Note 1 Summary of significant accounting policies

j) Prepayments

Prepayments for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in other financial assets in the balance sheet.

k) Inventories

Stock on hand at balance sheet date represents licences purchased for resale. Inventories are valued at the lower of cost and net realisable value. Inventories are recorded in other financial assets in the balance sheet.

l) Property, Plant and Equipment

Each class of property, plant and equipment is carried at fair value, less where applicable, any accumulated depreciation and impairment losses. Assets are valued at their fair value in accordance with the Queensland Treasury 'Non-Current Asset Policies for the Queensland Public Sector'.

Subsequent costs to an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably.

Land

The asset recognition threshold for land is $1. Land is not depreciated.

Buildings and infrastructure assets

The asset recognition threshold for building and infrastructure assets is $10,000.

Construction in progress

Construction in progress is shown at a value that recognises the extent of completion of construction work, as represented by progress payments to date. Contracts signed for the purpose of building projects that have not been completed and / or commenced at 31 December 2009 have been disclosed as capital expenditure commitments (refer Note 26).

Library – Heritage Collection
The Library Heritage Collection is valued at fair value in accordance with Accounting for Library Collections Policy. The asset threshold for Library Heritage Collection is $5,000.

Leasehold Improvements

Leasehold Improvements are valued at cost. The asset recognition threshold for leasehold improvements is $5,000. Leasehold improvements are depreciated over the unexpired period of the lease. During 2009 infrastructure assets to the value of $7,000, and building assets to the value of $241,000 were reclassified as Leasehold Improvements. These were improvements to the Dilli Village facility at Fraser Island, Queensland with which the University of the Sunshine Coast is in an operating lease arrangement.

Plant and Equipment

All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Plant and equipment with a value of equal to or greater than $5,000 are recorded at cost less depreciation and impairment losses. Additions with a value of less than $5,000 are expensed in the year of purchase. Plant and equipment donated to the University is recorded at valuation in the year of donation.

Note 1 Summary of significant accounting policies

Art Collection

The University's art collection is valued at cost, with donations to the collection, being independently valued. In respect of art collections the asset recognition threshold is $5,000.

Revaluations

Land, building, infrastructure, library heritage and art collections are re-valued every 5 years by external independent valuers in accordance with Queensland Treasury's asset policy. In 2009 a formal revaluation was conducted of all land, buildings and infrastructure held by the University of the Sunshine Coast, and any movement reflected in the Asset Revaluation Reserve. Interim valuations are conducted in the subsequent years using Australian Bureau of Statistics prices indices and other reliable measures.

Accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset as mandated by Queensland Treasury. The carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are credited directly to the asset revaluation reserve, except where the increment reverses a previously recognised decrement. In such cases the increments are recognised as revenue in the income statement. Revaluation decrements are recognised as an expense in the income statement except where the decrement reverses a revaluation increment held in the asset revaluation reserve.

Depreciation

Property, plant and equipment, other than land and the library heritage collection are depreciated on a straight line basis over their expected useful lives at the following rates:

Item	Useful Life (years)	Depreciation Rate (%)
Computer Hardware	3	33.3
Freehold Buildings	40	2.5
Infrastructure	20	5
Laboratory Equipment	7.5	13.3
Leasehold Improvements	10	10
Plant & Equipment	10	10

Depreciation is charged from the month after acquisition or, in respect of buildings and infrastructure assets under construction, from the month after the asset is completed and ready for use.

Disposals
Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. When re-valued assets are sold, it is University policy to transfer the amounts included in asset revaluation reserves in respect of those assets to retained earnings.

m) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understandings, is recognised in the income statement as an expense, when it is incurred.

Computer Software

Computer software with a value equal to or greater than $100,000 is recognised at cost of acquisition less accumulated amortisation and any impairment losses. Computer software is amortised over its useful life. Software

Note 1 Summary of significant accounting policies

under construction is valued at cost where the cumulative value of invoices exceeds $100,000. Directly attributed costs of materials, hardware and services used or consumed in generating the software have been recognised excluding costs of employee benefits which remain as and are included in ordinary business operations.

