Annual

Financial statements

for The University of Queensland and Controlled Entities for the year ended 31 December 2021

Foreword

The financial statements are general purpose financial reports prepared in accordance with prescribed requirements.

The financial statements comprise the following components:

- Income Statements
- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Notes to the Financial Statements
- Management Certificate
- Independent Auditor's Report.

Within the above components, the financial statements have been aggregated into the following disclosures:

- University (as an entity in its own right and to which the remainder of this Annual Report refers) – column headed Parent
- Group (University and controlled entities: refer to Note 29 for a listing of these entities) – column headed Consolidated.

Content

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
Revenue from continuing operations					
Australian government financial assistance					
Australian government grants	2	**870,359**	729,652	**868,899**	721,545
HELP – Australian government payment	2(b)	**219,856**	228,854	**219,856**	228,854
State and local government financial assistance	3	**43,685**	52,947	**43,685**	52,947
HECS-HELP – Student payments	4	**17,898**	19,663	**17,898**	19,663
Fees and charges	5	**709,661**	703,633	**698,946**	699,583
Royalties, trademarks and licences	6	**36,224**	31,246	**16,097**	22,886
Consultancy and contracts	7	**195,007**	178,371	**189,168**	176,640
Other revenue	8(a)	**121,744**	117,677	**112,908**	110,045
Investment revenue	9(a)	**7,431**	12,787	**7,406**	12,748
Total revenue from continuing operations		**2,221,865**	2,074,830	**2,174,863**	2,044,911
Share of profit / (loss) on investments accounted for using the equity method	17	**329**	(643)	**-**	-
Other investment gain / (loss)	9(b)	**212,946**	105,701	**209,717**	73,584
Other income	8(b)	**420**	1,130	**420**	1,140
Total income from continuing operations		**2,435,560**	2,181,018	**2,385,000**	2,119,635
Expenses from continuing operations					
Employee-related expenses	10	**1,193,288**	1,219,072	**1,161,437**	1,189,293
Depreciation and amortisation	18,19	**169,125**	165,493	**168,425**	164,619
Repairs and maintenance		**77,364**	65,171	**77,139**	64,904
Finance costs		**16,930**	15,881	**16,930**	15,881
Impairment of assets	11	**1,064**	(1,057)	**1,320**	(1,491)
Loss on disposal of assets		**17,018**	8,975	**17,036**	8,969
Other expenses	12	**618,836**	598,720	**609,814**	594,532
Total expenses from continuing operations		**2,093,625**	2,072,255	**2,052,101**	2,036,707
Operating result before income tax		**341,935**	108,763	**332,899**	82,928
Income tax (expense) / benefit		**6**	(28)	**-**	-
Operating result after income tax for the year		**341,941**	108,735	**332,899**	82,928
Non-controlling interest		**(86)**	(20)	**-**	-
Operating result attributable to members of The University of Queensland and Controlled Entities		**342,027**	108,755	**332,899**	82,928

The 2021 operating result after income tax for the Group is higher than prior years and this is largely due to:

- The receipt of an additional $99.5 million in Research Support Program grants from the Commonwealth Government. The full amount has been recognised as revenue, while only $16.6 million has been expended as at 31 December 2021. The remaining grant funding will be expended in 2022.
- A strong year for the Group's long-term investment pool which holds endowments and the UQ Future Fund. The return for the long-term investment pool was 23.74 per cent as compared to a 7-year average of 13.49 per cent. Total investment revenue and income for the year was $220.4 million.

The accompanying notes form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Operating result after income tax for the year	**341,941**	108,735	**332,899**	82,928
Items that may be reclassified to profit or loss				
Fair value adjustment from revaluation of property, plant, equipment and intangible assets, net of tax	**99,972**	51,807	**99,972**	51,807
Items that will not be reclassified to profit or loss				
Fair value adjustment on revaluation of financial assets through other comprehensive income	**35,203**	8,407	**35,203**	8,407
Total comprehensive income for the year	**477,116**	168,949	**468,074**	143,142
Total comprehensive income attributable to:				
Members of the parent entity	**477,202**	168,969	**468,074**	143,142
Non-controlling interest	**(86)**	(20)	**-**	-
Total comprehensive income	**477,116**	168,949	**468,074**	143,142

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	14	**349,630**	210,391	**298,545**	153,789
Receivables and contract assets	15	**120,489**	110,781	**114,542**	115,979
Inventories		**5,352**	5,614	**5,013**	5,283
Other financial assets	16	**313,613**	359,243	**313,613**	359,243
Prepayments		**38,115**	34,527	**37,276**	33,826
Total current assets		**827,199**	720,556	**768,989**	668,120
Non-current assets					
Investments accounted for using the equity method	17	**30,439**	30,110	**-**	-
Property, plant and equipment	18	**3,194,535**	3,036,552	**3,191,611**	3,034,404
Intangible assets	19	**18,403**	34,810	**18,403**	34,810
Other financial assets	16	**993,217**	794,130	**1,022,276**	824,642
Prepayments		**11,001**	12,603	**11,000**	12,602
Total non-current assets		**4,247,595**	3,908,205	**4,243,290**	3,906,458
Total assets		**5,074,794**	4,628,761	**5,012,279**	4,574,578
LIABILITIES					
Current liabilities					
Trade and other payables	20	**118,205**	228,191	**111,461**	216,772
Borrowings	21	**18,069**	12,159	**18,069**	11,819
Provisions	22	**197,479**	187,635	**194,108**	184,859
Current tax liabilities		**7**	28	**-**	-
Other liabilities	23	**508,476**	471,870	**504,065**	469,610
Total current liabilities		**842,236**	899,883	**827,703**	883,060
Non-current liabilities					
Borrowings	21	**363,709**	337,033	**363,709**	337,033
Provisions	22	**34,551**	36,304	**33,916**	35,608
Total non-current liabilities		**398,260**	373,337	**397,625**	372,641
Total liabilities		**1,240,496**	1,273,220	**1,225,328**	1,255,701
Net assets		**3,834,298**	3,355,541	**3,786,951**	3,318,877
EQUITY					
Reserves	24	**2,006,716**	1,871,541	**2,006,716**	1,871,541
Retained earnings		**1,825,267**	1,483,240	**1,780,235**	1,447,336
Parent interest		**3,831,983**	3,354,781	**3,786,951**	3,318,877
Non-controlling interest		**2,315**	760	**-**	-
Total equity		**3,834,298**	3,355,541	**3,786,951**	3,318,877

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Parent			
	Retained Earnings	Reserves	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2020	1,364,408	1,811,327	-	3,175,735
Operating result for the year	82,928	-	-	82,928
Fair value adjustment on revaluation of financial assets through other comprehensive income	-	8,407	-	8,407
Fair value adjustment on revaluation of property, plant and equipment	-	51,807	-	51,807
Total comprehensive income	82,928	60,214	-	143,142
Balance at 31 December 2020	1,447,336	1,871,541	-	3,318,877
Balance at 1 January 2021	**1,447,336**	**1,871,541**	**-**	**3,318,877**
Operating result for the year	**332,899**	**-**	**-**	**332,899**
Fair value adjustment on revaluation of financial assets through other comprehensive income	**-**	**35,203**	**-**	**35,203**
Fair value adjustment on revaluation of property, plant and equipment	**-**	**99,972**	**-**	**99,972**
Total comprehensive income	**332,899**	**135,175**	**-**	**468,074**
Balance at 31 December 2021	**1,780,235**	**2,006,716**	**-**	**3,786,951**

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Consolidated			
	Retained Earnings $'000	Reserves $'000	Non-controlling Interest $'000	Total $'000
Balance at 1 January 2020	1,374,485	1,811,327	780	3,186,592
Operating result for the year	108,755	-	(20)	108,735
Fair value adjustment on revaluation of financial assets through other comprehensive income	-	8,407	-	
Fair value adjustment on revaluation of property, plant and equipment	-	51,807	-	51,807
Total comprehensive income	108,755	60,214	(20)	168,949
Balance at 31 December 2020	1,483,240	1,871,541	760	3,355,541
Balance at 1 January 2021	**1,483,240**	**1,871,541**	**760**	**3,355,541**
Operating result for the year	**342,027**	**-**	**(86)**	**341,941**
Change in non-controlling interest	**-**	**-**	**341**	**341**
Convertible note issued by subsidiary	**-**	**-**	**1,300**	**1,300**
Fair value adjustment on revaluation of financial assets through other comprehensive income	**-**	**35,203**	**-**	**35,203**
Fair value adjustment on revaluation of property, plant and equipment	**-**	**99,972**	**-**	**99,972**
Total comprehensive income	**342,027**	**135,175**	**1,555**	**478,757**
Balance at 31 December 2021	**1,825,267**	**2,006,716**	**2,315**	**3,834,298**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Australian government grants		**1,127,040**	1,000,409	**1,125,580**	992,302
OS-HELP (net)		**-**	9,102	**-**	9,102
Local Government grants		**713**	1,353	**713**	1,353
State Government grants		**40,761**	57,184	**40,761**	57,184
HECS-HELP – Student payments		**25,278**	27,327	**25,278**	27,327
Receipts from student fees and other customers		**1,154,032**	1,102,219	**1,114,993**	1,071,255
Dividends and distributions received		**9,167**	13,020	**9,167**	13,020
Interest received		**3,805**	7,909	**3,780**	7,867
Payments to suppliers and employees		**(2,064,468)**	(1,852,566)	**(2,013,746)**	(1,817,349)
Interest expense		**(1,775)**	-	**(1,775)**	-
Income taxes (paid) / refunded		**(14)**	(1)	**-**	-
Net cash provided by / (used in) operating activities	25	**294,539**	365,956	**304,751**	362,061
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of property, plant and equipment, and intangibles		**768**	997	**746**	985
Payments for property, plant and equipment		**(255,247)**	(192,216)	**(253,765)**	(191,430)
Proceeds from sale of other financial assets		**5,212**	146,814	**315**	120,215
Payments for other financial assets		**(66,204)**	(336,365)	**(66,204)**	(336,265)
Net (increase) / decrease in financial assets at amortised cost		**130,000**	130,000	**130,000**	130,000
Net cash provided by / (used in) investing activities		**(185,471)**	(250,770)	**(188,908)**	(276,495)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings from external entity		**53,577**	41,063	**53,577**	41,023
Lease liabilities payments		**(16,218)**	(14,717)	**(16,218)**	(14,717)
Repayment of borrowings to an external party		**(8,678)**	(9,178)	**(8,678)**	(9,178)
Proceeds from issue of convertible notes		**1,300**	-	**-**	-
Net cash provided by / (used in) financing activities		**29,981**	17,168	**28,681**	17,128
Net increase / (decrease) in cash and cash equivalents held		**139,049**	132,354	**144,524**	102,694
Cash and cash equivalents at beginning of year		**210,391**	78,448	**153,789**	51,495
Effects of exchange rate changes on cash and cash equivalents		**190**	(411)	**232**	(400)
Cash and cash equivalents at end of financial year	14	**349,630**	210,391	**298,545**	153,789

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements were authorised for issue by the Senate of The University of Queensland on 22 February 2022.

These financial statements are general purpose financial statements and have been prepared in accordance with the Financial and Performance Management Standard, issued under Section 57 of the *Financial Accountability Act 2009*, Australian Accounting Standards and the Financial Statement Guidelines for Australian Higher Education Providers for the 2021 reporting period issued by the Department of Education, Skills and Employment.

Additionally, the statements have been prepared in accordance with the *Higher Education Support Act 2003* and *Australian Charities and Not-for-profits Commission Act 2012.*

The University of Queensland is a not-for-profit entity and these financial statements have been prepared on that basis. The Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS) and to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impact is in the offsetting of impairment gains/losses within a class of assets.

The financial report has been prepared under the historical cost convention, except for debt and equity financial assets that have been measured at fair value either through other comprehensive income or profit or loss and certain classes of property, plant and equipment.

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current year.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes. Further information is contained in Note 32.

Fair value of property, plant and equipment

Land, buildings, infrastructure and land improvements, and some heritage and cultural assets are measured at fair value. Further information is contained in Note 18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Summary of significant accounting policies (continued)

(a) Basis of preparation

Impairment of assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. Further information is contained in Notes 18 and 19.

Research revenue recognition

Judgement is required to identify and assess performance obligations relating to research contracts to determine if revenue is recognised in accordance with *AASB 15 Revenue form Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities*. Further information is contained in notes 2(e), 2(f), 3, 7 and 8.

Useful lives

The useful lives of assets and residual values (where appropriate) are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, wear and tear, and maintenance programs are taken into account. An increase/(decrease) in asset lives would result in a lower/(higher) future period charge recognised in the Income Statements.

(b) Basis of consolidation

(i) Controlled entities

The consolidated financial statements comprise the financial statements of The University of Queensland and its controlled entities as at 31 December each year ('the Group').

Controlled entities are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group.

Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated Statements of Comprehensive Income, Statements of Financial Position and Statements of Changes in Equity.

