## Note 1 Summary of significant accounting policies (continued)

### o) Depreciation, revaluation and indexation of property, plant and equipment

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 (%) |
|---|---|---|
| Freehold Buildings | 40 | 2.5 |
| Motor Vehicles | 5 | 20 |
| Leasehold Improvements | 10 | 10 |
| Computer Equipment | 3 | 33 |
| Other Plant and Equipment | 10 | 10 |
| Infrastructure | 20 | 5 |
| Laboratory Equipment | 7.5 | 13 |

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.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where there are material movements in these assets in the intervening years, indexation is applied calculated upon an appropriate basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

At 31 December 2005, an asset valuation of all buildings and infrastructure assets was completed by Aon Valuation Services. Land, buildings, infrastructure and cultural assets (including art) are revalued every three years, within the terms of Queensland Treasury's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (June 2005), and are included in the financial statements at the revalued amounts. Interim revaluations of assets valued at fair value are performed annually using Australian Bureau of Statistics price indices or other reliable measures.

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.

### p) 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.

### q) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities 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.

### r) Finance costs

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

### s) 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 are expected to be settled within

**Note 1 Summary of significant accounting policies (continued)**

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. Leave may only be accumulated to a maximum of 40 working days.

***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 of the Sunshine Coast to employee superannuation funds and are charged as expenses when incurred.

***Superannuation***

During the financial year Clause 34 of the UniSuper deed was amended in order to clarify UniSuper's position as a Defined Contribution Fund (DCF). The Trust Deed with effect 31 December 2006 defines UniSuper as a defined contribution plan where:

- The employer's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund; and
- The actuarial risk (that benefits will be less than expected) and the investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee.

The obligation for the University of the Sunshine Coast is determined by the amounts to be contributed for that period. Consequently, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. Recognition of the contribution payable to the DCF is disclosed in Note 9.

## Note 1 Summary of significant accounting policies (continued)

### t) Changes in Accounting Policy

***Voluntary change in accounting policy***

In 2006, the consolidated entity made a voluntary accounting policy change with regard to the asset recognition of library collections by choosing to early-adopt the revised Section 13 Accounting for Library Collections policy contained in the Queensland Government's Non-Current Asset Policies for the Queensland Public Sector. This accounting policy change resulted in the reclassification of all library collection assets as Common Use and a requirement to fully expense them in the year of purchase. All previously capitalised library collections have been written off and the financial statements of 2005 have been restated to reflect this change in accounting policy. There is no effect in 2006, as all library purchases have been expensed.

| | The effect of change on 2005 $'000 |
|---|---|
| *Income statement adjustments:* | |
| Depreciation | (1,482) |
| Other expenses | 1,222 |
| Net operating result | (260) |
| *Balance sheet adjustments:* | |
| Property, plant & equipment | (3,701) |
| Adjustments to retained surpluses as at 31 December | (3.701) |
| Adjustments to reserves as at 31 December | - |
| Total | (3,701) |

***Accounting errors***

The consolidated entity discovered an accounting error in respect of the revaluation of buildings and infrastructure in 2005. The Non-Current Asset Policies for the Queensland Public Sector states that the proportional restatement method is Treasury's mandated method in respect of the revaluation of property, plant and equipment. AASB 116 details the proportional restatement method as being any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

| | The effect of change on 2005 $'000 |
|---|---|
| *Income statement adjustments:* | |
| Depreciation | 142 |
| Net operating result | 142 |
| *Balance sheet adjustments:* | |
| Property, plant & equipment | 0 |
| Adjustments to retained surpluses as at 31 December | (142) |
| Adjustments to reserves as at 31 December | 142 |
| Total | 0 |

## Note 1 Summary of significant accounting policies (continued)

### u) 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.

Significant movements in comparatives due to reclassification of accounts are as follows:

| | The effect of change on 2005 $'000 |
|---|---|
| Note 4 Fees and charges | 222 |
| Note 8 Other revenue and income | (222) |
| Note 9 Employee related expenses | (218) |
| Note 11 Repairs & maintenance | (904) |
| Note 14 Other expenses | 1,122 |
| Note 19 Trade and other payables | 489 |
| Note 22 Other liabilities | (489) |

### v) Authority to issue financial report

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