

University of South Australia

Financial report
for the year ended
31 December 2019



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To the Chancellor University of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *University of South Australia Act 1990*, I have audited the financial report of the University of South Australia and the consolidated entity comprising the University of South Australia and its controlled entities for the financial year ended 31 December 2019.

Qualified opinion

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

- a) giving a true and fair view of the financial position of the University of South Australia and its controlled entities as at 31 December 2019, 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 2019
- a Statement of Financial Position as at 31 December 2019
- a Statement of Changes in Equity for the year ended 31 December 2019
- a Statement of Cash Flows for the year ended 31 December 2019
- notes, comprising significant accounting policies and other explanatory information.

Basis for qualified opinion

For the year ended 31 December 2018 the University and its controlled entities recognised \$30.2 million of unspent funding as a liability. These amounts were 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 the financial report.

The funds represented contributions and met the recognition criteria of income in accordance with Accounting Standard AASB 1004 *Contributions*. The University controlled these funds upon receipt and it was highly probable that any unspent funds would be spent in accordance with stipulated conditions. It was highly unlikely that unspent funds would need to be repaid to the granting bodies and as such funds should have been recognised as income at the time of receipt.

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

- Other liabilities was overstated by \$30.2 million
- Closing retained earnings was understated by \$30.2 million.

As stated in Note 1(f) of the financial report, new accounting standards AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* were adopted using a modified retrospective method of transition, with an initial application date of 1 January 2019. As a result, the amounts reported for the period ending 31 December 2019 are materially correct.

Because the modified retrospective method of transition was adopted, comparative figures for 2018 have not been restated. Accordingly, our opinion on the current period's financial report remains modified.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

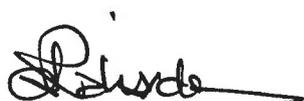
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

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

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

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



Andrew Richardson

Auditor-General

18 May 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue and income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	266,386	268,702	266,384	268,718
HECS-HELP - Australian Government payments	2	138,192	129,178	138,192	129,178
FEE-HELP	2	7,875	8,390	7,875	8,390
SA-HELP	2	3,674	3,431	3,674	3,431
State and Local Government financial assistance	3	12,130	10,850	12,130	10,850
HECS-HELP - Student payments		10,306	9,973	10,306	9,973
Fees and charges	4	169,534	145,429	169,534	145,429
Royalties		487	390	142	62
Consultancy and contract research	5	46,930	41,676	46,985	41,603
Other revenue	6	23,625	25,439	22,891	24,934
Investment income	8	6,570	15,310	6,563	15,297
Total revenue and income from continuing operations		685,709	658,768	684,676	657,865
Expenses from continuing operations					
Employee-related expenses	9	415,666	397,489	413,450	395,292
Depreciation and amortisation		44,855	40,763	44,847	40,747
Repairs and maintenance		17,624	14,366	17,622	14,361
Borrowing costs		730	-	730	-
Impairment of property, plant and equipment	17	175	697	175	697
Other expenses	10	184,206	185,243	185,941	186,704
Loss on disposal of assets	11	169	301	167	301
Bad and doubtful debts		547	317	547	317
Total expenses from continuing operations		663,972	639,176	663,479	638,419
Operating result before income tax		21,737	19,592	21,197	19,446
Income tax (income) / expense		201	87	68	40
Operating result attributable to members of University of South Australia		21,536	19,505	21,129	19,406
Items that will not be reclassified to profit or loss:					
Gain on revaluation of Land, Buildings and Infrastructure		36,920	-	36,920	-
Loss on revaluation of Art collection		(35)	-	(35)	-
Gain / (Loss) on equity instruments designated at fair value through other comprehensive income		20,687	922	20,687	922
Total		57,572	922	57,572	922
Total comprehensive income attributable to the members of the University of South Australia		79,108	20,427	78,701	20,328

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



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets					
Cash and cash equivalents	12	227,321	182,169	225,657	180,549
Receivables	13	19,627	21,847	18,735	21,364
Other financial assets	15	3,695	6,161	3,695	6,161
Deferred Government superannuation contribution	30	30,200	30,493	30,200	30,493
Other non-financial assets	16	20,620	18,434	20,585	18,389
Total current assets		301,463	259,104	298,872	256,956
Non-current assets					
Other financial assets	15	67,143	44,360	69,212	46,424
Property, plant and equipment	17	1,149,456	1,105,596	1,149,418	1,105,583
Deferred tax assets		592	558	-	-
Intangible assets	18	4,022	5,374	4,022	5,374
Deferred Government superannuation contribution	30	396,256	381,364	396,256	381,364
Total non-current assets		1,617,469	1,537,252	1,618,908	1,538,745
Total assets		1,918,932	1,796,356	1,917,780	1,795,701
Current liabilities					
Trade and other payables	19	31,220	32,601	31,470	32,923
Provisions	21	79,092	73,442	78,933	73,206
Borrowings	20	2,610	-	2,610	-
Current tax liabilities		275	101	116	86
Contract liabilities	22	70,494	-	70,494	-
Other liabilities	23	12,990	53,793	12,826	53,581
Defined benefit obligation	30	30,200	30,493	30,200	30,493
Total current liabilities		226,881	190,430	226,649	190,289
Non-current liabilities					
Borrowings	20	14,840	-	14,840	-
Provisions	21	17,839	15,332	17,839	15,332
Defined benefit obligation	30	396,256	381,364	396,256	381,364
Total non-current liabilities		428,935	396,696	428,935	396,696
Total liabilities		655,816	587,126	655,584	586,985
Net assets		1,263,116	1,209,230	1,262,196	1,208,716
Equity					
Reserves	24	313,089	255,430	313,089	255,430
Retained earnings		950,027	953,800	949,107	953,286
Total equity		1,263,116	1,209,230	1,262,196	1,208,716

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 2019

	Consolidated			University		
	Reserves	Retained Earnings	Total	Reserves	Retained Earnings	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 December 2018	255,430	953,800	1,209,230	255,430	953,286	1,208,716
Effect of adoption of AASB 15 and AASB 1058	-	(25,221)	(25,221)	-	(25,221)	(25,221)
Balance as restated	255,430	928,579	1,184,009	255,430	928,065	1,183,495
Profit or loss	-	21,536	21,536	-	21,129	21,129
Gain on revaluation of Land, Buildings and Infrastructure	36,920	-	36,920	36,920	-	36,920
Loss on revaluation of Art Collection	(35)	-	(35)	(35)	-	(35)
Gain on equity instruments designated at fair value through other comprehensive income	20,687	-	20,687	20,687	-	20,687
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income to retained earnings	87	(87)	-	87	(87)	-
Total comprehensive income	57,659	21,449	79,108	57,659	21,042	78,701
Balance at 31 December 2019	313,089	950,028	1,263,117	313,089	949,107	1,262,196

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

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2019

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

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



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities:					
Inflows:					
Australian Government grants received		413,668	403,415	413,665	403,476
OS-HELP (Net)	38(g)	(1,501)	324	(1,501)	324
Superannuation supplementation	38(h)	28,246	26,601	28,246	26,601
State and Local Government Grants		10,075	11,074	10,075	11,074
HECS-HELP - Student payments		10,217	9,973	10,217	9,973
Receipts from student fees and other customers		181,906	158,533	181,976	158,027
Dividends received		2,587	8,563	2,587	8,563
Interest received		5,139	4,191	5,132	4,178
Royalties		487	390	142	62
Consultancy and contract research		51,967	45,049	51,908	45,123
Other receipts		25,718	28,945	25,352	28,585
GST recovered / (paid)		10,989	13,854	10,734	14,080
Outflows:					
Payments to suppliers and employees		(657,753)	(643,938)	(656,865)	(643,219)
Interest paid		(730)	-	(730)	-
Net cash provided by / (used in) operating activities	35	81,015	66,974	80,938	66,847
Cash flows from investing activities:					
Inflows:					
Proceeds from sale of property, plant and equipment		199	237	199	237
Proceeds from sale of Investments		3,402	4,136	3,387	4,136
Outflows:					
Payments for property, plant and equipment		(31,144)	(71,756)	(31,109)	(71,749)
Payments for investments		(5,501)	(5,638)	(5,488)	(5,638)
Net cash provided by / (used in) investing activities		(33,044)	(73,021)	(33,011)	(73,014)
Cash flows from financing activities:					
Repayment of borrowings		(2,819)	-	(2,819)	-
Net cash used in financing activities		(2,819)	-	(2,819)	-
Net increase / (decrease) in cash and cash equivalents		45,152	(6,047)	45,108	(6,167)
Cash and cash equivalents at the beginning of the financial year		182,169	188,216	180,549	186,716
Cash and cash equivalents at the end of the financial year	12	227,321	182,169	225,657	180,549

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 (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 EDUCATION requirements, the financial statements are prepared in accordance with the relevant South Australian Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*.