(c) Foreign currency transactions and balances

The consolidated and parent financial statements are presented in Australian dollars. Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and the year-end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Summary of significant accounting policies (continued)

(d) Income tax

The tax expense recognised in the income statements comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

The University is exempt from paying income tax in Australia under the provisions of Division 50 of the *Income Tax Assessment Act 1997* (ITAA).

All entities within the Group are registered with the Australian Charities and Not-for-profits Commission (ACNC) and are exempt from income tax with the exception of IMBCom Pty Ltd, Global Change Institute Pty Ltd, UQ Jakarta Office Pty Ltd, SMI-ICE-Chile SpA, Neo Rehab Pty Ltd and Jetra Therapeutics Pty Ltd. Revenues and expenses related to entities not registered with the ACNC represent less than 0.2 per cent of the Group's total revenues and total expenditure and are considered immaterial.

(e) GST

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statements of financial position.

Cash flows in the statements of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) New accounting standards and interpretations

At the date of this report, new accounting standards and interpretations have been published that are not mandatory for the financial year ended 31 December 2021 and when adopted in future years will have no material impact on the Group.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Australian Government financial assistance

(a) Commonwealth Grants Scheme and other grants

		Consolidated		Parent	
		2021	**2020**	**2021**	**2020**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Commonwealth Grant Scheme		**339,659**	312,535	**339,659**	312,535
Access and Participation Funding		**3,904**	2,656	**3,904**	2,656
National Priorities Pool		**350**	10	**350**	10
Disability Performance Funding		**208**	85	**208**	85
Indigenous Support Program		**2,007**	1,909	**2,007**	1,909
Total Commonwealth Grants Scheme and other grants	34(a)	**346,128**	317,195	**346,128**	317,195

Commonwealth Grant Scheme funding represents subsidies for tuition costs for higher education students. This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services.

Access and Participation Funding represents grants provided to undertake activities and implement strategies that improve access to undergraduate courses for people from low SES backgrounds, as well as improving the retention and completion rates of those students. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended.

Indigenous Support Program funding represents grants provided to accelerate improvements in the university enrolment, progression and award completions of Indigenous Australians. This falls under AASB1058 (as the performance obligations are not sufficiently specific) and the revenue is recognised when received.

The remaining revenue in this category falls under AASB1058 and the revenue is recognised when received.

(b) Higher Education Loan Programs (HELP)

		Consolidated		Parent	
		2021	**2020**	**2021**	**2020**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
HECS-HELP		**180,346**	191,798	**180,346**	191,798
FEE-HELP		**34,986**	32,272	**34,986**	32,272
VET FEE-HELP		**16**	26	**16**	26
SA-HELP		**4,508**	4,758	**4,508**	4,758
Total Higher Education Loan Programs	34(b)	**219,856**	228,854	**219,856**	228,854

HELP represents financial assistance provided by the Commonwealth Government (in the form of a loan between the government and the student) that allows eligible students to pay their student contribution amounts (HECS-HELP), tuition fees (FEE-HELP) and student services and amenities fee (SA-HELP). This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services and other amenities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Australian Government financial assistance (continued)

(c) EDUCATION Research

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
Research Training Program		**97,300**	95,936	**97,300**	95,936
Research Support Program		**190,500**	87,536	**190,500**	87,536
Total EDUCATION Research Grants	34(c)	**287,800**	183,472	**287,800**	183,472

Research Training Program funding represents grants provided to support both domestic and overseas students undertaking research doctorate and research master's degrees. This falls under AASB1058 (as the performance obligations are not sufficiently specific) and the revenue is recognised when received.

Research Support Program funding represents grants provided to support the systemic costs of research not supported directly through competitive and other grants. This falls under AASB1058 (as the performance obligations are not sufficiently specific) and the revenue is recognised when received.

(d) Other capital funding

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
ARC Linkage Infrastructure, Equipment and Facilities Grant		**1,683**	2,410	**1,683**	2,410
Total other capital funding	34(d)	**1,683**	2,410	**1,683**	2,410

Other capital funding represents grants provided to acquire or construct a recognisable non-financial asset (e.g. land, buildings, infrastructure, plant and equipment) to be controlled by the Group. This falls under AASB1058 and the revenue is recognised over time as the asset is acquired or constructed.

(e) Australian Research Council (ARC)

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
Discovery		**43,239**	43,317	**43,239**	43,317
Linkages		**7,187**	6,401	**7,187**	6,401
Networks and Centres		**22,981**	11,451	**22,981**	11,451
Special Research Initiatives		**1,347**	1,386	**1,347**	1,386
Total ARC	34(e)	**74,754**	62,555	**74,754**	62,555

Australian Research Council funding represents grants to support the highest-quality fundamental and applied research and research training. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended. This is on the basis that the grant agreements contain specific performance obligations including research data being made available to grantors on at least an annual basis

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2 Australian Government financial assistance (continued)

(f) Other Australian Government financial assistance

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-capital				
National Health and Medical Research Council	**68,226**	68,096	**68,226**	68,096
Various other Australian Government	**90,323**	88,092	**90,308**	87,817
JobKeeper payments	**1,445**	7,832	**-**	-
Total other Australian Government financial assistance	**159,994**	164,020	**158,534**	155,913

National Health and Medical Research Council funding represents research grants to advance health and medical knowledge to improve the health status of all Australians. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended. This is on the basis that the grant agreements contain specific performance obligations including research data being made available to grantors on at least an annual basis.

The remaining revenue in this category consists of a mix of other operating and research grants provided by the Commonwealth Government. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended.

The JobKeeper Payment scheme was introduced in 2020 and is a Commonwealth Government subsidy for businesses significantly affected by COVID-19. While the parent entity was not eligible as a public university, some of the Group's not-for-profit controlled entities were eligible to receive these subsidies. This falls under AASB1058 (as there are no material obligations or conditions) and the revenue is recognised when received.

Given the better than expected financial position of the Group at 31 December 2020, management made the decision for the parent entity, on behalf of controlled entities, to repay all JobKeeper payments received to the Commonwealth Government. This is shown as an expense in Note 12.

Total Australian Government financial assistance	**1,090,215**	958,506	**1,088,755**	950,399

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3 State and local government financial assistance

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-capital				
State and local government – research	**40,842**	40,153	**40,842**	40,153
State and local government – non-research	**2,843**	3,321	**2,843**	3,321
Payroll tax refund	**-**	9,473	**-**	9,473
Total state and local government financial assistance	**43,685**	52,947	**43,685**	52,947

The revenue in this category consists of a mix of operating and research grants provided by state and local governments across Australia. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended. This is on the basis that the grant agreements contain specific performance obligations including research data being made available to grantors on at least an annual basis.

In 2020, a one-off refund of payroll tax relating to January and February 2020 was provided by the State Government as part of a COVID-19 relief package. This falls under AASB1058 (as there are no material obligations or conditions) and the revenue is recognised when received.

4 HECS-HELP student payments

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
HECS-HELP – Student Payments	**17,898**	19,663	**17,898**	19,663
Total HECS-HELP Student Payments	**17,898**	19,663	**17,898**	19,663

HECS-HELP student payment revenue is derived when a student pays their student contribution amount up-front to the Group (and does not enter into a HECS-HELP loan arrangement with the Commonwealth Government if eligible to do so). This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5 Fees and charges

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Course fees and charges				
Fee-paying onshore overseas students	**631,794**	628,395	**627,235**	628,395
Fee-paying offshore overseas students	**17,219**	20,508	**17,219**	20,508
Continuing education	**8,982**	5,501	**8,402**	5,101
Fee-paying domestic postgraduate students	**9,680**	12,666	**9,680**	12,666
Fee-paying domestic undergraduate students	**1,129**	830	**1,129**	830
Fee-paying domestic non-award students	**589**	606	**589**	606
Total course fees and charges	**669,393**	668,506	**664,254**	668,106
Other non-course fees and charges				
Student services fees from students	**7,381**	7,664	**7,381**	7,664
Library fines	**501**	367	**501**	367
Parking fees and fines	**6,178**	3,942	**6,203**	3,957
Registration fees	**2,701**	2,443	**2,700**	2,432
Rental charges	**5,417**	4,549	**5,508**	4,690
Gym and sport fees	**5,953**	3,973	**-**	-
Student residential fees	**2,231**	1,675	**2,231**	1,675
Other services	**9,906**	10,514	**10,168**	10,692
Total other fees and charges	**40,268**	35,127	**34,692**	31,477
Total fees and charges	**709,661**	703,633	**698,946**	699,583

Course fees and charges relate to undergraduate programs, graduate and professional degree programs, and continuing education and executive programs. They exclude fees and charges for Commonwealth Government funded courses (this is categorised separately as Australian Government financial assistance). This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services.

Student services and amenities fee revenue is derived when a student pays their fee up-front to the University (and does not enter into a SA-HELP loan arrangement with the Commonwealth Government if eligible to do so). This falls under AASB15 and the revenue is recognised over time as the students receive the student services and amenities.

Other non-course fees and charges include parking fees and fines, gym and sporting facility charges, rental charges, membership fees, conference fees, field trip fees, administration fees and accommodation fees. Most fall under AASB15 and the revenue is recognised over time as the relevant services are provided. In the case of fines and administration fees, this falls under AASB1058 and the revenue is recognised when received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6 Royalties, trademarks and licences

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Royalty and trademarks	**31,309**	28,697	**15,259**	21,789
Licences	**4,915**	2,549	**838**	1,097
Total royalties, trademarks and licences	**36,224**	31,246	**16,097**	22,886

Royalty, trademark and licence fee revenue is derived when a customer accesses intellectual property controlled by the Group and provides remuneration based on the customer's sale and/or use of the intellectual property. This falls under AASB15 and the revenue is recognised as the customer's sale and/or use occurs.

7 Consultancy and contracts

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Contract revenue – research	**157,831**	156,409	**156,897**	156,360
Consultancy fees	**28,967**	17,024	**24,255**	14,915
Contract revenue – non research	**8,209**	4,938	**8,016**	5,365
Total consultancy and contracts	**195,007**	178,371	**189,168**	176,640

Contract research revenue represents grants received from non-government entities that relate to research and experimental development. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended. This is on the basis that the grant agreements contain specific performance obligations including research data being made available to grantors on at least an annual basis.

Consultancy revenue is derived when a customer accesses the skills and expertise of the Group's staff and/or is provided access to equipment or facilities. This falls under AASB15 and the revenue is recognised when the promised good or service is transferred to the customer.

Contract non-research revenue represents grants received from non-government entities that do not relate to research and experimental development. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8 Other revenue and other income

(a) Other revenue

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Donations and bequests	**64,626**	61,617	**64,588**	61,637
Scholarships and prizes	**1,894**	3,063	**1,894**	3,063
Sale of goods	**11,274**	9,427	**10,442**	9,081
Sale of services	**32,666**	34,165	**24,059**	26,301
Sponsorships	**975**	1,227	**1,475**	1,253
Other revenue	**10,309**	8,178	**10,450**	8,710
Total other revenue	**121,744**	117,677	**112,908**	110,045

(b) Other income

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Insurance proceeds	**420**	1,130	**420**	1,140
Total other income	**420**	1,130	**420**	1,140

Donations and bequests consist of voluntary, unencumbered gifts where no material benefit or advantage is received by the donor. All donations and bequests fall under AASB1058 (as there are no material obligations or conditions) and the revenue is recognised when received. The University of Queensland and the University of Queensland Foundation Trust are endorsed as Deductible Gift Recipients.

Scholarships and prizes represent funds received by the Group from non-government entities to provide support to students to further their education. This falls under AASB15 and the revenue is recognised over time as the scholarships and prizes are provided to students.

Sale of goods includes the sale of livestock, books, food and drink. This falls under AASB15 and the revenue is recognised when the promised goods are provided to the customer (i.e. when the customer obtains control).

Sale of services includes the provision of medical examinations, veterinarian examinations, internet access and catered functions. This falls under AASB15 and the revenue is recognised when the promised service is provided to the customer.

Other revenue consists of other small revenue items that are not classified elsewhere. They fall under AASB1058 and the revenue is recognised when received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9 Investment revenue and income

(a) Investment revenue

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest from other entities	**2,846**	5,485	**2,821**	5,444
Dividends from other entities	**4,585**	7,302	**4,585**	7,304
Total investment revenue	**7,431**	12,787	**7,406**	12,748

(b) Other investment income

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net fair value gains / (losses) on investment portfolios and other financial assets	**212,229**	85,217	**209,717**	73,584
Net gain / (loss) on sale of other financial assets	**717**	20,484	**-**	-
Total other investment income	**212,946**	105,701	**209,717**	73,584
Total investment revenue and income	**220,377**	118,488	**217,123**	86,332

Interest revenue on financial assets is calculated using the effective interest method.

