THE UNIVERSITY OF QUEENSLAND
AUSTRALIA

ANNUAL FINANCIAL STATEMENTS
VOLUME 1

ANNUAL REPORT 2017

Front cover image: *The newly refurbished TC Beirne School of Law at UQ St Lucia for which the project team won an Australian Institute of Architects' National Award for its transformation that reflects the traditions of the legal profession as well as its three pillars: knowledge, learning and inquiry.*

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 Auditor's Report.

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

- University (as an entity in its own right and to which the remainder of this Annual Report refers) – column headed Parent
- Group (University and controlled entities: refer to Note 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 2017

		Consolidated		Parent	
		2017	2016	2017	2016
	Notes	$'000	$'000	$'000	$'000
Revenue from continuing operations					
Australian government financial assistance					
Australian government grants	2	**704,490**	712,832	**704,490**	712,832
HELP – Australian government payment	2(b)	**222,064**	222,536	**222,064**	222,536
State and local government financial assistance	3	**34,900**	38,449	**34,900**	38,449
HECS-HELP – Student payments		**25,107**	27,145	**25,107**	27,145
Fees and charges	4	**535,832**	446,937	**529,194**	440,325
Investment revenue	5(a)	**12,208**	13,539	**18,169**	29,114
Royalties, trademarks and licences		**26,767**	34,410	**9,640**	10,589
Consultancy and contracts	6	**169,406**	164,066	**156,872**	152,973
Other revenue	7(a)	**102,909**	102,051	**96,796**	104,094
Total revenue from continuing operations		**1,833,683**	1,761,965	**1,797,232**	1,738,057
Share of profit / (loss) on investments accounted for using the equity method	14	**(658)**	(624)	**-**	-
Other investment income	5(b)	**31,394**	17,451	**30,650**	11,568
Other income	7(b)	**474**	1,635	**474**	1,485
Total income from continuing operations		**1,864,893**	1,780,427	**1,828,356**	1,751,110
Expenses from continuing operations					
Employee related expenses	8	**993,076**	974,959	**967,196**	950,501
Depreciation and amortisation		**163,736**	160,681	**163,296**	160,226
Repairs and maintenance		**74,746**	75,985	**74,492**	75,560
Finance costs		**11,763**	11,554	**11,763**	11,553
Impairment of assets		**507**	2,317	**644**	4,117
Loss on disposal of assets		**11,505**	17,666	**11,510**	17,590
Other expenses	9	**561,904**	552,776	**548,137**	543,683
Total expenses from continuing operations		**1,817,237**	1,795,938	**1,777,038**	1,763,230
Operating result before income tax		**47,656**	(15,511)	**51,318**	(12,120)
Income tax (expense) / benefit		**(45)**	34	**-**	-
Operating result after income tax for the year		**47,611**	(15,477)	**51,318**	(12,120)
Non-controlling interest		**26**	8	**-**	-
Operating result attributable to members of The University of Queensland and Controlled Entities		**47,585**	(15,485)	**51,318**	(12,120)

The accompanying notes form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Operating result after income tax for the year	**47,611**	(15,477)	**51,318**	(12,120)
Items that may be reclassified to profit or loss				
Fair value adjustment from revaluation of property, plant, equipment, and intangible assets, net of tax	**46,633**	56,603	**46,633**	56,603
Items that will not be reclassified to profit or loss				
Fair value adjustment assets-available-for-sale reserve	**5,175**	1,839	**5,175**	1,839
Total comprehensive income for the year	**99,419**	42,965	**103,126**	46,322
Total comprehensive income attributable to:				
Members of the parent entity	**99,393**	42,957	**103,126**	46,322
Non-controlling interest	**26**	8	**-**	-
Total comprehensive income	**99,419**	42,965	**103,126**	46,322

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Consolidated		Parent	
		2017	2016	2017	2016
	Notes	$'000	$'000	$'000	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	11	**124,056**	80,322	**93,813**	51,835
Trade and other receivables	12	**82,390**	86,341	**73,455**	77,308
Inventories		**4,750**	4,828	**4,408**	4,417
Other financial assets	13	**366,640**	286,070	**366,640**	283,107
Prepayments		**23,881**	15,532	**23,266**	14,942
Total current assets		**601,717**	473,093	**561,582**	431,609
Non-current assets					
Trade and other receivables	12	**-**	7,314	**-**	7,461
Investments accounted for using the equity method	14	**31,271**	32,214	**-**	-
Property, plant and equipment	15	**2,702,475**	2,731,611	**2,700,530**	2,729,642
Deferred tax assets		**-**	85	**-**	-
Intangible assets	16	**22,234**	30,122	**22,232**	30,116
Other financial assets	13	**257,212**	209,461	**297,589**	250,470
Prepayments		**13,000**	13,500	**13,000**	13,500
Total non-current assets		**3,026,192**	3,024,307	**3,033,351**	3,031,189
Total assets		**3,627,909**	3,497,400	**3,594,933**	3,462,798
LIABILITIES					
Current liabilities					
Trade and other payables	17	**101,889**	96,494	**93,240**	87,732
Borrowings	18	**-**	17	**-**	-
Provisions	19	**155,871**	153,365	**153,430**	151,215
Current tax liabilities		**8**	-	**-**	-
Other liabilities	20	**75,370**	62,598	**70,093**	59,207
Total current liabilities		**333,138**	312,474	**316,763**	298,154
Non-current liabilities					
Borrowings	18	**134,761**	123,394	**134,761**	123,394
Provisions	19	**30,784**	31,725	**30,031**	30,998
Total non-current liabilities		**165,545**	155,119	**164,792**	154,392
Total liabilities		**498,683**	467,593	**481,555**	452,546
Net assets		**3,129,226**	3,029,807	**3,113,378**	3,010,252
EQUITY					
Reserves	21	**1,698,824**	1,647,016	**1,698,824**	1,647,016
Retained earnings		**1,429,591**	1,381,435	**1,414,554**	1,363,236
Parent interest		**3,128,415**	3,028,451	**3,113,378**	3,010,252
Non-controlling interest		**811**	1,356	**-**	-
Total equity		**3,129,226**	3,029,807	**3,113,378**	3,010,252

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Parent			
	Retained Earnings	Reserves	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2016	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 year	(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
Balance at 1 January 2017	**1,363,236**	**1,647,016**	**-**	**3,010,252**
Fair value adjustment on revaluation of available-for-sale financial asset	**-**	**5,175**	**-**	**5,175**
Operating result for the year	**51,318**	**-**	**-**	**51,318**
Fair value adjustment from revaluation of property, plant, equipment and intangible assets	**-**	**46,633**	**-**	**46,633**
Total Comprehensive Income	**51,318**	**51,808**	**-**	**103,126**
Balance at 31 December 2017	**1,414,554**	**1,698,824**	**-**	**3,113,378**

