	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000

Note 25 Key mangemetn personnel disclosures (continued)

(d) Key management personnel compensation

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Short-term employee benefits	3,226	2,856	3,090	2,710
Post-employment benefits	-	-	-	-
Other long-term	-	-	-	-
Termination benefits	-	-	-	-
	3,226	2,856	3,090	2,710

(e) Loans to key management personnel

No loans were made to any key management personnel during the period.

Note 26 Remuneration of auditors

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

Assurance services

1. Audit services

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Fees paid to the Queensland Audit Office:				
Audit and review of financial reports and other audit work under the Corporations Act 2001 and the Financial Administration & Audit Act 1977	53	83	53	83
Audit fees not included in accrued expenditure	53	34	53	29
	106	117	**106**	112

2. Other assurance services

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
KPMG - Internal audit, review and other audit work	96	95	96	95
KPMG Audit fees not included in accrued expenditure	3	13	3	13
AUQA	-	54	-	54
	99	162	**99**	162
Total remuneration of auditors	**205**	279	**205**	274

It is not the University's policy to employ QAO (the main auditor) on assignments additional to their statutory audit duties where QAO expertise and experience with the consolidated entity are important. It is the University's policy to seek competitive tenders for all major consulting projects where tendering is considered likely to deliver value for money.

Note 27 Commitments

(a) Capital commitments

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Property, plant and equipment				
Payable:				
Within one year	12,817	13,977	12,817	13,977
Later than one year but not later than five years	-	-	-	-
Total capital commitments	**12,817**	13,977	**12,817**	13,977
Intangible assets				
Payable:				
Within one year	774	-	774	-
Later than one year but not later than five years	-	-	-	-
Total capital commitments	**774**	-	**774**	-

(b) Lease commitments

Commitments in relations to leases contracted for at the reporting date but not recognised as liabilities payable:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Within one year	250	291	237	291
Later than one year but not later than five years	276	537	231	537
Later than five years	456	848	456	848
Total lease commitments	**982**	1,676	**924**	1,676
Representing:				
Cancellable operating leases	394	-	336	-
Non-cancellable operating leases	588	1,676	588	1,676
	982	1,676	**924**	1,676

There are no implicit interest rates relating to the non-cancellable operating leases. These leases relate to property.

Note 28 Related parties

(a) Parent entity

The ultimate Australian parent entity is the University of the Sunshine Coast which at 31 December 2007 owns 100% of the issued ordinary shares of the Innovation Centre Sunshine Coast Pty Ltd (ICSC) (2006 100%) and Multi Access Productions Pty Ltd (MAP) (2006 100%). As MAP discontinued operations on 18 December 2007 the value of shares held in MAP at 31 December 2007 is nil.

(b) Subsidiaries

The primary purpose of ICSC is to provide regional leadership and support for new business designed to create wealth and generate employment on the Sunshine Coast.

The primary purpose of MAP was to utilise and re-sell software product Viascribe under licensing arrangements with IBM. Viascribe is a software product used to capture a transcript in real time then convert it to multimedia notes.

MAP elected to deregister on 18 December 2007. On 4 January 2008 notification was received from ASIC approving the deregistration of the company. On 8 January 2008, the Vice-Chancellor confirmed that the University would honour any unforseen liabilities arising from the closure of the Company.

(c) Directors and specified executives

Directors of ICSC who are also members of the University of Sunshine Coast Council are:
Professor Paul Thomas
Professor Greg Hill

(d) Transactions with related parties

The University provides goods and services to external parties on behalf of its subsidiaries for which it is subsequently reimbursed. No fee is charged in relation to this arrangement. The University also provides a grant to each of its subsidiaries for expending in an approved manner. For 2007 ICSC received $250,000 (2006 $80,000). As MAP was dissolved in 2007, no grant was provided in 2007 (2006 $80,000).

An occupancy and utilities arrangement exists between ICSC and MAP. Fees charged by ICSC during the year to MAP were $4,254 (2006 $16,521). On dissolution of MAP all arrangements between ICSC and MAP have been transferred to the University.

(e) Outstanding balances

As at 31 December 2007, the wholly owned subsidiary ICSC owed the University an amount of $165,823 (2006 $489) through normal intercompany arrangements.

The wholly owned subsidiary MAP was discontinued as at 18 December 2007 and as such all debts owed to the University were waived ($33,044).

The University also holds an $1,000 deposit with ICSC that was transferred to the University on dissolution of MAP.