Dividend revenue is recognised when the Group's right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10 Employee-related expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Academic				
Salaries	**429,988**	460,904	**429,988**	460,904
Payroll tax	**30,034**	26,074	**30,034**	26,074
Workers' compensation	**(30)**	147	**(30)**	147
Long service leave expense	**8,138**	11,442	**8,138**	11,442
Annual leave expense	**37,128**	40,638	**37,128**	40,638
Other	**22,053**	21,182	**22,332**	21,315
Contributions to funded superannuation and pension schemes	**74,293**	68,927	**74,293**	68,927
Total academic	**601,604**	629,314	**601,883**	629,447
Non-academic				
Salaries	**434,919**	438,687	**406,266**	411,595
Payroll tax	**29,207**	25,840	**28,090**	25,015
Workers' compensation	**40**	199	**(54)**	98
Long service leave expense	**7,931**	10,803	**7,752**	10,688
Annual leave expense	**39,090**	42,633	**38,807**	42,528
Other	**6,036**	4,824	**6,021**	4,810
Contributions to funded superannuation and pension schemes	**74,461**	66,772	**72,672**	65,112
Total non-academic	**591,684**	589,758	**559,554**	559,846
Total employee related expenses	**1,193,288**	1,219,072	**1,161,437**	1,189,293

Employee-related expenses in 2020 includes $67.4 million in costs associated with a Voluntary Separation Scheme for eligible staff who left the Group at the end of 2020.

The number of full-time equivalent employees in the consolidated entity at 31 March 2021 was 8,158 (2020: 8,399). The number of full-time equivalent employees in the parent entity at 31 March 2021 was 7,869 (2020: 8,160).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11 Impairment of assets

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Impairment of receivables	**1,064**	(1,057)	**1,320**	(1,491)
Total impairment of assets	**1,064**	(1,057)	**1,320**	(1,491)

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of asset fair value less costs of disposal and value in use.

12 Other expenses

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Scholarships, grants and prizes	**98,552**	95,301	**98,376**	95,172
Non-capitalised equipment	**22,236**	18,305	**21,960**	17,985
Advertising, marketing and promotional expenses	**16,563**	12,678	**16,517**	12,593
Travel, staff development and entertainment	**10,424**	11,028	**10,137**	10,851
Teaching materials and services	**29,169**	30,579	**29,165**	30,579
Laboratory supplies and services	**39,879**	39,966	**39,854**	39,945
Collaborative projects	**114,214**	99,837	**121,159**	109,021
Utilities and insurance	**38,741**	36,250	**37,346**	34,707
Computing supplies and services	**42,452**	34,378	**41,773**	33,698
Facilities and campus services	**19,466**	18,210	**18,481**	17,755
Office supplies and furniture	**5,773**	4,420	**5,527**	4,134
Staffing expenses	**3,248**	2,120	**3,280**	2,101
Staff appointment expenses	**2,631**	3,472	**2,594**	3,467
Professional, consultant and admin services	**110,728**	124,262	**111,277**	126,728
Memberships and subscriptions	**7,362**	9,110	**7,232**	8,823
Postage and freight	**3,909**	3,313	**3,501**	3,309
Telecommunications	**5,640**	6,864	**5,570**	6,826
JobKeeper refund	**1,445**	7,832	**1,445**	7,832
Miscellaneous expenses	**40,301**	33,410	**34,620**	29,006
Commercialisation supplies and services	**6,103**	7,385	**-**	-
Total other expenses	**618,836**	598,720	**609,814**	594,532

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13 Remuneration of auditors

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Audit and review of the Financial Statements				
Fees paid to the Auditor-General of Queensland for the audit and review of statutory financial reports under Australian Accounting Standards	**595**	580	**590**	575
Fees paid to Deloitte Touche Tohmatsu for the audit of statutory financial reports under US GAAP for the financial year ended 31 December	**155**	150	**155**	150
Total	**750**	730	**745**	725
Other services				
Other audit and assurance services				
Fees paid to other audit firms for the audit of special-purpose financial reports	**41**	58	**41**	58
Total	**41**	58	**41**	58

14 Cash and cash equivalents

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**349,630**	210,391	**298,545**	153,789
Total cash and cash equivalents	**349,630**	210,391	**298,545**	153,789

Cash and short-term deposits in the Statements of Financial Position comprise cash at bank and on hand, short-term deposits with an original maturity of 90 days or less, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statements of Cash Flows, cash includes cash on hand, at-call deposits with banks or financial institutions, and investments in money market instruments maturing within less than 90 days and net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15 Receivables and contract assets

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Debtors – external	**58,226**	63,063	**54,295**	60,348
Provision for impairment	**(3,014)**	(4,245)	**(2,847)**	(3,797)
Total debtors – external	**55,212**	58,818	**51,448**	56,551
Debtors – controlled entities	**-**	-	**6,299**	18,369
Accrued revenue	**8,640**	12,021	**158**	1,117
Other debtors	**38,724**	21,104	**38,724**	21,104
Contract assets	**17,913**	18,838	**17,913**	18,838
Total current receivables	**120,489**	110,781	**114,542**	115,979
Non-Current				
Loans and advances – controlled entities	**-**	-	**-**	2,196
Provision for impairment	**-**	-	**-**	(2,196)
Total loans and advances – controlled entities	**-**	-	**-**	-
Total non-current trade and other receivables	**-**	-	**-**	-

Information about the credit risk exposures are disclosed in Note 31 Financial Risk Management.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

In terms of the impairment of trade receivables the University applies a simplified approach in calculating expected credit losses ('ECLs'). Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16 Other financial assets

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Financial assets at fair value through profit or loss	**263,613**	179,243	**263,613**	179,243
Financial assets at amortised costs	**50,000**	180,000	**50,000**	180,000
Total current other financial assets	**313,613**	359,243	**313,613**	359,243
Non-current				
Financial assets at fair value through profit or loss	**976,254**	730,197	**986,573**	741,969
Investments in equity instruments designated at fair value through other comprehensive income	**16,963**	63,933	**35,703**	82,673
Total non-current other financial assets	**993,217**	794,130	**1,022,276**	824,642
Total other financial assets	**1,306,830**	1,153,373	**1,335,889**	1,183,885

The accounting policies for each category of financial assets are as follows. A financial asset is derecognised when the rights to receive cash flows have expired, or the Group has transferred its rights to receive cash flows to a third party.

Financial assets at amortised cost (current)

With funds often received in advance for tuition fees and research, the Group must ensure a sufficient and prudent portion of its cash is set aside to meet short-term operating, research and capital expenditure. Such funds are held in bank accounts and cash funds (see Note 14) and fixed-interest rate term deposits with a typical duration of between 6 and 12 months.

These assets are classified as financial assets at amortised cost (current) as they provide cash flows that are solely payments of principal and interest.

They are subsequently measured using the effective interest method and are subject to impairment. An impairment loss will be recognised if there is a difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive.

Financial assets at fair value through profit and loss (current)

Given the nature of universities, the amount expended on major capital projects (e.g. buildings, infrastructure and systems) will vary significantly from year to year. The Group therefore accumulates funds that are not required in the short-term but will be required in the medium-term for such projects. These funds are currently invested in the QIC Long Term Diversified Fund. The Fund invests in a mix of cash, fixed interest securities, Australian shares, international shares, real estate, infrastructure, private equity and other alternatives. The value at 31 December 2021 was $200.2 million (2020: $179.2 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16 Other financial assets (continued)

In addition to the previous, the Group received shares in a listed company, IDP Education Limited, in 2021 via an in-specie distribution from Education Australia Limited. The value of these shares at 31 December 2021 was $63.4 million (2020: nil).

These assets are classified as financial assets at fair value through profit and loss (current) as they provide cash flows that are not solely payments of principal and interest.

They are measured at fair value. Distributions/dividends received and the annual movement in fair value are recognised in the Income Statements.

Financial assets at fair value through profit and loss (non-current)

The University maintains 2 long-term managed investment portfolios that are designed to be held in perpetuity. The portfolios are managed by external fund managers who invest in a mix of cash, fixed interest securities, Australian shares, international shares, property trusts and private equity.

The long-term investment portfolios serve 2 purposes. Firstly, they hold endowments received by the Group over the past century. The principal amount of the endowment is invested in perpetuity and the investment earnings are used to support a particular purpose (e.g. scholarships, prizes, chairs) consistent with the donor's intent. The portion of the long-term investment portfolios relating to endowments at 31 December 2021 was $427.526 million (2020: $323.757 million).

Secondly, they hold a portion of annual operating surpluses generated by the Group in recent years. This is known as the UQ Future Fund and the funds are invested in the long term to provide for (1) a stream of investment earnings that can be used to fund innovative or strategically important teaching and learning activities, and/or (2) a reserve to draw upon to absorb a large financial shock. The portion of the long-term investment portfolios relating to the UQ Future Fund at 31 December 2021 was $528.304 million (2020: $387.846 million).

The Group also holds investments in commercialisation entities as a result of its activities in UniQuest Pty Ltd (a controlled entity). In most cases, the University has obtained an equity holding in these entities by contributing intellectual property as opposed to cash.

These assets are classified as financial assets at fair value through profit and loss (non-current) as they provide cash flows that are not solely payments of principal and interest.

They are measured at fair value. Distributions/dividends received and the annual movement in fair value are recognised in the Income Statements.

Financial assets designated at fair value through other comprehensive income (non-current)

The Group holds investments in a small number of unlisted entities that are held for strategic benefit in addition to financial returns. It also includes investments in controlled entities (parent entity only). These assets are classified as financial assets designated at fair value through other comprehensive income (non-current) as they provide cash flows that are not solely payments of principal and interest, and they are not primarily held for trading. They are measured at fair value. Distributions/dividends received are recognised in the Income Statements but the annual movement in fair value is not. The fair value movement is recorded as part of other comprehensive income in the Statements of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16 Other financial assets (continued)

The University, along with all other Australian universities, owns an equal shareholding in Education Australia Limited (EAL). EAL's primary investment has historically been a 40 per cent interest in IDP Education Limited (IDP), an ASX listed company. During 2021, EAL divested its holding in IDP via the following transaction:

1) 25 per cent in-specie distribution to each university shareholder

2) 15 per cent market selldown, with cash and franking credits distributed to each university shareholder.

The above transaction was completed in the form of a fully franked dividend.

Key estimates and judgements

The University has historically accounted for changes in the fair value of the EAL investment through Other Comprehensive Income (OCI) under an irrevocable election made under AASB 9. In assessing the treatment of the divestment of the IDP shareholding in EAL, the University has considered the substance of the above transaction. AASB 9 requires dividends paid on investments through OCI to be recognised through the profit or loss unless they clearly represent a recovery of part of the cost of the investment. Due to the nature of the EAL investment, the University has a policy to recognise the fair value as the cost of the investment. This represents the limited ability to realise returns from this investment historically. As such, the transaction has been recognised through equity.

A financial asset for the direct investment in IDP has been recognised (as a current other financial asset) along with the derecognition of the divested holding in EAL. The value of the equivalent holding in EAL equated to the value of the now directly held investment in IDP so there was no impact in the Statement of Comprehensive Income.

This transaction is disclosed in the accounts as follows:

	Note	Total	IDP (listed investment)	EAL (unlisted investment)
		$'000	$'000	$'000
Opening Balance at 1 January 2021	16	50,092		50,092
Revaluation of EAL at date of dividend				
Reserve – other financial assets at fair value through OCI	24	33,285		33,285
Recognised value for dividend				
Investment in IDP shares at fair value	16	-	53,104	(53,104)
Cash		(5,260)		(5,260)
Franking credit receivable	15	(25,013)		(25,013)
Revaluation of shareholdings at 31 December 2021		-		
Reserve – other financial assets at fair value through OCI	24	1,053		1,053
Revaluation through profit and loss		10,346	10,346	
Closing balance as at 31 December 2021		**64,503**	**63,450**	**1,053**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17 Investments accounted for using the equity method

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investments in associates	**30,439**	30,110	**-**	-
Total investments accounted for using the equity method	**30,439**	30,110	**-**	-

Reconciliation				
Balance at 1 January	**30,110**	30,753	**-**	-
Share of profit/(loss) for the year	**329**	(643)	**-**	-
Balance at 31 December	**30,439**	30,110	**-**	-

	Ownership Interest %	
	2021	2020
Associates		
Translational Research Institute Trust	25	25

Summarised financial information in respect of associates is set out below.

	Note	2021 $'000	2020 $'000
Financial Position			
Total assets		**314,059**	316,022
Total liabilities		**192,300**	195,581
Net assets		**121,759**	120,441
Share of associates' net assets		**30,439**	30,110
Financial Performance			
Total revenue		**34,678**	30,448
Total expenses		**(33,361)**	(33,019)
Profit / (loss)		**1,317**	(2,571)
Total comprehensive loss		**1,317**	(2,571)
Share of associates' profit / (loss)		**329**	(643)

The associates have no contingent liabilities or capital commitments at 31 December 2021 or 2020.

