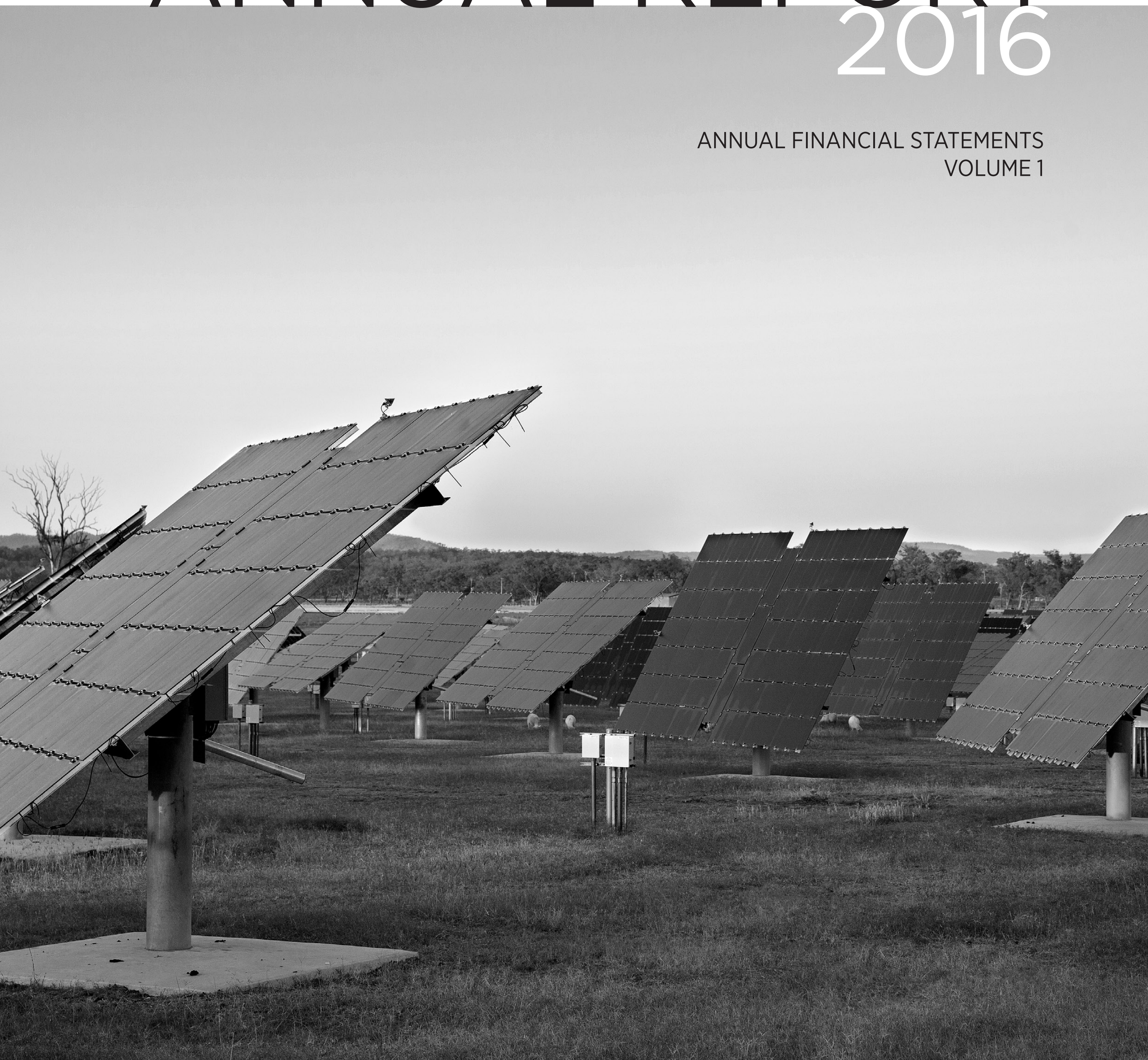
THE UNIVERSITY OF QUEENSLAND
AUSTRALIA

ANNUAL REPORT 2016

ANNUAL FINANCIAL STATEMENTS
VOLUME 1



Public availability note

This volume, the Annual Report and the Annual Financial Statements (Volume 2) are available from the Office of Marketing and Communications (see inside back cover) or online at **uq.edu.au/about/annualreport**.
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- Consultancies
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Interpreter Service Statement

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Front cover image: *UQ Gatton's 3.275 megawatt Solar Research Facility features sheep, which are also used by the Vet School for teaching purposes, to help manage grass and reduce the need for mowing.*

ANNUAL FINANCIAL STATEMENTS

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 Audit 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 26 for a listing of these entities) – column headed Consolidated.

Financial Statements

Notes to the Financial Statements

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
Revenue from continuing operations					
Australian government financial assistance					
Australian government grants	2	**712,909**	708,361	**712,909**	708,361
HELP – Australian government payment	2(b)	**222,459**	220,260	**222,459**	220,260
State and local government financial assistance	3	**38,449**	32,706	**38,449**	32,706
HECS-HELP – Student payments		**27,145**	28,881	**27,145**	28,881
Fees and charges	4	**446,937**	407,537	**440,325**	400,873
Investment revenue	5(a)	**13,539**	15,846	**29,114**	14,794
Royalties, trademarks and licences		**34,410**	28,355	**10,589**	11,357
Consultancy and contracts	6	**164,066**	187,903	**152,973**	170,865
Other revenue	7(a)	**102,051**	106,900	**104,094**	102,371
Total revenue from continuing operations		**1,761,965**	1,736,749	**1,738,057**	1,690,468
Share of profit / (loss) on investments accounted for using the equity method	14	**(624)**	(1,477)	**-**	-
Other investment income	5(b)	**17,451**	34,014	**11,568**	17,619
Other income	7(b)	**1,635**	5,574	**1,485**	4,724
Total income from continuing operations		**1,780,427**	1,774,860	**1,751,110**	1,712,811
Expenses from continuing operations					
Employee related expenses	8	**974,959**	960,610	**950,501**	935,599
Depreciation and amortisation		**160,681**	125,365	**160,226**	124,755
Repairs and maintenance		**75,985**	65,304	**75,560**	65,154
Finance costs		**11,554**	11,327	**11,553**	11,324
Impairment of assets		**2,317**	(842)	**4,117**	(1,275)
Loss on disposal of assets		**17,666**	3,596	**17,590**	3,661
Other expenses	9	**552,776**	550,931	**543,683**	538,044
Total expenses from continuing operations		**1,795,938**	1,716,291	**1,763,230**	1,677,262
Operating result before income tax		**(15,511)**	58,569	**(12,120)**	35,549
Income tax (expense) / benefit		**34**	(90)	**-**	-
Operating result after income tax for the period		**(15,477)**	58,479	**(12,120)**	35,549
Non-controlling interest		**8**	(21)	**-**	-
Operating result attributable to members of The University of Queensland		**(15,485)**	58,500	**(12,120)**	35,549

The accompanying notes form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Operating result after income tax for the period	**(15,477)**	58,479	**(12,120)**	35,549
Items that may be reclassified to profit or loss				
Fair value adjustment from revaluation of land and buildings, net of tax	**56,603**	(121,293)	**56,603**	(121,293)
Items that will not be reclassified to profit or loss				
Fair value adjustment assets-available-for-sale reserve	**1,839**	9,188	**1,839**	9,188
Total comprehensive income for the year	**42,965**	(53,626)	**46,322**	(76,556)
Total comprehensive income attributable to:				
Members of the parent entity	**42,957**	(53,605)	**46,322**	(76,556)
Non-controlling interest	**8**	(21)	**-**	-
Total comprehensive income	**42,965**	(53,626)	**46,322**	(76,556)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Consolidated		Parent	
		2016	**2015**	**2016**	**2015**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
ASSETS					
Current Assets					
Cash and cash equivalents	11	**80,322**	108,732	**51,835**	74,870
Trade and other receivables	12	**86,341**	84,198	**77,308**	75,553
Inventories		**4,828**	4,322	**4,417**	4,005
Other financial assets	13	**286,070**	213,211	**283,107**	213,211
Prepayments		**15,532**	8,431	**14,942**	7,940
Total current assets		**473,093**	418,894	**431,609**	375,579
Non-current assets					
Trade and other receivables	12	**7,314**	12,007	**7,461**	12,148
Investments accounted for using the equity method	14	**32,214**	32,712	**-**	-
Property, plant and equipment	15	**2,731,611**	2,742,959	**2,729,642**	2,741,323
Deferred tax assets		**85**	18	**-**	-
Intangible assets	16	**30,122**	29,752	**30,116**	29,743
Other financial assets	13	**209,461**	183,702	**250,470**	224,107
Prepayments		**13,500**	14,000	**13,500**	14,000
Total non-current assets		**3,024,307**	3,015,150	**3,031,189**	3,021,321
Total assets		**3,497,400**	3,434,044	**3,462,798**	3,396,900
LIABILITIES					
Current liabilities					
Trade and other payables	17	**92,527**	80,341	**83,765**	70,530
Borrowings	18	**17**	15	**-**	-
Provisions	19	**153,365**	155,726	**151,215**	153,597
Other liabilities	20	**66,565**	56,232	**63,174**	54,630
Total current liabilities		**312,474**	292,314	**298,154**	278,757
Non-current liabilities					
Borrowings	18	**123,394**	120,821	**123,394**	120,804
Provisions	19	**31,725**	34,064	**30,998**	33,409
Total non-current liabilities		**155,119**	154,885	**154,392**	154,213
Total liabilities		**467,593**	447,199	**452,546**	432,970
Net assets		**3,029,807**	2,986,845	**3,010,252**	2,963,930
EQUITY					
Reserves	21	**1,647,016**	1,588,574	**1,647,016**	1,588,574
Retained earnings		**1,381,435**	1,396,920	**1,363,236**	1,375,356
Parent interest		**3,028,451**	2,985,494	**3,010,252**	2,963,930
Non-controlling interest		**1,356**	1,351	**-**	-
Total equity		**3,029,807**	2,986,845	**3,010,252**	2,963,930

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Parent			
	Retained Earnings	Reserves	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2015	1,339,807	1,700,679	-	3,040,486
Fair value adjustment on revaluation of available-for-sale financial asset	-	9,188	-	9,188
Operating result for the period	35,549	-	-	35,549
Fair value adjustment from revaluation of property, plant and equipment	-	(121,293)	-	(121,293)
Total Comprehensive Income	35,549	(112,105)	-	(76,556)
Balance at 31 December 2015	1,375,356	1,588,574	-	2,963,930
Fair value adjustment on revaluation of available-for-sale financial asset	-	1,839	-	1,839
Operating result for the period	(12,120)	-	-	(12,120)
Fair value adjustment from revaluation of property, plant and equipment	-	56,603	-	56,603
Total Comprehensive Income	(12,120)	58,442	-	46,322
Balance at 31 December 2016	**1,363,236**	**1,647,016**	**-**	**3,010,252**