Note 29 Reconciliation of operating result after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Operating result for the period	8,087	5,630	8,132	5,649
Depreciation and amortisation	4,511	3,234	4,507	3,230
Non-cash donations	(122)	-	(122)	-
Net (gain) / loss on sale of non-current assets	93	102	93	102
(Increase) / decrease in trade and other receivables	2,977	(4,826)	2,859	(4,831)
(Increase) / decrease in other financial assets	21	(425)	(22)	(380)
(Decrease) / increase in trade and other payables	(2,472)	3,501	(2,478)	3,425
(Decrease) / increase in other liabilities	713	95	809	2
(Decrease) / increase in provisions	1,860	914	1,859	903
Net cash provided by / (used in) operating activities	**15,668**	8,225	**15,637**	8,100

Note 30 Financial risk management

The Group's activities exposes it to a variety of financial risks, including:
- market risk
- credit risk
- liquidity risk

The Council has overall responsibiility for the establishment and oversight of the risk management framework. The Council has established the Audit & Risk Management Committee, which is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions of the Group's activities.

The Audit & Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit & Risk Management Committee are assisted in its oversight role by Internal Audit.

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Group does not hold any derivatives or other financial liabilities related to the management of market risk.

(i) foreign exchange risk (currency risk)

The currency in which the Group's activities and associated transactions is conducted is primarily the Australian dollar (AUD). As such, the Group's exposure to currency risk on sales, purchases and borrowings is minimal.

(ii) Cash flow and fair value interest rate risk.

The Group's policy is to only invest and borrow from the Queensland Treasury Corporation and other Government associated entities. The Group's exposure to interest rate risk arises predominately from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. For further details regarding interest rate risk refer to Note 30(a)(v).

(iii) other price risk

As the Group has not entered into any complex financial arrangements any exposure to other price risk is immaterial.

(iv) sensitivity analysis

At 31 December 2007, if interest rates had changed by 0.5% from the period end rates and with all other variables held constant, the impact on the operating result would have been immaterial.

Note 30 Financial risk management (continued)

(v) Interest rate risk exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2007	Floating interest rate	1 Year or less	1 year to 5 years	Over 5 years	Non interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	7,096	-	-	-	10	7,106
Receivables	-	-	-	-	3,250	3,250
Shares - public company	-	-	-	-	20	20
	7,096	-	-	-	3,280	10,376
Weighted average interest rate	6.05%					
Financial Liabilities						
Trade and other payables	-	-	-	-	3,704	3,704
Borrowings	-	2,048	7,240	18,835	-	28,123
	-	2,048	7,240	18,835	3,704	31,827
Weighted average interest rate		5.72%	5.70%	5.70%		
Net financial assets(liabilities)	7,096	(2,048)	(7,240)	(18,835)	(424)	(21,451)

2006	Floating interest rate	1 Year or less	over 1 year to 2 years	Over 5 years	Non interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	8,339	-	-	-	10	8,349
Receivables	-	-	-	-	6,227	6,227
Shares - public company	-	-	-	-	20	20
	8,339	-	-	-	6,256	14,596
Weighted average interest rate	6.67%					
Financial Liabilities						
Trade and other payables	-	-	-	-	6,176	6,176
Borrowings	-	1,944	7,833	18,836	-	28,613
	-	1,944	7,833	18,836	6,176	34,789
Weighted average interest rate		5.76%	5.70%	5.70%		
Net financial assets(liabilities)	8,339	(1,944)	(7,833)	(18,836)	80	(20,194)

Note 30 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet is contractual obligations, and arises principally from the Group's receivables from customers and, for the parent entity, receivables due from subsidiaries.

The carrying amount of the Group's financial assets represents the maximum credit exposure.

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 70% of the Group's revenue is attributable to Australian Government Financial Assistance, however, the arrangements are largely advancements rather than receivables.

The University's Financial Management Policy establishes a credit policy under which each new customer is analysed indvidually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Council.

More than 70% of the Group's customers have been transacting with the Group for over 3 years, and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

Investments

The Group has minimal investments and has limited its exposure to credit risk by only investing in liquid securities with QTC or other Industry initiatives.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condidtions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses past trend analysis and commitments reporting to assist in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that is has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For further details regarding current lines of credit refer to Note 21.

(d) Fair value of financial assets and liabilities

The fair values of all financial assets and liabilities are carried at cost with the exception of receivables and borrowings.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of borrowings are carried at the principal amount with disclosure regarding the market value per the Queensland Treasury Corporation.