The Translational Research Institute Trust is a collaboration between The University of Queensland, Queensland University of Technology, Mater Medical Research Institute Ltd and Queensland Health, developed with the aim of translating the findings of basic biomedical research into better patient outcomes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17 Investments accounted for using the equity method (continued)

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for in the parent entity financial statements at fair value through profit or loss and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statements, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Property, plant and equipment

Parent	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Right of use assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2020									
Cost	190,260	-	-	-	193,339	22,010	539,141	-	944,750
Valuation	-	299,128	3,173,516	212,546	125,182	-	-	167,486	3,977,858
Accumulated depreciation	-	-	(1,421,177)	(60,008)	(55,067)	(10,973)	(347,910)	(70,911)	(1,966,046)
Net book amount	190,260	299,128	1,752,339	152,538	263,454	11,037	191,231	96,575	2,956,562
Year ended 31 December 2020									
Opening net book amount	190,260	299,128	1,752,339	152,538	263,454	11,037	191,231	96,575	2,956,562
Additions	144,048	-	(89)	-	18,671	-	34,159	342	197,131
Disposals	(4,703)	-	(557)	-	-	-	(4,502)	(188)	(9,950)
Revaluation increment / (decrement)	-	3,016	49,934	(2,457)	753	-	-	550	51,796
Transfers	(164,489)	28,500	10,855	124,324	-	-	795	15	-
Depreciation charge	-	-	(100,736)	(4,726)	(12,208)	(2,016)	(39,127)	(2,322)	(161,135)
Closing net book amount	165,116	330,644	1,711,746	269,679	270,670	9,021	182,556	94,972	3,034,404
At 31 December 2020									
Cost	165,116	-	-	2,313	211,938	22,010	543,207	-	944,584
Valuation	-	330,644	3,255,055	334,610	126,139	-	-	167,294	4,213,742
Accumulated depreciation	-	-	(1,543,309)	(67,244)	(67,407)	(12,989)	(360,651)	(72,322)	(2,123,922)
Closing net book amount	165,116	330,644	1,711,746	269,679	270,670	9,021	182,556	94,972	3,034,404

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Property, plant and equipment (continued)

Parent	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Right of use assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2021									
Cost	**165,116**	**-**	**-**	**2,313**	**211,938**	**22,010**	**543,207**	**-**	**944,584**
Valuation	**-**	**330,644**	**3,255,055**	**334,610**	**126,139**	**-**	**-**	**167,294**	**4,213,742**
Accumulated depreciation	**-**	**-**	**(1,543,309)**	**(67,244)**	**(67,407)**	**(12,989)**	**(360,651)**	**(72,322)**	**(2,123,922)**
Net book amount	**165,116**	**330,644**	**1,711,746**	**269,679**	**270,670**	**9,021**	**182,556**	**94,972**	**3,034,404**
Year ended 31 December 2021									
Opening net book amount	**165,116**	**330,644**	**1,711,746**	**269,679**	**270,670**	**9,021**	**182,556**	**94,972**	**3,034,404**
Additions	**161,674**	**-**	**27,550**	**-**	**-**	**-**	**46,373**	**1,149**	**236,746**
Disposals	**(11)**	**-**	**(1,024)**	**-**	**(10,909)**	**-**	**(2,352)**	**(68)**	**(14,364)**
Revaluation increment / (decrement)	**-**	**19,369**	**64,620**	**8,793**	**3,923**	**-**	**-**	**3,267**	**99,972**
Transfers	**(300,295)**	**-**	**297,235**	**947**	**-**	**-**	**2,113**	**-**	**-**
Depreciation charge	**-**	**-**	**(99,466)**	**(10,164)**	**(12,826)**	**(2,016)**	**(38,698)**	**(1,977)**	**(165,147)**
Closing net book amount	**26,484**	**350,013**	**2,000,661**	**269,255**	**250,858**	**7,005**	**189,992**	**97,343**	**3,191,611**
At 31 December 2021									
Cost	**26,484**	**-**	**-**	**266**	**201,029**	**22,010**	**565,041**	**-**	**814,830**
Valuation	**-**	**350,013**	**3,702,655**	**349,264**	**131,280**	**-**	**-**	**180,533**	**4,713,745**
Accumulated depreciation	**-**	**-**	**(1,701,994)**	**(80,275)**	**(81,451)**	**(15,005)**	**(375,049)**	**(83,190)**	**(2,336,964)**
Closing net book amount	**26,484**	**350,013**	**2,000,661**	**269,255**	**250,858**	**7,005**	**189,992**	**97,343**	**3,191,611**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Property, plant and equipment (continued)

Consolidated	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Right of use assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2020									
Cost	190,260	-	-	-	193,339	22,588	544,793	-	950,980
Valuation	-	299,128	3,173,516	212,546	125,182	-	-	167,486	3,977,858
Accumulated depreciation	-	-	(1,421,177)	(60,008)	(55,067)	(11,128)	(351,735)	(70,911)	(1,970,026)
Net book amount	190,260	299,128	1,752,339	152,538	263,454	11,460	193,058	96,575	2,958,812
Year ended 31 December 2020									
Opening net book amount	190,260	299,128	1,752,339	152,538	263,454	11,460	193,058	96,575	2,958,812
Additions	144,303	-	(89)	-	18,671	220	34,497	342	197,944
Disposals	(4,727)	-	(557)	-	-	-	(4,519)	(188)	(9,991)
Revaluation increment / (decrements)	-	3,016	49,934	(2,457)	753	-	-	550	51,796
Transfers	(164,489)	28,500	10,855	124,324	-	-	795	15	-
Depreciation charge	-	-	(100,736)	(4,726)	(12,208)	(2,342)	(39,675)	(2,322)	(162,009)
Closing net book amount	165,347	330,644	1,711,746	269,679	270,670	9,338	184,156	94,972	3,036,552
At 31 December 2020									
Cost	165,347	-	-	2,313	211,938	22,563	548,686	-	950,847
Valuation	-	330,644	3,255,055	334,610	126,139	-	-	167,294	4,213,742
Accumulated depreciation	-	-	(1,543,309)	(67,244)	(67,407)	(13,225)	(364,530)	(72,322)	(2,128,037)
Closing net book amount	165,347	330,644	1,711,746	269,679	270,670	9,338	184,156	94,972	3,036,552

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Property, plant and equipment (continued)

Consolidated	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Right of use assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2021									
Cost	**165,347**	**-**	**-**	**2,313**	**211,938**	**22,563**	**548,686**	**-**	**950,847**
Valuation	**-**	**330,644**	**3,255,055**	**334,610**	**126,139**	**-**	**-**	**167,294**	**4,213,742**
Accumulated depreciation	**-**	**-**	**(1,543,309)**	**(67,244)**	**(67,407)**	**(13,225)**	**(364,530)**	**(72,322)**	**(2,128,037)**
Net book amount	**165,347**	**330,644**	**1,711,746**	**269,679**	**270,670**	**9,338**	**184,156**	**94,972**	**3,036,552**
Year ended 31 December 2021									
Opening net book amount	**165,347**	**330,644**	**1,711,746**	**269,679**	**270,670**	**9,338**	**184,156**	**94,972**	**3,036,552**
Additions	**161,800**	**-**	**27,550**	**-**	**-**	**529**	**47,197**	**1,149**	**238,225**
Disposals	**(11)**	**-**	**(1,024)**	**-**	**(10,909)**	**-**	**(2,355)**	**(68)**	**(14,367)**
Revaluation increment / (decrements)	**-**	**19,369**	**64,620**	**8,793**	**3,923**	**-**	**-**	**3,267**	**99,972**
Transfers	**(300,607)**	**-**	**297,235**	**947**	**-**	**312**	**2,113**	**-**	**-**
Depreciation charge	**-**	**-**	**(99,466)**	**(10,164)**	**(12,826)**	**(2,172)**	**(39,242)**	**(1,977)**	**(165,847)**
Closing net book amount	**26,529**	**350,013**	**2,000,661**	**269,255**	**250,858**	**8,007**	**191,869**	**97,343**	**3,194,535**
At 31 December 2021									
Cost	**26,529**	**-**	**-**	**266**	**201,029**	**23,259**	**570,855**	**-**	**821,938**
Valuation	**-**	**350,013**	**3,702,655**	**349,264**	**131,280**	**-**	**-**	**180,533**	**4,713,745**
Accumulated depreciation	**-**	**-**	**(1,701,994)**	**(80,275)**	**(81,451)**	**(15,252)**	**(378,986)**	**(83,190)**	**(2,341,148)**
Closing net book amount	**26,529**	**350,013**	**2,000,661**	**269,255**	**250,858**	**8,007**	**191,869**	**97,343**	**3,194,535**

18 Property, plant and equipment (continued)

Initial recognition

Purchases of property, plant and equipment are initially recognised at cost in the Statements of Financial Position. However, items that fall below the following asset recognition thresholds are expensed in the year of acquisition:

Asset Class	Recognition threshold
Land	$ 1
Buildings	$ 10,000
Infrastructure and land improvements	$ 10,000
Leasehold improvements	$ 10,000
Plant and equipment	$ 5,000
Heritage and cultural assets	$ 1

The cost of property, plant and equipment includes the purchase or construction cost plus any costs or fees incidental to the purchase or construction of the asset.

Work in progress assets are initially recognised using the thresholds above that apply to assets of the same functionality (e.g. buildings under construction would be recognised if the cost exceeds $10,000).

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. All right-of-use assets controlled by the Group relate to land and buildings.

Items of property, plant and equipment that have been donated to the Group are initially recognised at fair value.

Property, plant and equipment is recognised at the end of each reporting year in the Statements of Financial Position as follows:

Asset Class	Carrying value
Work in Progress	Cost
Land	Fair value
Buildings	Fair value less accumulated depreciation
Infrastructure and land improvements	Fair value less accumulated depreciation
Leasehold improvements	Cost less accumulated depreciation
Plant and equipment	Cost less accumulated depreciation
Heritage and cultural assets – reference collection	Fair value less accumulated depreciation
Heritage and cultural assets – heritage collection	Fair value
Heritage and cultural assets – museum collection	Fair value
Right-of-use-assets – Group retains ownership at end of lease	Fair value less accumulated depreciation
Right-of-use-assets – Group does not retain ownership at end of lease	Cost less accumulated depreciation

Work in progress consists of buildings, infrastructure and land improvements and plant and equipment assets that have not been completed at year end.

18 Property, plant and equipment (continued)

Heritage and cultural assets have been split into the following subclasses:

- The reference collection consists of both general and specialised publications. These items generally have a long useful life but are not held indefinitely.
- The heritage collection consists of items that have heritage, cultural or historic value that are worth preserving indefinitely and to which sufficient resources are committed to preserve and protect the collection and its service potential. The collection is not depreciated as management believes it does not lose value over time.
- The museum collection consists of art works and artefacts held by the University's Anthropology, Antiquities and Art Museums. The collection is not depreciated as management believes they do not lose value over time.

When assets held at fair value are revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Increases in the carrying amounts arising on revaluations are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is first recognised in the Income Statements. Decreases that reverse previous increases of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve.

Depreciation

Buildings, infrastructure and land improvements, plant and equipment and heritage and cultural reference collection assets are depreciated over their estimated economic useful lives using either the straight line or diminishing value method.

Right-of-use assets and leasehold improvements assets are depreciated over the unexpired period of the lease. However, where the Group is expected to retain the asset at the end of the lease period, the asset will be depreciated over its expected useful life.

The depreciation rates used are as follows:

Asset Class	Method	Annual Rate
Buildings	Straight line	1% – 10%
Infrastructure and land improvements	Straight line	1% – 3%
Leasehold improvements	Straight line	3% – 19%
Plant and equipment	Straight line	10% – 20%
Heritage and cultural assets – reference collection	Diminishing value	15%
Right-of-use-assets – Group retains ownership at end of lease	Straight line	3%
Right-of-use-assets – Group does not retain ownership at end of lease	Straight line	3% – 33%

Valuations

Land, buildings and infrastructure, and land improvements

The Group performs a full valuation of its land, buildings and infrastructure and land improvements every 4 years, or where the asset class has experienced a significant and volatile change in value. This is performed by an independent professional valuer. In years when a full valuation is not performed, the Group performs a desktop valuation. This is also performed by an independent professional valuer who uses appropriate and relevant indices based on the most recent full valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Property, plant and equipment (continued)

The last full valuation was performed by AssetVal in 2019 (as at 31 December 2019). The last desktop valuation was performed by AssetVal in 2021 (as at 31 December 2021).

In determining building areas, the valuer has relied on site plans provided by the Group. Basic on-site measurements were only undertaken by the valuer where site plans were not available.

It is not possible for the valuer to sight all land improvement assets. Examples of assets which cannot be sighted include underground cables and pipes. The valuer has therefore relied on areas and quantities provided by the Group.

Heritage and cultural assets – reference collection

The Group performs a full valuation of its reference collection each year. This is performed internally based on the average cost of a publication.

Heritage and cultural assets – heritage collection

The Group performs a valuation of its heritage collection every 4 years. The collection contains a large number of low-dollar value items and it is therefore not practical for an independent professional valuer to sight all assets when a valuation is performed. As a result, the Group only performs a full valuation on those assets that (1) have been acquired since the previous valuation, and (2) have been identified by the Group as possibly experiencing a significant change in value. All other assets are subject to a desktop valuation. The last valuation of acquired and selected items was performed by Peter Tinslay in 2021 (as at 29 October 2021).

Heritage and cultural assets – museum collection

The Group performs a full valuation of its museum collection on a rolling basis over 5 years, or where the collection has experienced a significant and volatile change in value. This is performed by a number of different independent professional valuers (depending on the type of collection).