	Consolidated			
	Retained Earnings	Reserves	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2015	1,337,762	1,700,679	1,910	3,040,351
Operating result for the period	58,500	-	(21)	58,479
Loss of non-controlling interest	658	-	(658)	-
Fair value adjustment on revaluation of available-for-sale financial asset	-	9,188	-	9,188
Fair value adjustment from revaluation of property, plant and equipment	-	(121,293)	-	(121,293)
Total comprehensive income	59,158	(112,105)	(679)	(53,626)
Shares issued during the year	-	-	120	120
Balance at 31 December 2015	1,396,920	1,588,574	1,351	2,986,845
Operating result for the period	(15,485)	-	8	(15,477)
Fair value adjustment on revaluation of available-for-sale financial asset	-	1,839	-	1,839
Fair value adjustment from revaluation of property, plant and equipment	-	56,603	-	56,603
Total comprehensive income	(15,485)	58,442	8	42,965
Shares issued during the year	-	-	(3)	(3)
Balance at 31 December 2016	**1,381,435**	**1,647,016**	**1,356**	**3,029,807**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Australian government grants		**935,651**	929,707	**935,651**	929,707
OS-HELP (net)	2(h)	**(1)**	1,226	**(1)**	1,226
State and local government grants		**38,449**	32,706	**38,449**	32,706
HECS-HELP – Student payments		**33,990**	35,407	**33,990**	35,407
Receipts from student fees and other customers		**797,485**	792,803	**752,506**	737,506
Dividends and distributions received		**2,809**	1,911	**19,913**	1,088
Interest received		**11,198**	10,013	**10,861**	9,742
Payments to suppliers and employees		**(1,665,127)**	(1,635,443)	**(1,622,786)**	(1,581,858)
Interest expense		**(2)**	(6)	**-**	(6)
Income taxes (paid) / refunded		**(136)**	(49)	**-**	-
Net cash provided by / (used in) operating activities	22	**154,316**	168,275	**168,583**	165,518
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of property, plant and equipment and intangibles		**5,777**	4,605	**5,729**	4,527
Payments for property, plant and equipment		**(103,761)**	(87,864)	**(102,707)**	(87,469)
Proceeds from sale of other financial assets		**8,941**	17,164	**306**	310
Payments for other financial assets		**(14,819)**	(2,408)	**(14,206)**	(815)
Loans from / (to) controlled entities		**-**	-	**(1,906)**	568
Net (increase) / decrease in term deposits		**(69,896)**	(40,007)	**(69,896)**	(40,007)
Net cash provided by / (used in) investing activities		**(173,758)**	(108,510)	**(182,680)**	(122,886)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Outflows / proceeds from issue of shares		**(3)**	119	**-**	-
Finance lease payments		**(8,977)**	(8,727)	**(8,962)**	(8,701)
Repayment of borrowings to an external party		**-**	(1,000)	**-**	(1,000)
Net cash provided by / (used in) financing activities		**(8,980)**	(9,608)	**(8,962)**	(9,701)
Net increase (decrease) in cash and cash equivalents held		**(28,422)**	50,157	**(23,059)**	32,931
Cash and cash equivalents at beginning of year		**108,732**	58,620	**74,870**	42,012
Effects of exchange rate changes on cash and cash equivalents		**12**	(45)	**24**	(73)
Cash and cash equivalents at end of financial year	11	**80,322**	108,732	**51,835**	74,870

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Summary of significant accounting policies

(a) Basis of preparation

These financial statements are a general purpose financial statement 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 2016 reporting period issued by the Department of Education and Training (DoE).

Additionally the statements have been prepared in accordance with the *Higher Education Support Act 2003*.

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 that 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 following accounting treatments:

- the offsetting of impairment losses within a class of assets
- the timing of the recognition of non-reciprocal revenue.

Date of authorisation for issue

The financial statements were authorised for issue by the Senate of The University of Queensland on 27 February 2017.

Historical cost convention

The financial report has been prepared under the historical cost convention, except for available for sale financial investments, financial assets at fair value through profit and loss and certain classes of property, plant and equipment, which have been measured at fair value.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, leasing transactions that are within the scope of AASB 117 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or value in use in AASB 136 Impairment of Assets.

Rounding

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

Accrual basis of accounting

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

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 1(j).

Fair value of property, plant and equipment

Land, buildings, infrastructure, land improvements, and some heritage and cultural assets are measured at fair value less any accumulated depreciation and accumulated impairment losses. Further information is contained in Note 1(k).

Impairment of assets

All non-current physical and intangible assets are assessed for impairment on an annual basis. Further information is contained in Note 1(g).

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 statement.

(b) Basis of consolidation

(i) Subsidiaries

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

Subsidiaries 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.

Subsidiaries 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 subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost (refer to Note 14).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, 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.

(c) Foreign currency transactions and balances

Transaction and balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and parent financial statements are presented in Australian dollars, which is The University of Queensland's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in profit or loss, translation gains or losses are also recognised in profit or loss.

(d) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group, and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Student fees

Fees and charges are recognised as revenue in the year in which the courses are provided to students.

(ii) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

(iii) Rendering of services

Revenue from rendering a service is recognised only when the entity has a right to be compensated, it is probable that compensation will be received, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

(iv) Interest and royalties

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Fees and royalties paid for the use of the Group's assets are recognised on an accrual basis in accordance with the substance of the relevant agreement.

(v) Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the group obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Income Tax

The University is exempt from paying income tax in Australia.

With the exception of the UQ Investment Trust, the University of Queensland Foundation Trust, UQ College Ltd, UQ Health Care Ltd, UQ Sport Ltd, IMBcom Asset Trust, UniQuest Pty Ltd, JKTech Pty Ltd, Symbiosis Group Pty Ltd, Dendright Pty Ltd, UQH Finance Pty Ltd and UQ Holdings Pty Ltd, all of the controlled entities of the University are taxable entities with the charge for income tax expense based on profit for the year adjusted for any non-assessable or disallowed items. Where income tax is incurred, it is expensed and provided for in the financial period in which the tax is incurred.

(f) Other taxes

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 payable 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 statement of financial position.

Cash flows in the statement 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.

(g) Impairment of assets

All non-current physical and 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.

The asset's recoverable amount is determined to comply with AASB 13 *Fair Value Measurement* and AASB 136 *Impairment of Assets*. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a re-valued amount. When the asset is measured at a re-valued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

(h) Cash and cash equivalents

Cash and short term deposits in the Statements of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of 90 days or less.

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.

(i) Trade receivables

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.

Collectability of trade receivables is reviewed on an ongoing basis. All bad debts are written off in the year in which they are recognised and are charged against the operating result. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The balances of these allowances are set out in Note 12.

(j) Financial instruments

Financial assets are initially recognised at their fair value. Transaction costs directly attributable to the acquisition or issue are included unless the financial asset is held at fair value through profit or loss.

Subsequent to initial recognition, the Group classifies its financial assets into the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments and (iv) available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(i) Financial assets at fair value through profit or loss

Financial assets are classified in this category if they are (1) held for trading or (2) designated as such by the Group. They are measured at their fair value with any gain or loss arising from a change in fair value recognised in profit or loss. Those financial assets held for trading include investments in commercialisation entities held by UniQuest Pty Ltd.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They have been classed as non-current where they are not expected to be recovered or settled within 12 months following year end. They are measured at amortised cost using the effective interest method.

(iii) Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Group has a positive intention to hold to maturity. They are measured at amortised cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. They are measured at their fair value with any gain or loss arising from a change in fair value recognised directly in equity. Where the fair value cannot be measured reliably, the asset is measured at cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement as gains and losses from investment securities.

Fair value

The fair value of investments traded in an active market is based on the quoted market prices at balance date. The fair value of investments that are not traded in an active market is estimated using valuation techniques consistent with accepted market practice. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same and discounted cash flow analysis.

Investment in subsidiaries

Subsidiaries are those entities controlled by the University. Control exists when the University has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are recorded at cost in the University's parent financial statements.

Investment in associates

Associates are those entities which the University has significant influence, but not control, over the financial and operating policies.

Investments in associated entities are accounted for using the equity method of accounting in The University's consolidated financial statements and are recorded at fair value in the University's parent financial statements. Under the equity method, the share of profits or losses of the entity is recognised in the Income Statement, and the share of movements in reserves is recognised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

Investments in associated entities that are commercialisation entities are recorded at fair value through profit or loss or as available-for-sale in both the University's parent and consolidated financial statements on the basis that this provides more relevant information than if valued using the equity method of accounting.

Impairment

The carrying value of all financial assets is assessed at balance date to determine if there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, an impairment loss is recognised in the Income Statement.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from the Statement of Other Comprehensive Income and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial assets are transferred to a third party.

Financial liabilities

Financial liabilities are initially recognised at their fair value. Transaction costs directly attributable to the acquisition are included unless the financial liability is held at fair value through profit or loss, in which case they are expensed.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(k) Property, plant and equipment

Initial recognition

Purchases of property, plant and equipment are initially recognised at cost in the Statement 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	$10,000
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.

Property, plant and equipment acquired by way of a finance lease is initially recognised at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, using the interest rate implicit in the original lease contract as the discount factor. A corresponding liability for the lease payments is also recorded.

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

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).

Subsequent recognition

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

Asset class	Carrying value
Work in progress	Cost
Land	Fair value less impairment losses
Buildings	Fair value less accumulated depreciation and impairment losses
Infrastructure	Fair value less accumulated depreciation and impairment losses
Land improvements	Fair value less accumulated depreciation and impairment losses
Leasehold improvements	Cost less accumulated depreciation and impairment losses
Plant and equipment	Cost less accumulated depreciation and impairment losses
Heritage and cultural assets – reference collection	Fair value less accumulated depreciation and impairment losses
Heritage and cultural assets – heritage collection	Fair value less impairment losses
Heritage and cultural assets – museum collection	Fair value less impairment losses

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

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 it does not lose value over time.

Property, plant and equipment acquired by way of a finance lease is subsequently recognised using the same criteria above that applies to assets fully owned by the Group (e.g. leased plant and equipment is recorded at cost, leased buildings are recorded at fair value).

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 profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the Income Statement.

Depreciation and impairment

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

Leased 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The depreciation rates used are as follows:

Asset class	Method	Annual rate
Buildings	Straight line	1% – 7%
Infrastructure	Straight line	1% – 5%
Land improvements	Straight line	1% – 10%
Leasehold improvements	Straight line	3% – 8%
Plant and equipment	Straight line	10% – 20%
Heritage and cultural assets – reference collection	Diminishing value	15%

Depreciation of property, plant and equipment commences when the asset is available for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Valuations

Land, buildings, infrastructure and land improvements

The University performs a full valuation of its land, buildings, infrastructure and land improvements (1) every four years, or (2) 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 University 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.

The last full valuation was performed by AssetVal in 2015 (as at 31 December 2015). The last desktop valuation was performed by AssetVal in 2016 (as at 31 December 2016).

In determining building areas, the valuer has relied on site plans provided by the University. 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 University.

Heritage and cultural assets – reference collection

The University 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 University performs a valuation of its heritage collection every four 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 University only performs a full valuation on those assets that (1) have been acquired since the previous valuation, and (2) have been identified by the University as possibly experiencing a significant change in value. All other assets are subject to a desktop valuation. The last desktop valuation was performed by Barbara Palmer in 2013 (as at 31 December 2012). The last valuation of acquired items was performed by Barbara Palmer in 2015 (as at 31 December 2014).

Heritage and cultural assets – museum collection

The University performs a full valuation of its museum collection (1) every four to five years, or (2) 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). The most recent full valuations occurred between 2014 (as at 31 December 2014) and 2016 (as at 31 December 2016).

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 Statement during the reporting year in which it is incurred.

Derecognition

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 derecognition 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.

Further detail in relation to fair value is set out in Note 1(s).

(l) Intangible assets

Intangible assets are initially recognised at cost in the Statement 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.

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.

Intangible assets are measured at the end of each reporting year at cost less accumulated depreciation 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 value 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	12.5%
Software purchased	Straight line	20 – 33%
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 derecognition 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.

(m) Trade payables

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.

(n) Borrowings

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 12 months after the reporting date.

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.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(p) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, are recognised in other payables. Liability for annual leave is recognised in the provision for employee benefits, in respect of employees' services up to the reporting date. All are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. 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.

(ii) 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.

(q) 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.

(r) Adoption of new and revised accounting standards

During the current year, the following amended standards became mandatory and have been adopted by the Group:

- AASB 2014-9 *Equity Method in Separate Financial Statements*
- AASB 2015-1 *Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Disclosure Initiative: Amendments to AASB 101*
- AASB2015-5 *Investment Entities: Applying the Consolidation Exception*.

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses, and the impact of adoption of these standards is discussed on the next page.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Reference	Description
AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	Amends paragraph 10 of IAS 27 Separate Financial Statements to allow an entity to use the equity method in these statements as an alternative to the current rules, which require an entity to account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IFRS 9 Financial Instruments.
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*	The amendment makes changes to a number of accounting policies including the methods of disposal in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* disclosure requirements in AASB 7 *Financial Instruments: Disclosures* and AASB 134 *Interim Financial Reporting* and clarification of discount rates utilised in AASB 119 *Employee Benefits*.
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project.
AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	This makes amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures* arising from the IASB's narrow scope amendments associated with Investment Entities.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard name	Effective date	Requirements	Impact
AASB 2015-6 *Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	1 January 2017	This Standard makes amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities.	The potential impact of this standard is currently being determined.
AASB 2015-7 *Fair Value Disclosures of Not-for-Profit Public Sector Entities*	1 January 2017	This Standard makes amendments to AASB 13 *Fair Value Measurement* to exempt not-for-profit public sector entities from disclosure requirements applying to property, plant and equipment measured at fair value and categorised within Level 3 of the fair value hierarchy.	The impact of this standard is expected to be minimal.
AASB 9 *Financial Instruments*	1 January 2018	This Standard introduces changes in three areas: • Financial assets will be categorised according to a cash flow and business model test: the outcome of these tests will drive the measurement of financial assets at either amortised cost, fair value through profit or loss or fair value through other comprehensive income • Impairment of financial assets will be based on an expected loss rather than incurred loss model • Simplifications to hedge accounting.	The impact of this standard is expected to be minimal.
AASB 15 *Revenue from Contracts with Customers*	1 January 2018	Introduces a single model for the recognition of revenue based on when control of goods and services transfers to a customer. It does not apply to financial instruments.	The potential impact of this standard is currently being determined.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarification to AASB 15*	1 January 2018	Clarifies the requirements on identifying performance obligations, principal vs agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.	The potential impact of this standard is currently being determined.
AASB 1058 *Income of Not-for-Profit Entities*	1 January 2019	This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 *Revenue from Contracts with Customers*.	The potential impact of this standard is currently being determined.
AASB 16 *Leases*	1 January 2019	Amends the accounting for leases. Lessees will be required to bring all leases on Balance Sheet as the distinction between finance and operating leases has been eliminated. Lessor accounting remains largely unchanged.	The potential impact of this standard is currently being determined.

(s) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Group include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Group include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Group's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

More specific fair value information about the Group's property, plant and equipment is outlined in Note 29.

2 Australian government financial assistance

(a) Commonwealth Grants Scheme and Other Grants

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
Commonwealth Grant Scheme		**322,135**	309,946	**322,135**	309,946
Indigenous Support Program		**1,031**	973	**1,031**	973
Higher Education Participation Program		**3,964**	4,116	**3,964**	4,116
Disability Support Program		**126**	125	**126**	125
Promotion of Excellence in Learning and Teaching		**428**	575	**428**	575
Improving the Quality of Maths and Science Teaching Program		**678**	673	**678**	673
Total Commonwealth Grants Scheme and Other Grants	30(a)	**328,362**	316,408	**328,362**	316,408

(b) Higher Education Loan Programs (HELP)

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
HECS-HELP		**188,498**	186,920	**188,498**	186,920
FEE-HELP		**28,690**	28,000	**28,690**	28,000
VET FEE-HELP		**122**	112	**122**	112
SA-HELP payments		**5,149**	5,228	**5,149**	5,228
Total Higher Education Loan Programs	30(b)	**222,459**	220,260	**222,459**	220,260

(c) Scholarships

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
Australian Postgraduate Awards		**25,437**	24,615	**25,437**	24,615
International Postgraduate Research Scholarships		**2,014**	1,959	**2,014**	1,959
Commonwealth Education Cost Scholarship		**87**	34	**87**	34
Commonwealth Accommodation Scholarships		**73**	(32)	**73**	(32)
Indigenous Access scholarships		**51**	92	**51**	92
Total Scholarships	30(c)	**27,662**	26,668	**27,662**	26,668

2 Australian government financial assistance (continued)

(d) EDUCATION Research

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
Joint Research Engagement Program		**29,465**	30,311	**29,465**	30,311
JRE Engineering Cadetships		**505**	490	**505**	490
Research Training Scheme		**64,378**	62,180	**64,378**	62,180
Research Infrastructure Block Grants		**28,993**	28,425	**28,993**	28,425
Sustainable Research Excellence in Universities		**25,795**	23,074	**25,795**	23,074
Total EDUCATION Research	30(d)	**149,136**	144,480	**149,136**	144,480

(e) Other Capital Funding

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
Education Investment Fund		**-**	700	**-**	700
Total Other Capital Funding	30(e)	**-**	700	**-**	700

(f) Australian Research Council (ARC)

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000	Parent 2016 $'000	Parent 2015 $'000
(i) Discovery					
Projects		**26,801**	28,437	**26,801**	28,437
Fellowships		**25,236**	26,434	**25,236**	26,434
Indigenous Researchers Development		**181**	189	**181**	189
Total Discovery		**52,218**	55,060	**52,218**	55,060
(ii) Linkages					
Infrastructure		**2,290**	1,500	**2,290**	1,500
Projects		**9,070**	8,413	**9,070**	8,413
Industrial Transformational Research Program		**1,603**	-	**1,603**	-
Total Linkages		**12,963**	9,913	**12,963**	9,913
(iii) Networks and Centres					
Centres		**9,916**	9,928	**9,916**	9,928
Total Networks and Centres		**9,916**	9,928	**9,916**	9,928
Special Research Initiatives		**4,061**	4,356	**4,061**	4,356
Total ARC	30(f)	**79,158**	79,257	**79,158**	79,257

2 Australian government financial assistance (continued)

(g) Other Australian Government Financial Assistance

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-capital				
National Health and Medical Research Council	**64,674**	71,316	**64,674**	71,316
Various Other Australian Government	**63,917**	69,532	**63,917**	69,532
Total	**128,591**	140,848	**128,591**	140,848
Capital				
Total Other Australian Government Financial Assistance	**128,591**	140,848	**128,591**	140,848
Total Australian Government Financial Assistance	**935,368**	928,621	**935,368**	928,621

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Reconciliation				
Australian Government Grants (a + c + d + e + f + g)	**712,909**	708,361	**712,909**	708,361
HECS-HELP	**188,498**	186,920	**188,498**	186,920
FEE-HELP	**28,690**	28,000	**28,690**	28,000
VET FEE-HELP	**122**	112	**122**	112
SA-HELP payments	**5,149**	5,228	**5,149**	5,228
Total Australian Government Financial Assistance	**935,368**	928,621	**935,368**	928,621

2 Australian government financial assistance (continued)

(h) Australian Government Grants received – cash basis

		Consolidated		Parent	
		2016	2015	2016	2015
	Notes	$'000	$'000	$'000	$'000
CGS and Other EDUCATION Grants		**328,363**	316,409	**328,363**	316,409
Higher Education Loan Programs		**222,384**	220,534	**222,384**	220,534
Scholarships		**27,765**	26,902	**27,765**	26,902
EDUCATION research grants		**149,135**	144,480	**149,135**	144,480
Education Investment Fund		**-**	700	**-**	700
ARC grants – Discovery		**53,519**	55,752	**53,519**	55,752
ARC grants – Linkages		**11,372**	10,078	**11,372**	10,078
ARC grants – Networks and Centres		**15,580**	14,285	**15,580**	14,285
National Health and Medical Research Council grants		**65,322**	71,316	**65,322**	71,316
Other Australian Government Grants		**64,171**	69,542	**64,171**	69,542
Total Australian Government Grants received – cash basis		**937,611**	929,998	**937,611**	929,998
OS-Help (Net)	30(g)	**(1)**	1,226	**(1)**	1,226
Total Australian Government funding received – cash basis		**937,610**	931,224	**937,610**	931,224

3 State and local government financial assistance

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-capital				
State government	**38,449**	32,706	**38,449**	32,706
Total State and Local Government Financial Assistance	**38,449**	32,706	**38,449**	32,706

4 Fees and charges

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Course fees and charges				
Fee-paying overseas students	**385,503**	341,109	**385,503**	341,109
Continuing education	**3,682**	5,345	**3,628**	5,268
Fee-paying domestic postgraduate students	**10,989**	10,668	**10,989**	10,668
Fee-paying domestic undergraduate students	**2,043**	2,544	**2,043**	2,544
Fee-paying domestic non-award students	**635**	517	**635**	517
Total course fees and charges	**402,852**	360,183	**402,798**	360,106
Other non-course fees and charges				
Student services fees from students	**6,844**	6,526	**6,844**	6,526
Library fines	**507**	614	**507**	614
Parking fees and fines	**7,490**	6,649	**7,505**	6,669
Registration fees	**2,496**	2,761	**2,499**	2,771
Rental charges	**4,577**	4,667	**4,771**	4,835
Gym and sport fees	**6,905**	6,900	**-**	-
Student residential fees	**2,820**	2,511	**2,820**	2,511
State clinical loading	**101**	68	**101**	68
Other services	**12,345**	16,658	**12,480**	16,773
Total other fees and charges	**44,085**	47,354	**37,527**	40,767
Total fees and charges	**446,937**	407,537	**440,325**	400,873

5 Investment revenue and income

(a) Investment revenue

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interest from other entities	**11,559**	10,785	**11,080**	10,515
Dividends from other entities	**1,980**	5,061	**18,034**	4,279
Total investment revenue	**13,539**	15,846	**29,114**	14,794

