	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000

Note 26 Commitments

(a) Capital commitments

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

Property, plant and equipment				
Payable:				
Within one year	3,274	35	3,274	35
Later than one year but not later than five years	-	-		-
Total property, plant & equipment	**3,274**	35	**3,274**	35
Intangible assets				
Payable:				
Within one year	250	416	250	416
Later than one year but not later than five years	-	-		-
Total intangible assets	**250**	416	**250**	416
Total capital commitments	**3,524**	451	**3,524**	451

(b) Lease commitments

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

Within one year	401	303	371	275
Later than one year but not later than five years	522	354	434	318
Later than five years	306	373	306	373
Total lease commitments	**1,229**	1,030	**1,111**	966
Representing:				
Cancellable operating leases	644	448	525	385
Non-cancellable operating leases	585	582	586	581
	1,229	1,030	**1,111**	966

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

Note 27 Related parties

(a) Parent entity

The ultimate Australian parent entity is the University of the Sunshine Coast which at 31 December 2009 owned 100% of the issued ordinary shares of the Innovation Centre Sunshine Coast Pty Ltd (ICSC) (2008 100%).

(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.

(c) Key management personnel, Directors and specified executives

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

Refer to note 24 for key management personnel of the group.

(d) Transactions with related parties

The University provides goods and services to external parties on behalf of ICSC for which it is subsequently reimbursed. No fee is charged in relation to this arrangement. The University also provides a grant for expending in an approved manner. For 2009 ICSC received $250,000 (2008 $250,000).

(e) Outstanding balances

As at 31 December 2009, the wholly owned subsidiary ICSC owed the University an amount of $115,229 (2008 $138,975) through normal intercompany arrangements.

The University also holds a $1,000 deposit with ICSC that was transferred to the University on dissolution of Mulit Access Productions Pty Ltd (MAP Pty Ltd).

Note 28 Reconciliation of operating result after income tax to net cash flows from operating activities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Operating result for the period	17,500	13,688	17,473	13,625
Depreciation and amortisation	6,953	5,418	6,949	5,413
Non-cash donations	-	4	-	4
Net (gain) / loss on sale of non-current assets	14	6	14	6
(Increase) / decrease in trade and other receivables	(1,266)	1,014	(1,245)	1,002
(Increase) / decrease in other assets	258	(658)	260	(658)
(Decrease) / increase in trade and other payables	176	(1,556)	93	(1,550)
(Decrease) / increase in other liabilities	(823)	1,495	(760)	1,494
(Decrease) / increase in provisions	(1,457)	3,421	(1,465)	3,416
Net cash provided by / (used in) operating activities	**21,355**	22,832	**21,319**	22,752

Note 29 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 responsibility 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 with; major banking institutions, Queensland Treasury Corporation (QTC) and other Government associated entities, and to only borrow from; QTC and other Government associated entities.

The Group's current portfolio of invesments consists of floating rate investments in the form of cash holdings with a major banking institution, and deposits held with QTC in a Capital Guaranteed Cash Fund. This fund enables USC to invest surplus funds in the short-term money market. The fund is run on a similar basis to a cash management account, with customers' deposits pooled together to take advantage of the more attractive interest rates and economies of scale available for larger investments with floating rate exposure.

The Group's current portfolio of borrowings consists of a mix of fixed rate funding and debt pool funding sourced through QTC. Pool lending is akin to Fixed rate lending but offers greater flexibility as lump sum re-payments can be made. Such flexibility is not available with QTC's fixed rate loans, and QTC do not offer variable rate funding. Pool lending protects borrowers from large fluctuations in market value interest rates therefore reducing interest rate risk.

QTCs debt pools are structured to protect customers against adverse interest rate movements. This protection is achieved by matching the term of the loan with the term of the QTC debt pool as closely as possible. To achieve this it is necessary to move the loan through the appropriate debt pools during the term of the loan. Book rate reviews are performed periodically to safeguard against excessive interest rate risk and can be triggered by a number of events including lump sum repayments.

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 29(c).

(iii) other price risk

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

Note 29 Financial risk management (continued)

(iv) sensitivity analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and financial liabilities to interest rate risk. As the Group is not subject to foreign exchange risk or other price risk, sensitivity analysis of these risks has been excluded.

31 December 2009	Carrying amount	Interest rate risk -1% Result	Interest rate risk -1% Equity	Interest rate risk 1% Result	Interest rate risk 1% Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	23,834	(238)	(238)	238	238
Receivables	3,504	-	-	-	-
Shares - public company	20	-	-	-	-
Financial Liabilities					
Trade and other payables	2,324	-	-	-	-
Borrowings	22,522	-	-	-	-
Total increase/(decrease)		**(238)**	**(238)**	**238**	**238**

31 December 2008	Carrying amount	Interest rate risk -1% Result	Interest rate risk -1% Equity	Interest rate risk 1% Result	Interest rate risk 1% Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	8,548	(85)	(85)	85	85
Receivables	2,238	-	-	-	-
Shares - public company	20	-	-	-	-
Financial Liabilities					
Trade and other payables	2,148	-	-	-	-
Borrowings	24,644	-	-	-	-
Total increase/(decrease)		**(85)**	**(85)**	**85**	**85**

Note 29 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 20.