Subsequent costs and repairs and maintenance

Subsequent costs that are capital in nature are included in an 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 Group and the cost of the item can be measured reliably.

Repairs and maintenance represent work performed to keep an asset in an operating condition and to ensure that the service originally expected of the asset is maintained. Repairs and maintenance is charged to the Income Statements during the reporting year in which it is incurred.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Impairment of non-current assets

All non-current physical assets recorded at cost 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19 Intangible assets

	Parent				
	Digital library collection $'000	Intellectual property $'000	Software WIP $'000	Software internally generated $'000	Total $'000
At 1 January 2020					
Cost	31,181	-	1,608	20,576	53,365
Valuation	-	1,701	-	-	1,701
Accumulated amortisation	(16,118)	(1,207)	-	(13,099)	(30,424)
Net book amount	15,063	494	1,608	7,477	24,642
Year ended 31 December 2020					
Opening net book amount	15,063	494	1,608	7,477	24,642
Additions	898	39	12,710	-	13,647
Disposals	(5)	-	-	-	(5)
Amortisation charge	(2,182)	(74)	-	(1,228)	(3,484)
Revaluation increments	-	10	-	-	10
Closing net book amount	13,774	469	14,318	6,249	34,810
At 31 December 2020					
Cost	32,068	-	14,318	20,576	66,962
Valuation	-	1,778	-	-	1,778
Accumulated amortisation	(18,294)	(1,309)	-	(14,327)	(33,930)
Net book amount	13,774	469	14,318	6,249	34,810
Year ended 31 December 2021					
Opening net book amount	**13,774**	**469**	**14,318**	**6,249**	**34,810**
Additions	**1,139**	**59**	**-**	**-**	**1,198**
Disposals	**(9)**	**-**	**(14,318)**	**-**	**(14,327)**
Amortisation charge	**(1,977)**	**(71)**	**-**	**(1,230)**	**(3,278)**
Closing net book amount	**12,927**	**457**	**-**	**5,019**	**18,403**
At 31 December 2021					
Cost	**33,187**	**-**	**-**	**20,576**	**53,763**
Valuation	**-**	**1,836**	**-**	**-**	**1,836**
Accumulated amortisation	**(20,260)**	**(1,379)**	**-**	**(15,557)**	**(37,196)**
Net book amount	**12,927**	**457**	**-**	**5,019**	**18,403**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19 Intangible assets (continued)

	Consolidated					
	Digital library collection $'000	Intellectual property $'000	Software WIP $'000	Software internally generated $'000	Software purchased $'000	Total $'000
At 1 January 2020						
Cost	31,181	-	1,608	20,576	781	54,146
Valuation	-	1,701	-	-	-	1,701
Accumulated amortisation	(16,118)	(1,207)	-	(13,099)	(781)	(31,205)
Net book amount	15,063	494	1,608	7,477	-	24,642
Year ended 31 December 2020						
Opening net book amount	15,063	494	1,608	7,477	-	24,642
Additions	898	39	12,710	-	-	13,647
Disposals	(5)	-	-	-	-	(5)
Amortisation charge	(2,182)	(74)	-	(1,228)	-	(3,484)
Revaluation increments	-	10	-	-	-	10
Closing net book amount	13,774	469	14,318	6,249	-	34,810
At 31 December 2020						
Cost	32,068	-	14,318	20,576	781	67,743
Valuation	-	1,778	-	-	-	1,778
Accumulated amortisation	(18,294)	(1,309)	-	(14,327)	(781)	(34,711)
Net book amount	13,774	469	14,318	6,249	-	34,810
Year ended 31 December 2021						
Opening net book amount	**13,774**	**469**	**14,318**	**6,249**	**-**	**34,810**
Additions	**1,139**	**59**	**-**	**-**	**-**	**1,198**
Disposals	**(9)**	**-**	**(14,318)**	**-**	**-**	**(14,327)**
Amortisation charge	**(1,977)**	**(71)**	**-**	**(1,230)**	**-**	**(3,278)**
Revaluation increments	**-**	**-**	**-**	**-**	**-**	**-**
Closing net book amount	**12,927**	**457**	**-**	**5,019**	**-**	**18,403**
At 31 December 2021						
Cost	**33,187**	**-**	**-**	**20,576**	**781**	**54,544**
Valuation	**-**	**1,836**	**-**	**-**	**-**	**1,836**
Accumulated amortisation	**(20,260)**	**(1,379)**	**-**	**(15,557)**	**(781)**	**(37,977)**
Net book amount	**12,927**	**457**	**-**	**5,019**	**-**	**18,403**

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRS IC) published an agenda decision relating to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. As a result, the University has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements and has expensed in the current year all previously capitalised amounts. The total amount expensed in 2021 was $14.318 million.

Intangible assets are initially recognised at cost in the Statements of Financial Position.

With the exception of theses and the digital library collection, items that fall below the asset recognition threshold of $100,000 are expensed in the year of acquisition. The theses and digital library collection recognition threshold is $1.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19 Intangible assets (continued)

The cost of intangible assets includes the purchase or development cost plus any costs or fees incidental to the purchase or development of the asset.

Intangible assets that have been donated to the Group are initially recognised at fair value.

Items recognised as intangible assets are as follows:

- digital library collection of self-generated and purchased items in a digital/electronic format
- intellectual property such as theses
- systems development expenditure including software WIP and software internally generated
- software purchased
- patents, trademarks and licences.

With the exception of intellectual property, which is carried at fair value, intangible assets are measured at the end of each reporting year at cost less accumulated amortisation and impairment losses. They are unable to be measured at fair value as there is no active market for such assets.

Intangible assets are amortised over their estimated economic useful lives using either the straight line or diminishing values method. The amortisation rates used are as follows:

Category	Method	Annual Rate
Digital library collection	Diminishing value	15%
Intellectual property (theses)	Diminishing value	15%
Software internally generated	Straight line	12.50%
Software purchased	Straight line	20% – 30%
Patents, trademarks and licences	Straight line	20% – 50%

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An intangible asset is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statements in the year the asset is derecognised.

All intangible assets 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20 Trade and other payables

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Trade payables	**33,889**	32,209	**32,681**	31,177
Accrued salaries and wages	**5,603**	85,534	**5,603**	85,534
Sundry payables and accrued expenses	**34,844**	49,022	**30,149**	38,438
OS-HELP liability to Australian Government	**12,867**	12,867	**12,867**	12,867
Trade and other payables – controlled entities	**-**	-	**874**	1,361
Other payables	**31,002**	48,559	**29,287**	47,395
Total current trade and other payables	**118,205**	228,191	**111,461**	216,772

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

Liabilities for short-term employee benefits, including wages and salaries and non-monetary benefits, are recognised in other payables and are measured at the amount expected to be paid when the liability is settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rate paid or payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21 Borrowings

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
QTC loan	**14,563**	8,392	**14,563**	8,392
Lease liabilities	**3,506**	3,427	**3,506**	3,427
Other loans	**-**	340	**-**	-
Total current borrowings	**18,069**	12,159	**18,069**	11,819
Non-Current				
Lease liabilities	**207,187**	219,239	**207,187**	219,239
QTC loan	**156,522**	117,794	**156,522**	117,794
Total non-current borrowings	**363,709**	337,033	**363,709**	337,033
Total borrowings	**381,778**	349,192	**381,778**	348,852

The University has the following long-term debt facilities from the Queensland Treasury Corporation (QTC):

- a $251.0 million loan to fund a student residences project on the St Lucia campus: the total amount drawn down at 31 December 2021 is $105.5 million and the loan is expected to be fully drawn down by the end of 2026. The carrying value at 31 December 2021 is $105.3 million.
- an $87.1 million loan to fund a solar farm in Warwick: the total amount has been fully drawn down. The carrying value at 31 December 2021 is $65.8 million.

(a) **Reconciliation of liabilities arising from financing activities**

	2020	Cash flows	Non-cash changes	2021
	$'000	$'000	$'000	$'000
Long-term borrowings	126,526	**43,461**	**1,098**	**171,085**
Lease liabilities	222,666	**(15,170)**	**3,197**	**210,693**
Total liabilities from financing activities	349,192	**28,291**	**4,295**	**381,778**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21 Borrowings (continued)

Financing costs

Financing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other financing costs are recognised as an expense when incurred.

Lease liability

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used. Lease payments included in the measurement of lease liabilities comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI)
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the income statement. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset, e.g. change in a lease term, change in the assessment of an option to purchase the underlying asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

Right-of-use assets are presented within property, plant and equipment in Note 18.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22 Provisions

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current provisions expected to be settled within 12 months				
Workers' compensation	**1,203**	1,149	**1,203**	1,149
Long service leave	**24,721**	25,500	**23,597**	24,609
Annual leave	**68,759**	62,418	**66,543**	60,588
Other provisions	**31**	55	**-**	-
Subtotal	**94,714**	89,122	**91,343**	86,346
Current provisions expected to be settled after more than 12 months				
Annual leave	**39,309**	33,123	**39,309**	33,123
Long service leave	**63,456**	65,390	**63,456**	65,390
Subtotal	**102,765**	98,513	**102,765**	98,513
Total current provisions	**197,479**	187,635	**194,108**	184,859
Non-current provisions				
Long service leave	**33,424**	35,039	**32,789**	34,343
Workers' compensation	**1,127**	1,265	**1,127**	1,265
Total non-current provisions	**34,551**	36,304	**33,916**	35,608
Total provisions	**232,030**	223,939	**228,024**	220,467

Annual leave

The liability for annual leave is recognised in provisions for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and projected staff turnover rates based on age of staff. Expected future payments are discounted using the market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Provisions made are classified as a current liability for those employees who have reached the service period that allows them to take leave in service (i.e. they are unconditionally qualified) and for employees within one year of the unconditionally qualified service period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

22 Provisions (continued)

Superannuation

The UniSuper Defined Benefit Division (DBD) is a multi-employer defined benefit plan under superannuation law but, as a result of amendments to Clause 34 of UniSuper, a defined contribution plan under AASB 119 *Employee Benefits.*

Clause 34 of the UniSuper Trust Deed outlines the action UniSuper will take if actuarial investigations determine there are insufficient funds to provide benefits payable under the UniSuper Trust Deed. If there are insufficient funds, the Trustees must reduce the benefits payable under Division A and Division B on a fair and equitable basis. There is no requirement for employers and members to be asked to 'top up' their contributions in the event of a prolonged shortfall in the Defined Benefit Division.

Short term obligations

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it is classified as a non-current liability.

23 Other liabilities

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Contract liability – research grants and contracts	**410,083**	372,094	**410,083**	372,094
Contract liability – fees and charges	**90,021**	96,135	**86,907**	94,797
Australian government unspent financial assistance	**3,928**	-	**3,928**	-
Other	**4,444**	3,641	**3,147**	2,719
Total other liabilities	**508,476**	471,870	**504,065**	469,610

Contract liabilities

Contract liabilities arise from contracts with customers and represent amounts billed in accordance with customer contracts, but where the Group has not yet provided a good or service. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract.

The unsatisfied performance obligations are expected to be satisfied within the next twelve months and therefore have been classified as current.

Revenue recognised in the 2021 reporting period that was included in the contract liability – research grants and contracts balance at the beginning of the period – was $138.0 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24 Reserves

(a) Reserves

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Reserves				
Asset revaluation surplus	**1,930,205**	1,830,233	**1,930,205**	1,830,233
Investment revaluation reserve	**76,511**	41,308	**76,511**	41,308
Total Reserves	**2,006,716**	1,871,541	**2,006,716**	1,871,541

(b) Movements

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Asset revaluation surplus				
Opening balance	**1,830,233**	1,778,426	**1,830,233**	1,778,426
Fair value adjustment on revaluation of property, plant, equipment and intangible assets, net of tax	**99,972**	51,807	**99,972**	51,807
	1,930,205	1,830,233	**1,930,205**	1,830,233
Investment revaluation reserve				
Opening balance	**41,308**	32,901	**41,308**	32,901
Fair value adjustment on revaluation of financial assets through other comprehensive income	**35,203**	8,407	**35,203**	8,407
	76,511	41,308	**76,511**	41,308
Total reserves	**2,006,716**	1,871,541	**2,006,716**	1,871,541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25 Reconciliation of operating result after income tax to net cash flows from operating activities

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Operating result for the year	**341,941**	108,735	**332,899**	82,928
Depreciation and amortisation	**169,125**	165,493	**168,425**	164,619
Donations of property, plant and equipment	**(545)**	(128)	**(545)**	(128)
Non-cash license fees	**(3,124)**	(3,506)	**-**	-
Net (gain) / loss on sale of non-current assets	**17,018**	8,975	**17,036**	8,969
Net (gain) / loss on disposal of other financial assets	**(717)**	(20,484)	**-**	-
Interest expense	**15,155**	15,881	**15,155**	15,881
Bad and doubtful debts written off / (written back)	**1,064**	(1,057)	**1,320**	(1,491)
Equity accounted investment	**(329)**	643	**-**	-
Unrealised foreign exchange loss/(gain)	**(190)**	411	**(232)**	400
Change in fair value of other financial assets	**(213,696)**	(81,646)	**(211,185)**	(70,013)
Change in operating assets and liabilities:				
(Increase) / decrease in receivables	**19,604**	1,862	**30,494**	(5,717)
(Increase) / decrease in inventories	**266**	(476)	**266**	(442)
(Increase) / decrease in other assets	**(2,085)**	4,658	**(1,948)**	3,457
Increase / (decrease) in payables	**(93,625)**	100,955	**(88,945)**	98,849
Increase / (decrease) in provisions	**8,091**	9,984	**7,556**	9,977
Increase / (decrease) in tax liabilities	**(19)**	27	**-**	-
Increase / (decrease) in other liabilities	**36,605**	55,629	**34,455**	54,772
Net cash provided by / (used in) operating activities	**294,539**	365,956	**304,751**	362,061

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26 Commitments

(a) Capital commitments

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Property, plant and equipment				
Within one year	**37,324**	140,445	**37,324**	140,445
Later than one year	**9,225**	24,257	**9,225**	24,257
Total capital commitments	**46,549**	164,702	**46,549**	164,702

(b) Other commitments

University Innovation and Investment Trust (UIIT) No. 4 and No. 9

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Within one year	**2,000**	2,500	**2,000**	2,500
Between one year and 5 years	**4,383**	5,883	**4,383**	5,883
Total	**6,383**	8,383	**6,383**	8,383

The University has entered into funding deeds with the UIIT No. 4 and No. 9. Under the deeds, the University may be required to meet calls on partly paid units held in the trusts. These are venture funds founded by The University of Queensland for the purpose of providing seed funding to further develop promising research outcomes and to assist with the commercialisation of such research outcomes.