(b) Other Investment income

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Net fair value gains / (losses) on managed investment portfolio	**12,030**	17,889	**12,030**	17,889
Net fair value gains / (losses) on other financial assets	**4,366**	(336)	**(462)**	(270)
Net gain / (loss) on sale of other financial assets	**1,055**	16,461	**-**	-
Total other investment income	**17,451**	34,014	**11,568**	17,619
Total investment revenue and income	**30,990**	49,860	**40,682**	32,413

6 Consultancy and contracts

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Contract revenue – research	**124,020**	147,574	**122,433**	142,884
Consultancy fees	**23,609**	27,183	**14,638**	15,355
Other contract revenue	**16,437**	13,146	**15,902**	12,626
Total consultancy and contracts	**164,066**	187,903	**152,973**	170,865

7 Other revenue and other income

(a) Other revenue

	Consolidated		Parent	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Donations and bequests	**50,248**	50,456	**50,306**	50,494
Scholarships and prizes	**5,056**	3,620	**5,114**	3,663
Net foreign exchange gain / (loss)	**111**	(46)	**211**	61
Sale of goods	**4,485**	8,034	**10,575**	7,138
Sale of services	**28,334**	27,986	**24,680**	25,156
Sponsorships	**2,263**	3,612	**2,266**	3,615
Other revenue	**11,554**	13,238	**10,942**	12,244
Total other revenue	**102,051**	106,900	**104,094**	102,371

(b) Other income

	Consolidated		Parent	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Insurance proceeds	**1,493**	4,724	**1,485**	4,724
Gain on deemed disposal of associate	**126**	830	**-**	-
Other	**16**	20	**-**	-
Total other income	**1,635**	5,574	**1,485**	4,724

8 Employee related expenses

	Consolidated		Parent	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Academic				
Salaries	**373,790**	371,764	**371,514**	369,885
Payroll tax	**21,272**	21,669	**21,271**	21,669
Workers' compensation	**(186)**	(50)	**(186)**	(50)
Long service leave expense	**6,878**	8,415	**6,878**	8,415
Annual leave	**22,145**	23,158	**22,145**	23,158
Other	**17,710**	19,365	**17,579**	19,199
Contributions to funded superannuation and pension schemes	**57,746**	57,915	**57,746**	57,915
Total academic	**499,355**	502,236	**496,947**	500,191
Non-academic				
Salaries	**363,834**	344,651	**345,048**	325,133
Payroll tax	**20,971**	20,704	**20,118**	19,797
Workers' compensation	**(122)**	(30)	**(229)**	(113)
Long service leave expense	**6,484**	7,626	**6,297**	7,493
Annual leave	**25,717**	26,122	**25,264**	25,633
Other	**3,616**	5,368	**3,569**	5,279
Contributions to funded superannuation and pension schemes	**55,104**	53,933	**53,487**	52,186
Total non-academic	**475,604**	458,374	**453,554**	435,408
Total employee related expenses	**974,959**	960,610	**950,501**	935,599

The number of full-time equivalent employees in the consolidated entity at 31 March 2016 was 7909 (2015: 8032).
The number of full-time equivalent employees in the parent entity at 31 March 2016 was 7693 (2015: 7816).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9 Other expenses

	Consolidated		Parent	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Scholarships, grants and prizes	**78,795**	77,750	**78,508**	77,575
Non-capitalised equipment	**24,154**	25,161	**23,869**	25,125
Advertising, marketing and promotional expenses	**16,224**	17,513	**15,839**	16,934
Travel, staff development and entertainment	**54,888**	59,146	**54,263**	58,416
Teaching materials and services	**14,380**	24,338	**14,380**	24,338
Laboratory supplies and services	**37,302**	35,437	**37,309**	35,437
Collaborative projects	**71,149**	74,621	**78,418**	78,252
Utilities and insurance	**35,748**	33,869	**34,193**	32,547
Computing supplies and services	**15,772**	16,166	**15,409**	15,909
Facilities and campus services	**20,833**	19,771	**20,521**	19,332
Office supplies and furniture	**7,286**	7,546	**6,943**	7,262
Staffing expenses	**6,989**	6,123	**6,930**	6,125
Staff appointment expenses	**3,738**	3,355	**3,727**	3,260
Professional, consultant and admin services	**102,634**	86,065	**103,495**	89,242
Memberships and subscriptions	**5,369**	5,897	**5,137**	5,752
Postage and freight	**4,511**	4,352	**4,497**	4,286
Telecommunications	**8,097**	7,343	**7,935**	7,201
Miscellaneous expenses	**33,906**	34,024	**32,310**	31,051
Commercialisation supplies and services	**11,001**	12,454	**-**	-
Total other expenses	**552,776**	550,931	**543,683**	538,044

10 Remuneration of Auditors

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

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'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	**731**	691	**513**	454
Fees paid to Deloitte Touche Tohmatsu for the audit of statutory financial reports under US GAAP for the financial year ended 31 December	**125**	122	**125**	122
Total	**856**	813	**638**	576

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Other services				
Other audit and assurance services				
Fees paid to other audit firms for the audit of special purpose financial reports	**74**	83	**74**	83
Total	**74**	83	**74**	83

11 Cash and cash equivalents

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank and in hand	**80,322**	107,883	**51,835**	74,870
Term deposits (maturity less than 90 days)	**-**	849	**-**	-
Total cash and cash equivalent	**80,322**	108,732	**51,835**	74,870

(a) Cash at bank and on hand

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

12 Trade and other receivables

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Debtors – external	**73,771**	68,853	**68,419**	63,944
less: allowance for impaired receivables	**(3,357)**	(3,689)	**(3,328)**	(3,528)
Total debtors – external	**70,414**	65,164	**65,091**	60,416
Sundry loans and advances – external	**-**	5	**-**	5
Student loans	**-**	12	**-**	12
Total current receivables – external	**70,414**	65,181	**65,091**	60,433
Debtors – controlled entities	**-**	-	**4,618**	5,016
Accrued revenue	**11,669**	12,340	**3,341**	3,427
Other debtors	**4,258**	6,677	**4,258**	6,677
Total current receivables	**86,341**	84,198	**77,308**	75,553

	Consolidated		Parent	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-Current				
Debtors – external	**71**	71	**-**	-
less: allowance for impaired receivables	**(71)**	(71)	**-**	-
Total debtors – external	**-**	-	**-**	-
Loans and advances – controlled entities	**-**	-	**2,047**	141
less: allowance for impaired receivables	**-**	-	**(1,900)**	-
Total loans and advances – controlled entities	**-**	-	**147**	141
Other receivables	**7,314**	12,007	**7,314**	12,007
Total non-current receivables	**7,314**	12,007	**7,461**	12,148

13 Other financial assets

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
At fair value through profit or loss				
Contingent consideration	**3,095**	-	**-**	-
Reduction in fair value due to commitment to pay third party disbursements	**(132)**	-	**-**	-
Term deposits (maturity greater than 90 days)	**283,107**	213,211	**283,107**	213,211
Total current other financial assets	**286,070**	213,211	**283,107**	213,211

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-Current				
At fair value through profit or loss				
Shares – associates	**-**	-	**32,005**	32,467
Managed investment portfolio	**179,886**	154,413	**179,886**	154,413
Convertible notes	**1,740**	772	**-**	-
Shares – listed entities	**2,620**	5,856	**-**	-
Shares – unlisted entities	**5,689**	4,396	**-**	-
Contingent consideration	**2,492**	4,941	**-**	-
Reduction in fair value due to commitment to pay third-party disbursements	**(2,805)**	(5,163)	**-**	-
Total at fair value through profit or loss	**189,622**	165,215	**211,891**	186,880
Available-for-sale financial assets				
Shares – unlisted entities	**19,839**	18,487	**19,839**	18,487
Shares – controlled entities	**-**	-	**18,740**	18,740
Total available-for-sale	**19,839**	18,487	**38,579**	37,227
Total non-current other financial assets	**209,461**	183,702	**250,470**	224,107

The managed investment portfolio consists of funds derived from endowments and bequests and income earned thereon. A major part of these funds can only be applied to restricted purposes.

14 Investments accounted for using the equity method

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Investments in associates	**32,214**	32,712	**-**	-
Total investments accounted for using the equity method	**32,214**	32,712	**-**	-

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Reconciliation				
Balance at 1 January	**32,712**	33,359	**-**	-
Share of profit / (loss) for the year	**(624)**	(1,477)	**-**	-
Gain on dilution of interest	**126**	830	**-**	-
Balance at 31 December	**32,214**	32,712	**-**	-

	Ownership Interest %	
	2016	2015
Associates		
Translational Research Institute Trust	25	25
Admedus Vaccines Pty Ltd (formerly known as Coridon Pty Ltd)	27	28

14 Investments accounted for using the equity method (continued)

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

	2016 $'000	2015 $'000
Financial Position		
Total assets	**340,954**	348,614
Total liabilities	**212,163**	217,870
Net assets	**128,791**	130,744
Share of associates' net assets	**32,214**	32,712
Financial Performance		
Total revenue	**26,767**	24,756
Total expenses	**(31,880)**	(30,639)
Profit / (loss)	**(5,113)**	(5,883)
Other comprehensive income	**1,831**	7
Total comprehensive loss	**(3,282)**	(5,876)
Share of associates' profit / (loss)	**(624)**	(1,477)

The associates have no contingent liabilities or capital commitments at 31 December 2016 or 2015.

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.

15 Property, plant and equipment

Parent	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Leased assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2015									
Cost	26,190	-	-	24,633	118,040	14,726	436,508	-	620,097
Valuation	-	257,711	2,882,269	215,092	146,945	-	-	124,756	3,626,773
Accumulated depreciation	-	-	(957,324)	(74,527)	(19,861)	(4,729)	(232,507)	(39,121)	(1,328,069)
Net book amount	26,190	257,711	1,924,945	165,198	245,124	9,997	204,001	85,635	2,918,801
Year ended 31 December 2015									
Opening net book amount	26,190	257,711	1,924,945	165,198	245,124	9,997	204,001	85,635	2,918,801
Additions	28,399	-	3,565	11,053	-	-	37,391	2,167	82,575
Disposals	-	-	(34)	-	-	-	(3,513)	(641)	(4,188)
Revaluation increment / (decrement)	-	4,828	(62,414)	(31,889)	(34,604)	-	-	2,752	(121,327)
Reclassified as prepayment	-	-	-	-	-	(15,000)	-	-	(15,000)
Transfers	5,031	6,498	66	(26,602)	-	15,137	(130)	-	-
Depreciation charge	-	-	(61,943)	(6,594)	(6,339)	(791)	(40,662)	(3,209)	(119,538)
Closing net book amount	59,620	269,037	1,804,185	111,166	204,181	9,343	197,087	86,704	2,741,323
At 31 December 2015									
Cost	59,620	-	-	-	118,040	14,863	457,128	-	649,651
Valuation	-	269,037	2,961,688	171,521	107,170	-	-	130,702	3,640,118
Accumulated depreciation	-	-	(1,157,503)	(60,355)	(21,029)	(5,520)	(260,041)	(43,998)	(1,548,446)
Closing net book amount	59,620	269,037	1,804,185	111,166	204,181	9,343	197,087	86,704	2,741,323

The University has plant and equipment with an original cost of $88.098 million and a written down value of zero still being used in the provision of services.

