

Note 28 Related parties

(a) Parent entity

The ultimate Australian parent entity is the University of the Sunshine Coast which at 31 December 2006 owns 100% of the issued ordinary shares of the Innovation Centre Sunshine Coast Pty Ltd (ICSC) (2005 100%) and Multi Access Productions Pty Ltd (MAP) (2005 0%).

(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.

The primary purpose of MAP is to utilise and re-sell software product Viascribe under licensing arrangements with IBM. Viascribe is a software product used to capture a transcript in real time then convert it to multimedia notes.

(c) Directors and specified executives

Directors of ICSC who are also members of the University of Sunshine Coast Council are:

Professor Paul Thomas

Professor Greg Hill

No directors of MAP are members of the University of the Sunshine Coast Council.

(d) Transactions with related parties

The University provides goods and services for which it is reimbursed. ICSC charged MAP \$16,521 for occupancy and utilities.

(e) Outstanding balances

The wholly owned subsidiary ICSC owed the University of the Sunshine Coast at 31 December 2006 the amount of \$489 (2005 \$94,141) through normal intercompany arrangements.

The wholly owned subsidiary MAP owed the University of the Sunshine Coast at 31 December 2006 the amount of \$17,516 through normal intercompany arrangements.

(f) Other related party transactions

During the financial year the University established a subsidiary entity, USC Holdings Pty Ltd. The primary purpose of this entity was to be the holding company for all shares in subsidiary entities. During USC Holdings Pty Ltd existence (31 Jan 2006 - 15 November 2006) the entity held 100% shares in Multi Access Productions Pty Ltd. On dissolution of USC Holdings Pty Ltd 100% of the shareholding was transferred to the parent entity. USC Holdings Pty Ltd did not trade or carry on business during the period 31 Jan 2006 to 15 November 2006.

Note 29 Events after balance sheet date

As the parent entity and key stakeholder of Multi Access Productions Pty Ltd, the University of the Sunshine Coast engaged the Australian Institute for Commercialisation in December 2006 to perform a review of the operations of the company. In light of the results of the review, in March 2007 the Vice-Chancellor will be advising the Council of the University of the Sunshine Coast that the company be dissolved.

The valuation of assets and liabilities in relation to dissolution of Multi Access Productions Pty Ltd has not been determined. The members of the University of the Sunshine Coast Council believe that all remaining assets will be retained by the University of the Sunshine Coast and all liabilities honoured by the University of the Sunshine Coast.

Note 30 Reconciliation of operating result after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Operating Result from continuing operations	5,630	1,946	5,649	1,934
Depreciation and amortisation	3,233	2,736	3,229	2,731
Non-cash donations	-	(37)	-	(37)
Net (gain) loss on sale of property, plant and equipment	92	121	92	121
Book value of assets reclassified as expense items	-	1,230	-	1,219
(Increase) decrease in trade and other receivables	(4,823)	(970)	(4,830)	(854)
increase (decrease) in provision for doubtful receivables	-	(4)	-	(4)
(Increase) decrease in other financial assets	(425)	(439)	(380)	(422)
(decrease) increase in trade and other payables	3,501	1,703	3,426	1,741
(decrease) increase in other liabilities	95	1,029	2	1,029
(decrease) increase in provision for employees entitlements	914	893	903	892
Net cash inflow from operating activities	8,217	8,208	8,092	8,350

Note 31 Financial instruments

(A) Financial Risk Management

The Group's activities exposes it to a variety of financial risks, as follows:

(i) Market Risk

(a) foreign exchange risk

The vast majority of accounts receivable invoices are issued in Australian Dollars hence foreign exchange risk is insignificant. The one exception is the Shanghai Jiao Tong University's accounts receivable invoice which is issued in and paid in United States dollars. Two invoices are issued to the Shanghai Jiao Tong University per annum. The exposure to financial risk is considered immaterial.

(b) fair value interest rate risk.

The risk is considered minimal as all major borrowings are with the Queensland Treasury Corporation.

(c) price risk

The risk is considered minimal.