The 2009 Financial Statements for the University show a reclassification of salary and wage expenditure directly attributable to the Finance System software implementation from expenditure to capital. This reclassification required a restatement of the 2008 comparatives to the value of $493,000.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the University prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

p) Finance costs

All finance costs are expensed in the period in which they have been incurred.

q) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Annual Leave

The provision for annual leave does not include any entitlements due and payable to eligible scholarship holders, consultants and casual employees. Annual leave entitlements have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long Service Leave

Provision for long service leave has been measured with reference to the present value of the estimated future cash outflows to be made, predictions of when leave will be taken and the consolidated entity's experience of the probability that employees will qualify for long service leave. That part of the provision that is expected to be payable within 12 months of the reporting date is classified as a current provision and measured at its nominal amount. The liability for long service leave expected to be settled more than 12 months from the reporting date 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 of maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

Contributions are made by the University to employee superannuation funds and are charged as expenses when incurred.

Note 1 Summary of significant accounting policies

Superannuation
(UniSuper DBD Financial Position as at 30 June 2009)

Background
The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of Clause 34 of the UniSuper Trust Deed, a defined contribution plan under Accounting Standard AASB 119.

Financial Position
As at 30 June 2009 the assets of the DBD in aggregate were estimated to be $1,396 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBD.

As at 30 June 2009 the assets of the DBD in aggregate were estimated to be $39 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 12 June 2009 on the actuarial investigation of the DBD as at 31 December 2008. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.25% p.a.	8.5% p.a.
Net of tax investment return	6.75% p.a.	8.0% p.a.
Consumer Price Index	2.75% p.a.	2.75% p.a.
Inflationary salary increases long term	3.75% p.a.	3.75% p.a.

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

The Defined Benefit Division as at 30 June 2009 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2009, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions.

r) Rounding and Comparatives

Amounts in the financial report have been rounded to the nearest $1,000 or where that amount is $500 or less to zero. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period, particularly those required by the DEEWR guidelines.

s) Authority to issue financial report

The financial report is authorised for issue by the Chancellor and the Vice-Chancellor and President at the date of signing the Management Certificate.

t) Prior Period Accounting Errors

In 2009, the consolidated entity discovered an accounting error in respect of the recognition of Intangible Assets in 2008. In 2008 the directly attributed costs of the Intangible Asset excluded employee benefits. AASB 138 states that directly attributed costs include costs of employee benefits arising from the generation of the intangible asset. There were also other costs of materials and services used or consumed in generating the intangible asset that were omitted

Note 1 Summary of significant accounting policies

from the asset recognition process. These accounting policy corrections have resulted in adjustments to the 2008 comparative results.

The consolidated entity also discovered an accounting error in respect of the classification of Dilli Village Leasehold Assets recorded in the Asset Register as at 31st December 2008. The reclassification of $255K from Buildings & $21K from Infrastructure has resulted in a revaluation adjustment of $29K to record the assets at cost of $248K and $36K additional depreciation to record at the correct rate. These adjustments have resulted in adjustments to the comparative results.

The consolidated entity in 2008 recorded the Queensland Department of Tourism, Regional Development & Industry loan at cost value rather than at fair value. The corrections in 2009 to report the loan at fair value have resulted in adjustments to the comparative results.

In addition to the above adjustments, an adjustment was made to the comparative amounts for the controlled entity ICSC. This resulted in that entity's 2008 profit increasing by $62K and its net assets increasing by the same amount. This adjustment is reflected in the 2008 consolidated comparatives.

Re-statement of Comprehensive Income

Consolidated as at 31 December 2008	Previously Stated $'000	Correction $'000	2008 Restated $'000
Revenue from Continuing Operations			
State and Local Government financial assistance	1,536	62	1,598
Total revenue from continuing operations	**95,358**	62	95,420
Expenses from Continuing Operations			
Employee related expenses	50,389	(383)	50,006
Depreciation	5,398	20	5,418
Finance costs	1,505	170	1,675
Other expenses	22,726	(112)	22,614
Total expenses from continuing operations	**82,063**	(305)	81,758
Operating result after income tax for the period and attributable to members of the University of the Sunshine Coast	**13,321**	367	13,688