15 Property, plant and equipment (continued)

Parent	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Leased assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2016									
Cost	59,620	-	-	-	118,040	14,863	457,128	-	649,651
Valuation	-	269,037	2,961,688	171,521	107,170	-	-	130,702	3,640,118
Accumulated depreciation	-	-	(1,157,503)	(60,355)	(21,029)	(5,520)	(260,041)	(43,998)	(1,548,446)
Net book amount	59,620	269,037	1,804,185	111,166	204,181	9,343	197,087	86,704	2,741,323
Year ended 31 December 2016									
Opening net book amount	59,620	269,037	1,804,185	111,166	204,181	9,343	197,087	86,704	2,741,323
Additions	54,912	-	7,684	499	-	-	48,252	2,457	113,804
Disposals	-	-	(21,017)	-	-	-	(5,309)	(346)	(26,672)
Revaluation increment / (decrement)	-	5,756	43,423	420	3,551	-	-	3,453	56,603
Transfers	(70,419)	730	43,632	26,075	-	-	(18)	-	-
Depreciation charge	-	-	(99,654)	(2,916)	(7,475)	(816)	(41,594)	(2,961)	(155,416)
Closing net book amount	44,113	275,523	1,778,253	135,244	200,257	8,527	198,418	89,307	2,729,642
At 31 December 2016									
Cost	44,113	-	-	-	118,040	14,863	473,860	-	650,876
Valuation	-	275,523	3,055,798	198,928	111,160	-	-	137,395	3,778,804
Accumulated depreciation	-	-	(1,277,545)	(63,684)	(28,943)	(6,336)	(275,442)	(48,088)	(1,700,038)
Closing net book amount	44,113	275,523	1,778,253	135,244	200,257	8,527	198,418	89,307	2,729,642

The University has plant and equipment with an original cost of $101.19 million and a written down value of zero still being used in the provision of services.

15 Property, plant and equipment (continued)

Consolidated	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Leased assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2015									
Cost	26,270	-	-	24,633	118,040	14,883	442,604	-	626,430
Valuation	-	257,711	2,882,269	215,092	146,945	-	-	124,757	3,626,774
Accumulated depreciation	-	-	(957,324)	(74,527)	(19,861)	(4,858)	(236,697)	(39,121)	(1,332,388)
Net book amount	26,270	257,711	1,924,945	165,198	245,124	10,025	205,907	85,636	2,920,816
Year ended 31 December 2015									
Opening net book amount	26,270	257,711	1,924,945	165,198	245,124	10,025	205,907	85,636	2,920,816
Additions	28,599	-	3,565	11,053	-	7	37,585	2,167	82,976
Disposals	-	-	(34)	-	-	-	(3,527)	(641)	(4,202)
Revaluation increment / (decrement)	-	4,828	(62,414)	(31,889)	(34,604)	-	-	2,752	(121,327)
Reclassified as a prepayment	-	-	-	-	-	(15,000)	-	-	(15,000)
Transfers	4,752	6,498	66	(26,602)	-	15,136	150	-	-
Impairment loss recognised in profit / (loss)	-	-	-	-	-	-	(262)	-	(262)
Depreciation charge	-	-	(61,943)	(6,594)	(6,339)	(793)	(41,164)	(3,209)	(120,042)
Closing net book amount	59,621	269,037	1,804,185	111,166	204,181	9,375	198,689	86,705	2,742,959
At 31 December 2015									
Cost	59,621	-	-	-	118,040	15,026	462,807	-	655,494
Valuation	-	269,037	2,961,688	171,521	107,170	-	-	130,702	3,640,118
Accumulated depreciation	-	-	(1,157,503)	(60,355)	(21,029)	(5,651)	(264,118)	(43,997)	(1,552,653)
Closing net book amount	59,621	269,037	1,804,185	111,166	204,181	9,375	198,689	86,705	2,742,959

15 Property, plant and equipment (continued)

Consolidated	Work in progress $'000	Land $'000	Buildings $'000	Infrastructure and land improvements $'000	Leased assets $'000	Leasehold improvements $'000	Plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
At 1 January 2016									
Cost	59,621	-	-	-	118,040	15,026	462,807	-	655,494
Valuation	-	269,037	2,961,688	171,521	107,170	-	-	130,702	3,640,118
Accumulated depreciation	-	-	(1,157,503)	(60,355)	(21,029)	(5,651)	(264,118)	(43,997)	(1,552,653)
Net book amount	59,621	269,037	1,804,185	111,166	204,181	9,375	198,689	86,705	2,742,959
Year ended 31 December 2016									
Opening net book amount	59,621	269,037	1,804,185	111,166	204,181	9,375	198,689	86,705	2,742,959
Additions	55,087	-	7,684	499	-	-	49,139	2,457	114,866
Disposals	-	-	(21,017)	-	-	(6)	(5,433)	(346)	(26,802)
Revaluation increment / (decrements)	-	5,756	43,423	420	3,551	-	-	3,453	56,603
Transfers	(70,594)	730	43,632	26,075	-	-	157	-	-
Impairment loss recognised in profit / (loss)	-	-	-	-	-	-	(149)	-	(149)
Depreciation charge	-	-	(99,654)	(2,916)	(7,475)	(817)	(42,042)	(2,962)	(155,866)
Closing net book amount	44,114	275,523	1,778,253	135,244	200,257	8,552	200,361	89,307	2,731,611
At 31 December 2016									
Cost	44,114	-	-	-	118,040	15,019	480,093	-	657,266
Valuation	-	275,523	3,055,798	198,928	111,160	-	-	137,395	3,778,804
Accumulated depreciation	-	-	(1,277,545)	(63,684)	(28,943)	(6,467)	(279,732)	(48,088)	(1,704,459)
Closing net book amount	44,114	275,523	1,778,253	135,244	200,257	8,552	200,361	89,307	2,731,611

16 Intangible assets

	Parent				
	Digital library collection $'000	Intellectual property $'000	Software WIP $'000	Software internally generated $'000	Total $'000
At 1 January 2015					
Cost	30,924	-	1,877	25,201	58,002
Valuation	-	1,387	-	-	1,387
Accumulated amortisation	(7,897)	(795)	-	(21,616)	(30,308)
Net book amount	23,027	592	1,877	3,585	29,081
Year ended 31 December 2015					
Opening net book amount	23,027	592	1,877	3,585	29,081
Additions	2,775	137	3,017	-	5,929
Amortisation charge	(3,454)	(140)	-	(1,673)	(5,267)
Closing net book amount	22,348	589	4,894	1,912	29,743
At 31 December 2015					
Cost	33,699	-	4,894	25,201	63,794
Valuation	-	1,524	-	-	1,524
Accumulated amortisation	(11,351)	(935)	-	(23,289)	(35,575)
Net book amount	22,348	589	4,894	1,912	29,743
Year ended 31 December 2016					
Opening net book amount	**22,348**	**589**	**4,894**	**1,912**	**29,743**
Additions	**3,047**	**75**	**2,088**	**-**	**5,210**
Amortisation charge	**(3,346)**	**(89)**	**-**	**(1,377)**	**(4,812)**
Disposals	**-**	**(25)**	**-**	**-**	**(25)**
Closing net book amount	**22,049**	**550**	**6,982**	**535**	**30,116**
At 31 December 2016					
Cost	**36,746**	**-**	**6,982**	**25,201**	**68,929**
Valuation	**-**	**1,518**	**-**	**-**	**1,518**
Accumulated depreciation	**(14,697)**	**(968)**	**-**	**(24,666)**	**(40,331)**
Net book amount	**22,049**	**550**	**6,982**	**535**	**30,116**

16 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 2015						
Cost	30,924	-	1,877	25,201	854	58,856
Valuation	-	1,387	-	-	-	1,387
Accumulated amortisation	(7,897)	(795)	-	(21,616)	(741)	(31,049)
Net book amount	23,027	592	1,877	3,585	113	29,194
Year ended 31 December 2015						
Opening net book amount	23,027	592	1,877	3,585	113	29,194
Additions	2,775	137	3,017	-	-	5,929
Amortisation charge	(3,454)	(140)	-	(1,673)	(104)	(5,371)
Closing net book amount	**22,348**	**589**	**4,894**	**1,912**	**9**	**29,752**
At 31 December 2015						
Cost	33,699	-	4,894	25,201	854	64,648
Valuation	-	1,524	-	-	-	1,524
Accumulated amortisation	(11,351)	(935)	-	(23,289)	(845)	(36,420)
Net book amount	22,348	589	4,894	1,912	9	29,752
Year ended 31 December 2016						
Opening net book amount	**22,348**	**589**	**4,894**	**1,912**	**9**	**29,752**
Additions	**3,047**	**75**	**2,088**	**-**	**3**	**5,213**
Disposals	**-**	**(25)**	**-**	**-**	**-**	**(25)**
Amortisation charge	**(3,346)**	**(89)**	**-**	**(1,377)**	**(6)**	**(4,818)**
Closing net book amount	**22,049**	**550**	**6,982**	**535**	**6**	**30,122**
At 31 December 2016						
Cost	**36,746**	**-**	**6,982**	**25,201**	**858**	**69,787**
Valuation	**-**	**1,518**	**-**	**-**	**-**	**1,518**
Accumulated amortisation	**(14,697)**	**(968)**	**-**	**(24,666)**	**(852)**	**(41,183)**
Net book amount	**22,049**	**550**	**6,982**	**535**	**6**	**30,122**

17 Trade and other payables

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Trade payables – external	**31,200**	16,350	**29,754**	15,238
Accrued salaries	**25,786**	23,273	**25,734**	23,222
Sundry payables and accrued expenses	**31,680**	37,981	**24,497**	29,216
Trade and other payables – controlled entities	**-**	-	**346**	532
Other payables	**3,861**	2,737	**3,434**	2,322
Total current trade and other payables	**92,527**	80,341	**83,765**	70,530

18 Borrowings

		Consolidated		Parent	
		2016	2015	2016	2015
	Notes	$'000	$'000	$'000	$'000
Current					
Finance lease liability	23	**17**	15	**-**	-
Total current borrowings		**17**	15	**-**	-

		Consolidated		Parent	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Non-Current					
Finance lease liability	23	**123,394**	120,821	**123,394**	120,804
Total non-current borrowings		**123,394**	120,821	**123,394**	120,804
Total borrowings		**123,411**	120,836	**123,394**	120,804

The University has a long term debt facility of $251 million over a 20-year period to fund a student residences project. This facility remained unused at the reporting date.

19 Provisions

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current provisions expected to be settled within 12 months				
Workers' compensation	**413**	650	**413**	650
Long service leave	**21,790**	20,259	**21,193**	19,750
Annual leave	**48,899**	48,958	**47,505**	47,552
Other provisions	**159**	214	**-**	-
Subtotal	**71,261**	70,081	**69,111**	67,952
Current provisions expected to be settled after more than 12 months				
Annual leave	**28,557**	28,769	**28,557**	28,769
Long service leave	**53,547**	56,876	**53,547**	56,876
Subtotal	**82,104**	85,645	**82,104**	85,645
Total current provisions	**153,365**	155,726	**151,215**	153,597
Non-current provisions				
Long service leave	**31,187**	33,379	**30,460**	32,724
Workers compensation	**538**	685	**538**	685
Total non-current provisions	**31,725**	34,064	**30,998**	33,409
Total provisions	**185,090**	189,790	**182,213**	187,006

20 Other liabilities

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Revenue received in advance	**56,567**	47,456	**54,782**	45,970
Loan from controlled entity	**-**	-	**1,108**	1,108
Other	**9,998**	8,776	**7,284**	7,552
Total other liabilities	**66,565**	56,232	**63,174**	54,630

Revenue received in advance

The University has funds donated by external parties (including Government) with specific restrictions that result in the funds not meeting the control requirements necessary for recognition as revenue. A liability has been recognised to show these funds as revenue in advance.