Other operating commitments

In 2013 UQ entered into a licence to occupy a portion of the TRI facility. Under this agreement, UQ is committed to contribute funds to cover the operational costs of the facility over the 30-year licence term. UQ contributed $11.319 million in 2021 (2020: $11.108 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27 Related Parties

(a) Parent entities

The ultimate parent entity within the Group is The University of Queensland.

(b) Controlled entities

Interests in controlled entities are set out in Note 29.

(c) Key management personnel

Disclosures relating to senators and specified executives are set out in Note 30.

(d) Transactions with related parties of The University of Queensland

The following transactions occurred with controlled entities and associates as related parties:

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Revenue				
Sale of goods and services	**245**	210	**14,446**	19,498
Royalty revenue	**-**	-	**18,625**	9,400
Dividends/distributions	**-**	-	**34**	60
	245	210	**33,105**	28,958
Expenditure				
Purchase of goods and services	**2,213**	1,828	**6,443**	9,618
Grants and funding	**9,011**	8,303	**18,491**	18,069
	11,224	10,131	**24,934**	27,687

(e) Outstanding balances

For outstanding balances with related parties please refer to the following notes:

- Trade receivables and loans and advances – refer Note 15.
- Trade payables – refer Note 20.

Trade receivables from controlled entities are unsecured and due for settlement no more than 30 days from the date of recognition.

Trade payables to controlled entities are unsecured and are generally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27 Related parties (continued)

(f) Guarantees

The University of Queensland has provided a guarantee to some of its controlled entities that it will provide funding should a situation arise where the controlled entity is unable to meet its liabilities. How that funding is provided, whether by way of share subscription, gift, loan or by some other means will be determined at such time as it is required to be made available. The controlled entities to whom a guarantee has been provided are JKTech Pty Ltd and UQ Health Care Limited.

(g) Transactions with related parties of key management personnel

Transactions with entities related to key management personnel occur on terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

28 Contingencies

(a) Contingent liabilities

Supplementary benefit payments

The University has a contingent liability which may arise in respect of supplementary pension payments to be made to some retired staff members or their dependants. These retired staff were members of a Staff Superannuation Scheme that was terminated in June 1984. Former members who had been granted supplementary benefits at this date continue to receive these benefits.

Unimutual

For the year 1 January 1990 to date, The University of Queensland has been a member of Unimutual, a mutual organisation that provides discretionary risk protection to universities and other educational and research institutions. Under its rules, Unimutual may make a call for a supplementary contribution from members in the event of there being a deficit in any year. A supplementary contribution would only be levied after the application of reinsurance recoveries and investment income for the appropriate year. Supplementary contributions may be levied pro-rata according to the original contribution paid.

Environmental and make-good obligations

The University has a number of potential environmental obligations including asbestos remediation and Indooroopilly mine site rehabilitation costs.

Asbestos remediation costs are only identified when action needs to be taken to remove the asbestos. The University maintains a register of known and suspected contamination on University property. At reporting date, no asbestos has been identified as posing an immediate hazard or earmarked for removal as part of the scope of works in a building refurbishment.

At reporting date, no decision has yet been taken to close the Indooroopilly mine and therefore mine site rehabilitation costs are not known.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28 Contingencies (continued)

(a) Contingent liabilities (consolidated)

Third Party liabilities – Consolidated entity

Under the University's intellectual property policy, the future realisation of the Group's non-current financial assets for cash will give rise to the obligation to pay one-third of the net proceeds to investors. These liabilities are contingent as they arise only upon future realisation of the underlying investment assets for cash. The realisation of cash proceeds from investment assets is uncertain due to risks associated with development of the technology, the availability of capital from investors and funding from grants, the acceptance of the technology in its target market and the general economic climate. The fair value of the investments in the commercialisation entities has been reduced to reflect the fact that their value to the Group represents only two-thirds of their full value.

(b) Contingent assets

Third Party liabilities – Parent entity

Under the University's intellectual property policy, the future realisation of the non-current financial assets held by controlled entities for cash will give rise to an economic benefit of one-third of the net proceeds to the University as the parent entity. These receivables in the parent entity are contingent as they arise only upon future realisation of the underlying investment assets for cash. The realisation of cash proceeds from investment assets is uncertain due to risks associated with development of the technology, the availability of capital from investors and funding from grants, the acceptance of the technology in its target market and the general economic climate.

No other contingencies of a significant nature exist or are recognised in the accounts.

(c) Guarantees

The University has provided the following bank guarantees:

i) $5 million to Workcover Queensland as it is self-insured for workers' compensation. The guarantee has no expiration date.

ii) $1.6 million in respect of a loan facility entered into by International House to construct new facilities.

iii) $9.0 million in respect of a loan facility entered into by King's College to construct new facilities.

iv) $3.6 million in respect of a loan facility entered into by The Women's College to construct new facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(b):

Name of Entity	Country of Incorporation	Class of Shares	2021 %	2020 %
UQ Investment Trust Group				
IMBcom Pty Ltd	Australia	Ordinary	100.00	100.00
UQ Investment Trust	Australia	Ordinary	100.00	100.00
UQ Holdings Group				
UQ Holdings Pty Ltd	Australia	Ordinary	100.00	100.00
UQ Health Care Ltd	Australia	Limited by Guarantee	-	-
UQ College Ltd	Australia	Limited by Guarantee	-	-
UQ Sport Ltd	Australia	Limited by Guarantee	-	-
UQ Residences Ltd *(Registered 18 May 2021)*	Australia	Limited by Guarantee	-	
JKTech Group				
JK Tech Pty Ltd	Australia	Ordinary	94.00	94.00
SMI-ICE-Chile SpA	Chile	Ordinary	100.00	100.00
UniQuest and UniQuest Asset Trust Group				
UniQuest Pty Ltd	Australia	Ordinary	100.00	100.00
Dendright Pty Ltd	Australia	Ordinary	100.00	100.00
Leximancer Pty Ltd	Australia	Ordinary	60.00	60.00
Neo Rehab Pty Ltd	Australia	Ordinary	100.00	100.00
Symbiosis Group Pty Ltd	Australia	Ordinary	100.00	100.00
Jetra Therapeutics Pty Ltd	Australia	Ordinary	100.00	100.00
Other entities				
UQ Jakarta Office Pty Ltd	Australia	Ordinary	100.00	100.00
UQ Foundation Trust	Australia	Ordinary	100.00	100.00
Global Change Institute Pty Ltd *(Deregistered 7 July 2021)*	Australia	Ordinary	-	100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the University during 2021. Further information on these positions can be found in the body of the Annual Report under the section relating to governance.

Senate members

Mr Peter N Varghese AO
Ms Tonianne Dwyer
Professor Peter Adams (until 10 September 2021)
Professor Craig Franklin (from 11 September 2021)
Ms Julianne Alroe
Mr Timothy Crommelin
Mr Phillip Hennessy AO
Mr Jamie Merrick
Mr Grant Murdoch
Dr Sally Pitkin AO
Ms Cecile Wake
Professor Greg Hainge (from 13 April 2021)
Professor Bronwyn Lea
Ms Rebecca Hurst
Mr Richard Lee
Associate Professor Douglas Cavaye
Adjunct Professor Dimity Dornan AO
Mr Elliott Johnson
Ms Anne Cross AM
Ms Michelle Tredenick
Ms Gabrielle Starr

Executive Officers

Professor Deborah Terry AO
Professor Aidan Byrne
Professor Joanne Wright
Mr Rongyu Li
Professor Bronwyn Harch
Mr Rob Moffat (until 4 July 2021)
Mr Andrew Flannery (from 5 July 2021)
Professor Heather Zwicker
Professor Melissa Brown
Professor Vicki Chen
Professor Andrew Griffiths
Professor Bruce Abernethy
Professor Geoff McColl
Professor Pankaj Sah

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Key management personnel disclosures (continued)

(a) Names of responsible persons and executive officers

Key management personnel previously consisted of members of Senate and/or the Vice-Chancellor's Committee. On 18 August 2020, the Vice-Chancellor's Committee was expanded to include all 6 executive deans and one institute director and renamed as the UQ Senior Executive Team. The remuneration in notes 30(b) and 30(c) for these additional 7 people in 2021 is higher as the 2020 year figures only included the 4.5 month period from 18 August 2020 to 31 December 2020.

(b) Remuneration of Senate members and executives

The remuneration of Senate members only relates to remuneration for acting in the capacity as a member of Senate. Certain members elect to donate part or all of this remuneration to the University.

	Parent	
	2021	**2020**
	$'000	**$'000**
Senate members		
Nil to $14,999	**3**	5
$15,000 to $29,999	**14**	13
$30,000 to $44,999	**3**	3
$75,000 to $89,999	**1**	1
Executive officers		
$165,000 to $179,999	**-**	1
$180,000 to $194,999	**-**	1
$195,000 to $209,999	**-**	1
$210,000 to $224,999	**-**	3
$225,000 to $239,999	**-**	1
$285,000 to $299,999	**1**	-
$435,000 to $449,999	**1**	-
$465,000 to $479,999	**-**	1
$540,000 to $554,999	**1**	-
$555,000 to $569,999	**2**	-
$570,000 to $584,999	**1**	-
$600,000 to $614,999	**3**	-
$615,000 to $629,999	**-**	2
$630,000 to $644,999	**-**	1
$645,000 to $659,999	**1**	-
$660,000 to $674,999	**2**	-
$675,000 to $689,999	**-**	1
$750,000 to $764,999	**-**	1
$810,000 to $824,999	**1**	-
$960,000 to $974,999	**-**	1
$1,200,000 to $1,214,999	**1**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30 Key management personnel disclosures (continued)

(c) Total remuneration of Senate members and executives

	Parent	
	2021	**2020**
	$'000	**$'000**
Short-term employee benefits	**7,375**	5,255
Post-employment benefits	**1,121**	791
Other long-term benefits	**89**	62
Termination benefits	**-**	297
Performance payments	**761**	355
	9,346	6,760

The above figures for 2020 only include remuneration for the 4.5 month period from 18 August 2020 to 31 December 2020 for the additional 7 people added to the Vice-Chancellor's Committee on 18 August 2020. For this reason, the total expense in 2021 is higher.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 Financial risk management

The Group’s activities expose it to a variety of financial risks. An assessment of these risks is as follows:

(a) Market risk

(i) Interest rate risk – cash

With funds often received in advance for tuition fees and research, the Group must ensure a sufficient and prudent portion of its cash is set aside to meet short-term operating, research and capital expenditure.

Cash required in the short term (up to 6 months) is held in a mix of bank accounts and the Queensland Treasury Corporation (QTC) Capital Guaranteed Cash Fund. Cash not required in the short term (beyond 6 months) is held in fixed interest-rate term deposits with approved banks and financial institutions. These term deposits have a typical duration of between 6 and 12 months.

The interest revenue generated from cash is subject to movements in interest rates. However, this risk is not significant as the Group is not heavily reliant on interest revenue to support its operations. In 2021, interest revenue accounted for 0.1 per cent (2020: 0.3 per cent) of total revenue.

As at 31 December 2021, total cash was $399.6 million (2020: $390.4 million) and total interest revenue for the year was $2.8 million (2020: $5.5 million). Based on the average daily cash balance, this equates to a return of 0.7 per cent (2020: 1.1 per cent).

(ii) Interest rate risk – leases

In 2009, the Group entered into a 40-year lease to acquire the Pharmacy Australia Centre of Excellence (PACE) building. Ownership of the building transfers to the Group on completion of the lease in 2049. The implicit interest rate is 9.52 per cent (2019: 9.52 per cent).