Historical cost convention

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

Critical accounting estimates

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

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

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

Rounding of amounts

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

Comparative amounts

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



1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Foreign currency translation

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

(b) Basis of consolidation

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

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

A list of controlled entities are contained in Note 31. 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 participates in a number of Co-operative Research Centres (CRC) listed below. A CRC is a research initiative of the Australian Government established to pursue specific areas of research and supports industry-led collaborations between researchers, industry and the community.

The University participates in the below listed CRCs but does not control or have any significant influence in the entities that require the University to record them as either Joint Operations or Associates. The University does not record any of the CRC entities as investments in the financial statements.

During 2019 the University provided both cash and in-kind contributions to support the work of CRCs.

The Co-operative Research Centres are:

- CRC for Cell Therapy Manufacturing
- CRC for Contamination Assessment and Remediation of the Environment II
- CRC for Low Carbon Living
- Data to Decisions CRC
- Digital Health CRC
- Innovative Manufacturing CRC
- iMove CRC
- MinEx CRC
- SmartSat CRC

(f) Initial application of AAS

AASB15 and AASB1058

The University adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the University recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the University has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019.

As the University is applying the modified retrospective approach, the practical expedient described in AASB15.C5 (c) was applied, for contracts that were modified before the beginning of the earliest period presented.

The University did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21, but rather reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation

The new accounting policies for revenue and other income for not-for-profit in accordance with AASB 15 and AASB 1058 respectively are provided in Note 1(g).

While a receivable is the University's right to consideration that is unconditional, a contract asset is the University's right to consideration in exchange for goods or services that the University has transferred to the customer when that right is conditioned on the University's future performance. No material contract assets existed at 31 December 2019.



1. Summary of significant accounting policies (continued)

(f) Initial application of AAS (continued)

Overview of AASB15 and AASB1058

Under the new income recognition model applicable to not-for-profit entities, the University shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the University applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the University shall consider whether AASB1058 applies.



1. Summary of significant accounting policies (continued)

(f) Initial application of AAS (continued)

Overview of AASB15 and AASB1058 (continued)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB15 and AASB1058. The adoption of AASB15 did not have a material impact on OCI or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under AASB15 and AASB1058 and the second column shows what the amounts would have been had AASB15 and AASB1058 not been adopted:

	Amounts prepared under					
	Consolidated			University		
	AASB15/ AASB1058	Previous	Increase /decrease	AASB15/ AASB1058	Previous	Increase /decrease
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statement Of Comprehensive Income						
Revenue and income from continuing operations						
Australian Government grants	266,386	267,798	(1,412)	266,384	267,796	(1,412)
HECS-HELP – Australian Government payments	138,192	138,192	-	138,192	138,192	-
FEE-HELP	7,875	7,875	-	7,875	7,875	-
SA-HELP	3,674	3,674	-	3,674	3,674	-
State and local government financial assistance	12,130	12,965	(835)	12,130	12,965	(835)
HECS-HELP – Student payments	10,306	10,306	-	10,306	10,306	-
Fees and charges	169,534	169,746	(212)	169,534	169,746	(212)
Royalties	487	487	-	142	142	-
Consultancy and Contract Research	46,930	50,028	(3,098)	46,985	50,083	(3,098)
Other revenue	23,625	23,819	(194)	22,891	23,085	(194)
Investment income	6,570	6,570	-	6,563	6,563	-
Total Income	685,709	691,460	5,751	684,676	690,427	5,751
Expenses from continuing operations						
Employee related expenses	415,666	415,666	-	413,450	413,450	-
Depreciation and amortisation	44,855	44,855	-	44,847	44,847	-
Repairs and maintenance	17,624	17,624	-	17,622	17,622	-
Borrowing costs	730	730	-	730	730	-
Impairment of property, plant and equipment	175	175	-	175	175	-
Other expenses	184,206	184,206	-	185,941	185,941	-
Bad and doubtful debts	547	547	-	547	547	-
Losses on disposal of assets	169	169	-	167	167	-
Total expenses from continuing operations	663,972	663,972	-	663,479	663,479	-
Net result before income tax from continuing operations	21,737	27,488	5,751	-	26,948	5,751
Income tax (income) / expense	201	201	-	68	68	-
Net result from continuing operations, after tax	21,536	27,287	(5,751)	(68)	26,880	(26,948)
Net result attributable to:						
Members of University of South Australia	(21,536)	(27,287)	5,751	-	(26,880)	26,880
Total	(21,536)	(27,287)	5,751	-	(26,880)	26,880
Net result attributable to members from:						
Continuing operations	(21,536)	(27,287)	5,751	-	(26,880)	26,880
Total	(21,536)	(27,287)	5,751	-	(26,880)	26,880



1. Summary of significant accounting policies (continued)

(f) Initial application of AAS (continued)

Overview of AASB15 and AASB1058 (continued)

Statement Of Financial Position	Amounts prepared under							
	Consolidated				University			
	AASB15/ AASB1058	Previous	Adoption of AASB 15 & 1058	Increase /decrease	AASB15/ AASB1058	Previous	Adoption of AASB 15 & 1058	Increase /decrease
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets								
Current assets								
Cash and cash equivalents	227,321	227,321	-	-	225,657	225,657	-	-
Receivables	19,627	20,432	-	(805)	18,735	19,540	-	(805)
Other financial assets	3,695	3,695	-	-	3,695	3,695	-	-
Deferred Government superannuation contribution	30,200	30,200	-	-	30,200	30,200	-	-
Other non-financial assets	20,620	20,620	-	-	20,585	20,585	-	-
Total current assets	301,463	302,268	-	(805)	298,872	299,677	-	(805)
Non-current assets								
Other financial assets	67,143	67,143	-	-	69,212	69,212	-	-
Property, plant and equipment	1,149,456	1,149,456	-	-	1,149,418	1,149,418	-	-
Deferred tax assets	592	592	-	-	-	-	-	-
Intangible assets	4,022	4,022	-	-	4,022	4,022	-	-
Deferred Government superannuation contribution	396,256	396,256	-	-	396,256	396,256	-	-
Total non-current assets	1,617,469	1,617,469	-	-	1,618,908	1,618,908	-	-
Total assets	1,918,932	1,919,737	-	(805)	1,917,780	1,918,585	-	(805)
Liabilities								
Current liabilities								
Trade and other payables	31,220	31,220	-	-	31,470	31,470	-	-
Provisions	79,092	79,092	-	-	78,933	78,933	-	-
Borrowings	2,610	2,610	-	-	2,610	2,610	-	-
Current tax liability	275	275	-	-	116	116	-	-
Contract liabilities	70,494	40,327	25,221	4,946	70,494	40,327	25,221	4,946
Other liabilities	12,990	12,990	-	-	12,826	12,826	-	-
Defined benefit obligation	30,200	30,200	-	-	30,200	30,200	-	-
Total current liabilities	226,881	196,714	25,221	4,946	226,649	196,482	25,221	4,946
Non-current liabilities								
Borrowings	14,840	14,840	-	-	14,840	14,840	-	-
Provisions	17,839	17,839	-	-	17,839	17,839	-	-
Defined benefit obligation	396,256	396,256	-	-	396,256	396,256	-	-
Total non-current liabilities	428,935	428,935	-	-	428,935	428,935	-	-
Total liabilities	655,816	625,649	25,221	4,946	655,584	625,417	25,221	4,946
Net assets	1,263,116	1,294,088	(25,221)	(5,751)	1,262,196	1,293,168	(25,221)	(5,751)
Equity								
Reserves	313,089	313,089	-	-	313,089	313,089	-	-
Retained earnings	950,027	980,999	(25,221)	(5,751)	949,107	980,079	(25,221)	(5,751)
Total equity	1,263,116	1,294,088	(25,221)	(5,751)	1,262,196	1,293,168	(25,221)	(5,751)



1. Summary of significant accounting policies (continued)

(f) Initial application of AAS (continued)

AASB16

The University has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. Under the modified approach, the University has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In accordance with the provisions of this transition approach, the University would recognise the cumulative effect of applying this new standard as an adjustment to opening retained earnings at the date of initial application 1 January 2019. This has been determined as nil. Comparative information presented has not been restated and continues to be reported under the previous standards on leases AASB 117.

The nature and effect of the changes as a result of adoption of AASB 16 are as described below:

Definition of lease

Previously the University determined at contract inception whether an arrangement is or contains a lease under AASB 117. Under AASB 16, the University will continue to assess at contract inception whether a contract is, or contains, a lease but now uses the new definition of a lease.

On transition to AASB 16, the University elected to apply the practical expedient to grandfather the assessment of which transactions are, or contain leases. The University applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16. Therefore, the new definition of a lease under AASB 16 was applied only to contracts entered into or modified on or after 1 January 2019.

The University as a lessee

The University previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the University. Under AASB 16, this classification no longer exists for the University as a lessee. Instead practically all leases are now recognised on the statement of financial position as right-of-use assets with corresponding lease liabilities comprising all amounts which are considered to be lease payments.



