delivered.

22. Reserves and retained earnings

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment revaluation surplus				
Land, Buildings and Infrastructure	226,230	229,757	226,230	229,757
Art collection	1,417	1,417	1,417	1,417
	227,647	231,174	227,647	231,174
Available-for-sale investments revaluation surplus	26,571	21,392	26,571	21,392
Total reserves	254,218	252,566	254,218	252,566

The University has three reserves. The Land, Buildings and Infrastructure reserve records revaluations in Land, Buildings and Infrastructure, the Art collection reserve records revaluations in the Art collection and the Available-for-sale reserve records revaluations in investments.



23. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2017 year. Council members include University employees who may be ex-officio members or elected staff members.

2017 Council Members

Mr Jim McDowell, Chancellor
Professor David Lloyd, Vice Chancellor and President
Dr Wendy Craik AM, Deputy Chancellor
Mr Terry Evans, Pro Chancellor (term completed 31 December 2017)
Professor Pat Buckley (term completed 31 December 2017)
Ms Pauline Carr
Ms Kayla Dickeson (term completed 31 December 2017)
Mr Eric Granger
Mr Jim Hazel
Hon John Hill
Ms Louise Kyriaki (term completed 31 December 2017)
Ms Paula Nagel AM (term completed 31 December 2017)
Ms Jade O'Donohue (term completed 31 December 2017)
Professor Leanna Read (term completed 31 December 2017)
Ms Miriam Silva (leave of absence 15 June 2017 to 14 December 2017)
Professor Vicki Waye

2017 University Senior Management

Professor David Lloyd, Vice Chancellor and President
Mr Paul Beard
Professor Simon Beecham
Ms Jane Booth
Dr Laura-Anne Bull
Professor Allan Evans
Professor Denise Meredyth (ceased 31 December 2017)
Professor Tanya Monro
Mr Nigel Relph
Professor Robert Vink
Professor Irene Watson
Professor Marie Wilson



23. Key management personnel disclosures (continued)

(b) Remuneration of key management personnel

	Consolidated		University	
	2017	2016	2017	2016
	Number	Number	Number	Number
Remuneration of Council members				
Nil	4	4	4	4
\$1 to \$9,999	1	-	1	-
\$10,000 to \$19,999	6	7	6	7
\$20,000 to \$29,999	4	4	4	4
\$60,000 to \$69,999	1	1	1	1
	16	16	16	16

Remuneration received and receivable by Council members for their services as Council members was \$224,475 (2016: \$229,950). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$224,475 (2016: \$229,950).

	Consolidated		University	
	2017	2016	2017	2016
	Number	Number	Number	Number
Remuneration of executive officers				
\$160,000 to \$169,999	1	-	1	-
\$320,000 to \$329,999	-	1	-	1
\$330,000 to \$339,999	1	-	1	-
\$350,000 to \$359,999	-	1	-	1
\$360,000 to \$369,999	1	2	1	2
\$370,000 to \$379,999	2	2	2	2
\$380,000 to \$389,999	2	1	2	1
\$400,000 to \$409,999	1	-	1	-
\$470,000 to \$479,999	-	1	-	1
\$500,000 to \$509,999	1	-	1	-
\$530,000 to \$539,999	-	1	-	1
\$610,000 to \$619,999	-	1	-	1
\$620,000 to \$629,999	1	-	1	-
\$630,000 to \$639,999	1	-	1	-
\$950,000 to \$959,999	-	1	-	1
\$1,030,000 to \$1,039,999	1	-	1	-
	12	11	12	11



23. Key management personnel disclosures (continued)

(b) Remuneration of key management personnel (continued)

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

(c) Executive officers' compensation

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	4,955	4,522	4,955	4,522
Post-employment benefits	629	598	629	598
Total executive officers' compensation	5,584	5,120	5,584	5,120

(d) Related party transactions

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

24. Remuneration of auditors

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Audit and review of the Financial Statements				
Fees paid to Auditor-General's Department	301	282	301	282
Fees paid to BDO Australia Ltd	18	21	-	-
Total paid for audit and review	319	303	301	282

Audit fees paid / payable to the Auditor-General's Department relating to work performed under Section 19 of the University of South Australia Act 1990 and the Higher Education Research Data Collection (HERDC) return in 2017 were \$0.3m (2016: \$0.3m).

25. Contingencies

The University has no material contingent liabilities.



26. Commitments

(a) Capital commitments

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment:				
Within one year	30,211	124,727	30,211	124,727
Between one and five years	-	1,066	-	1,066
Later than five years	-	-	-	-
Total Property, plant and equipment commitments	30,211	125,793	30,211	125,793

(b) Lease commitments - Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised to the Statement of Comprehensive Income over the lease term.

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Within one year	3,065	2,382	3,065	2,382
Between one and five years	7,960	6,878	7,960	6,878
Later than five years	-	-	-	-
Total future minimum lease payments	11,025	9,260	11,025	9,260

Major operating leases are for office space and the terms of the lease agreements include renewal options ranging between one and ten years.

(c) Other expenditure commitments

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Within one year	7,196	9,768	10,205	12,769
Between one and five years	5,879	9,000	12,031	18,161
Later than five years	450	44	450	44
Total other expenditure commitments	13,525	18,812	22,686	30,974

Other expenditure commitments includes material commitments arising from grants received from the NHMRC, contributions to Co-operative Research Centres (CRC) and cleaning. The Consolidated other expenditure commitments eliminates \$9.2 million of commitments between the University and its subsidiaries for Service Level Agreements (2016: \$12.2million).



27. Superannuation plans

(a) Categories

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

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

(b) UniSuper Limited Superannuation Scheme

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

The employer contribution rate for 2017 for employees in either the Defined Benefit Division (DBD) or Accumulation Super 2 was 17% of salaries. For employees in Accumulation Super 1 the contribution rate was 9.5% for 2017.

The UniSuper DBD is a defined benefit plan under Superannuation Law but is considered to be a defined contribution plan under Accounting Standards AASB 119. As set out under paragraph 28 of AASB 119, a defined contribution plan is a plan where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the funds and the actuarial risk and investment risk fall on the employee.

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

Clause 34 monitoring periods were initiated following the 30 June 2013 actuarial investigations. Following the end of the monitoring period on 30 June 2017, the Fund's actuary advised that the Trustee is not required to take any further action, and that monitoring period ceased. No further monitoring period was initiated.

As at 30 June 2017 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$2,797 million above (2016: \$2,252 million in excess) vested benefits, after allowing for various reserves. The Vested Benefits Index based on funding assumption was 114.5%. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.
- \$4,258 million above (2016: \$3,757 million in excess) accrued benefits, after allowing for various reserves. The Accrued Benefits Index based on best estimate assumptions was 123.9%. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.



27. Superannuation plans (continued)

(b) UniSuper Limited Superannuation Scheme (continued)

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 1 July 2017. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - DBD pensions	5.30% p.a.	6.60% p.a.
Gross of tax investment return - commercial rate indexed pensions	2.90% p.a.	2.90% p.a.
Net of tax investment return - non pensioner members	4.70% p.a.	5.80% p.a.
Consumer Price Index	2.00% p.a.	2.00% p.a.
Inflationary salary increases long term	3.00% p.a.	3.00% p.a.

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

(c) Super SA Superannuation plan

A number of present and past employees of the University and its predecessor institutions are members of the South Australian Superannuation Scheme. This scheme is administered by Super SA on behalf of the South Australian Superannuation Board (the Board) which is responsible for managing this scheme. The Board was established under section 5 of the *Superannuation Act 1988*. The funds are managed by the specialist investment manager, Superannuation Funds Management Corporation of South Australia (Funds SA).

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

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

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by PricewaterhouseCoopers Securities Ltd as at 31 December 2017. The actuarial valuation was based on 30 June 2017 membership data which was projected to 31 December 2017 using the Projected Unit Credit Method. The University's present value of the defined benefit obligations was assessed to be \$463.1 million (2016: \$472.9 million).

The University's liability under the scheme has been partly funded by assets of \$47.2 million (2016: \$42.4 million) from 3% productivity employer contributions. This results in an unfunded liability of \$415.9 million (2016: \$430.5 million).