	Consolidated			
	Retained Earnings	Reserves	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2016	1,396,920	1,588,574	1,351	2,986,845
Operating result for the year	(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
Balance at 1 January 2017	**1,381,435**	**1,647,016**	**1,356**	**3,029,807**
Operating result for the year	**47,585**	**-**	**26**	**47,611**
Controlled entities deregistered	**571**	**-**	**(571)**	**-**
Fair value adjustment on revaluation of available-for-sale financial asset	**-**	**5,175**	**-**	**5,175**
Fair value adjustment from revaluation of property, plant, equipment and intangible assets	**-**	**46,633**	**-**	**46,633**
Total comprehensive income	**48,156**	**51,808**	**(545)**	**99,419**
Balance at 31 December 2017	**1,429,591**	**1,698,824**	**811**	**3,129,226**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

		Consolidated		Parent	
		2017	2016	**2017**	2016
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES:					
Australian government grants		**927,411**	935,651	**927,411**	935,651
OS-HELP (net)		**115**	(1)	**115**	(1)
State and local government grants		**34,978**	38,449	**34,978**	38,449
HECS-HELP – Student payments		**32,507**	33,990	**32,507**	33,990
Receipts from student fees and other customers		**899,252**	797,485	**854,521**	752,506
Dividends and distributions received		**3,499**	2,809	**9,672**	19,913
Interest received		**11,318**	11,198	**11,104**	10,861
Payments to suppliers and employees		**(1,686,700)**	(1,665,127)	**(1,646,216)**	(1,622,786)
Interest expense		**-**	(2)	**-**	-
Income taxes (paid) / refunded		**146**	(136)	**-**	-
Net cash provided by / (used in) operating activities	22	**222,526**	154,316	**224,092**	168,583
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of property, plant and equipment and intangibles		**6,082**	5,777	**5,966**	5,729
Payments for property, plant and equipment		**(91,919)**	(103,761)	**(91,395)**	(102,707)
Proceeds from sale of other financial assets		**4,292**	8,941	**897**	306
Payments for other financial assets		**(224,216)**	(14,819)	**(224,179)**	(14,206)
Loans from / (to) controlled entities		**-**	-	**(404)**	(1,906)
Net (increase) / decrease in term deposits		**128,107**	(69,896)	**128,107**	(69,896)
Net cash provided by / (used in) investing activities		**(177,654)**	(173,758)	**(181,008)**	(182,680)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Outflows/proceeds from issue of shares		**-**	(3)	**-**	-
Proceeds from borrowings from external entity		**8,835**	-	**8,835**	-
Finance lease payments		**(9,248)**	(8,977)	**(9,231)**	(8,962)
Net cash provided by / (used in) financing activities		**(413)**	(8,980)	**(396)**	(8,962)
Net increase (decrease) in cash and cash equivalents held		**44,459**	(28,422)	**42,688**	(23,059)
Cash and cash equivalents at beginning of year		**80,322**	108,732	**51,835**	74,870
Effects of exchange rate changes on cash and cash equivalents		**(725)**	12	**(710)**	24
Cash and cash equivalents at end of financial year	11	**124,056**	80,322	**93,813**	51,835

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements are general purpose financial statements and have been prepared in accordance with the Financial and Performance Management Standard, issued under Section 57 of the *Financial Accountability Act 2009*, Australian Accounting Standards and the Financial Statement Guidelines for Australian Higher Education Providers for the 2017 reporting period issued by the Department of Education and Training.

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 which are inconsistent with International Financial Reporting Standards (IFRS) and to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impact is in the 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 and Controlled Entities on 26 February 2018.

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 and 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 indicators of 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) Controlled Entities

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

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

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

The acquisition method of accounting is used to account for the acquisition of controlled entities 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of controlled entities 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 statements, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statements, 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 and Controlled Entities' 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 tax expense recognised in the income statements comprises current income tax expense plus deferred tax expense.

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

The University is exempt from paying income tax in Australia.

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 payables are stated inclusive of GST.

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

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

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

(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 revalued amount. When the asset is measured at a revalued 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 revalued 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 2017

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 marketplace 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 noncurrent 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 controlled entities

Controlled entities 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 controlled entities 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 and land improvements	$10,000
Leasehold improvements	$10,000
Plant and equipment	$5,000
Heritage and cultural assets	$1

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

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

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.

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 and 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, infrastructure and land improvements and plant and equipment assets that have not been completed at year end.

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).

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

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

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

Increases in the carrying amounts arising on revaluations are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is first recognised in the Income Statement. 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

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

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 2017

The depreciation rates used are as follows:

Asset class	Method	Annual rate
Buildings	Straight line	1% – 10%
Infrastructure and land improvements	Straight line	1% – 4%
Leased assets	Straight line	3%
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.

Valuations

Land, buildings and infrastructure, and land improvements

The Group performs a full valuation of its land, buildings and 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 Group performs a desktop valuation. This is also performed by an independent professional valuer who uses appropriate and relevant indices based on the most recent full valuation.

The last full valuation was performed by AssetVal in 2015 (as at 31 December 2015). The last desktop valuation was performed by AssetVal in 2017 (as at 31 December 2017).

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

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

Heritage and cultural assets – reference collection

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

Heritage and cultural assets – heritage collection

The Group performs a valuation of its heritage collection every 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 Group only performs a full valuation on those assets that (1) have been acquired since the previous valuation, and (2) have been identified by the Group as possibly experiencing a significant change in value. All other assets are subject to a desktop valuation. The last desktop valuation was performed by Barbara Palmer in 2017 (as at 31 December 2016). The last valuation of acquired items was performed by Barbara Palmer in 2017 (as at 31 December 2016).

Heritage and cultural assets – museum collection

The Group 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).

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

(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 and the liability for annual leave is recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. 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 multiemployer 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 20156 *Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 20157 *Fair Value Disclosures of Not-for-Profit Public Sector Entities*
- AASB 20162 *Disclosure Initiative: Amendments to AASB 107*
- AASB20164 *Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities.*

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 2017

Reference	Description
AASB 2015-6 *Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	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.
AASB 2015-7 *Fair Value Disclosures of Not-for-Profit Public Sector Entities*	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.
AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*	The amendments to AASB 107 *Statement of Cash Flows* require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	This Standard amends AASB 136 *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 *Fair Value Measurement* [under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*] no longer need to consider AASB 136.

