

Note 1 Summary of significant accounting policies (continued)

g) Impairment of assets

All assets other than those referred to in paragraphs 2 – 5 of AASB136, are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. 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.

As at reporting date assessments by management did not identify any instances of asset impairment.

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 are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful receivables. 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 bad debts are written off in the year in which they are recognised and re-charged against the Income Statement. A provision for doubtful receivables is established when there is objective evidence that the University of the Sunshine Coast will not be able to collect all amounts due according to the original terms of receivables. No material movement in provision trends have occurred in the current reporting period.

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) Investments and other financial assets

Financial instruments are initially measured as cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as per their category. The University classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Note 1 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. The University of the Sunshine Coast has no recognised financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They arise when the University provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. The University of the Sunshine Coast has no recognised available-for-sale financial assets.

m) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or 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'.

Library

In 2006 the consolidated entity made a voluntary policy change in regard to the asset recognition of library collections by choosing to early-adopt the Accounting for Library Collections Policy contained in the Queensland Treasury 'Non-Current Asset Policies for the Queensland Public Sector'. The consolidated entity reclassified all library collection assets apart from the Heritage Collection, as either 'Common Use' or Reference Collection' but did not meet the recognition threshold. This reclassification resulted in a write-off of library collection assets by \$7.785 million offset by the accumulated depreciation of \$4.344 million.

Library – Heritage Collection

The University of the Sunshine Coast Library Heritage Collection comprises a collection of Sotheby's catalogues, donated in 2002. The collection was valued at the time by the Australian Taxation Office at \$24,360. No further additions have been purchased since the last valuation in 2002. The 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. A re-valuation of the University of the Sunshine Coast Library Heritage Collection is scheduled for 2007.

Buildings and infrastructure assets

Buildings and infrastructure assets are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Where there are material movements in these assets in the intervening years, indexation is applied calculated upon an appropriate basis. 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.

The asset recognition threshold is \$10,000 for building and infrastructure assets. The revaluation threshold for buildings and infrastructure assets is \$1 million.

Note 1 Summary of significant accounting policies (continued)

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.

Land

Land assets are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers. The asset recognition threshold for land is \$1 and the revaluation threshold is \$1,000,000. Land is not depreciated. No independent valuation of land has been recognised in 2006 as implicit price deflators were not available from the Department of Natural Resources and Water.

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 2006 have been disclosed as capital expenditure commitments (refer Note 27).

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.

Plant and Equipment

All other property, plant and equipment and motor vehicles are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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.

Subsequent costs 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 and the revaluation threshold is \$1,000,000.

n) Intangible assets

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements. Items with a lesser value are expensed. The University currently does not recognise any intangible assets.