27. Superannuation plans (continued)

(c) Super SA Superannuation plan (continued)

The weighted average duration of the defined benefit obligation is 12.45 years (2016: 13.23 years). The expected maturity analysis of undisclosed benefit obligations is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined Benefit obligation - 31 Dec 2017	30,923	30,112	89,057	498,584	648,676
Defined Benefit obligation - 31 Dec 2016	30,677	30,122	89,880	544,520	695,199

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

	2017 (%)		2016 (%)	
	Active Market	No Active Market	Active Market	No Active Market
Equity instruments	52.3	0.0	48.1	0.0
Property	2.2	13.0	2.5	11.8
Diversified Strategies Growth	1.0	10.8	0.7	10.3
Diversified Strategies Income	15.2	0.0	15.7	0.0
Inflation Linked Securities	3.2	1.0	0.0	5.7
Debt instruments	0.0	0.0	2.8	0.0
Cash	1.3	0.0	2.4	0.0
Total	75.2	24.8	72.2	27.8



27. Superannuation plans (continued)

(d) Amounts recognised in the Statement of Financial Position

	University	
	2017	2016
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at beginning of year	472,852	487,763
Current service cost	515	(56)
Interest cost	14,183	15,124
Actuarial (gains) / losses		
(a) Impact of changes in demographic assumptions	(6,412)	-
(b) Impact of changes in financial assumptions	13,749	4,968
(c) Experience items	(2,727)	(4,975)
Benefits and expenses paid	(29,045)	(29,972)
Present value of defined benefits obligations at end of year	463,115	472,852
Reconciliation of the fair value of the defined benefit plan assets		
Fair value of Scheme assets at start of year	42,391	39,157
Interest income	1,281	1,259
Actual return on assets less Interest income	3,477	1,941
Employer contributions	29,069	30,006
Benefits and expenses paid	(29,045)	(29,972)
Fair value of Scheme assets at end of year	47,173	42,391
Net Liability		
Defined Benefit Obligation	463,115	472,852
Less: Fair value of plan assets	(47,173)	(42,391)
Net Liability	415,942	430,461
Defined Benefit Provision		
Current	30,900	30,700
Non-current	385,042	399,761
Total Defined Benefit Provision	415,942	430,461

The net unfunded amount of \$415.9 million (2016: \$430.5 million) has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the Assessment.



27. Superannuation plans (continued)

(d) Amounts recognised in the Statement of Financial Position (continued)

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

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

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2016 2.5%)
- Short term rate of salary increases 3.0% per annum (2016 3.0%)
- Long term rate of salary increases 4.0% per annum (2016 4.0%)
- Discount Rate 2.8% per annum (2016 3.1%)

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

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

Significant Assumption	Increase in assumption	Impact on Defined Benefit Obligation	Decrease in assumption	Impact on Defined Benefit Obligation
Discount rate	0.5%	Decrease by 4.9%	0.5%	Increase by 5.3%
Pension increase rate	0.5%	Increase by 5.5%	0.5%	Decrease by 5.1%

Accounting Policy

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

Unfunded superannuation

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

28. Subsidiaries

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

Name of Entity	Principal Activities	Principal place of business	Ownership interest	
			2017	2016
			%	%
University of South Australia Foundation Incorporated	Dormant entity with no assets, liabilities or equity	Australia	100	100
UniSA Ventures Pty Ltd	Commercialisation of research of the University	Australia	100	100
UniSA Health Pty Ltd	Provision of clinical placements to undergraduate and postgraduate students in allied health clinics	Australia	100	100

29. Investments in associates

SABRENet Ltd is the only associate of the Group. While the University has significant influence over SABRENet, its interest in SABRENet is limited to the use of SABRENet's asset. That is, the University receives no return for its interest in SABRENet. The investment in this associate is not material and therefore it is not incorporated in the financial statements.

Accounting Policy

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

30. Interests in joint arrangements

Accounting Policy

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

Joint operations

The University's interests in joint operations are Centre for Cancer Biology (Ownership Interest 2017: 50% (2016:50%)) and Mawson Centre Building (Ownership Interest 2017:63% (2016: 63%)).

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

Joint ventures

The University's interests in joint ventures are eResearch SA (Ownership Interest 2017: 33% (2016:33%)) and South Australian Tertiary Admissions Centre Ltd (Ownership Interest 2017: 20% (2016:25%)).

The University's interests in these joint ventures are not considered to be material to the University's core activities and therefore are not incorporated in the financial statements. If material, interests in a joint venture are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost by the University.