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 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 2019	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 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.
AASB 1058 *Income of Not-for-Profit Entities* and AABS 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	1 January 2019	AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases. Consequently AASB 1004 *Contributions* is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.	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 nonfinancial 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

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Commonwealth Grant Scheme		**308,478**	322,135	**308,478**	322,135
Access and Participation Funding		**2,495**	4,261	**2,495**	4,261
National Priorities Pool		**48**	286	**48**	286
Promotion of Excellence in Learning and Teaching		**105**	428	**105**	428
Higher Education Participation Program		**-**	(98)	**-**	(98)
Higher Education Partnership Project Funding		**-**	(199)	**-**	(199)
Disability Performance Funding		**142**	126	**142**	126
Improving the Quality of Maths and Science Teaching Programs		**-**	678	**-**	678
Indigenous Support Program		**1,924**	1,082	**1,924**	1,082
Total Commonwealth Grants Scheme and Other Grants	30(a)	**313,192**	328,699	**313,192**	328,699

(b) Higher Education Loan Programs (HELP)

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
HECS-HELP		**187,495**	188,498	**187,495**	188,498
FEE-HELP		**29,411**	28,690	**29,411**	28,690
VET FEE-HELP		**81**	199	**81**	199
SA-HELP		**5,077**	5,149	**5,077**	5,149
Total Higher Education Loan Programs	30(b)	**222,064**	222,536	**222,064**	222,536

(c) Scholarships

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Research Training Program		**94,609**	91,829	**94,609**	91,829
Total Scholarships	30(c)	**94,609**	91,829	**94,609**	91,829

2 Australian government financial assistance (continued)

(d) EDUCATION Research

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Research Support Program		**89,916**	84,758	**89,916**	84,758
Total EDUCATION Research Grants	30(c)	**89,916**	84,758	**89,916**	84,758

(e) Australian Research Council (ARC)

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Discovery		**47,805**	52,218	**47,805**	52,218
Linkages		**10,494**	10,673	**10,494**	10,673
Networks and Centres		**15,772**	9,916	**15,772**	9,916
Special Research Initiatives		**-**	4,061	**-**	4,061
Total ARC	30(e)	**74,071**	76,868	**74,071**	76,868

(f) Other Australian government financial assistance

		Consolidated		Parent	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Non-capital					
National Health and Medical Research Council		**66,568**	64,674	**66,568**	64,674
Various Other Australian Government		**64,184**	63,714	**64,184**	63,714
Total		**130,752**	128,388	**130,752**	128,388
Capital					
ARC Linkage Infrastructure, Equipment and Facilities	30(e)	**1,950**	2,290	**1,950**	2,290
Total		**1,950**	2,290	**1,950**	2,290
Total Other Australian Government Financial Assistance		**132,702**	130,678	**132,702**	130,678
Total Australian Government Financial Assistance		**926,554**	935,368	**926,554**	935,368

3 State and local government financial assistance

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-capital				
State Government	**34,900**	38,449	**34,900**	38,449
Total State and Local Government Financial Assistance	**34,900**	38,449	**34,900**	38,449

4 Fees and charges

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Course fees and charges				
Fee-paying onshore overseas students	**453,161**	368,325	**453,161**	368,325
Fee-paying offshore overseas students	**18,166**	17,178	**18,166**	17,178
Continuing education	**3,035**	3,682	**2,985**	3,628
Fee-paying domestic postgraduate students	**11,781**	10,989	**11,781**	10,989
Fee-paying domestic undergraduate students	**1,805**	2,043	**1,805**	2,043
Fee-paying domestic non-award students	**729**	635	**729**	635
Total course fees and charges	**488,677**	402,852	**488,627**	402,798
Other non-course fees and charges				
Student services fees from students	**7,400**	6,844	**7,400**	6,844
Library fines	**520**	507	**520**	507
Parking fees and fines	**7,199**	7,490	**7,221**	7,505
Registration fees	**3,380**	2,496	**3,380**	2,499
Rental charges	**4,877**	4,577	**5,077**	4,771
Gym and sport fees	**7,015**	6,905	**-**	-
Student residential fees	**2,409**	2,820	**2,409**	2,820
State clinical loading	**18**	101	**18**	101
Other services	**14,337**	12,345	**14,542**	12,480
Total other fees and charges	**47,155**	44,085	**40,567**	37,527
Total fees and charges	**535,832**	446,937	**529,194**	440,325

5 Investment revenue and income

(a) Investment revenue

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest from other entities	**10,008**	11,559	**9,793**	11,080
Dividends from other entities	**2,200**	1,980	**8,376**	18,034
Total investment revenue	**12,208**	13,539	**18,169**	29,114

(b) Other investment income

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Net fair value gains / (losses) on investment portfolios and other financial assets	**31,596**	16,396	**30,594**	11,568
Net gain / (loss) on sale of other financial assets	**(202)**	1,055	**56**	-
Total other investment income	**31,394**	17,451	**30,650**	11,568
Total investment revenue and income	**43,602**	30,990	**48,819**	40,682

6 Consultancy and contracts

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Contract revenue – research	**132,190**	124,020	**128,583**	122,433
Consultancy fees	**21,937**	23,609	**13,217**	14,638
Other contract revenue	**15,279**	16,437	**15,072**	15,902
Total consultancy and contracts	**169,406**	164,066	**156,872**	152,973

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7 Other revenue and other income

(a) Other revenue

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Donations and bequests	**48,039**	50,248	**48,131**	50,306
Scholarships and prizes	**5,015**	5,056	**5,055**	5,114
Net foreign exchange gain / (loss)	**(528)**	111	**(471)**	211
Sale of goods	**8,994**	4,485	**8,117**	10,575
Sale of services	**33,019**	28,334	**27,389**	24,680
Sponsorships	**2,059**	2,263	**2,062**	2,266
Other revenue	**6,311**	11,554	**6,513**	10,942
Total other revenue	**102,909**	102,051	**96,796**	104,094

(b) Other income

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Insurance proceeds	**474**	1,493	**474**	1,485
Gain on deemed disposal of associate	**-**	126	**-**	-
Other	**-**	16	**-**	-
Total other income	**474**	1,635	**474**	1,485

8 Employee related expenses

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Academic				
Salaries	**386,257**	373,790	**382,318**	371,514
Payroll tax	**22,369**	21,272	**22,369**	21,271
Workers' compensation	**191**	(186)	**191**	(186)
Long service leave expense	**7,084**	6,878	**7,084**	6,878
Annual leave expense	**24,949**	22,145	**24,949**	22,145
Other	**17,117**	17,710	**17,148**	17,579
Contributions to funded superannuation and pension schemes	**60,595**	57,746	**60,595**	57,746
Total academic	**518,562**	499,355	**514,654**	496,947
Non-academic				
Salaries	**358,436**	363,834	**339,451**	345,048
Payroll tax	**21,521**	20,971	**20,655**	20,118
Workers' compensation	**237**	(122)	**112**	(229)
Long service leave expense	**6,403**	6,484	**6,270**	6,297
Annual leave expense	**28,129**	25,717	**27,993**	25,264
Other	**3,521**	3,616	**3,471**	3,569
Contributions to funded superannuation and pension schemes	**56,267**	55,104	**54,590**	53,487
Total non-academic	**474,514**	475,604	**452,542**	453,554
Total employee related expenses	**993,076**	974,959	**967,196**	950,501