The Group has several other property leases with terms that vary between 2 years and 30 years. Ownership of these properties does not transfer to the Group on completion of the respective leases. The implicit interest rate of the leases ranges between 0.34 per cent and 3.31 per cent (2020: 1.81 per cent and 3.31 per cent).

There is no risk from movements in interest rates as the repayments for all leases are fixed over the term of the lease.

As at 31 December 2021, the total lease liability was $210.7 million (2020: $222.7 million) and the total interest expense for the year was $15.2 million (2020: $14.9 million).

(iii) Interest rate risk – borrowings

In 2017, the Group commenced drawdowns on a loan from the Queensland Treasury Corporation (QTC) to fund the construction of a two-stage student residences project on the St Lucia campus. The total approved loan facility is $251.0 million. The first stage is now complete and the drawdowns were $105.5 million.

As at 31 December 2021, the carrying value of the loan was $105.3 million (2020: $52.0 million). Interest was paid at a variable rate for much of the year at an average rate of 0.5 per cent (2020: 0.6 per cent) and the total interest expense for the year was $0.4 million (2020: $0.2 million). The loan was previously interest only but was converted to a mix of principal and interest (with a fixed interest rate of 2.5 per cent) in December 2021 when construction of the first stage was completed. Loan payments, incorporating a mix of principal and interest, will occur on a monthly basis until the loan is fully repaid by 2039.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 Financial risk management (continued)

(a) Market risk

In 2018, the Group commenced drawdowns on a loan from the Queensland Treasury Corporation (QTC) to fund the construction of a solar farm in Warwick. The total approved loan facility is $87.1 million and the loan was fully drawn down during 2019.

As at 31 December 2021, the carrying value of the loan was $65.8 million (2020: $74.2 million). Interest is paid at a fixed rate of 2.2 per cent per annum (2020: 2.2 per cent) and the total interest expense for the year was $1.6 million (2020: $1.7 million). Loan payments, incorporating a mix of principal and interest, will occur on a monthly basis until the loan is fully repaid by 2028.

(iv) Equity risk – managed investment portfolio

The Group maintains 2 long-term managed investment portfolios that are primarily for endowments received by the Group over the past century, and operating surpluses generated by the Group in recent years. Further information is contained in Note 16.

The first investment portfolio is known as the UQ Investment Fund. The second is known as the UQ Socially Responsible Investment Green Fund and is prohibited from investing in the following: (1) entities considered to have involvement with tobacco, armaments, gaming and pornography: or (2) entities considered to be 'excluded companies' as defined by the FTSE All-World ex Fossil Fuels Index Series Rules.

The portfolios are managed by external fund managers who invest in a mix of cash, fixed interest securities, Australian shares, international shares, property trusts and private equity. The target return is an average of 6.0 per cent plus CPI per annum (inclusive of all fund manager fees) over rolling 7-year periods.

The Group manages the risk of fluctuations in equity prices by instructing the external fund managers to invest in a well-diversified portfolio across a number of industry sectors.

As of 31 December 2021, the total value of the UQ Investment Fund was $950.0 million (2020: $707.1 million). The total return for the year was a gain of 23.7 per cent (2020: gain of 15.8 per cent) and the total return for the past 7 years was a gain of 13.5 per cent (2020: gain of 11.3 per cent).

As of 31 December 2021, the total value of the UQ Socially Responsible Investment Green Fund was $5.8 million (2020: $4.5 million). The total return for the year was a gain of 28.1 per cent (2020: gain of 4.1 per cent). There is no long-term return information available as the fund was established in 2016.

(v) Equity risk – QIC Long-term Diversified Fund

Given the nature of universities, the amount expended on major capital projects (e.g. buildings, infrastructure and systems) will vary significantly from year to year. The Group therefore accumulates funds that are not required in the short-term but will be required in the medium-term for such projects. These funds are currently invested in the Queensland Investment Corporation Long-term Diversified Fund.

The QIC Long-term Diversified Fund is a well-diversified managed fund that invests in a mix of cash, fixed interest securities, equities, real estate, infrastructure, private equity and other alternatives. The target return is an average of 4.0 per cent plus CPI per annum (inclusive of all fund manager fees) over rolling 5-year periods.

The Group made its first investment in the QIC Long-term Diversified Fund in 2017. As of 31 December 2021, the total value of investment was $200.2 million (2020: $179.2 million). The total return for the year was a gain of 11.7 per cent (2020: gain of 1.8 per cent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 Financial risk management (continued)

(a) Market risk

(vi) Equity risk – commercialisation investments

The Group holds investments (both listed and unlisted) in commercialisation entities. In most cases, the University has obtained an equity holding in these entities by contributing intellectual property as opposed to cash.

While it is hoped that these investments will provide a financial return, their more important objective is to enhance the University's reputation by commercialising knowledge, products and services that can benefit society. The value of these investments can fluctuate significantly given their high risk and this is monitored by reviewing their commercialisation activities on a regular basis.

As of 31 December 2021, the total value of commercialisation investments was $20.1 million (2020: $18.3 million).

(vii) Equity risk – other investments

In 2021, the Group received shares in a listed company, IDP Education Limited, via an in-specie distribution from Education Australia Limited. Further information is contained in Note 16.

As of 31 December 2021, the total value of shares held in IDP Education Limited was $63.4 million (2020: nil).

(viii) Currency risk

The large majority of the Group's transactions are denominated in Australian dollars (AUD). In 2021, less than 10 per cent of all revenue and less than 10 per cent of all expenditure was invoiced in a foreign currency. Of these transactions, the most frequent currencies used were the US dollar, the European euro and the Great Britain pound. This equates to a minor level of currency risk.

The most significant currency risk relates to demand for services. In 2021, total course fees and charges revenue from overseas students was $649.0 million (2020: $648.9 million) with 84 per cent of these students coming from 7 countries – China, Singapore, Malaysia, the United States, Hong Kong, Canada and India. While most of these fees are invoiced in AUD, a significant appreciation of the AUD relative to the currencies of these countries could see a reduction in demand for the Group's services.

(b) Credit risk

(i) Credit risk – cash

Credit risk from cash balances held with banks and financial institutions is managed in accordance with a Senate-approved investment policy.

Cash held in the QTC Capital Guaranteed Cash Fund is guaranteed by the State Government of Queensland under section 32 of the *Queensland Treasury Corporation Act 1988*.

Cash held in term deposits is spread across a number of financial institutions to help reduce credit risk. The limits per institution are determined based on the ratings issued by Standard & Poor's.

There is also exposure to credit risk when the Group provides a guarantee to an external party. Details of contingent liabilities are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 Financial risk management (continued)

(b) Credit risk

(ii) Credit risk – trade and other receivables

Prior to providing any goods or services that will result in a material debt by a potential customer to the Group, a credit check on the customer is performed to ensure that the likelihood of a default is minimised. Credit terms are generally up to 30 days from the date of invoice.

In the case of tuition fees paid by individual students, those who have not fully paid by the census date are automatically unenrolled from the course.

As at 31 December 2021, total trade and other receivables was $120.5 million (2020: $110.8 million). The single largest debtor was $2.3 million (2020: $2.6 million).

The total impairment of receivables (inclusive of receivables written off and the movement in the provision for impairment) for the year was $1.1 million (2020: a reversal of $1.1 million). This represents less than 0.1 per cent of total revenues.

(c) Liquidity risk

Liquidity risk is managed in accordance with a Senate-approved investment policy.

Cash flow forecasts are prepared by management that show the cash needs of the Group on a daily, monthly and annual basis. Sufficient cash is held in bank accounts and the QTC Capital Guaranteed Cash Fund to meet all reasonably anticipated operating cash flow requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32 Fair value measurements

(a) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables and trade and other payables, their carrying value is assumed to approximate their fair value and, based on credit history, it is expected that the receivables that are neither past due nor impaired will be received when due.

The Group measures and recognises the following financial assets and liabilities at fair value at the end of each reporting year:

	Consolidated		Consolidated	
	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	**349,630**	**349,630**	210,391	210,391
Trade and other receivables	**120,489**	**120,489**	110,781	110,781
Other financial assets at fair value through profit and loss	**1,239,867**	**1,239,867**	909,440	909,440
Investments in equity instruments designated at fair value through other comprehensive income	**16,963**	**16,963**	63,933	63,933
Other financial assets at amortised cost	**50,000**	**50,000**	180,000	180,000
Total financial assets recognised at fair value	**1,776,949**	**1,776,949**	1,474,545	1,474,545
Financial liabilities				
Trade and other payables	**118,205**	**118,205**	228,191	228,191
Borrowings	**381,778**	**385,056**	349,192	353,849
Total financial liabilities recognised at fair value	**499,983**	**503,261**	577,383	582,040

The Group has also measured the following non-financial assets at fair value at the end of each reporting year:

- land
- buildings
- infrastructure and land improvements
- right of use assets
- heritage and cultural assets

(b) Fair value hierarchy

The Group categorises assets and liabilities measured at fair value into the following hierarchy based on the level of inputs used in measurement:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32 Fair value measurements (continued)

(b) Fair value hierarchy

- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Details on the fair values of the major asset types are as follows.

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2020 and 31 December 2021.

Consolidated	Note	2021 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit and loss	16	**1,239,867**	**1,025,190**	**212,533**	**2,144**
Other financial assets at amortised cost	16	**50,000**	**50,000**	**-**	**-**
Investments in equity instruments designated at fair value through other comprehensive income	16	**16,963**	**-**	**-**	**16,963**
Total financial assets		**1,306,830**	**1,075,190**	**212,533**	**19,107**
Non-financial assets					
Land	18	**350,013**	**-**	**111,270**	**238,743**
Buildings	18	**2,000,661**	**-**	**53,430**	**1,947,231**
Infrastructure and land improvements	18	**269,255**	**-**	**-**	**269,255**
Leased assets	18	**99,363**	**-**	**-**	**99,363**
Heritage and cultural assets	18	**97,343**	**-**	**-**	**97,343**
Total non-financial assets		**2,816,635**	**-**	**164,700**	**2,651,935**

	Note	2020 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit and loss	16	909,440	716,345	190,530	2,565
Other financial assets at amortised cost	16	180,000	180,000	-	-
Investments in equity instruments designated at fair value through other comprehensive income	16	63,933	-	-	63,933
Total financial assets		1,153,373	896,345	190,530	66,498
Non-financial assets					
Land	18	330,644	-	105,100	225,544
Buildings	18	1,711,746	-	53,334	1,658,412
Infrastructure and land improvements	18	269,679	-	-	269,679
Leased assets	18	99,162	-	-	99,162
Heritage and cultural assets	18	94,972	-	-	94,972
Total non-financial assets		2,506,203	-	158,434	2,347,769

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32 Fair value measurements (continued)

(c) Fair value – property, plant and equipment

Land (levels 2 and 3)

All residential zoned land has been categorised as level 2. The fair value of this land has been determined based on sales of comparably zoned land together with discussions with selling agents and third-party sources. Regard was given to such factors as the location, redevelopment potential, size, access to water, farming potential, zoning and Council classification of the sales evidence.

The remaining land has been categorised as level 3 given the specialised nature and restricted use of the land. The fair value of this land has been assessed having regard to such factors as the location, size and AssetVal's knowledge.

Buildings (levels 2 and 3)

The Group has buildings that are primarily residential properties. These have been categorised as level 2 and have been valued using the direct comparison approach. This is based on sales of similar residential properties having regard to the standard of improvements, building size, accommodation provided, number of dwelling units and market conditions at the time of sale.

The remaining buildings have been categorised as level 3 given the specialised nature and use of the education related buildings, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for such buildings. The assessed replacement cost for the buildings is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's Australian Construction Handbook 2021, actual costs for construction projects undertaken by the Group and AssetVal's knowledge and exposure to construction projects and building costs.

Infrastructure and land improvements (level 3)

Infrastructure and land improvements have been categorised as level 3 given the nature and use of the infrastructure and land improvements, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for its infrastructure and land improvements. The assessed replacement cost for the infrastructure and land improvements is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's Australian Construction Handbook 2021, actual costs for construction projects undertaken by the Group and AssetVal's knowledge and exposure to construction projects and building costs.

Right-of-use assets (level 3)

Property, plant and equipment acquired by way of a finance lease is valued using the same methodology above that applies to assets fully owned by the Group (e.g. leased buildings are valued the same way as fully owned buildings).

Heritage and cultural assets (level 3)

The reference collection has been categorised as level 3. The fair value has been determined based on the average cost of a publication.

The heritage collection has been categorised as level 3 given the nature and use of rare materials and manuscripts. The Group has used replacement cost methodology to determine the fair value of the heritage collection. Regard was given to auction and catalogue prices for rare books, periodicals and manuscripts material as well as the annual increase in the consumer price index.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32 Fair value measurements (continued)

The museum collection has been categorised as level 3. The Group has used replacement cost methodology to determine the fair value of the museum collection. In determining fair value, consideration was given to market prices.

(d) Fair value – other financial assets

Term deposits, shares in listed entities and managed investment portfolio (levels 1 and 3)

Term deposits, shares in listed entities and the managed investment portfolio have been categorised as level 1. The fair value of assets traded in active markets (such as publicly traded securities) is based on quoted market prices for identical assets at the end of the reporting year. This is the most representative of the fair value in the circumstances.