31. Events occurring after the balance sheet date

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

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

	Consolidated		University	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	13,169	40,461	13,271	40,378
Add / (less) non-cash items:				
Depreciation and amortisation	33,632	32,408	33,614	32,401
Non-cash donations	(297)	(96)	(297)	(96)
Capital assets accrual	(1,172)	(7,016)	(1,172)	(7,016)
Other	-	201	-	-
Net (gain) / loss on sale of property, plant and equipment	305	704	305	704
Net (gain) / loss on sale of available-for-sale financial assets	(306)	(313)	(306)	(313)
Fair value (gains) / losses on other financial assets at fair value through profit or loss	1,093	202	510	202
Property, plant and equipment in progress adjustments	578	58	578	58
Changes in operating assets and liabilities:				
(Increase) / decrease in receivables	2,615	(3,132)	2,565	(2,972)
(Increase) / decrease in other assets	(1,408)	(631)	(1,222)	(535)
Increase / (decrease) in payables and tax liabilities	3,240	12,880	3,863	12,468
Increase / (decrease) in provisions	54	4,556	30	4,518
Increase / (decrease) in other liabilities	12,566	(5,709)	11,926	(5,411)
Net cash provided by / (used in) operating activities	64,069	74,573	63,665	74,386



33. Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

The University assesses the likely foreign exchange risk for offshore activities and enters into hedging arrangements if appropriate.

As at 31 December 2017 the University held MYR\$0.136 million (AUD\$0.043 million) (2016: MYR\$0.136 million (AUD\$0.042 million)) in an offshore bank account.

As at 31 December 2017 the University held USD\$4.914 million (AUD\$6.300 million) (2016: USD\$4.914 million (AUD\$6.791 million)) in an offshore bank account.

The University assesses the likely foreign exchange risk for probable forecasted transactions in foreign currencies for onshore activities and enters into hedging arrangements to mitigate foreign exchange risk if appropriate. During 2017 the University had no hedging contracts maturing (2016: four hedging contracts mature totalling AUD \$1.05 million) to mitigate foreign exchange risk for probable forecasted transactions in foreign currencies therefore classified as a fair value hedge. As at 31 December 2017 there were no hedging contracts in place (2016: nil).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

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

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



33. Financial risk management (continued)

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

34. Fair value measurement

(a) Fair value measurements

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

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

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

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

(b) Fair value hierarchy

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

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



34. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2017.

Fair value measurements

	Note	2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 Dec 2017					
Financial assets					
Available-for-sale financial assets	14				
Equity securities		41,938	15,167	24,801	1,970
Non-financial assets					
Land and buildings	16				
Land		159,945	-	159,945	-
Buildings		557,350	-	11,000	546,350
Infrastructure		42,128	-	-	42,128
Other Non-financial assets	16				
Art collection		3,810	-	-	3,810
Total non-financial assets		763,233	-	170,945	592,288
	Note	2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 Dec 2016					
Financial assets					
Available-for-sale financial assets	14				
Equity securities		35,779	12,439	20,327	3,013
Total financial assets		35,779	12,439	20,327	3,013
Non-financial assets					
Land and buildings	16				
Land		158,810	-	158,810	-
Buildings		554,692	-	11,000	543,692
Infrastructure		42,060	-	-	42,060
Other non-financial assets	16				
Art collection		3,810	-	-	3,810
Non-current assets held-for-sale		3,080	-	3,080	-
Total non-financial assets		762,452	-	172,890	589,562

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

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



34. Fair value measurement (continued)

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

Assets or liabilities not traded in active markets

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

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

Land, Buildings and Infrastructure

The Group engages external, independent and qualified valuers to determine the fair value of the Group's Land, Buildings and Infrastructure at least every three years. As at 31 December 2016, the fair values of Land, Buildings and Infrastructure have been determined by Opteon Pty Ltd. One of the University's buildings was partly damaged by fire and impaired as a result of Opteon Pty Ltd determination of the building's fair value as at 1 January 2017.

Land fair value estimates were based on the highest and best use of the land, being the existing use as University campuses and valued separately from any structures or improvements residing on it, but having regard to any restrictions on its use. These assets are classified as Level 2.

Buildings fair value estimates were based on the highest and best use, being the existing use as University campuses. The valuation technique for buildings adopted by Opteon Pty Ltd was to assess the written down current cost for the buildings. New replacement costs on the basis of a modern equivalent were assessed and then generally depreciated using the straight-line method, having regard to the estimated useful and remaining life for each structure. Ten properties were identified as having sufficient market based evidence to assess their value and these are classified as Level 2. All other Buildings are classified as Level 3.

Art collection

The Art collection is revalued at least every three years using an internal valuation carried out by the Director: Samstag Museum of Art giving consideration to current sales and auctions of works by the same artist and/or similar genre. The last valuation was at 31 December 2016.

34. Fair value measurement (continued)

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

The following table is a reconciliation of Level 3 items for the periods ended 31 December 2017 and 2016.