1. Summary of significant accounting policies (continued)

(f) Initial application of AAS (continued)

AASB16 (continued)

Leases previously classified as operating leases under AASB 117

The University has applied the following practical expedients in transitioning existing operating leases:

- (a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment)
- (b) Relied on its assessment of whether leases are onerous applying AASB 137 immediately before the date of initial application, as an alternative to undertaking an impairment review
- (c) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Leases previously classified as finance leases under AASB 117

On the date of initial application, right-of-use assets and lease liabilities continued to be recognised for leases previously classified as finance leases at the same carrying amounts of the leased assets and finance lease liabilities recognised in accordance with AASB 117 immediately before the date of initial application.

Reconciliation of operating lease commitments under AASB 117 and lease liabilities under AASB 16

As a lessee the weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 4%.

The difference between the operating lease commitments disclosed previously by applying AASB 117 and the value of the lease liabilities recognised under AASB 16 on 1 January 2019 is explained as follows:

	Consolidated	University
	1 January 2019	1 January 2019
	\$'000	\$'000
Operating lease commitments disclosed as at 31 December 2018	8,659	8,659
Discounted using the University's weighted average incremental borrowing rate of 4%	(75)	(75)
Add: Adjustments as a result of different assumptions applied to extension and termination options	10,893	10,893
Add: Contracts not included in 2018 Operating Commitment note	65	65
Lease Liability recognised as at 1 January 2019	19,542	19,542



1. Summary of significant accounting policies (continued)

(g) Revenue and Income

The notes 2 to 6 disclose the revenue and income received during the year according to the mandatory disclosures required by EDUCATION. The disclosures required by AASB 15 and AASB 1058 are included in the notes and a reconciliation is included in note 7.

(i) Basis for disaggregation

Sources of funding: the Group receives the majority of funds from Australian Government as well as State and Local Government to further its objectives. In addition the Group also receives revenue and income from private organisations and individuals.

Revenue and income streams: the major revenue and income streams are as follows:

Teaching: the Group has domestic and overseas students enrolled in a variety of programs for different qualification levels. Whilst, the number of domestic students is affected by national economic factors as interest rates or unemployment, the overseas students are impacted by the changes in the immigration policies.

Research: the Group performs research activities across multiple fields. The Group enters into many different types of research agreements with different counterparties, such as with private sector customers and Government agencies that award research grants. Each agreement needs to be assessed as to whether it is an enforceable arrangement and contains sufficiently specific promises to transfer outputs from the research to the customer (or at the direction of the customer). Judgement is required in making this assessment. The Group has concluded that some research agreements represent a contract with a customer whereas other research grants are recognised as income when the Group obtains control of the research funds.

Other fees and charges: these correspond to the complementary services provided by the Group such as parking and access to fitness and recreational activities.

Revenue from Contracts with Customers

(ii) Accounting policies and significant accounting judgement and estimates

Course fees and charges

The course fees and charges revenue relate to undergraduate programs, graduate and professional degree programs and continuing education and executive programs.

The revenue is recognised over time as and when the course is delivered to students over the study period.

When the courses have been paid in advance by students or the Group has received the government funding in advance (e.g. before starting the academic period) the Group recognises a contract liability until the services are delivered.

The Group does have refund obligations. This is mainly applicable when the goods are not provided or contracted services are not delivered.

There is no significant financing component, as the period from when the student pays and the service is provided is less than 12 months and the consideration is not variable.



1. Summary of significant accounting policies (continued)

(g) Revenue and Income (continued)

(ii) Accounting policies and significant accounting judgement and estimates (continued)

Research

Revenue recognition for research funding is dependent upon the source of the funding and the nature of the transaction.

The following specific research revenue recognition criteria have been applied:

- Funding received from Australian Research Council, National Health and Medical Research Council, and from non government entities: There are enforceable agreements and performance obligations in those agreements that are sufficiently specific.

The research grants that are considered within the scope of AASB 15 meet the enforceability criteria due to the existence of refund clauses in the agreements with the grantor and the promises to transfer good or services to the customer (or on behalf of the customer) are sufficiently specific as the Group has the obligation to provide:

- Comprehensive academic paper with the results of the research after completion
- Publishing research data and results on an ongoing basis in an openly accessible repository as requested by the grantor
- Intellectual property

Depending on the nature of the promise, the Group either recognises revenue at a point in the time when the promise is delivered (e.g. when the comprehensive academic paper is published) or recognises revenue over time as the service is performed (e.g. as the customer obtains control of the intellectual property as it is created).

Other fees and charges

Other fees and charges revenue relate the provision of services such as student services and amenities fees, parking fees, fitness and recreational services.

Revenue is recognised over time as and when the service is provided over the period.

Royalties

Royalties that are within the scope of AASB 15 mainly relate to the use of intellectual property. The revenue is recognised at a point in time when the use of intellectual property has occurred.

(iii) Unsatisfied performance obligations

Remaining performance obligations represent services the Group has promised to provide to customers which are satisfied as the goods or services are provided over the contract term. For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB 15, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations.

These unsatisfied performance obligations are expected to be satisfied during 2020 (within 1 year).

Contract liabilities for unsatisfied performance obligations are included in note 22.



1. Summary of significant accounting policies (continued)

(g) Revenue and Income (continued)

Income of not-for-profit

(iv) Accounting policies and significant judgements and estimates

Capital grants

The income is recognised immediately when the funds are received.

Donations and bequests

The income is recognised immediately when the funds are received.

(v) Prior year revenue recognition

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

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

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

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

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

State and Local Government financial assistance and Consultancy and contract research is measured and recognised in accordance with the accounting policy set out above.

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.

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*.

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

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



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

Australian Government financial assistance

	Note	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commonwealth Grants Scheme and other grants	38(a)	191,090	191,699	191,090	191,699
Higher Education Loan Programs	38(b)	149,741	140,999	149,741	140,999
Education Research	38(c)	35,635	35,116	35,635	35,116
Other capital funding	38(e)	154	37	154	37
Australian Research Council	38(f)	5,427	6,788	5,427	6,788
Total CGS, HELP, Scholarships and Research grants		382,047	374,639	382,047	374,639
Other Australian Government financial assistance					
Research		27,608	27,738	27,608	27,767
Other		5,702	7,324	5,700	7,311
Non-capital		33,310	35,062	33,308	35,078
Capital		770	-	770	-
Total Other Australian Government financial assistance		34,080	35,062	34,078	35,078
Total Australian Government financial assistance		416,127	409,701	416,125	409,717

3. State and Local Government financial assistance

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-capital research grants	10,953	10,306	10,953	10,306
Non-capital other	1,177	544	1,177	544
Total State and Local Government financial assistance	12,130	10,850	12,130	10,850



4. Fees and charges

	Note	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Course fees and charges					
Fee-paying onshore overseas students		145,507	122,576	145,507	122,576
Fee-paying offshore overseas students		1,540	1,188	1,540	1,188
Continuing education		1,922	1,475	1,922	1,475
Fee-paying domestic postgraduate students		2,853	3,139	2,853	3,139
Fee-paying domestic non-award students		241	229	241	229
Total course fees and charges		152,063	128,607	152,063	128,607
Other fees and charges					
Miscellaneous enrolment fees		8,788	8,680	8,788	8,680
Other fees and charges		5,376	5,090	5,376	5,090
Seminar / workshop fees		2,031	1,735	2,031	1,735
Student services fees from students	38(i)	1,276	1,317	1,276	1,317
Total other fees and charges		17,471	16,822	17,471	16,822
Total fees and charges		169,534	145,429	169,534	145,429

5. Consultancy and contract research

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Consultancy	2,395	3,667	2,378	3,620
Contract research	44,535	38,009	44,607	37,983
Total consultancy and contract research	46,930	41,676	46,985	41,603

6. Other revenue

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Donations and bequests	4,013	3,639	4,013	3,639
Scholarships and prizes	1,755	1,688	1,756	1,688
Other fees and charges	10,425	7,232	9,127	6,386
Other*	7,432	12,880	7,995	13,221
Total other revenue	23,625	25,439	22,891	24,934

* Included within Other for 2019 is an amount for insurance proceeds of \$3.42 million (2018: \$8.52 million).