However, where the quoted market prices do not constitute an active market owing to the asset being thinly traded, an appropriate adjustment is made to the quoted price and the asset is categorised as level 3.

Shares in unlisted entities and convertible notes (levels 2 and 3)

The Group has shares and convertible notes in unlisted entities that are not traded in active markets. These have been valued using prices established in a price-setting financing round which has occurred within the 2 years prior to the reporting date and which involves at least one new investor. A price-setting financing round excludes an insider up round but includes an insider down round. The valuation technique takes into account material variations in rights of preferred versus ordinary shares, including the liquidation preference enjoyed by holders of preferred shares. These are categorised as level 2.

Where there is evidence that the price established in a price-setting financing round is not an appropriate valuation mechanism and better information exists to inform the valuation, the asset is categorised as level 3. Such information includes, but is not limited to, evidence that the investee company is trading poorly, that the technology the investee company is developing is known to have failed, that the investee company's investors have withdrawn their support or that the date of the last investment is greater than 2 years prior to the reporting date. In these cases, the fair value has been determined using the best information available about the assumptions that market participants would use when pricing the asset.

The following table is a reconciliation of level 3 items for the years ended 31 December 2021 and 2020.

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance	**66,498**	54,014
Acquisitions	**2,600**	4,077
Fair value gains / (losses)	**1,497**	8,407
Disposals	**(51,488)**	-
Closing balance	**19,107**	66,498

(e) Fair value – other assets held at fair value

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

32 Fair value measurements (continued)

(e) Fair value – other assets held at fair value

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Land, buildings, infrastructure and land improvements classified as held for sale during the reporting period were measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification.

33 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government Financial Assistance

(a) Education – CGS and other education grants

		Commonwealth Grants Scheme#1		Access and Participation Fund		National Priorities Pool		Promotion of excellence in Learning and Teaching		Disability Performance Funding #2		Indigenous Student Success Program #3	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Parent Entity (University) only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		**341,666**	312,535	**4,009**	2,822	**350**	10	**-**	-	**208**	85	**2,007**	1,909
Net accrual adjustments		**(2,007)**	-	**(105)**	(166)	**-**	-	**-**	-	**-**	-	**-**	-
Revenue for the period	2(a)	**339,659**	312,535	**3,904**	2,656	**350**	10	**-**	-	**208**	85	**2,007**	1,909
Surplus / (deficit) from the previous year		**-**	-	**48**	-	**-**	101	**67**	102	**-**	-	**146**	-
Total revenue including accrued revenue		**339,659**	312,535	**3,952**	2,656	**350**	111	**67**	102	**208**	85	**2,153**	1,909
Less expenses including accrued expenses		**(339,659)**	(312,535)	**(3,517)**	(2,608)	**(350)**	(111)	**(57)**	(35)	**(208)**	(85)	**(1,903)**	(1,763)
Surplus / (deficit) for the reporting period		**-**	-	**435**	48	**-**	-	**10**	67	**-**	-	**250**	146

		Total	
		2021	2020
Parent Entity (University) only	**Note**	**$'000**	**$'000**
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		**348,240**	317,361
Net accrual adjustments		**(2,112)**	(166)
Revenue for the period	2(a)	**346,128**	317,195
Surplus / (deficit) from the previous year		**261**	203
Total revenue including accrued revenue		**346,389**	317,398
Less expenses including accrued expenses		**(345,694)**	(317,137)
Surplus / (deficit) for the reporting period		**695**	261

#1 Includes basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS – Medical Student Loading, Allocated Places and Non-designated Courses.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education and Training.

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government financial assistance (continued)

(b) Higher education loan programs (excl. OS-HELP)

		HECS-HELP (Australian Government payments only)		FEE-HELP #4		VET FEE-HELP		SA-HELP		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Parent Entity (University) only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash Payable / (Receivable) at the beginning of the year		**(5,062)**	483	**(618)**	1,169	**-**	-	**-**	-	**(5,680)**	1,652
Financial assistance received in cash during the reporting period		**189,540**	186,253	**35,400**	30,485	**16**	26	**4,508**	4,758	**229,464**	221,522
Cash available for the period		**184,478**	186,736	**34,782**	31,654	**16**	26	**4,508**	4,758	**223,784**	223,174
Revenue earned	2(b)	**(180,346)**	(191,798)	**(34,986)**	(32,272)	**(16)**	(26)	**(4,508)**	(4,758)	**(219,856)**	(228,854)
Cash Payable / (Receivable) at the end of the year		**4,132**	(5,062)	**(204)**	(618)	**-**	-	**-**	-	**3,928**	(5,680)

#4 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government financial assistance (continued)

(c) Department of Education, Skills and Employment research

		Research Training Program		Research Support Program		Total	
		2021	2020	2021	2020	2021	2020
Parent Entity (University) only	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		**97,300**	95,936	**190,500**	87,536	**287,800**	183,472
Net accrual adjustments		**-**	-	**-**	-	**-**	-
Revenue for the period	2(c)	**97,300**	95,936	**190,500**	87,536	**287,800**	183,472
Surplus / (deficit) from the previous year		**-**	3,476	**-**	-	**-**	3,476
Total revenue including accrued revenue		**97,300**	99,412	**190,500**	87,536	**287,800**	186,948
Less expenses including accrued expenses		**(97,300)**	(99,412)	**(107,626)**	(87,536)	**(204,926)**	(186,948)
Surplus / (deficit) for the reporting period		**-**	-	**82,874**	-	**82,874**	-

Total Higher Education Provider Research Training Program expenditure

	Total domestic students	Total overseas students
	$'000	$'000
Research Training Program Fees offsets	63,656	433
Research Training Program Stipends	31,270	1,904
Research Training Program Allowances	-	37
Total for all types of support	**94,926**	**2,374**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government financial assistance (continued)

(d) Other capital funding

		Linkage Infrastructure, Equipment and Facilities Grant		Total	
		2021	2020	2021	2020
Parent entity (University) only		$'000	$'000	$'000	$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)		**3,720**	1,565	**3,720**	1,565
Net accrual adjustments		**(2,037)**	845	**(2,037)**	845
Revenue for the period	2(d)	**1,683**	2,410	**1,683**	2,410
Surplus / (deficit) from the previous year		**3,309**	3,309	**3,309**	3,309
Total revenue including accrued revenue		**4,992**	5,719	**4,992**	5,719
Less expenses including accrued expenses		**(1,683)**	(2,410)	**(1,683)**	(2,410)
Surplus / (deficit) for reporting period		**3,309**	3,309	**3,309**	3,309

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government financial assistance (continued)

(e) Australian Research Council grants

		Discovery		Linkages		Networks and Centres		Special Research Initiatives		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Parent entity (University) only		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)		**48,565**	49,974	**10,019**	7,212	**25,099**	27,843	**72**	1,164	**83,755**	86,193
Net accrual adjustments		**(5,326)**	(6,657)	**(2,832)**	(811)	**(2,118)**	(16,392)	**1,275**	222	**(9,001)**	(23,638)
Revenue for the period	2(e)	**43,239**	43,317	**7,187**	6,401	**22,981**	11,451	**1,347**	1,386	**74,754**	62,555
Surplus / (deficit) from the previous year		**27,999**	28,500	**7,615**	7,916	**11,184**	11,198	**1,266**	1,266	**48,064**	48,880
Total revenue including accrued revenue		**71,238**	71,817	**14,802**	14,317	**34,165**	22,649	**2,613**	2,652	**122,818**	111,435
Less expenses including accrued expenses		**(43,200)**	(43,818)	**(7,006)**	(6,702)	**(22,967)**	(11,465)	**(1,387)**	(1,386)	**(74,560)**	(63,371)
Surplus / (deficit) for reporting period		**28,038**	27,999	**7,796**	7,615	**11,198**	11,184	**1,226**	1,266	**48,258**	48,064

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

34 Acquittal of Australian Government financial assistance (continued)

(f) OS-HELP

		2021	2020
Parent entity (University) only	**Note**	**$'000**	**$'000**
Cash received during the reporting period		**-**	9,587
Cash spent during the reporting period		**-**	(485)
Net cash received		**-**	9,102
Cash surplus/(deficit) from the previous period		**12,867**	3,765
Cash surplus/(deficit) for the reporting period		**12,867**	12,867

(g) Student Services and Amenities Fee

		2021	2020
Parent entity (University) only	**Note**	**$'000**	**$'000**
Unspent / (overspent) revenue from previous period		**9,044**	8,733
SA-HELP revenue earned	2(b)	**4,508**	4,758
Student services fees direct from students	5	**7,381**	7,664
Total revenue expendable in period		**20,933**	21,155
Student services expenses during period		**(13,141)**	(12,111)
Unspent / (overspent) student services revenue		**7,792**	9,044

Management Certificate

We have prepared the foregoing annual financial statements pursuant to the provisions of the *Financial Accountability Act 2009*, the *Financial Management and Performance Standard 2019*, division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and other prescribed requirements and certify that -

(a) The financial statements and consolidated financial statements are in agreement with the accounts and records of The University of Queensland and its controlled entities;

(b) In our opinion:

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects;

(ii) the financial statements have been drawn up so as to present a true and fair view of the transactions of The University of Queensland and controlled entities for the period 1 January 2021 to 31 December 2021 and the financial position as at 31 December 2021 in accordance with prescribed accounting standards and conform with the *Financial Statement Guidelines for Australian Higher Education Providers for the 2021 Reporting Period* issued by the Australian Government Department of Education, Skills and Employment;

(iii) at the time of the certificate there are reasonable grounds to believe that The University of Queensland will be able to pay its debts as and when they fall due;

(iv) the amount of Australian Government financial assistance expended during the year was for the purpose(s) for which it was intended;

(v) The University of Queensland has complied with applicable legislation, contracts, agreements and program guidelines in making that expenditure; and

(vi) The University of Queensland charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

Mr Peter Varghese AO
Chancellor
THE UNIVERSITY OF QUEENSLAND
22 February 2022

Professor Deborah Terry AO
Vice-Chancellor & President
THE UNIVERSITY OF QUEENSLAND
22 February 2022

Mrs Gail Jukes
Chief Financial Officer
THE UNIVERSITY OF QUEENSLAND
22 February 2022

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Senate of the University of Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the University of Queensland (the parent) and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 31 December 2021, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 31 December 2021, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation of specialised buildings ($2.0 billion)

Refer to note 18 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Buildings (consisting primarily of specialised buildings), infrastructure assets and land improvements were material to the University of Queensland at balance date and were measured using the current replacement cost method that comprises: • gross replacement cost, less • accumulated depreciation. The university performs comprehensive revaluations of all of its buildings, infrastructure assets and land improvements every four years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period. In making these judgements, the university engaged an external valuation expert to perform a comprehensive valuation in 2019. Indexation has been applied for the 2020 and 2021 balances. The university derived the gross replacement cost of its buildings, infrastructure assets and land improvements at balance date through using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • identifying the components of assets that are replaced at different times in the asset lifecycle • developing a unit rate for each of these components, including: – estimating the current cost for a modern substitute (including locality factors and on-costs), expressed as a rate per unit (e.g. $/square metre) – identifying whether the existing assets contain obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of asset components. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.	Our audit procedures included, but were not limited to: In a previous year when a comprehensive valuation was conducted: • Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. • On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit rates for the: – modern substitute – adjustment for excess quality or obsolescence. In the current year when indexation was applied: • Assessing the competence, capability and objectivity of the valuation specialist. • Assessing the adequacy of management's review of the valuation process. • Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets. • Assessing the ongoing reasonableness of the asset useful lives by: – reviewing management's annual assessment of useful lives – assessing the appropriateness of useful lives where assets were disposed of prior to the end of their useful lives – reviewing assets with an inconsistent relationship between condition and remaining life. • Performing reasonableness tests to confirm depreciation is calculated in accordance with the university's accounting policies and industry standards.

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Queensland Audit Office
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Valuation of land ($350.0 million)

Refer to note 18 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The university's land is material at balance date and was measured at fair value using the market approach. The university performs a comprehensive revaluation of its land every four years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period. A comprehensive valuation was conducted in 2019 by an external valuation specialist. Indexation has been applied for the 2020 and 2021 balances. Significant judgement was used in arriving at the market value impact from the restrictions on the university's land. The fair value of land was derived by comparing the market value of similar land and applying judgement in assessing the fair value of the restricted use land assets of the university.	Our audit procedures included, but were not limited to: In a previous year when a comprehensive valuation was conducted: • Assessing the adequacy of management's review of the valuation process. • Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. • Assessing the competence, capability and objectivity of the external valuation specialist. • For a sample of land parcels, evaluating the reasonableness of the market value impact resulting from the restrictions on use. In the current year when indexation was applied: • Evaluating the reasonableness of the indices used against other publicly available information about movements in values of similar assets.

Responsibilities of the entity for the financial report

The Senate is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the Senate determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Senate is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Senate regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Senate, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 31 December 2021:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

23 February 2022

Michelle Reardon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane