	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Australian Government Grants received	2(h)	76,612	69,974	76,612	69,974
OS-HELP (net)	2(h)	(27)	(26)	(27)	(26)
State Government Grants received		1,673	1,341	1,548	1,279
Local Government Grants received		281	194	281	194
HECS-HELP - Student payments		2,494	2,251	2,494	2,251
Receipts from students fees and other customers		25,420	24,132	24,890	23,435
Interest received	5	1,914	1,020	1,914	1,017
Interest and other costs of finance paid	11	(1,586)	(1,675)	(1,576)	(1,675)
Payments to suppliers and employees (inclusive of goods and services tax		(86,506)	(77,231)	(85,897)	(76,549)
GST recovered/(paid)		1,080	2,848	1,080	2,848
Net cash provided by / (used in) operating activities	28	**21,355**	22,828	**21,319**	22,748
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		176	94	176	94
Payments for property, plant and equipment		(4,161)	(18,397)	(4,124)	(18,397)
Net cash provided by / (used in) investing activities		**(3,985)**	(18,303)	**(3,948)**	(18,303)
Cash flows from financing activities					
Proceeds from borrowings		-	905	-	905
Repayment of borrowings		(2,083)	(3,987)	(2,083)	(3,987)
Net cash provided by / (used in) financing activities		**(2,083)**	(3,082)	**(2,083)**	(3,082)
Net increase / (decrease) in cash and cash equivalents		15,287	1,442	15,288	1,363
Cash and cash equivalents at beginning of the financial year		8,548	7,106	8,272	6,909
Cash and cash equivalents at the end of the financial year	14	**23,834**	8,548	**23,559**	8,272

The above cash flow statement should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

The University of the Sunshine Coast (the University) is established under the *University of the Sunshine Coast Act 1998* and is a statutory body as defined by the *Financial Accountability Act 2009*.

The principal accounting policies adopted in the preparation of this financial report by the University are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to all years presented, unless otherwise indicated. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial report includes separate financial statements for the University as an individual entity and the consolidated entity consisting of the University and its subsidiary, the Innovation Centre Sunshine Coast Pty Ltd. The following is a summary of the material, significant accounting policies adopted by the University in the preparation of the financial report.

a) Basis of preparation

These financial statements are a general purpose financial report that has been prepared in accordance with the Financial & Performance Management Standard, issued under Section 57 of the Financial Accountability Act 2009, applicable Australian Accounting Standards (AASB) AASB Interpretations and the requirements of the Department of Education, Employment and Workplace Relations (DEEWR) and other State/Australian Government legislative requirements.

Compliance with International Financial Reporting Standards (IFRS)

These financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standards (IFRS) requirements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

Accrual basis of accounting

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

Critical accounting estimates and judgments

The members evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

There were no critical accounting estimates or judgments made during the preparation of the financial report.

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University ("parent entity") as at 31 December 2009 and the results of the subsidiary for the year then ended. The University and its subsidiary together are referred to in this financial report as the consolidated entity.

The subsidiary is that entity over which the University has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control generally accompanies a shareholding of 100%. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases.

Note 1 Summary of significant accounting policies

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits and losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those policies applied by the parent entity.

c) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the University's entites are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the University's functional and presentation currency.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Financial assistance is recognised as revenue when the University obtains control over the income. Control over the income would normally be obtained upon the earlier of their receipt or their becoming contractually due. Financial assistance that DEEWR has identified as being recoverable is disclosed within other liabilities (refer Note 22). Financial assistance yet to be received from DEEWR has been disclosed in receivables (refer Note 15). All revenue is stated net of the amount of goods and services tax (GST).

The following specific recognition criteria must also be met before revenue is recognised:

Government grants

The University treats operating grants received from Australian Government entities as income in the year of receipt. Grants are recognised at their fair value where the University obtains control of the right to receive the grant, it is likely that economic benefits will flow to the University and it can be reliably measured.

Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. This is generally recorded on receipt from the relevant financial institution or as accrued revenue in respect of fixed term investments.

Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the University obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Human resources

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Note 1 Summary of significant accounting policies

Lease income

Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

e) Taxation

The University and its controlled entity are, by virtue of Section 50-5 of the *Income Tax Assessment Act 1997*, exempted from the liability to pay income tax. The University and its controlled entity are, however, subject to Payroll Tax, Fringe Benefits Tax and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. 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 in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

f) Leases

All of the current leases held by the University are determined as operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. No accrual has been included to recognise the outstanding commitments on the term of the operating lease (refer Note 26(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease, where material.

The University has not entered into any and does not hold any finance leases.

g) Impairment of assets

The carrying amounts of all assets, other than inventories, are reviewed for indicators of impairment at each reporting date. If an indicator of impairment exists, the asset's recoverable amount is estimated. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a re-valued amount. When the asset is measured at a re-valued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

h) Cash and cash equivalents

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

i) Trade and other receivables

Trade and other receivables measured at amortised cost, using the effective interest rate method, less provision for impairment. Trade and other receivables are due for settlement no more than 30 days from the date of recognition. Receivables arising from student fees are recognised as amounts receivable, as sanctions are applied to students who do not pay.

Collectability of trade and other receivables is reviewed on an ongoing basis. All impaired receivables are written off in the year in which they are impaired and are recognised in the income statement. A provision for impairment 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.