7. Reconciliation of revenue and income

The following table reconciles the amounts disclosed in notes 2 to 6 which contain the mandatory disclosures required by EDUCATION and the disclosures provided in note 1(g) as per AASB 15 and AASB 1058:

	Note	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Australian Government financial assistance including Australian Government loan Programs (HELP)	2	416,127	409,701	416,125	409,717
State and Local Government financial assistance	3	12,130	10,850	12,130	10,850
HECS-HELP - Student Payments		10,306	9,973	10,306	9,973
Fees and charges	4	169,534	145,429	169,534	145,429
Royalties		487	390	142	62
Consultancy and contract research	5	46,930	41,676	46,985	41,603
Other revenue	6	23,625	25,439	22,891	24,934
Total		679,139	643,458	678,113	642,568
Total Revenue from contracts with customers as per AASB 15		432,513	-	431,487	-
Total Income of not-for-profit as per AASB 1058		246,626	-	246,626	-
Total Revenue and Income		679,139	-	678,113	-

8. Investment income

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest				
Debt instruments at amortised cost	4,899	4,659	4,892	4,646
Dividends				
Equity instruments designated at fair value through OCI	1,671	10,651	1,671	10,651
Investment income gains	6,570	15,310	6,563	15,297

Accounting Policy

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

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



9. Employee-related expenses

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Academic				
Salaries	171,722	164,910	171,437	164,708
Contributions to superannuation and pension schemes:				
Emerging cost	173	181	173	181
Funded	24,929	24,724	24,929	24,724
Payroll tax	10,095	9,493	10,095	9,493
Workers' compensation	343	98	343	98
Long service leave	7,653	5,258	7,653	5,258
Annual leave	10,960	10,856	10,960	10,856
Total academic	225,875	215,520	225,590	215,318
Non-academic				
Salaries	141,101	135,606	139,400	133,893
Contributions to superannuation and pension schemes:				
Emerging cost	176	181	31	32
Funded	22,390	21,423	22,390	21,423
Payroll tax	8,813	9,021	8,712	8,925
Workers' compensation	519	277	519	277
Long service leave	6,401	5,023	6,432	5,001
Annual leave	10,092	10,239	10,077	10,224
Total non-academic	189,492	181,770	187,561	179,775
Total academic & non-academic employee related expenses	415,367	397,290	413,151	395,093
Council member remuneration	299	199	299	199
Total employee-related expenses	415,666	397,489	413,450	395,292

Accounting Policy

Refer to Note 21 Provisions for the accounting policy relating to employee benefits and Note 30 Superannuation Plans for the accounting policy relating to employee benefits - Superannuation.

**10. Other expenses**

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	19,032	19,330	19,032	19,330
Non-capitalised equipment	6,216	9,244	6,216	9,244
Advertising, marketing and promotion	11,767	11,974	11,731	11,951
Telecommunications	3,352	3,648	3,339	3,636
Travel, staff development and entertainment	21,141	20,650	20,954	20,435
External services	65,065	64,048	67,361	66,100
IT hardware and software	15,928	13,995	15,926	14,020
Library subscriptions	6,959	6,534	6,959	6,534
Printing	1,916	2,057	1,916	2,057
Operating lease expenses	290	3,792	262	3,765
Bank charges, legal costs, insurance and taxes	6,989	6,572	6,708	6,256
General consumables	9,739	8,267	9,728	8,248
Utilities	10,793	11,177	10,793	11,177
Other	5,019	3,955	5,016	3,951
Total other expenses	184,206	185,243	185,941	186,704

11. Loss on disposal of property, plant and equipment

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Disposal of property, plant and equipment				
Proceeds from sale	(199)	(237)	(199)	(237)
Carrying amount of assets sold	368	538	366	538
Net Loss on disposal of property, plant and equipment	169	301	167	301



12. Cash and cash equivalents

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	4,011	8,203	3,692	7,952
Deposits at call	223,310	173,966	221,965	172,597
Total cash and cash equivalents	227,321	182,169	225,657	180,549

Cash at bank and on hand

During the year cash at bank and on hand earned an average interest of 0.25% (2018: 0.18%) 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 1.15% and 2.91% (2018: range between 1.90% and 2.91%). These deposits had an average maturity of 308 days (2018: 253 days).

Accounting Policy

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

13. Receivables

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade debtors	9,999	11,131	10,040	11,207
Less: Provision for impaired receivables	(295)	(115)	(295)	(115)
	9,704	11,016	9,745	11,092
Student fees	4,154	4,105	4,154	4,105
Less: Provision for impaired receivables	(580)	(622)	(580)	(622)
	3,574	3,483	3,574	3,483
Commonwealth receivables	3,090	2,809	3,090	2,809
Other	3,259	4,539	2,326	3,980
Total receivables	19,627	21,847	18,735	21,364

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



13. Receivables (continued)

(a) Impaired receivables

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

	Consolidated	
	2019	2018
	\$'000	\$'000
At 1 January	115	229
Provision for impairment recognised during the year	264	34
Receivables written-off during the year as uncollectible	(7)	(46)
Unused amount reversed and debts collected	(77)	(102)
At 31 December	<u>295</u>	<u>115</u>

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

	Consolidated	
	2019	2018
	\$'000	\$'000
At 1 January	622	617
Provision for impairment recognised during the year	461	527
Receivables written-off during the year as uncollectible	(391)	(398)
Unused amount reversed and debts collected	(112)	(124)
At 31 December	<u>580</u>	<u>622</u>

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

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

(b) Foreign exchange and interest rate risk

The carrying amount of the Group'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.



13. Receivables (continued)

Accounting Policy

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

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

Collectability of receivables is reviewed on an ongoing basis and the assessment of the provision for impaired receivables included consideration of the expected credit losses in accordance with AASB 9 *Financial Instruments*. Individual trade debtors and student fee receivables assessed for impairment, considering both historic and future factors where possible including the age of the debt, the circumstances of the debtor, experience with similar debt types and current economic circumstances. In addition, both trade debtors and student fee receivables are collectively evaluated for impairment based upon past due status and historical collection experience. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables.

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

14. 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.

15. Other financial assets

	Note	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current					
Accrued Income		3,695	6,161	3,695	6,161
Total current other financial assets		3,695	6,161	3,695	6,161
Non-current					
Equity instruments designated at fair value through other comprehensive income		67,143	44,360	61,950	39,282
Shares in subsidiaries	31	-	-	7,262	7,142
Total non-current other financial assets		67,143	44,360	69,212	46,424
Total other financial assets		70,838	50,521	72,907	52,585



15. Other financial assets (continued)

Accounting Policy

Shares in subsidiaries

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

Equity Instruments designated at fair value through other comprehensive income

The University invests in shares, fixed interest, property trusts and managed funds known as Investments. These investments are classified as Equity instruments designated at fair value through other comprehensive income in accordance with AASB 9 *Financial Instruments*.

These Investments are included in non-current assets unless management intends to dispose of the Investment within 12 months of the balance sheet date. Purchases and sales of Investments are recognised on trade date (the date on which the University commits to purchase or sell the asset). Investments are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from them have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

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

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

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

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

16. Other non-financial assets

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	20,589	18,319	20,554	18,274
Other	31	115	31	115
Total other non-financial assets	20,620	18,434	20,585	18,389



17. Property, plant and equipment

	Capital Works in Progress	Land	Buildings	Plant and equipment	Plant and equipment in progress	Leasehold improvements	Art collection	Library collection	Infrastructure	Subtotal (owned)	Subtotal Right-of-use assets	Total
University	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018												
- Cost	272,319	1,135	25,352	98,080	2,524	7,784	36	6,964	1,844	416,038	-	416,038
- Valuation	-	158,810	1,040,014	-	-	-	3,774	15,159	87,500	1,305,257	-	1,305,257
Accumulated depreciation and impairment	-	-	(508,016)	(63,330)	-	(6,084)	-	(9,520)	(47,216)	(634,166)	-	(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	-	1,087,129
Year ended 31 December 2018												
Opening net book amount	272,319	159,945	557,350	34,750	2,524	1,700	3,810	12,603	42,128	1,087,129	-	1,087,129
Additions	45,894	120	955	7,318	2,220	-	-	2,479	-	58,986	-	58,986
Disposals	-	-	-	(356)	-	-	-	(182)	-	(538)	-	(538)
Reclassifications	(313,612)	-	307,885	6,965	(2,531)	172	30	-	1,091	-	-	-
Impairment loss in income	-	-	-	(697)	-	-	-	-	-	(697)	-	(697)
Amortisation / Depreciation charge	-	(107)	(24,854)	(9,829)	-	(499)	-	(2,153)	(1,802)	(39,244)	-	(39,244)
Other changes, movements	(59)	-	-	-	6	-	-	-	-	(53)	-	(53)
Closing net book amount	4,542	159,958	841,336	38,151	2,219	1,373	3,840	12,747	41,417	1,105,583	-	1,105,583
At 31 December 2018												
- Cost	4,542	1,255	334,192	105,845	2,219	7,956	66	9,337	2,936	468,348	-	468,348
- Valuation	-	158,810	1,040,014	-	-	-	3,774	13,459	87,500	1,303,557	-	1,303,557
Accumulated amortisation / depreciation and impairment	-	(107)	(532,870)	(67,694)	-	(6,583)	-	(10,049)	(49,019)	(666,322)	-	(666,322)
Net book amount	4,542	159,958	841,336	38,151	2,219	1,373	3,840	12,747	41,417	1,105,583	-	1,105,583