(ii) Credit risk

This risk is considered negligible as the accounts receivable invoice is a fee for service provision arrangement and paid prior to the service being rendered.

(iii) Liquidity risk

Liquidity risk is considered minimal.

(iv) Cash flow and fair value interest rate risk

The cash flow and fair value interest rate risk is considered minimal. All major borrowings are with Queensland Treasury Corporation.

Note 31 continued

(B) Interest Rate Risk Exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

2006	Floating interest rate \$'000	1 Year or less \$'000	1 year to 5 years \$'000	Over 5 years \$'000	Non interest bearing \$'000	Total \$'000
Financial assets						
Cash and cash equivalents	8,349	-	-	-	-	8,349
Trade and other receivables	-	-	-	-	6,227	6,227
Shares - public company	-	-	-	-	20	20
	8,349	-	-	-	6,247	14,596
Weighted average interest rate	6.67%					
Financial Liabilities						
Trade and other payables	-	-	-	-	6,176	6,176
Interest bearing liabilities	-	1,944	7,833	18,836	-	28,613
	-	1,944	7,833	18,836	6,176	34,789
Weighted average interest rate	5.76%		5.70%	5.70%		
Net financial assets(liabilities)	8,349	(1,944)	(7,833)	(18,836)	71	(20,193)
2005						
2005	Floating interest rate \$'000	1 Year or less \$'000	over 1 year to 2 years \$'000	Over 5 years \$'000	Non interest bearing \$'000	Total \$'000
Financial assets						
Cash and cash equivalents	16,462	-	-	-	-	16,462
Trade and other receivables	-	-	-	-	1,404	1,404
Shares - public company	-	-	-	-	20	20
	16,462	-	-	-	1,424	17,886
Weighted average interest rate	5.91%					
Financial Liabilities						
Trade and other payables	-	-	-	-	2,675	2,675
Interest bearing liabilities	-	1,487	6,700	12,055	-	20,242
	-	1,487	6,700	12,055	2,675	22,917
Weighted average interest rate	5.69%		5.76%	5.76%		
Net financial assets(liabilities)	16,462	(1,487)	(6,700)	(12,055)	(1,251)	(5,031)

(C) Fair Value of Financial Assets and Liabilities

The net fair values of cash and cash equivalents are carried at cost.

The net fair values of trade and other receivables are carried at nominal amounts due less any provision for doubtful debts.

For unlisted securities where there is no organised financial market the net fair value has been carried at cost.

The net fair values of trade and other payables are carried at nominal amounts to be paid in the future for goods and services received.

The interest bearing liabilities are carried at the principal amount.

Note 32 Acquisition of Australian Government financial assistance
32.1 DEST - CGS and Other DEST Grants

Notes	Parent entity (HEP) ONLY											
	Commonwealth Grants Schemes#		Indigenous Support Fund		Equity Programmes*		Workplace Reform Programme		Capital Development Pool		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	24,890	19,343	121	98	316	295	319	282	-	2,094	25,646	22,112
	24,890	19,343	121	98	316	295	319	282	2,122	2,094	27,768	22,112
	24,890	19,343	121	98	316	295	319	282	2,122	2,094	27,768	22,112
	24,890	19,343	121	98	316	295	319	282	2,122	2,094	27,768	22,112

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programmes)

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading

* Includes HE Disability Support programme

Note 32 Acquittal of Australian Government financial assistance (continued)

32.2 Higher Education Loan Programmes

		Parent entity (HEP) ONLY					
		HECS-HELP (Australian Government payments only)		FEE-HELP		Total	
Notes		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programmes)	13,438	11,670	731	553	14,169	12,223
	Net accrual adjustments	-	-	(86)	-	(86)	-
2(b)	Revenue for the period	13,438	11,670	645	553	14,083	12,223
	Surplus/(deficit) from previous year	-	-	-	-	-	-
	Total revenue including accrued revenue	13,438	11,670	645	553	14,083	12,223
	Less expenses including accrued expenses	13,438	11,670	645	553	14,083	12,223
	Surplus/(deficit) for reporting period	-	-	-	-	-	-