21 Reserves

(a) Reserves

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Reserves				
Asset revaluation surplus	**1,635,989**	1,579,386	**1,635,989**	1,579,386
Fair value adjustment on revaluation of available-for-sale financial asset	**11,027**	9,188	**11,027**	9,188
Total Reserves	**1,647,016**	1,588,574	**1,647,016**	1,588,574

21 Reserves (continued)

(b) Movements

	Consolidated		Parent	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Asset revaluation surplus				
Property, plant and equipment revaluation surplus	**1,579,386**	1,700,679	**1,579,386**	1,700,679
Fair value adjustment from revaluation of land and buildings, net of tax	**56,603**	(121,293)	**56,603**	(121,293)
	1,635,989	1,579,386	**1,635,989**	1,579,386
Fair value adjustment on revaluation of available-for-sale financial asset				
Opening balance	**9,188**	-	**9,188**	-
Transfers in	**1,839**	9,188	**1,839**	9,188
	11,027	9,188	**11,027**	9,188
Total reserves	**1,647,016**	1,588,574	**1,647,016**	1,588,574

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

	Consolidated		Parent	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Operating result for the period	**(15,477)**	58,479	**(12,120)**	35,549
Depreciation and amortisation	**160,681**	125,365	**160,226**	124,755
Donations of property, plant and equipment	**(8,487)**	(953)	**(8,487)**	(953)
Non-cash licence fees	**(2,879)**	(1,753)	**-**	-
Net (gain) / loss on sale of non-current assets	**17,666**	3,596	**17,590**	3,661
Net (gain) / loss on disposal of other financial assets	**(1,055)**	(16,461)	**-**	-
Interest expense on Smart State loans and finance leases	**11,554**	11,321	**11,553**	11,317
Bad and doubtful debts written off / (written back)	**611**	(1,565)	**2,591**	(1,325)
Impairment of property, plant and equipment	**149**	262	**-**	-
Impairment of financial assets	**1,500**	-	**1,500**	-
Equity accounted investment	**624**	1,477	**-**	-
Gain on deemed disposal	**(126)**	(830)	**-**	-
Unrealised foreign exchange loss / (gain)	**(12)**	45	**(24)**	73
Other non-cash interest revenue	**(306)**	(423)	**(306)**	(423)
Change in fair value of other financial assets	**(16,396)**	(17,553)	**(11,568)**	(17,618)
Change in operating assets and liabilities:				
(Increase) / decrease in receivables	**(4,364)**	(18,569)	**(2,437)**	(16,451)
(Increase) / decrease in inventories	**(501)**	(176)	**(409)**	(356)
(Increase) / decrease in other assets	**(6,601)**	904	**(6,502)**	846
(Increase) / decrease in assets held for sale	**-**	20,584	**-**	20,584
(Increase) / decrease in tax assets	**(67)**	(18)	**-**	-
Increase / (decrease) in payables	**12,172**	(6,636)	**13,229**	(5,942)
Increase / (decrease) in provisions	**(4,704)**	3,813	**(4,794)**	3,965
Increase / (decrease) in tax liabilities	**-**	(1)	**-**	-
Increase / (decrease) in other liabilities	**10,334**	7,367	**8,541**	7,836
Net cash provided by / (used in) operating activities	**154,316**	168,275	**168,583**	165,518

23 Commitments

(a) Capital commitments

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

	Consolidated		Parent	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Property, plant and equipment				
Within one year	**40,436**	31,913	**40,436**	31,913
Later than one year	**14,363**	6,547	**14,363**	6,547
Total capital commitments	**54,799**	38,460	**54,799**	38,460

(b) Lease commitments

(i) Operating Leases

The Group leases various types of equipment, predominately IT-related equipment, and premises under non-cancellable operating leases generally over a three-year period.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Parent	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Within one year	**1,240**	1,284	**1,000**	1,003
Between one year and five years	**1,990**	1,133	**988**	1,050
Total future minimum lease payments	**3,230**	2,417	**1,988**	2,053

(ii) Finance Leases

In November 2009, the University entered into a lease for the construction of the Pharmacy Australia Centre of Excellence (PACE) building which expires in November 2049. Under the terms of the lease, the building transfers to the University on termination of the lease.

Commitments in relation to finance leases are payable as follows:

	Consolidated		Parent	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Within one year	**9,248**	8,981	**9,231**	8,963
Between one year and five years	**39,779**	38,636	**39,779**	38,620
Later than five years	**453,353**	463,743	**453,353**	463,743
Total future minimum lease payments	**502,380**	511,360	**502,363**	511,326
Future finance charges	**(378,969)**	(390,524)	**(378,969)**	(390,522)
Recognised as a liability	**123,411**	120,836	**123,394**	120,804

23 Commitments (continued)

(b) Lease commitments (continued)

The PACE lease is structured so that for the first 22 years, interest expense exceeds payments made. For this reason, the lease liability will continue to grow until 2032 and no portion of the liability is disclosed as current.

The weighted average interest rate implicit in the finance leases in 2016 is: 9.52 per cent (2015: 9.52 per cent).

(c) Other commitments

University Innovation and Investment Trust (UIIT) No. 4

	Consolidated		Parent	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**1,000**	1,000	**1,000**	1,000
Between one year and five years	**4,000**	4,000	**4,000**	4,000
Later than five years	**3,500**	4,500	**3,500**	4,500
Total	**8,500**	9,500	**8,500**	9,500

University Innovation and Investment Trust (UIIT) No. 4

The University has entered into a funding deed with the UIIT No. 4. Under the deed, the University may be required to meet calls on partly paid units held in the trust. The UIIT No. 4 is a venture fund founded by The University of Queensland. It is for the purpose of providing seed funding to further develop promising research outcomes and to assist with the commercialisation of such research outcomes.

As at 31 December 2016, the University held:
10,000,000 partly paid $1 units paid up to $1,500,000, and may be required to meet calls totalling $8,500,000.

The rate of drawdown depends on:
1. Rate of investment in new ventures
2. Rate of liquidation of investments
3. If the unit holder requests that the funds from any liquidated investments be retained in the trust to be offset against future calls, or paid to them immediately.

Purchase order commitments

	Consolidated		Parent	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**17,922**	19,748	**17,922**	19,748
	17,922	19,748	**17,922**	19,748

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 $8.776 million in 2016 (2015: $8.907 million).

24 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 26.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in Note 27.

(d) Transactions with related parties

The following transactions occurred with controlled entities as related parties:

	Parent	
	2016	**2015**
	$'000	**$'000**
Revenue		
Sale of goods and services	**20,759**	16,005
Royalty revenue	**10,825**	8,483
Dividends	**16,126**	-
Interest	**6**	77
	47,716	24,565
Expenditure		
Purchase of goods and services	**5,599**	6,991
Grants and funding	**6,114**	1,512
	11,713	8,503

(e) Outstanding balances

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

- Trade receivables and loans and advances – refer Note 12.
- Trade payables – refer Note 17.
- Payables loans and advances – refer Note 20.

A $1.9 million provision for impairment has been raised in relation to a loan to JK Tech Pty Ltd. Aside from that, no further provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

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.

24 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.

25 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 period 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.

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.

25 Contingencies (continued)

(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 subsidiaries 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) $2.301 million to the US Department of Education to ensure that it continues to receive Federal Student Aid (FSA) from the US Government in respect of US students. The guarantee expires on 24 May 2018.

iii) $5.285 million in respect of a loan facility entered into by International House to construct new facilities.

iv) $11 million in respect of a loan facility entered into by King's College to construct new facilities.

v) $6.6 million in respect of a loan facility entered into by the Women's College to construct new facilities.

26 Subsidiaries

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

Name of Entity	Country of Incorporation	Class of Shares	2016 %	2015 %
UQ Investment Trust Group				
IMBcom Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
UQ Investment Trust	Australia	Ordinary	**100.00**	**100.00**
Cyclagen Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
Kalthera Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
IMBcom Asset Management Pty Ltd	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	**-**	**-**
UQH Finance Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
JKTech Group				
JK Tech Pty Ltd	Australia	Ordinary	**94.00**	**94.00**
JK Africa Mining Solutions Pty Ltd	South Africa	Ordinary	**100.00**	**100.00**
JKTech South America SpA	Chile	Ordinary	**100.00**	**100.00**
SUSOP Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
UniQuest and UniQuest Asset Trust Group				
UniQuest Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
Cloevis 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**
Lucia Publishing Systems Pty Ltd	Australia	Ordinary	**95.00**	**95.00**
Metallotek Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
Neo Rehab Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
Pepfactants Pty Ltd	Australia	Ordinary	**-**	**60.00**
(Deregistered 15 June 2016)				
Symbiosis Group Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
UWAT Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
UQ Foundation Trust	Australia	Ordinary	**100.00**	**100.00**
UQ Jakarta Office Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
IMBcom Asset Trust Group				
IMBcom Asset Trust	Australia	Ordinary	**100.00**	**100.00**
CCA Therapeutics Pty Ltd (deregistered 8 November 2016)	Australia	Ordinary	**-**	**100.00**
Global Change Institute Pty Ltd	Australia	Ordinary	**100.00**	**100.00**

27 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 2016. Further information on these positions can be found in the body of the Annual Report under the section relating to corporate governance.

Current Incumbents

Position	Responsibilities	Contract Classification and appointment authority	Date appointed to position
Vice-Chancellor	Chief Executive Officer	Executive – Senate	08/10/2012
Provost	Deputy Chief Executive Officer	Executive – Vice Chancellor	04/10/2016
Deputy Vice-Chancellor (Academic)	Academic Policy and related matters	Executive – Vice Chancellor	15/04/2013
Deputy Vice-Chancellor (International)	International Student matters	Executive – Vice Chancellor	Vacant
Deputy Vice-Chancellor (External Engagement)	Engagement Strategy and related matters	Executive – Vice Chancellor	01/08/2016
Deputy Vice-Chancellor (Research)	Research Policy and related matters	Executive – Vice Chancellor	10/11/2014
Chief Operating Officer	Operational Matters and Infrastructure	Executive – Vice Chancellor	04/01/2016

27 Key management personnel disclosures (continued)

(b) Remuneration of board members and executives

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits, including motor vehicles.

For the 2016 year, remuneration of key executive management personnel increased by three per cent from 1 January 2016.

Remuneration packages for key executive management personnel comprise the following components:

- Short-term employee benefits which include:
  - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amounts expensed in the Statement of Comprehensive Income.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation contributions.
- Redundancy payments are not applicable to senior staff; however, termination payments may be applicable in particular circumstances.
- Performance bonuses may be paid or payable annually depending upon the achievement of pre-determined individual performance targets as agreed by the supervisor and approved by the relevant approving authority.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long-term employee benefits and post-employment benefits.