17. 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	Subtotal (owned)	Subtotal Right-of-use assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
University												
Year ended 31 December 2019												
Opening net book amount	4,542	159,958	841,336	38,151	2,219	1,373	3,840	12,747	41,417	1,105,583	-	1,105,583
Adoption of AASB 16	-	-	18,689	853	-	-	-	-	-	-	19,542	19,542
Additions	15,319	-	293	9,402	4,053	-	18	2,542	-	30,899	728	31,627
Disposals	-	-	-	(163)	-	-	-	(203)	-	(366)	-	(366)
Reclassifications	(18,684)	-	10,755	2,839	(2,122)	626	-	-	6,586	-	-	-
Impairment loss in income	-	-	-	(167)	-	-	-	-	-	(167)	-	(167)
Amortisation / Depreciation charge	-	(53)	(28,404)	(10,470)	-	(508)	-	(2,148)	(1,885)	(40,089)	(3,379)	(43,468)
Revaluation	-	24,346	12,616	-	-	-	(35)	-	(42)	36,885	-	36,885
Other changes, movements	(142)	-	-	-	(76)	-	-	-	-	(218)	-	(218)
Closing net book amount	1,035	184,251	855,285	40,445	4,074	1,491	3,823	12,938	46,076	1,132,527	16,891	1,149,418
At 31 December 2019												
- Cost	1,035	-	18,982	112,343	4,074	8,606	-	11,836	100,035	236,641	20,270	256,911
- Valuation	-	184,445	1,437,631	-	-	-	3,823	11,248	-	1,637,147	-	1,637,147
Accumulated amortisation / depreciation and impairment	-	(194)	(601,328)	(71,898)	-	(7,115)	-	(10,146)	(53,959)	(741,261)	(3,379)	(744,640)
Net book amount	1,035	184,251	855,285	40,445	4,074	1,491	3,823	12,938	46,076	1,132,527	16,891	1,149,418



17. 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	Subtotal (owned)	Subtotal Right- of-use assets	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018												
- Cost	272,319	1,135	25,352	98,202	2,524	7,784	36	6,964	1,844	416,160	-	416,160
- Valuation	-	158,810	1,040,014	-	-	-	3,774	15,159	87,500	1,305,257	-	1,305,257
Accumulated amortisation / depreciation and impairment	-	-	(508,016)	(63,431)	-	(6,084)	-	(9,520)	(47,216)	(634,267)	-	(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	-	1,087,150
Year ended 31 December 2018												
Opening net book amount	272,319	159,945	557,350	34,771	2,524	1,700	3,810	12,603	42,128	1,087,150	-	1,087,150
Additions	45,894	120	955	7,326	2,220	-	-	2,479	-	58,994	-	58,994
Disposals	-	-	-	(356)	-	-	-	(182)	-	(538)	-	(538)
Reclassifications	(313,612)	-	307,885	6,965	(2,531)	172	30	-	1,091	-	-	-
Impairment loss in income	-	-	-	(697)	-	-	-	-	-	(697)	-	(697)
Amortisation / Depreciation charge	-	(107)	(24,854)	(9,845)	-	(499)	-	(2,153)	(1,802)	(39,260)	-	(39,260)
Other changes	(59)	-	-	-	6	-	-	-	-	(53)	-	(53)
Closing net book amount	4,542	159,958	841,336	38,164	2,219	1,373	3,840	12,747	41,417	1,105,596	-	1,105,596
At 31 December 2018												
- Cost	4,542	1,255	334,192	105,976	2,219	7,956	66	9,337	2,936	468,479	-	468,479
- Valuation	-	158,810	1,040,014	-	-	-	3,774	13,459	87,500	1,303,557	-	1,303,557
Accumulated amortisation / depreciation and impairment	-	(107)	(532,870)	(67,812)	-	(6,583)	-	(10,049)	(49,019)	(666,440)	-	(666,440)
Net book amount	4,542	159,958	841,336	38,164	2,219	1,373	3,840	12,747	41,417	1,105,596	-	1,105,596



17. 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	Subtotal (owned)	Subtotal Right- of-use assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated												
Year ended 31 December 2019												
Opening net book amount	4,542	159,958	841,336	38,164	2,219	1,373	3,840	12,747	41,417	1,105,596	-	1,105,596
Adoption of AASB 16	-	-	18,689	853	-	-	-	-	-	-	19,542	19,542
Additions	15,319	-	293	9,437	4,053	-	18	2,542	-	30,934	728	31,662
Disposals	-	-	-	(165)	-	-	-	(203)	-	(368)	-	(368)
Reclassifications	(18,684)	-	10,755	2,839	(2,122)	626	-	-	6,586	-	-	-
Impairment loss in income	-	-	-	(167)	-	-	-	-	-	(167)	-	(167)
Amortisation / Depreciation charge	-	(53)	(28,404)	(10,478)	-	(508)	-	(2,148)	(1,885)	(40,097)	(3,379)	(43,476)
Revaluation	-	24,346	12,616	-	-	-	(35)	-	(42)	36,885	-	36,885
Other changes, movements	(142)	-	-	-	(76)	-	-	-	-	(218)	-	(218)
Closing net book amount	1,035	184,251	855,285	40,483	4,074	1,491	3,823	12,938	46,076	1,132,565	16,891	1,149,456
At 31 December 2019												
- Cost	1,035	-	18,982	112,505	4,074	8,606	-	11,836	100,035	236,803	20,270	257,073
- Valuation	-	184,445	1,437,631	-	-	-	3,823	11,248	-	1,637,147	-	1,637,147
Accumulated amortisation / depreciation and impairment	-	(194)	(601,328)	(72,022)	-	(7,115)	-	(10,146)	(53,959)	(741,385)	(3,379)	(744,764)
Net book amount	1,035	184,251	855,285	40,483	4,074	1,491	3,823	12,938	46,076	1,132,565	16,891	1,149,456



17. Property, plant and equipment (continued)

Accounting Policy

Initial recognition and measurement

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

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

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

Revaluations

Independent valuations of Land, Buildings and Infrastructure 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.

The Art collection is internally valued every three years by the Director: Samstag Museum of Art considering current sales and auctions of works by the same artist and / or similar genre.

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 37(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 \$66.17 million (2018: \$50.00 million) of Crown Lands and \$5.72 million (2018: \$5.18 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).

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.



17. 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	30 - 160 years
Infrastructure	25 - 50 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
Right-of-use assets:	
Buildings	1 - 9 years
Plant and equipment	1 - 5 years

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



17. Property, plant and equipment (continued)

(a) Right-of-use assets

Information about leases where University of South Australia is a lessee is presented below:

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Right-of-use assets				
Buildings				
Adoption of AASB 16 (1 January 2019)	18,689	-	18,689	-
Additions of right-of-use assets	293	-	293	-
Depreciation charge	(2,644)	-	(2,644)	-
At 31 December 2019	16,338	-	16,338	-
Plant and Equipment				
Adoption of AASB 16 (1 January 2019)	853	-	853	-
Additions of right-of-use assets	435	-	435	-
Depreciation charge	(735)	-	(735)	-
At 31 December 2019	553	-	553	-
Total right-of-use assets	16,891	-	16,891	-

Accounting Policy

Policy applicable from 1 January 2019

Assessment of whether a contract is, or contains, a lease

At inception of a contract, the University assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

the University assesses whether:

- (a) The contract involves the use of an identified asset. The asset may be explicitly or implicitly specified in the contract.
- (b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- (c) The customer has the right to direct the use of the asset throughout the period of use - The customer is considered to have the right to direct the use of the asset only if either:
 - i. The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - ii. The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.



17. Property, plant and equipment (continued)

Accounting Policy (continued)

Accounting for leases - University as lessee

In contracts where the University is a lessee, the University recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied.

Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A right-of-use asset associated with land and buildings is subsequently measured at fair value. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 17.

18. Intangible assets

University	Intangibles in progress \$'000	Other intangible assets \$'000	Total \$'000
At 1 January 2018			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382
Year ended 31 December 2018			
Opening net book amount	3,600	1,782	5,382
Additions	1,870	-	1,870
Reclassifications	(5,053)	5,053	-
Amortisation	-	(1,503)	(1,503)
Other changes, movements	(138)	(237)	(375)
Closing net book amount	279	5,095	5,374
At 31 December 2018			
Cost	279	16,907	17,186
Accumulated amortisation and impairment	-	(11,812)	(11,812)
Net book amount	279	5,095	5,374
Year ended 31 December 2019			
Opening net book amount	279	5,095	5,374
Additions	35	-	35
Impairment losses	-	(8)	(8)
Reclassifications	(314)	314	-
Amortisation	-	(1,379)	(1,379)
Closing net book amount	-	4,022	4,022
At 31 December 2019			
Cost	-	17,221	17,221
Accumulated amortisation and impairment	-	(13,199)	(13,199)
Net book amount	-	4,022	4,022



18. Intangible assets (continued)

Consolidated	Intangibles in progress \$'000	Other intangible assets \$'000	Total \$'000
At 1 January 2018			
Cost	3,600	12,091	15,691
Accumulated amortisation and impairment	-	(10,309)	(10,309)
Net book amount	3,600	1,782	5,382
Year ended 31 December 2018			
Opening net book amount	3,600	1,782	5,382
Additions	1,870	-	1,870
Reclassifications	(5,053)	5,053	-
Amortisation	-	(1,503)	(1,503)
Other changes, movements	(138)	(237)	(375)
Closing net book amount	279	5,095	5,374
At 31 December 2018			
Cost	279	16,907	17,186
Accumulated amortisation and impairment	-	(11,812)	(11,812)
Net book amount	279	5,095	5,374
Year ended 31 December 2019			
Opening net book amount	279	5,095	5,374
Additions	35	-	35
Impairment losses	-	(8)	(8)
Reclassifications	(314)	314	-
Amortisation	-	(1,379)	(1,379)
Closing net book amount	-	4,022	4,022
At 31 December 2019			
Cost	-	17,221	17,221
Accumulated amortisation and impairment	-	(13,199)	(13,199)
Net book amount	-	4,022	4,022

Accounting Policy

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

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

Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which is currently between 4 and 7 years.

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

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



19. Payables

	Note	Consolidated		University	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current					
Trade creditors*		19,535	24,292	19,796	24,614
Accrued salaries		8,122	6,805	8,111	6,805
Provision for Restructuring		3,560	-	3,560	-
OS-HELP liability to Australian Government	38(g)	3	1,504	3	1,504
Total current payables		31,220	32,601	31,470	32,923
Non-current					
Total payables		31,220	32,601	31,470	32,923

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.



20. Borrowings

The University does not hold any borrowings.

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Lease liabilities	2,610	-	2,610	-
Total current borrowings	2,610	-	2,610	-
Non-Current				
Lease liabilities	14,840	-	14,840	-
Total non-current borrowings	14,840	-	14,840	-
Total borrowings	17,450	-	17,450	-

Financing arrangements

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

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Total facilities				
Credit card facility	3,000	3,000	3,000	3,000
Documentary letter of credit facility	200	200	200	200
Bank guarantee	5,100	5,100	5,100	5,100
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total credit standby arrangements	9,300	9,300	9,300	9,300
Used at balance date				
Credit card facility	8	1	8	1
Documentary letter of credit facility	-	-	-	-
Bank guarantee	1,600	1,600	1,600	1,600
Overseas bills purchased facility	-	-	-	-
Total used at balance date	1,608	1,601	1,608	1,601
Unused at balance date				
Credit card facility	2,992	2,999	2,992	2,999
Documentary letter of credit facility	200	200	200	200
Bank guarantee	3,500	3,500	3,500	3,500
Overseas bills purchased facility	1,000	1,000	1,000	1,000
Total unused at balance date	7,692	7,699	7,692	7,699



20. Borrowings (continued)

Financing arrangements (continued)

Amounts recognised in the statement of comprehensive income

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	730	-	730	-
	<u>730</u>	<u>-</u>	<u>730</u>	<u>-</u>

Maturity analysis - undiscounted contractual cash flows

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Less than one year	3,223	-	3,223	-
One to five years	10,002	-	10,002	-
More than 5 years	7,247	-	7,247	-
Total undiscounted contractual cash flows	<u>20,472</u>	<u>-</u>	<u>20,472</u>	<u>-</u>
Lease liabilities recognised in the statement of financial position	17,450	-	17,450	-
Split Between:				
Current	2,610	-	2,610	-
Non-current	14,840	-	14,840	-

Amounts recognised in statement of cash flows

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Total cash outflow for leases	<u>3,576</u>	<u>-</u>	<u>3,576</u>	<u>-</u>



21. Provisions

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Annual leave*	19,179	19,151	19,094	19,081
Long service leave**	8,943	8,368	8,869	8,202
Workers' compensation liability	511	469	511	469
	28,633	27,988	28,474	27,752
Current provisions expected to be settled after more than 12 months				
Annual leave*	9,187	9,615	9,187	9,615
Long service leave**	41,272	35,839	41,272	35,839
	50,459	45,454	50,459	45,454
Total current provisions	79,092	73,442	78,933	73,206
Non-current				
Long service leave**	17,069	14,879	17,069	14,879
Workers' compensation liability	770	453	770	453
Total non-current provisions	17,839	15,332	17,839	15,332
Total provisions	96,931	88,774	96,772	88,538

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

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	922	931	922	931
Additional provisions recognised	725	291	725	291
Amounts used	(403)	(209)	(403)	(209)
Unused amounts reversed	-	(107)	-	(107)
Increase / (decrease) in discounted amount	37	16	37	16
Carrying amount at end of year	1,281	922	1,281	922



21. 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 2019 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.

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 2019 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.

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 2019 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.



22. Contract liabilities

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Commonwealth and State Government grants	30,661	-	30,661	-
Income in Advance on incomplete projects	17,240	-	17,240	-
Student fees and charges in advance	19,725	-	19,725	-
Other	2,868	-	2,868	-
Total current contract liabilities	70,494	-	70,494	-

Accounting Policy

Commonwealth and State Government Grants represents Australian Government Grants received and represents funding received but not spent as detailed in Note 1(g) accounting policy.

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

23. Other liabilities

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Funds held on behalf of external entities	3,575	3,383	3,405	3,165
Commonwealth and State Government unspent financial assistance	1,987	27,697	1,987	27,697
Income in advance on incomplete projects	-	4,362	-	4,362
Student fees and charges in advance	2,426	17,808	2,426	17,808
Other	5,002	543	5,008	549
Total other liabilities	12,990	53,793	12,826	53,581

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 unspent financial assistance represents Australian Government Grants received which the University regards as reciprocal and represents funding received but not spent.

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



24. Reserves

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment revaluation surplus				
Land, Buildings and Infrastructure	263,150	226,230	263,150	226,230
Art collection	1,382	1,417	1,382	1,417
	264,532	227,647	264,532	227,647
Equity instruments designated at fair value through other comprehensive income	48,557	27,783	48,557	27,783
Total reserves	313,089	255,430	313,089	255,430

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

25. Key management personnel disclosures

(a) Names of responsible persons

The following persons were responsible persons of the University during the 2019 year. Council members include University employees who may be ex-officio members or elected staff members.

2019 Council Members

Ms Pauline Carr, Chancellor
Professor David Lloyd, Vice Chancellor and President
Hon John Hill, Deputy Chancellor
Mr Jim Hazel, Pro Chancellor
Mr Michael Abbott AO QC
Ms Nida Baig
Ms Grace Dixon
Mr Eric Granger
Ms Karen Hunt
Professor Caroline McMillen
Ms Mary Patetsos
Ms Miriam Silva
Mr Ian Smith
Associate Professor Deirdre Tedmanson
Professor Vicki Waye
Mr Jim Whalley



25. Key management personnel disclosures (continued)

(a) Names of responsible persons (continued)

2019 University Senior Management

Professor David Lloyd, Vice Chancellor and President
Mr Paul Beard
Professor Simon Beecham
Ms Jane Booth
Dr Laura-Anne Bull (until 31 January 2019)
Professor Joanne Cys
Professor Roger Eston (commenced 1 February 2019)
Professor Allan Evans
Professor Carol Grech (commenced 14 January 2019)
Professor Julie Mills (commenced 15 April 2019)
Professor Tanya Monro (until 8 March 2019)
Mr Nigel Relph (until 31 March 2019)
Professor Irene Watson
Professor Marie Wilson

(b) Remuneration of key management personnel

	Consolidated		University	
	2019	2018	2019	2018
	Number	Number	Number	Number
Remuneration of Council members				
Nil	4	4	4	4
\$1 to \$9,999	-	1	-	1
\$10,000 to \$19,999	8	8	8	8
\$20,000 to \$29,999	1	1	1	1
\$30,000 to \$39,999	2	1	2	1
\$40,000 to \$49,999	-	1	-	1
\$70,000 to \$79,999	1	-	1	-
	16	16	16	16

Remuneration received and receivable by Council members for their services as Council members was \$298,685 (2018: \$198,925). The total remuneration received and receivable by Council members in their position as Council members and as Directors of subsidiary companies was \$298,685 (2018: \$198,925).

25. Key management personnel disclosures (continued)

(b) Remuneration of key management personnel (continued)

	Consolidated		University	
	2019	2018	2019	2018
	Number	Number	Number	Number
Remuneration of executive officers				
\$120,000 to \$129,999	1	-	1	-
\$170,000 to \$179,999	-	1	-	1
\$240,000 to \$249,999	1	-	1	-
\$260,000 to \$269,999	1	-	1	-
\$290,000 to \$299,999	1	-	1	-
\$320,000 to \$329,999	1	-	1	-
\$330,000 to \$339,999	-	1	-	1
\$350,000 to \$359,999	2	-	2	-
\$380,000 to \$389,999	-	2	-	2
\$390,000 to \$399,999	-	2	-	2
\$400,000 to \$409,999	1	1	1	1
\$410,000 to \$419,999	1	-	1	-
\$420,000 to \$429,999	-	1	-	1
\$430,000 to \$439,999	1	-	1	-
\$480,000 to \$489,999	1	-	1	-
\$510,000 to \$519,999	-	1	-	1
\$650,000 to \$659,999	-	1	-	1
\$670,000 to \$679,999	1	1	1	1
\$680,000 to \$689,999	1	-	1	-
\$1,090,000 to \$1,099,999	-	1	-	1
\$1,180,000 to \$1,189,999	1	-	1	-
	14	12	14	12

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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	5,621	5,216	5,621	5,216
Post-employment benefits	453	633	453	633
Other long-term benefits	161	-	161	-
Total executive officers' compensation	6,235	5,849	6,235	5,849

**25. Key management personnel disclosures (continued)****(d) Related party transactions**

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

26. 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Audit the Financial Statements				
Fees paid to Auditor-General's Department	282	276	282	276
Fees paid to BDO Australia Ltd	14	18	-	-
Total paid for audit	296	294	282	276

Audit fees paid / payable to the Auditor-General's Department relating to work performed under Section 19 of the University of South Australia Act 1990 in 2019 were \$0.28m (2018: \$0.28m).

