

RECOGNITION OF PROFESSORIAL SUPER PREPAYMENT – NON CONTRIBUTORY PENSION

UNSW Accounting Procedure	
Linked UNSW Policy	Provisions and Employee Benefits
Responsible Officer	Director, Corporate Finance and Advisory Services and Shared Services
Contact Officer	Senior Group Statutory Reporting Manager, Corporate Finance and Advisory Services
Review	Every year
Effective Date	31 December 2013

1 Objective

This procedure outlines the process of accounting for recognition of the yearly contribution by UNSW, (the University) to the Non Contributory Pension (NCP) - Professorial Superannuation Fund (PSF) - as advised by the superannuation fund administrator and as calculated by the Fund's Actuary.

2 Basis of annual NCP contribution

The PSF is a defined benefit scheme and is closed to new members. Its funding of future obligations is through investments and an annual contribution by the University. The University has given a written undertaking to the Trustee that it will continue to fund benefits in accordance with actuary's recommendation.

An annual actuarial valuation of the fund is carried out on the last month of the preceding financial year by the Actuary which will ascertain the annual contribution to the NCP by the University. The recommendation for the annual contribution is based on the shortfall of assets to liabilities and is presented in the form of multiples of current professorial salary.

3 Accounting procedure

Calculating 'NCP Contribution'

Following a valuation on the last month (Dec) of the previous year, the actuary (Alea Actuarial Consulting Pty Ltd) will recommend to the Trustee, the required contribution by the University for the coming year. The advice comes in the form of multiples of current professorial salaries. E.g. for 2013 the annual NCP contribution charge was as follows.

$22.4 \times \text{Professorial salary of } \$164,213^* = \$3,678,371$
 *is the current professorial salary (as at 04/01/13)

Payment of invoice/ Request from the Administrator

The Administrator (KPMG) on the first month of the current year (Jan) will request in writing settlement by the University of the annual NCP contribution. The University exercises the option to pay the annual charge quarterly. Quarterly is the preferred option as there are no penalties or interest charges. This settlement in advance gives rise to a prepayment.

Every quarter an Accounts Payable requisition form (PR1) will be raised by Corporate Finance and Advisory Services. This payment will be authorised by the Director of Corporate Finance and Advisory Services and Shared Services. Accounts payable will process the payment and charge the cost to expense account 4723 (Super Academic Funded Prof) at a 'Central' level.

Journal - Transfer prepaid portion of quarterly payment to prepayments:

A reversing journal is processed monthly to transfer the prepaid portion of expense account 4723 (Super Academic Funded) and create a prepayment asset through account 3342 (Prepayments – Super Premiums) in the statement of financial position, at a 'Central' level.

4 Operational aspects

The quarterly payments to the Trustee and the transfer to prepayments at a central level are processed by Corporate Finance and Advisory Services.