27 Key management personnel disclosures (continued)

1 January 2016 – 31 December 2016

Position	Short-Term Employee Benefits			Long-Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits	Performance Payments				
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Vice-Chancellor	777	-	200	50	133	-	1,160
Provost (resigned effective 18/03/2016)	94	5	-	8	18	-	125
Provost (Acting) (from 19/03/2016 to 3/10/2016)	288	7	-	8	46	-	349
Provost (appointed 4/10/2016)	145	-	20	-	23	-	188
Deputy Vice-Chancellor (Academic) (up to 18/3/2016 and 4/10/2016 onwards)	239	6	70	7	38	-	360
Deputy Vice-Chancellor (Academic) (Acting) (from 19/03/2016 to 03/10/2016)	249	-	-	5	42	-	296
Deputy Vice-Chancellor (International) (resigned effective 9/09/2016)	294	-	-	(13)	45	-	326
Deputy Vice-Chancellor (External Engagement) (appointed 1/08/2016)	215	-	55	17	20	-	307
Deputy Vice-Chancellor (Research)	544	-	80	28	88	-	740
Chief Operating Officer (appointed 4/01/2016)	566	-	70	5	91	-	732
Total Remuneration	**3,411**	**18**	**495**	**115**	**544**	**-**	**4,583**

27 Key management personnel disclosures (continued)

1 January 2015 – 31 December 2015

Position	Short-Term Employee Benefits			Long-Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits	Performance Payments				
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Vice-Chancellor	741	-	200	35	122	-	1,098
Provost	521	24	80	21	90	-	736
Deputy Vice-Chancellor (Academic)	440	12	60	10	73	-	595
Deputy Vice-Chancellor (International)	418	-	30	8	63	-	519
Deputy Vice-Chancellor (Research)	538	-	65	103	85	-	791
Chief Operating Officer	548	-	70	16	86	-	720
Total Remuneration	**3,206**	**36**	**505**	**193**	**519**	**-**	**4,459**

27 Key management personnel disclosures (continued)

(c) Performance payments

The basis for performance bonuses paid or payable in the 2016 financial year is set out below:

Position	Basis for payment
Vice-Chancellor	Performance Appraisal – achievement of key result areas
Provost	Performance Appraisal – achievement of key result areas
Deputy Vice-Chancellor (Academic)	Performance Appraisal – achievement of key result areas
Deputy Vice-Chancellor (International)	Performance Appraisal – achievement of key result areas
Deputy Vice-Chancellor (External Engagement)	Performance Appraisal – achievement of key result areas
Deputy Vice-Chancellor (Research)	Performance Appraisal – achievement of key result areas
Chief Operating Officer	Performance Appraisal – achievement of key result areas

Performance bonuses payable in relation to the 2016 financial year have not been paid at the date of the financial statements. They are expected to be paid in March 2017.

The aggregate performance bonuses paid to all key executive management personnel are as follows:

	2016	2015
	$'000	$'000
Performance payments to key executive management personnel	**495**	505

28 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

The Group maintains a sufficient level of cash that enables it to meet all reasonably anticipated operating and capital cash flow requirements in the short- to medium-term. The level of cash fluctuates from year to year largely due to the timing of major capital works (e.g. new buildings). It is not the intention of the Group to maintain a large, long-term cash reserve.

Cash required in the short term (up to six 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 six months) is held in fixed interest-rate term deposits with approved banks and financial institutions. These term deposits have a typical duration of between six 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 2016, interest revenue accounted for 0.6 per cent of total revenue.

As at 31 December 2016, total cash (including term deposits) was $363.4 million and total interest revenue for the year was $11.5 million. Based on the average daily cash balance, this equates to a return of 2.9 per cent.

(ii) Interest rate risk – borrowings

In 2009, the Group entered into a 40-year finance 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.

There is no risk from movements in interest rates as the repayments are fixed over the full term of the lease. The implicit interest rate is 9.52 per cent.

There are a small number of other finance leases within the Group but these also have fixed repayments and are not subject to interest rate risk.

As at 31 December 2016, the total finance lease liability was $123.4 million and the total interest expense for the year was $11.6 million.

(iii) Equity risk – managed investment portfolio

The Group maintains a managed investment portfolio that is primarily for endowments received from donors. Some endowments are held in perpetuity while others are held until fully spent. The endowed funds are invested and the earnings distributed to the purposes specified by the donors.

The portfolio is 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 seven-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 2016, the total value of the long-term portfolio was $179.9 million. The total return for the year was 7.6 per cent and the total return for the past seven years was 9.5 per cent.

28 Financial risk management (continued)

(a) Market risk (continued)

(iv) Equity risk – commercialisation investments

The Group holds investments in entities (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 2016, the total value of commercialisation investments was $9.9 million.

(v) Currency risk

The large majority of the Group's transactions are denominated in Australian dollars (AUD). In 2016, less than five per cent of all revenue and less than five 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 2016, total revenue from fee-paying overseas students was $385.5 million with 60 per cent of these students coming from four countries – China, Malaysia, Singapore and the United States. 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 25.

(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.

28 Financial risk management (continued)

(b) Credit risk (continued)

As at 31 December 2016, total trade and other receivables was $93.7 million. The total impairment of receivables (inclusive of receivables written off and the movement in the provision for impairment) for the year was $0.6 million. This is low when compared against total revenue.

The single largest debtor was a receivable of $12.2 million from the University of Southern Queensland in relation to the sale of the Ipswich campus in 2015. All payments under the terms of the contract have been made thus far and this amount will be fully repaid by 2019.

(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.

The Group also has access to a $60 million working capital facility from the Queensland Treasury Corporation. This facility was unused at 31 December 2016.

29 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**	
	2016 $'000 Carrying Amount	**2016 $'000 Fair Value**	2015 $'000 Carrying Amount	2015 $'000 Fair Value
Financial assets				
Cash and cash equivalents	**80,322**	**80,322**	108,732	108,732
Trade and other receivables	**93,557**	**93,557**	96,205	96,205
Other financial assets – term deposits	**283,107**	**283,107**	213,211	213,211
Other financial assets – managed investment portfolio	**179,886**	**179,886**	154,413	154,413
Other financial assets – convertible notes	**1,740**	**1,740**	772	772
Other financial assets – shares in listed entities	**1,747**	**1,747**	3,678	3,678
Other financial assets – shares in unlisted entities	**23,701**	**23,701**	20,321	20,321
Contingent consideration	**5,350**	**5,350**	4,518	4,518
Total financial assets recognised at fair value	**669,410**	**669,410**	601,850	601,850
Financial liabilities				
Trade and other payables	**92,527**	**92,527**	80,341	80,341
Borrowings – finance lease liability	**123,411**	**123,411**	120,836	120,836
Total financial liabilities recognised at fair value	**215,938**	**215,938**	201,177	201,177

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

- Land, buildings, infrastructure and land improvements
- Leased 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
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

29 Fair value measurements (continued)

(b) Fair value hierarchy (continued)

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 2015 and 31 December 2016.

Consolidated	Notes	2016 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss – listed entities	13	**1,747**	**-**	**-**	**1,747**
Financial assets at fair value through profit or loss – unlisted entities	13	**3,862**	**-**	**3,862**	**-**
Available-for-sale financial assets	13	**19,839**	**-**	**-**	**19,839**
Managed investment portfolio	13	**179,886**	**179,886**	**-**	**-**
Convertible notes	13	**1,740**	**-**	**1,740**	**-**
Term deposits	13	**283,107**	**283,107**	**-**	**-**
Contingent consideration		**5,350**	**-**	**-**	**5,350**
Total financial assets		**495,531**	**462,993**	**5,602**	**26,936**
Non-financial assets					
Property, plant and equipment		**2,376,283**	**-**	**295,840**	**2,080,443**
Total non-financial assets		**2,376,283**	**-**	**295,840**	**2,080,443**

	Notes	2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss – listed entities	13	2,184	5	-	2,179
Financial assets at fair value through profit or loss – unlisted entities	13	3,115	-	2,875	240
Available-for-sale financial assets	13	18,487	-	-	18,487
Managed investment portfolio	13	154,413	154,413	-	-
Convertible notes		772	-	772	-
Term deposits	13	213,211	213,211	-	-
Contingent consideration		4,730	-	-	4,730
Total financial assets		396,912	367,629	3,647	25,636
Non-financial assets					
Property, plant and equipment		2,369,038	-	284,080	2,084,958
Total non-financial assets		2,369,038	-	284,080	2,084,958

29 Fair value measurements (continued)

(c) Fair value – property, plant and equipment

Land (level 2)

All land has been categorised as level 2. The fair value of 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.

Buildings (levels 2 and 3)

The University 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 University 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 Cost Handbook 2016*, actual costs for construction projects undertaken by the University 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 University 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 Cost Handbook 2016*, actual costs for construction projects undertaken by the University and AssetVal's knowledge and exposure to construction projects and building costs.

Leased 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 University (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 University 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 the annual increase in the consumer price index.

The museum collection has been categorised as level 3. The University has used replacement cost methodology to determine the fair value of the museum collection. Regard was given to market prices.

29 Fair value measurements (continued)

(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 two 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 two 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 periods ended 31 December 2016 and 2015.

	Consolidated 2016 $'000	**Consolidated 2015 $'000**
Opening balance	**25,636**	9,018
Acquisitions	**1,013**	5,914
Fair value gains / (losses)	**7,746**	10,704
Impairment loss	**(1,500)**	-
Sales	**(5,959)**	-
Closing balance	**26,936**	25,636

(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.

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.

30 Acquittal of Australian Government Financial Assistance

(a) DoE – CGS and other DoE grants

		Commonwealth Grants Scheme #1		Indigenous Support Program		Higher Education Participation Program #2		Disability Support Program		Promotion of Excellence in Learning and Teaching		Improving the Quality of Maths and Science Partnership Program	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
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)		**322,135**	309,946	**1,031**	973	**3,964**	4,116	**126**	125	**428**	575	**678**	673
Revenue for the period	2(a)	**322,135**	309,946	**1,031**	973	**3,964**	4,116	**126**	125	**428**	575	**678**	673
Surplus / (deficit) from the previous year		**-**	-	**-**	-	**1,104**	976	**-**	-	**552**	792	**148**	139
Total revenue including accrued revenue		**322,135**	309,946	**1,031**	973	**5,068**	5,092	**126**	125	**980**	1,367	**826**	812
Less expenses including accrued expenses		**(322,135)**	(309,946)	**(1,031)**	(973)	**(4,263)**	(3,988)	**(126)**	(125)	**(243)**	(815)	**(763)**	(664)
Surplus / (deficit) for the reporting period		**-**	-	**-**	-	**805**	1,104	**-**	-	**737**	552	**63**	148

		Total	
		2016	**2015**
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)		**328,362**	316,408
Revenue for the period	2(a)	**328,362**	316,408
Surplus / (deficit) from the previous year		**1,804**	1,907
Total revenue including accrued revenue		**330,166**	318,315
Less expenses including accrued expenses		**(328,561)**	(316,511)
Surplus / (deficit) for the reporting period		**1,605**	1,804

#1 Includes basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS – Medical Student Loading and CGS – Special Advances from Future Years.

