

19 Payables

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Current				
Salaries	510	459	507	455
Creditors	1,677	317	1,676	294
Total payables	2,187	776	2,183	749

20 Interest bearing liabilities

Loan facilities have been taken out with the Queensland Treasury Corporation.

1. A fixed loan facility initially up to \$15 million is a credit foncier full term loan and has an expected term loan for 17 years. This loan is repayable in quarterly instalments of equal size such that the Advance amount and interest (including capitalised interest) and fees calculated thereon are fully repaid at the end of the Expected Loan Term.

2. Another loan facility initially for \$10 million is also in place with participation in QTC's debt pools. Expected Term is 17 years or as mutually agreed to by QTC and the Borrower from time to time. This loan has not been drawdown.

QTC borrowings include 6 Year Debt Pool and Floating Rate Funding Pool borrowings recorded at book value.

Market Value of QTC borrowings as at 31 December 2005 is \$20,228,211.05.

The effective book interest rates as at balance date on fixed rate borrowings range from 5.5% to 5.76%.

Expected final repayment dates vary from 07 March 2011 to 15 September 2022.

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Current				
Secured				
Loan - Queensland Treasury Corporation	1,487	856	1,487	856
Total current secured interest bearing liabilities	1,487	856	1,487	856
Non-current				
Secured				
Loan - Queensland Treasury Corporation	18,755	5,347	18,755	5,347
Total non-current secured interest bearing liabilities	18,755	5,347	18,755	5,347
Total interest bearing liabilities	20,242	6,203	20,242	6,203

Assets pledged as security

Security for loan liabilities to the QTC is a guarantee of due performance and observance of the Borrower's obligations under the facility by the Treasurer of Queensland in favour of QTC.

Note 21 Accrued Employee Benefits

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current				
Employee benefits				
Annual leave	1,849	1,489	1,838	1,475
Long service leave	1,043	653	1,043	653
Workers' compensation and insurances clearance	172	93	172	93
Total current accrued employee benefits	3,064	2,235	3,053	2,221
Non-current				
Employee benefits				
Long service leave	998	856	993	853
Total non-current employee benefits	998	856	993	853
Total accrued employee benefits	4,063	3,091	4,046	3,074

Workers' compensation and insurances clearance

This provision is based on recovered oncost from wages and salaries and is designed to offset the cost of Workers' Compensation Insurance and other insurance cost contingencies where actual insurance cost overrun budget estimates.

Payment of Workers' Compensation Insurance is a statutory requirement that legally binds the University.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than accrued employee benefits, are set out below

Consolidated - 2005

	Workers' Compensation and Insurance
Current	
Carrying amounts at start of year	93
Additional provisions recognised (Net)	79
Carrying amounts at end of year	172

Note 22 Other liabilities

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued expenses	489	469	489	469
Income in advance	1,655	627	1,655	627
Other	103	22	99	22
Total other liabilities	2,247	1,118	2,243	1,118

Note 23 Reserves and retained surplus

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
(a) Reserves				
Property, plant & equipment revaluation reserve	37,588	12,093	37,588	12,093
Total reserves	37,588	12,093	37,588	12,093

Movements:

Property, plant & equipment revaluation reserve				
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Balance 1 January	12,093	9,007	12,093	9,007
Revaluation - gross	25,495	3,086	25,495	3,086
Balance 31 December	37,588	12,093	37,588	12,093

(b) Retained surplus

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Movements in retained surplus were as follows:				
Retained surplus at 1 January	52,646	55,221	52,565	55,180
Adjustment resulting from change in accounting policy on increasing threshold level to \$5,000 on non-current assets.	(1,331)	-	(1,331)	-
Intangible assets written off in accordance with USC accounting policy changes.	-	(1,005)	-	(1,005)
Net operating result for the year	1,827	(1,571)	1,815	(1,610)
Retained surplus at 31 December	53,142	52,646	53,049	52,565

Note 24 Responsible persons and executive officers
(a) Names of responsible persons and executive officers

Details of the University's Council Membership are located in the Governance Section of the Annual Report.

Executive Officers

Bradley, Mark Mr	Lawrence, Barbara Ms (Part Year)
Carlos, Sue Ms (Part Year)	Maconachie, Don Mr
Dyer, Pameia Ms	Nugent, Mark Mr
Elliot, Robert Professor	Pentland, Andrew Mr
Fitzgerald, Edmond Professor	Ralston, Deborah Professor (Part Year)
Gordon, Heather Ms	Simpson, Rod Mr
Graham, Colin Mr	Smith Pamela Ms (Part Year)
Hill, Gregory, Mr	Stratford, Robert Mr (Part year)
Klinkert, Maureen Ms	Thomas, Paul Professor
Lambert, Colin Mr (Part year)	Thursby, Margaret Ms

(b) Remuneration of Council members and executives

No Council Member received remuneration for duties performed in their role as Council Member. No Council Member is entitled to any Retirement Benefit arising from their role as a Council Member.