The number of full-time equivalent employees in the consolidated entity at 31 March 2017 was 7859 (2016: 7909).
The number of full-time equivalent employees in the parent entity at 31 March 2017 was 7597 (2016: 7693).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9 Other expenses

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Scholarships, grants and prizes	**82,106**	78,795	**81,727**	78,508
Non-capitalised equipment	**27,224**	24,154	**26,911**	23,869
Advertising, marketing and promotional expenses	**15,608**	16,224	**15,187**	15,839
Travel, staff development and entertainment	**54,198**	54,888	**53,536**	54,263
Teaching materials and services	**20,737**	14,380	**20,737**	14,380
Laboratory supplies and services	**33,513**	37,302	**33,517**	37,309
Collaborative projects	**53,583**	71,149	**60,216**	78,418
Utilities and insurance	**38,937**	35,748	**37,187**	34,193
Computing supplies and services	**14,861**	15,772	**14,390**	15,409
Facilities and campus services	**19,026**	20,833	**18,938**	20,521
Office supplies and furniture	**6,612**	7,286	**6,405**	6,943
Staffing expenses	**6,700**	6,989	**6,634**	6,930
Staff appointment expenses	**3,302**	3,738	**3,301**	3,727
Professional, consultant and admin services	**115,019**	102,634	**116,021**	103,495
Memberships and subscriptions	**7,601**	5,369	**7,435**	5,137
Postage and freight	**4,278**	4,511	**4,261**	4,497
Telecommunications	**7,483**	8,097	**7,366**	7,935
Miscellaneous expenses	**36,887**	33,906	**34,368**	32,310
Commercialisation supplies and services	**14,229**	11,001	**-**	-
Total other expenses	**561,904**	552,776	**548,137**	543,683

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Audit and review of the Financial Statements				
Fees paid to the Auditor General of Queensland for the audit and review of statutory financial reports under Australian Accounting Standards	**745**	731	**524**	513
Fees paid to Deloitte Touche Tohmatsu for the audit of statutory financial reports under US GAAP for the financial year ended 31 December	**130**	125	**130**	125
Total	**875**	856	**654**	638

	Consolidated		Parent	
	2017	2016	2017	2016
Other services				
Other audit and assurance services				
Fees paid to other audit firms for the audit of special purpose financial reports	**93**	74	**93**	74
Total	**93**	74	**93**	74

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11 Cash and cash equivalents

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	**124,056**	80,322	**93,813**	51,835
Total cash and cash equivalents	**124,056**	80,322	**93,813**	51,835

(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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Debtors – external	**72,615**	73,771	**67,663**	68,419
Provision for impairment	**(3,550)**	(3,357)	**(3,397)**	(3,328)
Total debtors – external	**69,065**	70,414	**64,266**	65,091
Debtors – controlled entities	**-**	-	**2,770**	4,618
Accrued revenue	**8,749**	11,669	**1,843**	3,341
Other debtors	**4,576**	4,258	**4,576**	4,258
Total current receivables	**82,390**	86,341	**73,455**	77,308
Non-Current				
Trade receivables	**71**	71	**-**	-
Provision for impairment	**(71)**	(71)	**-**	-
Total debtors – external	**-**	-	**-**	-
Loans and advances – controlled entities	**-**	-	**2,196**	2,047
Provision for impairment	**-**	-	**(2,196)**	(1,900)
Total loans and advances – controlled entities	**-**	-	**-**	147
Other receivables	**-**	7,314	**-**	7,314
Total non-current trade and other receivables	**-**	7,314	**-**	7,461

13 Other financial assets

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

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Contingent consideration	**-**	3,095	**-**	-
Reduction in fair value due to commitment to pay third party disbursements	**-**	(132)	**-**	-
QIC Growth Fund	**211,640**	-	**211,640**	-
Total current	**211,640**	2,963	**211,640**	-
Non-current				
Shares – associates	**-**	-	**31,271**	32,005
Managed investment portfolio	**221,740**	179,886	**221,740**	179,886
Convertible notes	**-**	1,740	**-**	-
Shares in listed entities	**665**	2,620	**-**	-
Shares in other entities	**8,282**	5,689	**-**	-
Deferred consideration	**2,679**	2,492	**-**	-
Reduction in fair value due to commitment to pay third-party disbursements	**(1,992)**	(2,805)	**-**	-
Other financial assets				
Total non-current	**231,374**	189,622	**253,011**	211,891
Total	**443,014**	192,585	**464,651**	211,891

(b) Available-for-sale financial assets

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Unlisted investments – fair value				
Shares in unlisted entities	**25,838**	19,839	**25,838**	19,839
Shares in controlled entities	**-**	-	**18,740**	18,740
	25,838	19,839	**44,578**	38,579
Non-current Available-for-sale financial assets	**25,838**	19,839	**44,578**	38,579

(c) Held-to-maturity investments

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Term deposits (maturity greater than 90 days)	**155,000**	283,107	**155,000**	283,107
	155,000	283,107	**155,000**	283,107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14 Investments accounted for using the equity method

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Investments in associates	**31,271**	32,214	**-**	-
Total investments accounted for using the equity method	**31,271**	32,214	**-**	-

Reconciliation				
Balance at 1 January	**32,214**	32,712	**-**	-
Share of profit / (loss) for the year	**(658)**	(624)	**-**	-
Impairment of associate	**(285)**	-	**-**	-
Gain on dilution of interest	**-**	126	**-**	-
Balance at 31 December	**31,271**	32,214	**-**	-

	Ownership Interest %	
	2017	**2016**
Associates		
Translational Research Institute Trust	25	25
Admedus Vaccines Pty Ltd (formerly known as Coridon Pty Ltd)	27	27

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

	2017	**2016**
	$'000	**$'000**
Financial Position		
Total assets	**334,085**	340,954
Total liabilities	**207,950**	212,163
Net assets	**126,135**	128,791
Share of associates' net assets	**31,271**	32,214
Financial Performance		
Total revenue	**28,412**	26,767
Total expenses	**(33,191)**	(31,880)
Profit / (loss)	**(4,779)**	(5,113)
Other comprehensive income	**1,525**	1,831
Total comprehensive loss	**(3,254)**	(3,282)
Share of associates' profit / (loss)	**(658)**	(624)

The associates have no contingent liabilities or capital commitments at 31 December 2017 or 2016.

