



BOX 12 GPO  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### SOUTHERN CROSS UNIVERSITY

**To Members of the New South Wales Parliament and Members of the Council of Southern Cross University**

#### **Scope**

I have audited the accounts of Southern Cross University for the year ended 31 December 2000. The financial report includes the consolidated financial statements of the consolidated entity comprising the University and the entities it controlled at the year's end or from time to time during the financial year. The members of the Council of the University are responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and members of the Council of the University based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards, the mandatory disclosure requirements of the Guidelines for the Preparation of Annual Financial Reports for the 2000 Reporting Period by Australian Higher Education Institutions issued pursuant to the *Higher Education Funding Act 1988* (Guidelines) and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the University's and the consolidated entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### **Qualification**

Southern Cross University has recognised its final grant receipt (excluding Higher Education Contributions Scheme) of \$2,370,400 (\$2,558,480 in the previous year) for the year from the Commonwealth government as a current liability. This is a departure from the requirements of Australian Accounting Standard AAS15 "Revenue" and Statement of Accounting Concepts SAC4 "Definition and Recognition of the Elements of Financial Statements" which require that grants be recognised as revenue in the year of receipt.

In my opinion in accordance with the provisions of AAS 15 "Revenue" the Accumulated Funds at 1 January 2000 should have been increased by \$2,558,480 being the prior year's grants received in advance. The effect of the previous year grant in the current year is to overstate revenue by \$2,558,480. However this is offset by the final grant for 2000 of \$2,370,400. For the current year the Operating Revenue should have been decreased by \$188,080 (increase \$2,558,480 in 1999) and the Operating Result before Abnormal Item reduced from a surplus of \$7,279,456 (deficit \$1,604,101) to a surplus of \$7,091,376 (deficit \$1,513,941) (consolidated) and a surplus of \$3,962,470 (deficit \$1,664,818) to a surplus of \$3,774,390 (deficit \$1,574,658) (university). Also in the current year Income Received in Advance within Current Liabilities reduced by \$2,370,400 (\$2,558,480) and Accumulated Funds at 31 December 2000 increased by \$2,370,400 (\$2,558,480). The Independent Audit Report for the year ended 31 December 1999 was similarly qualified.

### **Audit Opinion**

In my opinion, except for the effect of the matter referred to in the qualification paragraph, the financial report of Southern Cross University complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards, the mandatory disclosure requirements of the Guidelines and other mandatory professional reporting requirements the financial position of the University and the consolidated entity as at 31 December 2000 and the results of their operations and their cash flows for the year then ended.



A T WHITFIELD  
DEPUTY AUDITOR-GENERAL

SYDNEY  
23 April 2001