27. Contingencies

The University has no material contingent liabilities or assets.



28. Commitments

(a) Capital commitments

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

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment:				
Within one year	6,804	8,814	6,804	8,814
Total Property, plant and equipment commitments	6,804	8,814	6,804	8,814

(b) Other expenditure commitments

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

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Within one year	15,346	8,975	18,444	12,028
Between one and five years	19,749	4,706	19,749	7,804
Later than five years	950	425	950	425
Total other expenditure commitments	36,045	14,106	39,143	20,257

Other expenditure commitments includes material commitments arising contributions to Co-operative Research Centres (CRC), cleaning and security. The Consolidated other expenditure commitments eliminates \$3.10 million of commitments between the University and its subsidiaries for Service Level Agreements (2018: \$6.20 million).



29. Related Parties

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 25.

(d) Transactions with related parties

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

	2019	2018
	\$'000	\$'000
Fees paid to subsidiaries for the provision of services under agreement	3,050	2,860



30. Superannuation plans

(a) Categories

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

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

(b) UniSuper Limited Superannuation Scheme

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

The employer contribution rate for 2019 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 2019.

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".

As at 30 June 2019 the assets of the DBD aggregate (i.e. entire multi-employer DBD plan) were estimated to be:

- \$5,643 million above (2018: \$3,785 million in excess) vested benefits, after allowing for various reserves. The Vested Benefits Index based on funding assumption was 125.4%. 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.
- \$7,301 million above (2018: \$5,477 million in excess) accrued benefits, after allowing for various reserves. The Accrued Benefits Index based on best estimate assumptions was 135.5%. 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.



30. Superannuation plans (continued)

(b) UniSuper Limited Superannuation Scheme (continued)

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 30 June 2019. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - DBD pensions	4.8% p.a.	6.1% p.a.
Gross of tax investment return - commercial rate indexed pensions	2.4% p.a.	2.4% p.a.
Net of tax investment return - non pensioner members	4.3% p.a.	5.5% p.a.
Consumer Price Index	2.0% p.a.	2.0% p.a.
Inflationary salary increases - For the next 3 years	2.75% p a	2.75% p a
Inflationary salary increases - Beyond 3 years	3.0% p.a.	3.0% p.a.

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

(c) Super SA Superannuation plan

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

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

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

An actuarial assessment (the Assessment) of the University's superannuation liability with respect to future benefits for current pensioners and employees was performed by Brett & Watson Pty. Ltd. as at 31 December 2019. The actuarial valuation was based on 30 June 2019 membership data which was projected to 31 December 2019 using the Projected Unit Credit Method. The University's present value of the defined benefit obligations was assessed to be \$480.86 million (2018: \$459.82 million).

The University's liability under the scheme has been partly funded by assets of \$54.40 million (2018: \$47.96 million) from 3% productivity employer contributions. This results in an unfunded liability of \$426.46 million (2018: \$411.86 million).



30. Superannuation plans (continued)

(c) Super SA Superannuation plan (continued)

The weighted average duration of the defined benefit obligation is 11.60 years (2018: 12.03 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 2019	30,173	29,374	85,858	429,814	575,219
Defined Benefit obligation - 31 Dec 2018	30,493	29,673	87,957	465,041	613,164

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

	2019 (%)		2018 (%)	
	Active Market	No Active Market	Active Market	No Active Market
Equity instruments	51.3	0.0	53.6	0.0
Property	2.8	14.4	2.4	13.9
Diversified Strategies Growth	0.0	16.6	0.7	13.2
Diversified Strategies Income	13.4	0.0	14.4	0.0
Inflation Linked Securities	0.0	0.0	0.7	0.2
Cash	1.5	0.0	0.9	0.0
Total	69.0	31.0	72.7	27.3



30. Superannuation plans (continued)

(d) Amounts recognised in the Statement of Financial Position

	University	
	2019	2018
	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at beginning of year	459,817	463,115
Current service cost	146	207
Interest cost	10,670	12,534
Actuarial (gain) / loss		
(b) Impact of changes in financial assumptions	46,092	17,954
(c) Experience items	(6,536)	(4,342)
Benefits and expenses paid	(29,329)	(29,652)
Present value of defined benefits obligations at end of year	480,860	459,816
Reconciliation of the fair value of the defined benefit plan assets		
Fair value of Scheme assets at start of year	47,959	47,173
Interest income	1,166	1,309
Actual return on assets less Interest income	5,256	(549)
Employer contributions	29,352	29,678
Benefits and expenses paid	(29,329)	(29,652)
Fair value of Scheme assets at end of year	54,404	47,959
Net Liability		
Defined Benefit Obligation	480,860	459,816
Less: Fair value of plan assets	(54,404)	(47,959)
Net Liability	426,456	411,857
Defined Benefit Provision		
Current	30,200	30,493
Non-current	396,256	381,364
Total Defined Benefit Provision	426,456	411,857

The net unfunded amount of \$426.46 million (2018: \$411.90 million) has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth Government. The asset and liability have been classified as current and non-current according to cash flow projections of the Assessment.



30. Superannuation plans (continued)

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

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

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

- Long term rate of increase in the Consumer Price Index (CPI) 2.5% per annum (2018 2.5%)
- Salary increases 4.0% per annum (2018 4.0%)
- Discount Rate 1.4% per annum (2018 2.4%)

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 5.0%	0.5%	Increase by 5.4%
Pension increase rate	0.5%	Increase by 5.6%	0.5%	Decrease by 5.2%
Mortality rate	10.0%	Decrease by 3.6%	10.0%	Increase by 4.1%

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 University of South Australia. The net expense is nil as the defined benefit plans are fully funded.



31. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy included in Note 17 Other financial assets:

Name of Entity	Principal Activities	Principal place of business	Ownership interest	
			2019	2018
			%	%
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

32. Investments in associates

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

Accounting Policy

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

33. 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 2019:50% (2018:50%)) and Mawson Centre Building (Ownership Interest 2019:63% (2018:63%)).

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 2019: nil (2018:33%)) and South Australian Tertiary Admissions Centre Ltd (Ownership Interest 2019:20% (2018:20%)).

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

**34. Events occurring after the balance sheet date**

Since 31 December 2019 the Australian Government has implemented travel restrictions and other measures to manage the risks from the spread of the coronavirus (COVID-19) which will impact student revenue.

The pandemic has also impacted investment markets and interest rates, which affect the measurement of a range of the University's assets, including investments in equity instruments designated at fair value through other comprehensive income and also actuarially assessed liabilities including superannuation, long service leave, and workers' compensation provisions.

It is anticipated that, should these factors continue during 2020, they have the potential to significantly impact the University's financial position and operating result for the 2020 year.

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

	Consolidated		University	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	21,536	19,504	21,129	19,406
Add / (less) non-cash items:				
Depreciation and amortisation	44,855	40,763	44,847	40,747
Non-cash donations	(62)	(346)	(62)	(346)
Net (gain) / loss on sale of property, plant and equipment	169	301	169	301
Impairment of property, plant and equipment	175	697	175	697
Property, plant and equipment in progress adjustments	457	428	453	428
Adoption of AASB 15 and 1058	(25,222)	-	(25,222)	-
Changes in operating assets and liabilities:				
(Increase) / decrease in receivables	2,220	1,303	2,629	1,401
(Increase) / decrease in other assets	246	(240)	270	(243)
Increase / (decrease) in payables and tax liabilities	(1,208)	4,324	(1,424)	4,206
Increase / (decrease) in provisions	8,157	2,445	8,234	2,407
Increase / (decrease) in other liabilities	29,692	(2,205)	29,740	(2,157)
Net cash provided by / (used in) operating activities	81,015	66,974	80,938	66,847



36. Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

As at 31 December 2019 the University held MYR 0 million (AUD 0 million) (2018: MYR0.14 million (AUD\$0.05 million)) as the MYR currency account was closed.

As at 31 December 2019 the University held USD\$4.91 million (AUD\$7.01 million) (2018: USD\$4.91 million (AUD\$6.96 million)) as cash at bank and deposits at call.

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

(ii) Cash flow and fair value interest rate risk

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

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

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

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

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



36. 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 credit risk from 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.

37. Fair value measurement

(a) Fair value measurements

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

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

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

- Equity instruments designated at fair value through other comprehensive income
- Financial assets at fair value through other comprehensive income
- 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)



37. 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 2019.