#2 Includes Access and Participation Fund and National Priorities Pool

30 Acquittal of Australian Government Financial Assistance (continued)

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

		HECS-HELP (Aust. Government payments only)		FEE-HELP #3		VET FEE-HELP		SA-HELP		Total	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Parent Entity (University) Only	*Note*	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash Payable / (Receivable) at the beginning of the year		**974**	1,146	**1,864**	1,597	**178**	-	**-**	-	**3,016**	2,743
Financial assistance received in cash during the reporting period		**188,377**	186,748	**28,736**	28,267	**122**	290	**5,149**	5,228	**222,384**	220,533
Cash available for the period		**189,351**	187,894	**30,600**	29,864	**300**	290	**5,149**	5,228	**225,400**	223,276
Revenue earned	2(b)	**(188,498)**	(186,920)	**(28,690)**	(28,000)	**(122)**	(112)	**(5,149)**	(5,228)	**(222,459)**	(220,260)
Cash Payable / (Receivable) at the end of the year		**853**	974	**1,910**	1,864	**178**	178	**-**	-	**2,941**	3,016

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

30 Acquittal of Australian Government Financial Assistance (continued)

(c) Scholarships

		Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships #4		Commonwealth Accommodation Scholarships #4		Indigenous Access Scholarship		Total	
Parent Entity (University) Only	*Note*	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program)		**25,437**	24,615	**2,014**	1,959	**116**	109	**109**	127	**88**	92	**27,764**	26,903
Net accrual adjustments		**-**	-	**-**	-	**(29)**	(76)	**(36)**	(159)	**(37)**	-	**(102)**	(235)
Revenue for the period	2(c)	**25,437**	24,615	**2,014**	1,959	**87**	34	**73**	(32)	**51**	92	**27,662**	26,668
Surplus / (deficit) from the previous year		**14,917**	13,685	**-**	-	**1**	12	**-**	148	**3**	5	**14,921**	13,851
Total revenue including accrued revenue		**40,354**	38,300	**2,014**	1,959	**88**	46	**73**	116	**54**	97	**42,583**	40,518
Less expenses including accrued expenses		**(24,268)**	(23,383)	**(2,014)**	(1,959)	**(88)**	(45)	**(75)**	(116)	**(54)**	(94)	**(26,499)**	(25,597)
Surplus / (deficit) for the reporting period		**16,086**	14,917	**-**	-	**-**	1	**(2)**	-	**-**	3	**16,084**	14,921

#4 Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

(d) Education Research

		Joint Research Engagement		Research Training Scheme		Research Infrastructure Block Grants		Sustainable Research Excellence in Universities		JRE Engineering Cadetships		Total	
Parent Entity (University) Only	*Note*	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)		**29,465**	30,311	**64,378**	62,180	**28,993**	28,425	**25,795**	23,074	**505**	490	**149,136**	144,480
Revenue for the period	2(d)	**29,465**	30,311	**64,378**	62,180	**28,993**	28,425	**25,795**	23,074	**505**	490	**149,136**	144,480
Surplus / (deficit) from the previous year		**-**	-	**-**	-	**-**	-	**-**	-	**1,223**	733	**1,223**	733
Total revenue including accrued revenue		**29,465**	30,311	**64,378**	62,180	**28,993**	28,425	**25,795**	23,074	**1,728**	1,223	**150,359**	145,213
Less expenses including accrued expenses		**(29,465)**	(30,311)	**(64,378)**	(62,180)	**(28,993)**	(28,425)	**(25,795)**	(23,074)	**-**	-	**(148,631)**	(143,990)
Surplus / (deficit) for the reporting period		**-**	-	**-**	-	**-**	-	**-**	-	**1,728**	1,223	**1,728**	1,223

30 Acquittal of Australian Government Financial Assistance (continued)

(e) Other Capital Funding

		Education Investment Fund		Total	
		2016	2015	2016	2015
	Note	$'000	$'000	$'000	$'000
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)		**-**	700	**-**	700
Revenue for the period	2(e)	**-**	700	**-**	700
Surplus / (deficit) from the previous year		**1,336**	11,894	**1,336**	11,894
Total revenue including accrued revenue		**1,336**	12,594	**1,336**	12,594
Less expenses including accrued expenses		**(1,336)**	(11,258)	**(1,336)**	(11,258)
Surplus / (deficit) for the reporting period		**-**	1,336	**-**	1,336

30 Acquittal of Australian Government Financial Assistance (continued)

(f) Australian Research Council Grants

(i) Discovery Parent Entity (University) Only	Note	Projects 2016 $'000	 2015 $'000	Fellowships #5 2016 $'000	 2015 $'000	Indigenous Researchers Development 2016 $'000	 2015 $'000	Total 2016 $'000	 2015 $'000
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)		**27,175**	28,739	**26,163**	26,825	**181**	189	**53,519**	55,753
Net accrual adjustments		**(374)**	(302)	**(927)**	(391)	**-**	-	**(1,301)**	(693)
Revenue for the period	2(f)(i)	**26,801**	28,437	**25,236**	26,434	**181**	189	**52,218**	55,060
Surplus / (deficit) from the previous year		**16,422**	19,369	**19,616**	22,735	**-**	-	**36,038**	42,104
Total revenue including accrued revenue		**43,223**	47,806	**44,852**	49,169	**181**	189	**88,256**	97,164
Less expenses including accrued expenses		**(27,660)**	(31,384)	**(26,294)**	(29,553)	**(181)**	(189)	**(54,135)**	(61,126)
Surplus / (deficit) for the reporting period		**15,563**	16,422	**18,558**	19,616	**-**	-	**34,121**	36,038

#5 Includes Early Career Researcher Award

(ii) Linkages Parent Entity (University) Only	Note	Infrastructure 2016 $'000	 2015 $'000	Industrial Transformational Research Program 2016 $'000	 2015 $'000	Projects 2016 $'000	 2015 $'000	Total 2016 $'000	 2015 $'000
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)		**2,290**	1,500	**1,603**	-	**9,082**	8,578	**12,975**	10,078
Net accrual adjustments		**-**	-	**-**	-	**(12)**	(165)	**(12)**	(165)
Revenue for the period	2(f)(ii)	**2,290**	1,500	**1,603**	-	**9,070**	8,413	**12,963**	9,913
Surplus / (deficit) from the previous year		**299**	1,277	**-**	-	**9,801**	11,926	**10,100**	13,203
Total revenue including accrued revenue		**2,589**	2,777	**1,603**	-	**18,871**	20,339	**23,063**	23,116
Less expenses including accrued expenses		**(1,789)**	(2,478)	**(4)**	-	**(9,612)**	(10,538)	**(11,405)**	(13,016)
Surplus / (deficit) for the reporting period		**800**	299	**1,599**	-	**9,259**	9,801	**11,658**	10,100

30 Acquittal of Australian Government Financial Assistance (continued)

(f) Australian Research Council Grants (continued)

		Special Research Initiatives		Centres		Total	
(iii) Networks and Centres		**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
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)		**4,061**	4,356	**9,916**	9,928	**13,977**	14,284
Revenue for the period	2(f)(iii)	**4,061**	4,356	**9,916**	9,928	**13,977**	14,284
Surplus / (deficit) from the previous year		**4,028**	3,168	**3,148**	3,582	**7,176**	6,750
Total revenue including accrued revenue		**8,089**	7,524	**13,064**	13,510	**21,153**	21,034
Less expenses including accrued expenses		**(5,050)**	(3,496)	**(9,894)**	(10,362)	**(14,944)**	(13,858)
Surplus / (deficit) for the reporting period		**3,039**	4,028	**3,170**	3,148	**6,209**	7,176

(g) OS-HELP

		2016	**2015**
Parent Entity (University) Only	*Note*	**$'000**	**$'000**
Cash received during the reporting period		**4,970**	6,047
Cash spent during the reporting period		**(4,971)**	(4,821)
Net cash received	2(h)	**(1)**	1,226
Cash surplus / (deficit) from the previous period		**3,968**	2,742
Cash surplus / (deficit) for the reporting period		**3,967**	3,968

30 Acquittal of Australian Government Financial Assistance (continued)

(h) Student Services and Amenities Fee

Parent Entity (University) Only	*Note*	**2016 $'000**	**2015 $'000**
Unspent / (overspent) revenue from previous period		**8,136**	6,280
SA-HELP revenue earned	2(b)	**5,149**	5,228
Student services fees direct from students	4	**6,845**	6,526
Total revenue expendable in period		**20,130**	18,034
Student services expenses during period		**(10,583)**	(9,898)
Unspent / (overspent) student services revenue		**9,547**	8,136

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 2009* 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; and

(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 2016 to 31 December 2016 and the financial position as at 31 December 2016 in accordance with prescribed accounting standards and conform with the *Financial Statement Guidelines for Australian Higher Education Providers for the 2016 Reporting Period* issued by the Australian Government Department of Education;

(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; and

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

(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
27 February 2017

Professor Peter Høj
Vice-Chancellor & President
THE UNIVERSITY OF QUEENSLAND
27 February 2017

Mr Andrew Betts
Chief Financial Officer
THE UNIVERSITY OF QUEENSLAND
27 February 2017

Independent Auditor's Report

To the Senate of the University of Queensland

Opinion

I have audited the financial report of the University of Queensland, which comprises the statements of financial position as at 31 December 2016, the income statements, the 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 significant accounting policies and other explanatory information, and the certificate given by the Chancellor, Vice Chancellor and President and Chief Financial Officer.

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations, which I have required;

(b) I consider the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

In my opinion, the accompanying financial report is in accordance with the prescribed requirements of the *Financial Accountability Act 2009* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012, including:*

(a) giving a true and fair view of the financial position of the entity as at 31 December 2016, and of its financial performance and its cash flows for the year then ended and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Opinion

I conducted the audit in accordance with the *Auditor-General of Queensland 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 entity in accordance with the *Auditor-General Act 2009, the Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), and the ethical requirements of the Accounting Professional and Ethical Standards Board 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.

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

Responsibilities of the Senate 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 prescribed requirements of the *Financial Accountability Act 2009* and its subordinate legislation, the *Financial and Performance Management Standard 2009*. These prescribed requirements include the Australian Accounting Standards and having regard to the minimum reporting requirements included in the *Financial Reporting Requirements for Queensland Government Agencies*. The Senate is also responsible for the preparation of the financial report that gives a true and fair view in accordance with the ACNC Act. The Senate's responsibility also includes such internal control as the Senate determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Senate is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Senate is responsible for overseeing the entity's financial reporting process.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control other than expressing 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 management.
- Conclude on the appropriateness of management'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 entity'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. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity 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.

I communicate with those charged with governance 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.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information, which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

JWelsh

QUEENSLAND
2 6 FEB 2017
AUDIT OFFICE

J F WELSH FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

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As at 31 December 2016

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Back cover image: The new synthetic sports fields for hockey and soccer at UQ St Lucia.

THE UNIVERSITY OF QUEENSLAND
AUSTRALIA