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 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

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 2017									
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)
Net book amount	44,113	275,523	1,778,253	135,244	200,257	8,527	198,418	89,307	2,729,642
Year ended 31 December 2017									
Opening net book amount	44,113	275,523	1,778,253	135,244	200,257	8,527	198,418	89,307	2,729,642
Additions	50,721	-	6,050	35	-	-	28,906	1,631	87,343
Disposals	-	-	(148)	-	-	-	(3,494)	(279)	(3,921)
Revaluation increment / (decrement)	-	1,280	35,386	4,010	3,682	-	-	2,721	47,079
Transfers	(57,564)	5,740	47,800	3,563	-	-	455	6	-
Depreciation charge	-	-	(105,689)	(3,077)	(7,597)	(816)	(39,753)	(2,681)	(159,613)
Closing net book amount	37,270	282,543	1,761,652	139,775	196,342	7,711	184,532	90,705	2,700,530
At 31 December 2017									
Cost	37,270	-	-	30,172	118,040	14,862	487,384	-	687,728
Valuation	-	282,543	3,213,546	178,802	115,510	-	-	144,610	3,935,011
Accumulated depreciation	-	-	(1,451,894)	(69,199)	(37,208)	(7,151)	(302,852)	(53,905)	(1,922,209)
Closing net book amount	37,270	282,543	1,761,652	139,775	196,342	7,711	184,532	90,705	2,700,530

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

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 2017									
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)
Net book amount	44,114	275,523	1,778,253	135,244	200,257	8,552	200,361	89,307	2,731,611
Year ended 31 December 2017									
Opening net book amount	44,114	275,523	1,778,253	135,244	200,257	8,552	200,361	89,307	2,731,611
Additions	50,731	-	6,050	35	-	-	29,419	1,631	87,866
Disposals	-	-	(148)	-	-	-	(3,605)	(279)	(4,032)
Revaluation increment / (decrements)	-	1,280	35,386	4,010	3,682	-	-	2,721	47,079
Transfers	(57,564)	5,740	47,800	3,563	-	-	455	6	-
Depreciation charge	-	-	(105,689)	(3,077)	(7,597)	(818)	(40,187)	(2,681)	(160,049)
Closing net book amount	37,281	282,543	1,761,652	139,775	196,342	7,734	186,443	90,705	2,702,475
At 31 December 2017									
Cost	37,281	-	-	30,172	118,040	15,018	493,865	-	694,376
Valuation	-	282,543	3,213,546	178,802	115,510	-	-	144,610	3,935,011
Accumulated depreciation	-	-	(1,451,894)	(69,199)	(37,208)	(7,284)	(307,422)	(53,905)	(1,926,912)
Closing net book amount	37,281	282,543	1,761,652	139,775	196,342	7,734	186,443	90,705	2,702,475

16 Intangible assets

	Parent				
	Digital library collection	Intellectual property	Software WIP	Software internally generated	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2016					
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
Disposals	-	(25)	-	-	(25)
Amortisation charge	(3,346)	(89)	-	(1,377)	(4,812)
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 amortisation	(14,697)	(968)	-	(24,666)	(40,331)
Net book amount	22,049	550	6,982	535	30,116
Year ended 31 December 2017					
Opening net book amount	**22,049**	**550**	**6,982**	**535**	**30,116**
Additions	**2,954**	**55**	**1,792**	**-**	**4,801**
Disposals	**(8,554)**	**(2)**	**-**		**(8,556)**
Transfers	**-**	**-**	**(7,797)**	**7,797**	**-**
Amortisation charge	**(3,287)**	**(83)**	**-**	**(313)**	**(3,683)**
Revaluation decrements	**(434)**	**(12)**	**-**	**-**	**(446)**
Closing net book amount	**12,728**	**508**	**977**	**8,019**	**22,232**
At 31 December 2017					
Cost	**24,563**	**-**	**977**	**18,782**	**44,322**
Valuation	**-**	**1,526**	**-**	**-**	**1,526**
Accumulated depreciation	**(11,835)**	**(1,018)**	**-**	**(10,763)**	**(23,616)**
Net book amount	**12,728**	**508**	**977**	**8,019**	**22,232**

16 Intangible assets (continued)

	Consolidated					
	Digital library collection	Intellectual property	Software WIP	Software internally generated	Software purchased	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016						
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
Year ended 31 December 2017						
Opening net book amount	**22,049**	**550**	**6,982**	**535**	**6**	**30,122**
Additions	**2,954**	**55**	**1,792**	**-**	**-**	**4,801**
Disposals	**(8,554)**	**(2)**	**-**	**-**	**-**	**(8,556)**
Transfers	**-**	**-**	**(7,797)**	**7,797**	**-**	**-**
Amortisation charge	**(3,287)**	**(83)**	**-**	**(313)**	**(4)**	**(3,687)**
Revaluation decrements	**(434)**	**(12)**	**-**	**-**	**-**	**(446)**
Closing net book amount	**12,728**	**508**	**977**	**8,019**	**2**	**22,234**
At 31 December 2017						
Cost	**24,563**	**-**	**977**	**18,782**	**858**	**45,180**
Valuation	**-**	**1,526**	**-**	**-**	**-**	**1,526**
Accumulated amortisation	**(11,835)**	**(1,018)**	**-**	**(10,763)**	**(856)**	**(24,472)**
Net book amount	**12,728**	**508**	**977**	**8,019**	**2**	**22,234**

17 Trade and other payables

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Trade payables	**28,150**	24,385	**26,786**	22,939
Employee benefits	**23,855**	25,786	**23,807**	25,734
Sundry payables and accrued expenses	**41,327**	38,495	**33,604**	31,312
OS-HELP liability to Australian government	**4,090**	3,967	**4,090**	3,967
Trade and other payables – controlled entities	**-**	-	**987**	346
Other payables	**4,467**	3,861	**3,966**	3,434
Total current trade and other payables	**101,889**	96,494	**93,240**	87,732

18 Borrowings

		Consolidated		Parent	
		2017	2016	2017	2016
	Notes	$'000	$'000	$'000	$'000
Current					
Finance lease liability	23(b)	**-**	17	**-**	-
Total current borrowings		**-**	17	**-**	-
Non-Current					
Finance lease liability	23(b)	**125,926**	123,394	**125,926**	123,394
QTC loan		**8,835**	-	**8,835**	-
Total non-current borrowings		**134,761**	123,394	**134,761**	123,394
Total borrowings		**134,761**	123,411	**134,761**	123,394

The University has a long-term debt facility of $251 million over a 20-year period from the Queensland Treasury Corporation (QTC) to fund a student residences project. The total amount drawn down as at 31 December 2017 is $8.8m. The facility is expected to be fully drawn down by the end of 2020.