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

Level 3 Fair Value Measurement 2016	Unlisted equity securities \$'000	Buildings \$'000	Infrastructure \$'000	Art Collection \$'000	Total \$'000
Opening balance	2,934	538,225	41,147	3,312	598,652
Acquisitions	496	6,363	401	180	10,580
Disposals	-	-	-	(5)	(836)
Recognised in profit or loss	-	(18,973)	(1,710)	-	(22,995)
Recognised in other comprehensive income	(317)	18,077	2,222	323	20,305
Transfers out	(100)	-	-	-	(13,131)
Closing balance	<u>3,013</u>	<u>543,692</u>	<u>42,060</u>	<u>3,810</u>	<u>592,575</u>

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

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



34. Fair value measurement (continued)

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

(ii) Valuation inputs and relationships to fair value

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

Description	Fair value at 31 December 2017 \$'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	1,970	Market comparison based on internal assessment of net asset values and potential growth.	Net asset position and future earnings	Increase in net assets and increase in future earnings would result in higher fair values; decrease in net assets and decrease in future earnings would result in lower fair values.

35. Acquittal of Australian Government financial assistance

(a) Education - CGS and other Education grants

	Commonwealth Grants Scheme		Higher Education Participation Funding		Diversity and Structural Adjustment Fund		Promotion of Excellence in Learning and Teaching		
	2017	2016	2017	2016	2017	2016	2017	2016	
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		185,262	186,114	5,512	6,841	-	(351)	84	440
Net accrual adjustments		(3,195)	(253)	360	(156)	-	367	156	(191)
Revenue for the period	2	182,067	185,861	5,872	6,685	-	16	240	249
Movement in deferred income		-	-	(361)	156	-	(367)	(156)	191
Surplus / (deficit) from the previous year		-	-	514	358	-	368	453	240
Total revenue including accrued revenue		182,067	185,861	6,025	7,199	-	17	537	680
Less expenses including accrued expenses		(182,067)	(185,861)	(5,871)	(6,685)	-	(17)	(245)	(227)
Surplus / (deficit) for reporting period		-	-	154	514	-	-	292	453



35. Acquittal of Australian Government financial assistance (continued)

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

	Note	Disability Performance Funding		Australian Maths & Science Partnership Program		Indigenous Student Success Program		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		114	126	-	261	1,692	1,320	192,664	194,751
Net accrual adjustments		-	-	77	(78)	-	-	(2,602)	(311)
Revenue for the period	2	114	126	77	183	1,692	1,320	190,062	194,440
Movement in deferred income		-	-	(77)	78	-	-	(594)	58
Surplus / (deficit) from the previous year		91	17	346	272	143	131	1,547	1,386
Total revenue including accrued revenue		205	143	346	533	1,835	1,451	191,015	195,884
Less expenses including accrued expenses		(205)	(52)	(77)	(187)	(1,823)	(1,308)	(190,288)	(194,337)
Surplus / (deficit) for reporting period		-	91	269	346	12	143	727	1,547



35. Acquittal of Australian Government financial assistance (continued)

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

	HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cash Payable / (Receivable) at the beginning of the year	(2,340)	(618)	(20)	325	69	105	(2,291)	(188)	
Financial assistance received in cash during the reporting period	124,072	116,513	9,147	8,793	3,087	2,943	136,306	128,249	
Cash available for the period	121,732	115,895	9,127	9,118	3,156	3,048	134,015	128,061	
Revenue earned	2	122,433	118,235	9,090	9,138	3,088	2,979	134,611	130,352
Cash Payable / (Receivable) at the end of the year	(701)	(2,340)	37	(20)	68	69	(596)	(2,291)	

35. Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Training Research

	Note	Research Training Program		Research Support Program		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		19,843	20,033	15,836	14,672	35,679	34,705
Net accrual adjustments		-	-	(374)	-	(374)	-
Revenue for the period	2	19,843	20,033	15,462	14,672	35,305	34,705
Surplus / (deficit) from the previous year		2,649	2,032	391	274	3,040	2,306
Total revenue including accrued revenue		22,492	22,065	15,853	14,946	38,345	37,011
Less expenses including accrued expenses		(19,694)	(19,416)	(15,848)	(14,555)	(35,542)	(33,971)
Surplus / (deficit) for reporting period		2,798	2,649	5	391	2,803	3,040

The reported surpluses for Research Training Program (RTP) of \$2.798 million for 2017 and RSP of \$0.005 million are expected to be rolled over for future use by the University.