	Consolidated		Parent entity	
	2005	2004	2005	2004
0 to \$9,999	1	-	1	-
\$30,000 to \$39,999	1	-	1	-
\$80,000 to \$89,999	1	-	1	-
\$90,000 to \$99,999	1	-	1	-
\$100,000 to \$109,999	3	-	3	-
\$110,000 to \$119,999	1	2	1	1
\$120,000 to \$129,999	-	1	-	1
\$130,000 to \$139,999	3	-	2	-
\$140,000 to \$149,999	4	-	4	-
\$150,000 to \$159,999	-	2	-	2
\$160,000 to \$169,999	2	1	2	1
\$170,000 to \$179,999	1	1	1	1
\$180,000 to \$189,999	1	-	1	-
\$210,000 to \$219,999	-	1	-	1
\$300,000 to \$309,999	-	1	-	1
\$330,000 to \$339,999	1	-	1	-

Remuneration includes salary, superannuation, packaged benefits and leave loading. The aggregate of remuneration paid to executives for the period to 31 December 2005 was \$2,643,936. Last year (\$1,398 million) increase mainly due to reclassification of executive levels from previous year.

Note 25 Remuneration of auditors

Consolidated		Parent entity	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Assurance services

1. Audit services

Fees paid to the Queensland Audit Office:

Audit and review of financial reports and other audit work under the Corporations Act 2001

	109	100	109	98
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2. Other assurance services

Fees paid to Ernst & Young:

Due diligence services

	-	288	-	288
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Total remuneration for audit services

	<u>109</u>	<u>388</u>	<u>109</u>	<u>386</u>
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Note 26 Contingent liabilities and contingent assets

As at 31 December 2005 one case was filed with the Anti Discrimination Commission Queensland. The University's legal advisors and the University Council believe that it would be misleading to estimate the final amount payable in respect of the claim at this time but wish to advise that a monetary settlement is not being considered.

Note 27 Commitments for expenditure

(a) Capital commitments

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

Consolidated		Parent entity	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

Property, plant and equipment

Payable:

Within one year

	22,341	10,000	22,341	10,000
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Later than one year but not later than five years

	-	15,000	-	15,000
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Total capital commitments

	<u>22,341</u>	<u>25,000</u>	<u>22,341</u>	<u>25,000</u>
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(b) Lease commitments

Consolidated		Parent entity	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

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

Within one year

	181	102	181	102
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Later than one year but not later than five years

	78	34	78	34
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Later than five years

	196	-	196	-
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Total lease commitments

	<u>455</u>	<u>136</u>	<u>455</u>	<u>136</u>
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Representing:

Non-cancellable operating leases

	455	136	455	136
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	<u>455</u>	<u>136</u>	<u>455</u>	<u>136</u>
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Note 28 Related Parties

(a) Parent entity

The ultimate Australian parent entity is the University of the Sunshine Coast which at 31 December 2005 owns 100% (2004 100%) of the issued ordinary shares of the Innovation Centre Sunshine Coast Pty Ltd. (ICSC)

(b) Subsidiary

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) Directors and specified executives

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

Professor Paul Thomas

Professor Greg Hill

(d) Transactions with related parties

The University provides goods and services for which it is reimbursed.

(e) Outstanding balances

The wholly owned subsidiary ICSC owed the University of the Sunshine Coast at 31 December 2005 the amount of \$83,064 through normal intercompany arrangements and a loan of \$11,077.

Note 29 Reconciliation of operating result after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Operating Result from continuing operations	1,827	(1,571)	1,815	(1,610)
Depreciation and amortisation	4,073	4,373	4,069	4,364
Non-cash donations	(37)	(29)	(37)	(29)
Net (gain) loss on sale of property, plant and equipment	121	5	121	5
Book value of assets reclassified as expense items	12	16	-	-
(increase) decrease in receivables	(970)	498	(854)	507
increase (decrease) in provision for doubtful debts	(4)	12	(4)	12
(increase) decrease in other current assets	(439)	(197)	(422)	(197)
(decrease) increase in creditors	1,504	(297)	1,542	(315)
(decrease) increase in income in advance	1,029	268	1,029	265
(decrease) increase in accrued expenses	199	191	199	191
(decrease) increase in provision for employees entitlements	893	789	892	781
Net cash inflow from operating activities	8,208	4,058	8,350	3,974

Note 30 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 small.

(b) fair value interest rate risk.

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

(c) price risk

The risk is considered insignificant.

(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 insignificant.

(iv) Cash flow and fair value interest rate risk

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