19 Provisions

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current provisions expected to be settled within 12 months				
Workers' compensation	**957**	413	**957**	413
Long service leave	**21,767**	21,790	**21,074**	21,193
Annual leave	**53,171**	48,899	**51,532**	47,505
Other provisions	**109**	159	**-**	-
Subtotal	**76,004**	71,261	**73,563**	69,111
Current provisions expected to be settled after more than 12 months				
Annual leave	**28,472**	28,557	**28,472**	28,557
Long service leave	**51,395**	53,547	**51,395**	53,547
Subtotal	**79,867**	82,104	**79,867**	82,104
Total current provisions	**155,871**	153,365	**153,430**	151,215
Non-current provisions				
Long service leave	**30,486**	31,187	**29,733**	30,460
Workers' compensation	**298**	538	**298**	538
Total non-current provisions	**30,784**	31,725	**30,031**	30,998
Total provisions	**186,655**	185,090	**183,461**	182,213

20 Other liabilities

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Revenue received in advance	**68,581**	56,567	**66,326**	54,782
Loan from controlled entity	**-**	-	**853**	1,108
Other	**6,789**	6,031	**2,914**	3,317
Total other liabilities	**75,370**	62,598	**70,093**	59,207

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Reserves				
Asset revaluation surplus	**1,682,622**	1,635,989	**1,682,622**	1,635,989
Fair value adjustment on revaluation of available-for-sale financial asset	**16,202**	11,027	**16,202**	11,027
Total Reserves	**1,698,824**	1,647,016	**1,698,824**	1,647,016

(b) Movements

	Consolidated		Parent	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Asset revaluation surplus				
Property, plant, equipment and intangible assets revaluation surplus	**1,635,989**	1,579,386	**1,635,989**	1,579,386
Fair value adjustment on revaluation of property, plant, equipment and intangible assets, net of tax	**46,633**	56,603	**46,633**	56,603
	1,682,622	1,635,989	**1,682,622**	1,635,989
Fair value adjustment on revaluation of available-for-sale financial asset				
Opening balance	**11,027**	9,188	**11,027**	9,188
Transfers in	**5,175**	1,839	**5,175**	1,839
	16,202	11,027	**16,202**	11,027
Total reserves	**1,698,824**	1,647,016	**1,698,824**	1,647,016

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

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Operating result for the year	**47,611**	(15,477)	**51,318**	(12,120)
Depreciation and amortisation	**163,736**	160,681	**163,296**	160,226
Donations of property, plant and equipment	**(793)**	(8,487)	**(793)**	(8,487)
Non-cash licence fees	**-**	(2,879)	**-**	-
Net (gain) / loss on sale of non-current assets	**11,505**	17,666	**11,510**	17,590
Net (gain) / loss on disposal of other financial assets	**202**	(1,055)	**(56)**	-
Interest expense on finance leases	**11,764**	11,554	**11,763**	11,553
Bad and doubtful debts written off / (written back)	**507**	611	**644**	2,591
Impairment of property, plant and equipment	**-**	149	**-**	-
Impairment of financial assets	**-**	1,500	**-**	1,500
Equity accounted investment	**658**	624	**-**	-
Gain on deemed disposal	**-**	(126)	**-**	-
Unrealised foreign exchange loss / (gain)	**725**	(12)	**710**	(24)
Other non-cash interest revenue	**(186)**	(306)	**(186)**	(306)
Change in fair value of other financial assets	**(31,206)**	(16,396)	**(30,204)**	(11,568)
Change in operating assets and liabilities:				
(Increase) / decrease in receivables	**5,776**	(4,364)	**6,003**	(2,437)
(Increase) / decrease in inventories	**84**	(501)	**13**	(409)
(Increase) / decrease in other assets	**(7,850)**	(6,601)	**(7,824)**	(6,502)
(Increase) / decrease in tax assets	**85**	(67)	**-**	-
Increase / (decrease) in payables	**9,528**	12,172	**5,508**	13,229
Increase / (decrease) in provisions	**1,569**	(4,704)	**1,249**	(4,794)
Increase / (decrease) in tax liabilities	**7**	-	**-**	-
Increase / (decrease) in other liabilities	**8,804**	10,334	**11,141**	8,541
Net cash provided by / (used in) operating activities	**222,526**	154,316	**224,092**	168,583

23 Commitments

(a) Capital commitments

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

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment				
Within one year	**31,455**	40,436	**31,455**	40,436
Later than one year	**3,011**	14,363	**3,011**	14,363
Total capital commitments	**34,466**	54,799	**34,466**	54,799

(b) Lease commitments

(i) Operating Leases

The Group leases various types of equipment, predominately IT-related equipment, and premises under non-cancellable operating leases.

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

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**4,704**	5,278	**4,295**	5,038
Between one year and five years	**19,537**	17,892	**18,301**	16,890
Later than five years	**87,792**	92,602	**87,792**	92,602
Total future minimum lease payments	**112,033**	115,772	**110,388**	114,530

(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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**9,508**	9,248	**9,508**	9,231
Between one year and five years	**40,972**	39,779	**40,972**	39,779
Later than five years	**442,652**	453,353	**442,652**	453,353
Total future minimum lease payments	**493,132**	502,380	**493,132**	502,363
Future finance charges	**(367,206)**	(378,969)	**(367,206)**	(378,969)
Recognised as a liability	**125,926**	123,411	**125,926**	123,394

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 2017 is: 9.52 per cent (2016: 9.52 per cent).

(c) Other commitments

University Innovation and Investment Trust (UIIT) No. 4

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'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	**2,500**	3,500	**2,500**	3,500
Total	**7,500**	8,500	**7,500**	8,500

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 2017, the University held:

10,000,000 partly paid $1 units paid up to $2,500,000, and may be required to meet calls totalling $7,500,000.

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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**32,025**	17,922	**32,025**	17,922
	32,025	17,922	**32,025**	17,922

23 Commitments (continued)

(c) Other commitments (continued)

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 $8.647 million in 2017 (2016: $8.776 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 of The University of Queensland

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

	Consolidated		Parent	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
Sale of goods and services	**2,504**	2,330	**16,850**	23,089
Royalty revenue	**-**	-	**8,890**	10,825
Dividends	**-**	-	**6,224**	16,126
Interest	**-**	-	**4**	6
	2,504	2,330	**31,968**	50,046
Expenditure				
Purchase of goods and services	**5,123**	6,861	**11,166**	12,460
Grants and funding	**6,457**	5,965	**11,970**	12,079
	11,580	12,826	**23,136**	24,539

24 Related parties (continued)

(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 $2.196 million provision for impairment has been raised in relation to a loan to JKTech 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.