RTP has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017. 2016 data for the programs that have been replaced are reported in the Research Training Program comparatives.

Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017. 2016 data for the programs that have been replaced are reported in the Research Support Program comparatives.



35. Acquittal of Australian Government financial assistance (continued)

(d) Total Higher Education Provider Research Training Program expenditure

	Total domestic students \$'000	Total overseas students \$'000
Research Training Program fees offsets	13,505	458
Research Training Program stipends	5,562	-
Research Training Program allowances	14	156
Total for all types of support	19,081	614

The disclosure above is a new requirement in 2017 and does not require 2016 comparatives.

(e) Other capital funding

	Note	Linkage Infrastructure, Equipment and Facilities Grant		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		-	370	-	370
Net accrual adjustments		8	(49)	8	(49)
Revenue for the period	2	8	321	8	321
Movement in deferred income		13	(218)	13	(218)
Surplus / (deficit) from the previous year		-	218	-	218
Total revenue including accrued revenue		21	321	21	321
Less expenses including accrued expenses		(8)	(321)	(8)	(321)
Surplus / (deficit) for reporting period		13	-	13	-



35. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants

	Note	Discovery		Linkages		Networks and Centres		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		4,212	3,399	1,480	2,290	-	-	5,692	5,689
Net accrual adjustments		420	(653)	1,616	904	223	328	2,259	579
Revenue for the period	2	4,632	2,746	3,096	3,194	223	328	7,951	6,268
Movement in deferred income		(175)	678	(578)	(546)	77	(23)	(676)	109
Surplus / (deficit) from the previous year		3,625	2,947	2,983	3,529	111	134	6,719	6,610
Total revenue including accrued revenue		8,082	6,371	5,501	6,177	411	439	13,994	12,987
Less expenses including accrued expenses		(4,632)	(2,746)	(3,095)	(3,194)	(223)	(328)	(7,950)	(6,268)
Surplus / (deficit) for reporting period		3,450	3,625	2,406	2,983	188	111	6,044	6,719

35. Acquittal of Australian Government financial assistance (continued)

(g) OS-HELP

	2017	2016
	\$'000	\$'000
Cash received during the reporting period	3,328	1,177
Cash spent during the reporting period	<u>(2,213)</u>	<u>(1,695)</u>
Net cash received	1,115	(518)
Cash surplus / (deficit) from the previous period	65	583
Cash surplus for the reporting period	18 <u>1,180</u>	<u>65</u>

(h) Superannuation Supplementation

	2017	2016
	\$'000	\$'000
Cash received during the reporting period	<u>32,691</u>	29,413
Cash available	32,691	29,413
Cash surplus / (deficit) from the previous period	<u>(601)</u>	1,180
Cash available for current period	32,090	30,593
Contributions to specified defined benefit funds	<u>(28,872)</u>	<u>(31,194)</u>
Cash surplus for the reporting period	<u>3,218</u>	<u>(601)</u>

(i) Student services and amenities fee

	2017	2016
	\$'000	\$'000
Unspent / (overspent) revenue from previous period	493	276
SA-HELP revenue earned	3,088	2,979
Student services fees direct from students	<u>4</u> <u>1,120</u>	<u>2,115</u>
Total revenue expendable in period	4,701	5,370
Student services expenses during period	<u>(4,448)</u>	<u>(4,877)</u>
Unspent student services revenue	<u>253</u>	<u>493</u>



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

To the best of our knowledge and belief:

- the financial statements:
 - are in accordance with the accounts and records of the University and give an accurate indication of the financial transactions of the University for the year then ended;
 - comply with the relevant Treasurer's Instructions promulgated under the provisions of the *South Australian Public Finance and Audit Act 1987*;
 - comply with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*;
 - comply with relevant Accounting Standards and other mandatory professional reporting requirements in Australia, except to the extent noted in the Accounting Policy in Note 2 Australian Government Grants and the Independent Audit Report; and
 - present a true and fair view of the financial position of the University as at 31 December 2017 and the result of its operations and its cash flows for the year then ended.
- the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
- the University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.
- internal controls over financial reporting and preparation of the financial statements have been effective throughout the reporting period.

Mr Jim McDowell
Chancellor

19 April 2018

Professor David G. Lloyd
Vice Chancellor and President

19 April 2018

Mr Peter Prest
Chief Financial Officer

19 April 2018