Fair value measurements

	Note	2019 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements at 31 Dec 2019					
Financial assets					
Equity instruments designated at fair value through other comprehensive income	15	67,143	20,215	41,735	5,193
Total financial assets		67,143	20,215	41,735	5,193
Non-financial assets					
Land and buildings					
Land	17	184,251	-	184,251	-
Buildings		838,947	-	15,288	823,659
Infrastructure		46,076	-	-	46,076
Non-financial assets	17	3,823	-	-	3,823
Total non-financial assets		1,073,097	-	199,539	873,558
Recurring fair value measurements at 31 Dec 2018					
Financial assets					
Equity instruments designated at fair value through other comprehensive income	15	44,360	14,614	24,668	5,078
Total financial assets		44,360	14,614	24,668	5,078
Non-financial assets					
Land and buildings					
Land	17	159,958	-	159,958	-
Buildings		841,336	-	11,000	830,336
Infrastructure		41,417	-	-	41,417
Other non-financial assets	17	3,840	-	-	3,840
Total non-financial assets		1,046,551	-	170,958	875,593

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. Certain buildings were transferred to Level 2 from Level 3 as a result of the 31 December 2019 revaluation

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.



37. 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. All other financial instruments that are not traded in an active market are included in Level 3.

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 2019, the fair values of Land, Buildings and Infrastructure have been determined by Opteon Pty Ltd. One of the University's buildings, partly damaged by fire in 2016 and now vacant, has been written off as a result of Opteon Pty Ltd determination of the building's fair value as at 31 December 2019.

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. 11 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 considering current sales and auctions of works by the same artist and/or similar genre. The collection was valued at 31 December 2019.



37. 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 2019 and 2018.

Level 3 Fair Value Measurement 2019	Unlisted equity securities \$'000	Buildings \$'000	Infrastructure \$'000	Art collection \$'000	Total \$'000
Opening balance	5,078	825,492	41,417	3,840	875,827
Additions	382	10,078	6,586	18	17,064
Disposals	(15)	-	-	-	(15)
Recognised in profit or loss	-	(25,651)	(1,885)	-	(27,536)
Recognised in other comprehensive income	(252)	13,740	(42)	(35)	13,411
Closing balance	5,193	823,659	46,076	3,823	878,751

Level 3 Fair Value Measurement 2018	Unlisted equity securities \$'000	Buildings \$'000	Infrastructure \$'000	Art Collection \$'000	Total \$'000
Opening balance	1,970	543,138	42,128	3,810	591,046
Additions	177	307,112	1,091	30	308,410
Recognised in profit or loss	-	(24,758)	(1,802)	-	(26,560)
Recognised in other comprehensive income	2,931	-	-	-	2,931
Closing balance	5,078	825,492	41,417	3,840	875,827

(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.



37. 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 2019 \$'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Unlisted equity securities	5,193	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.



38. Acquittal of Australian Government financial assistance

(a) Education - CGS and other Education grants

	Note	Commonwealth Grants Scheme		Higher Education Participation Funding		Promotion of Excellence in Learning and Teaching		Disability Performance Funding	
		2019	2018	2019	2018	2019	2018	2019	2018
		\$'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)		184,232	180,486	5,269	5,329	65	-	96	92
Net accrual adjustments		(53)	3,466	-	154	65	139	-	-
Revenue for the period	2	184,179	183,952	5,269	5,483	130	139	96	92
Movement in deferred income		-	-	-	(154)	(65)	(139)	-	-
Surplus / (deficit) from the previous year		-	-	-	154	131	292	-	-
Total revenue including accrued revenue		184,179	183,952	5,269	5,483	196	292	96	92
Less expenses including accrued expenses		(184,179)	(183,952)	(5,269)	(5,483)	(134)	(161)	(96)	(92)
Surplus / (deficit) for reporting period		-	-	-	-	62	131	-	-

38. Acquittal of Australian Government financial assistance (continued)

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

	Australian Maths & Science Partnership Program		Indigenous Student Success Program		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)	-	(15)	1,592	1,779	191,254	187,671
Net accrual adjustments	-	269	(176)	-	(164)	4,028
Revenue for the period	-	254	1,416	1,779	191,090	191,699
Movement in deferred income	-	(269)	176	-	111	(562)
Surplus / (deficit) from the previous year	-	269	102	12	233	727
Total revenue including accrued revenue	-	254	1,694	1,791	191,434	191,864
Less expenses including accrued expenses	-	(254)	(1,518)	(1,689)	(191,196)	(191,631)
Surplus / (deficit) for reporting period	-	-	176	102	238	233

Note

2



38. 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note								
Cash Payable / (Receivable) at the beginning of the year	(477)	(701)	585	37	(116)	68	(8)	(596)
Financial assistance received in cash during the reporting period	138,796	129,402	8,283	8,938	3,768	3,247	150,847	141,587
Cash available for the period	138,319	128,701	8,868	8,975	3,652	3,315	150,839	140,991
Revenue earned	138,192	129,178	7,875	8,390	3,674	3,431	149,741	140,999
Cash Payable / (Receivable) at the end of the year	127	(477)	993	585	(22)	(116)	1,098	(8)



38. Acquittal of Australian Government financial assistance (continued)

(c) Department of Education and Research

	Note	Research Training Program		Research Support Program		Total	
		2019	2018	2019	2018	2019	2018
		\$'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)		19,635	19,765	16,000	15,351	35,635	35,116
Revenue for the period	2	19,635	19,765	16,000	15,351	35,635	35,116
Surplus / (deficit) from the previous year		2,094	2,798	-	5	2,094	2,803
Total revenue including accrued revenue		21,729	22,563	16,000	15,356	37,729	37,919
Less expenses including accrued expenses		(19,740)	(20,469)	(16,000)	(15,356)	(35,740)	(35,825)
Surplus / (deficit) for reporting period		1,989	2,094	-	-	1,989	2,094

The reported surpluses for Research Training Program (RTP) of \$1.99 million for 2019 (2018: \$2.09 million) are expected to be rolled over for future use by the University.



38. 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	13,286	-
Research Training Program stipends	5,106	1,188
Research Training Program allowances	3	157
Total for all types of support	18,395	1,345

(e) Other capital funding

	Linkage Infrastructure, Equipment and Facilities Scheme		Total	
	2019	2018	2019	2018
Note	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)	-	-	-	-
Net accrual adjustments	154	37	154	37
Revenue for the period	154	37	154	37
Movement in deferred income	(39)	62	(39)	62
Surplus / (deficit) from the previous year	75	13	75	13
Total revenue including accrued revenue	190	112	190	112
Less expenses including accrued expenses	(154)	(37)	(154)	(37)
Surplus / (deficit) for reporting period	36	75	36	75

38. Acquittal of Australian Government financial assistance (continued)

(f) Australian Research Council Grants

	Note	Discovery		Linkages		Networks and Centres		Special Research Initiatives		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		3,783	3,708	680	981	-	-	178	-	4,641	4,689
Net accrual adjustments		(299)	860	833	1,022	430	217	(178)	-	786	2,099
Revenue for the period	2	3,484	4,568	1,513	2,003	430	217	-	-	5,427	6,788
Movement in deferred income		661	(815)	5	(544)	(106)	73	178	-	738	(1,286)
Surplus / (deficit) from the previous year		2,634	3,450	1,862	2,406	261	188	-	-	4,757	6,044
Total revenue including accrued revenue		6,779	7,203	3,380	3,865	585	478	178	-	10,922	11,546
Less expenses including accrued expenses		(3,484)	(4,569)	(1,507)	(2,003)	(430)	(217)	-	-	(5,421)	(6,789)
Surplus / (deficit) for reporting period		3,295	2,634	1,873	1,862	155	261	178	-	5,501	4,757



38. Acquittal of Australian Government financial assistance (continued)

(g) OS-HELP

	2019	2018
Note	\$'000	\$'000
Cash received during the reporting period	897	2,264
Cash spent during the reporting period	(2,398)	(1,940)
Net cash received	(1,501)	324
Cash surplus / (deficit) from the previous period	1,504	1,180
Cash surplus for the reporting period	3	1,504

(h) Superannuation Supplementation

	2019	2018
	\$'000	\$'000
Cash received during the reporting period	28,246	26,601
Cash available	28,246	26,601
Cash surplus / (deficit) from the previous period	1,207	3,218
Cash available for current period	29,453	29,819
Contributions to specified defined benefit funds	(30,333)	(28,612)
Cash surplus for the reporting period	(880)	1,207

(i) Student services and amenities fee

	2019	2018
Note	\$'000	\$'000
Unspent / (overspent) revenue from previous period	270	253
SA-HELP revenue earned	3,674	3,431
Student services fees direct from students	1,276	1,317
Total revenue expendable in period	5,220	5,001
Student services expenses during period	(4,929)	(4,731)
Unspent student services revenue	291	270



CERTIFICATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 1(g); and
 - present a true and fair view of the financial position of the University as at 31 December 2019 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.
- at the time of signing this statement, there are reasonable grounds to believe that the University will be able to pay its debts as and when they become due and payable.

Ms Pauline Garr
Chancellor

Professor David G. Lloyd
Vice Chancellor and President

Mr Peter Prest
Chief Financial Officer

12 May 2020