(f) Guarantees

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

(g) Transactions with related parties of key management personnel

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

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.

25 Contingencies (continued)

(a) Contingent liabilities (continued)

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.

(b) Contingent assets

Third Party Liabilities – Parent Entity

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

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

(c) Guarantees

The University has provided the following bank guarantees:

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

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

iii) $4 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 Controlled entities

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

Name of Entity	Country of Incorporation	Class of Shares	2017 %	2016 %
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				
JKTech 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**
(Deregistered 11 June 2017)				
UniQuest and UniQuest Asset Trust Group				
UniQuest Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
Cloevis Pty Ltd	Australia	Ordinary	**-**	**100.00**
(Deregistered 18 June 2017)				
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**
(Deregistered 3 December 2017)				
Metallotek Pty Ltd	Australia	Ordinary	**-**	**100.00**
(Deregistered 17 May 2017)				
Neo Rehab Pty Ltd	Australia	Ordinary	**100.00**	**100.00**
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**
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 2017. 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 (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 2017 year, remuneration of key executive management personnel increased by three per cent from 1 January 2017. The remuneration of the Deputy Vice-Chancellor (Research) increased by a greater amount as she was required, in addition to her role, to act as the Executive Dean of the Faculty of Medicine for all of 2017.

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)

(b) Remuneration of board members and executives

1 January 2017 - 31 December 2017

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	800	-	200	21	136	-	1,157
Provost	572	-	80	-	95	-	747
Deputy Vice-Chancellor (Academic)	462	14	65	15	78	-	634
Deputy Vice-Chancellor (External Engagement)	523	-	-	14	49	-	586
Deputy Vice-Chancellor (Research)	707	-	80	14	116	-	917
Chief Operating Officer	585	-	80	5	94	-	764
Total Remuneration	**3,649**	**14**	**505**	**69**	**568**	**-**	**4,805**

27 Key management personnel disclosures (continued)

(b) Remuneration of board members and executives (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)

(c) Performance payments

The basis for performance bonuses paid or payable in the 2017 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)	Yet to be determined
Deputy Vice-Chancellor (Research)	Performance Appraisal – achievement of key result areas
Chief Operating Officer	Performance Appraisal – achievement of key result areas

At the time of issuing these financial statements, the performance bonus for the 2017 year for some members of Key Management Personnel had not yet been determined.

Performance bonuses payable in relation to the 2017 financial year have not been paid at the date of the financial statements. They are expected to be paid in March 2018.
The aggregate performance bonuses paid to all key executive management personnel are as follows:

	2017	2016
	$'000	$'000
Performance payments to key executive management personnel	**505**	495

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 2017, interest revenue accounted for 0.5 per cent of total revenue.

As at 31 December 2017, total cash was $279.14 million and total interest revenue for the year was $10.0 million. Based on the average daily cash balance, this equates to a return of 2.5 per cent.

(ii) Interest rate risk – finance leases

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 2017, the total finance lease liability was $125.9 million and the total interest expense for the year was $11.8 million.

(iii) Interest rate risk – borrowings

In 2017, the Group commenced drawdowns on a loan from the Queensland Treasury Corporation (QTC) to fund the construction of student residences on the St Lucia campus. The total approved loan facility is $251.0 million.

The loan is currently subject to variable interest rate. Drawdowns occur periodically over time to match construction costs incurred. It is anticipated that the loan will be fully drawn down in 2020 when construction is complete.

As at 31 December 2017, the total drawdowns on the loan were $8.8 million. The total interest cost for the year was $0.1 million (capitalised as part of the cost of the project) and the weighted average interest rate for the year was 2.0 per cent.

28 Financial risk management (continued)

(a) Market risk (continued)

(iv) Equity risk – managed investment portfolio

The Group maintains two long-term managed investment portfolios that are 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 first investment portfolio is known as the UQ Investment Fund. The second is known as the UQ Socially Responsible Investment Green Fund and is prohibited from investing in the following: (1) entities considered to have involvement with tobacco, armaments, gaming and pornography, or (2) entities considered to be 'excluded companies' as defined by the FTSE All-World ex Fossil Fuels Index Series Rules. The choice of fund is made by the donor upon making a donation.

The portfolios are managed by external fund managers who invest in a mix of cash, fixed interest securities, Australian shares, international shares, property trusts and private equity. The target return is an average of 6.0 per cent plus CPI per annum (inclusive of all fund manager fees) over rolling 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 2017, the total value of the UQ Investment Fund was $218.0 million. The total return for the year was 10.4 per cent and the total return for the past seven years was 11.4 per cent.

As of 31 December 2017, the total value of the UQ Socially Responsible Investment Green Fund was $3.7 million. The total return for the year was 16.6 per cent. There is no long-term return information available as the fund was established in 2016.

(v) Equity risk – QIC Growth Fund

The Group maintains a prudent reserve of liquid assets to meet any unanticipated operating and capital expenditure that may arise. These funds are currently invested in the Queensland Investment Corporation (QIC) Growth Fund.

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

The Group made its first investment in the QIC Growth Fund on 31 July 2017. As of 31 December 2017, the total value of investment was $211.6 million. The total return for the five-month period was 5.9 per cent.

(vi) 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 2017, the total value of commercialisation investments was $9.6 million.

28 Financial risk management (continued)

(a) Market risk (continued)

(vii) Currency risk

The large majority of the Group's transactions are denominated in Australian dollars (AUD). In 2017, 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 2017, total revenue from fee-paying overseas students was $471.3 million with 67 per cent of these students coming from four countries – China, the United States, Malaysia and Singapore. 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.

As at 31 December 2017, total trade and other receivables was $82.1 million. The total impairment of receivables (inclusive of receivables written off and the movement in the provision for impairment) for the year was $0.5 million. This is very low when compared against total revenue.

The single largest debtor was a receivable of $7.5 million from The University of Southern Queensland in relation to the sale of the Ipswich campus in 2015. This amount was received subsequent to year end.

(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 investment in the QIC Growth Fund can also be converted to cash at short notice. Further, the Group has access to a $60 million working capital facility from the Queensland Treasury Corporation. This facility was unused at 31 December 2017.

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	
	2017	2017	2016	2016
	$'000	$'000	$'000	$'000
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	**124,056**	**124,056**	80,322	80,322
Trade and other receivables	**82,390**	**82,390**	93,655	93,655
Other financial assets – term deposits	**155,000**	**155,000**	283,107	283,107
QIC Growth Fund	**211,640**	**211,640**	-	-
Other financial assets – managed investment portfolio	**221,740**	**221,740**	179,886	179,886
Other financial assets – convertible notes	**-**	**-**	1,740	1,740
Other financial assets – shares in listed entities	**443**	**443**	1,747	1,747
Other financial assets – shares in unlisted entities	**32,540**	**32,540**	23,701	23,701
Contingent consideration	**2,490**	**2,490**	5,350	5,350
Total financial assets recognised at fair value	**830,299**	**830,299**	669,508	669,508
Financial liabilities				
Trade and other payables	**101,889**	**101,889**	96,494	96,494
Borrowings – finance lease liability	**125,926**	**125,926**	123,411	123,411
QTC loan	**8,835**	**8,835**	-	-
Total financial liabilities recognised at fair value	**236,650**	**236,650**	219,905	219,905

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

- Land
- Buildings
- Infrastructure and land improvements
- Leased assets
- Heritage and cultural assets.

29 Fair value measurements (continued)

(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.

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 2016 and 31 December 2017.

Consolidated	*Notes*	2017 $'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	**443**	**443**	**-**	**-**
Financial assets at fair value through profit or loss – unlisted entities	13	**6,701**	**-**	**6,447**	**254**
Available-for-sale financial assets	13	**25,839**	**-**	**-**	**25,839**
Managed investment portfolio	13	**221,740**	**221,740**	**-**	**-**
Term deposits	13	**155,000**	**155,000**	**-**	**-**
QIC Growth Fund	13	**211,640**	**-**	**211,640**	**-**
Contingent consideration	13	**2,490**	**-**	**-**	**2,490**
Total financial assets		**623,853**	**377,183**	**218,087**	**28,583**
Non-financial assets					
Property, plant and equipment	15	**2,372,653**	**-**	**65,491**	**2,307,162**
Total non-financial assets		**2,372,653**	**-**	**65,491**	**2,307,162**

29 Fair value measurements (continued)

(b) Fair value hierarchy (continued)

	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	13	5,350	-	-	5,350
Total financial assets		495,531	462,993	5,602	26,936
Non-financial assets					
Property, plant and equipment	15	2,376,283	-	53,632	2,322,651
Total non-financial assets		2,376,283	-	53,632	2,322,651

(c) Fair value – property, plant and equipment

Land (levels 2 and 3)

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

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

Buildings (levels 2 and 3)

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

The remaining buildings have been categorised as level 3 given the specialised nature and use of the education related buildings, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for such buildings. The assessed replacement cost for the buildings is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's *Australian Construction Handbook 2017*, actual costs for construction projects undertaken by the Group and AssetVal's knowledge and exposure to construction projects and building costs.

29 Fair value measurements (continued)

(c) Fair value – property, plant and equipment (continued)

Infrastructure and land improvements (level 3)

Infrastructure and land improvements have been categorised as level 3 given the nature and use of the infrastructure and land improvements, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for its infrastructure and land improvements. The assessed replacement cost for the infrastructure and land improvements is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's *Australian Construction Handbook 2017*, actual costs for construction projects undertaken by the Group 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 Group (e.g. leased buildings are valued the same way as fully owned buildings).

Heritage and cultural assets (level 3)

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

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

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

(d) Fair value – other financial assets

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

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

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

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

The Group has shares and convertible notes in unlisted entities that are not traded in active markets. These have been valued using prices established in a price-setting financing round which has occurred within the 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.

29 Fair value measurements (continued)

(d) Fair value – other financial assets (continued)

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 years ended 31 December 2017 and 2016.

	Consolidated 2017 $'000	Consolidated 2016 $'000
Opening balance	**26,936**	25,636
Acquisitions	**837**	1,013
Transfers from level 2	**259**	-
Transfers out of level 3	**(443)**	-
Fair value gains / (losses)	**4,648**	7,746
Impairment loss	-	(1,500)
Sales	**(3,654)**	(5,959)
Closing balance	**28,583**	26,936

(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) Education – CGS and Other Education Grants

		Commonwealth Grants Scheme#1		Access and Participation Fund		National Priorities Pool		Promotion of Excellence in Learning and Teaching		Higher Education Participation Program		Higher Education Partnership Project Funding	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
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)		**308,381**	311,714	**3,338**	4,261	**48**	351	**105**	428	**-**	-	**-**	-
Net accrual adjustments		**97**	10,421	**(843)**	-	**-**	(65)	**-**	-	**-**	(98)	**-**	(199)
Revenue for the period	2(a)	**308,478**	322,135	**2,495**	4,261	**48**	286	**105**	428	**-**	(98)	**-**	(199)
Surplus / (deficit) from the previous year		**-**	-	**806**	787	**90**	6	**737**	552	**-**	98	**-**	220
Total revenue including accrued revenue		**308,478**	322,135	**3,301**	5,048	**138**	292	**842**	980	**-**	-	**-**	21
Less expenses including accrued expenses		**(308,478)**	(322,135)	**(3,301)**	(4,242)	**(94)**	(202)	**(367)**	(243)	**-**	-	**-**	(21)
Surplus / (deficit) for the reporting period		**-**	-	**-**	806	**44**	90	**475**	737	**-**	-	**-**	-

		Disability Performance Funding #2		Improving the Quality of Maths and Science Teaching Programs		Indigenous Student Success Program #3		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
Parent Entity (University) Only	*Note*	$'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)		**142**	126	**-**	678	**1,924**	1,119	**313,938**	318,677
Net accrual adjustments		**-**	-	**-**	-	**-**	(37)	**(746)**	10,022
Revenue for the period	2(a)	**142**	126	**-**	678	**1,924**	1,082	**313,192**	328,699
Surplus / (deficit) from the previous year		**-**	-	**63**	148	**-**	2	**1,696**	1,813
Total revenue including accrued revenue		**142**	126	**63**	826	**1,924**	1,084	**314,888**	330,512
Less expenses including accrued expenses		**(142)**	(126)	**(63)**	(763)	**(1,924)**	(1,084)	**(314,369)**	(328,816)
Surplus / (deficit) for the reporting period		**-**	-	**-**	63	**-**	-	**519**	1,696

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

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

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

30 Acquittal of Australian Government Financial Assistance (continued)

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

		HECS-HELP (Australian Government payments only)		FEE-HELP #4		VET FEE-HELP		SA-HELP		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Parent Entity (University) Only	*Note*	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Payable / (Receivable) at the beginning of the year		**853**	974	**1,910**	1,864	**22**	99	**-**	-	**2,785**	2,937
Financial assistance received in cash during the reporting period		**187,323**	188,377	**28,510**	28,736	**59**	122	**5,077**	5,149	**220,969**	222,384
Cash available for the period		**188,176**	189,351	**30,420**	30,600	**81**	221	**5,077**	5,149	**223,754**	225,321
Revenue earned	2(b)	**(187,495)**	(188,498)	**(29,411)**	(28,690)	**(81)**	(199)	**(5,077)**	(5,149)	**(222,064)**	(222,536)
Cash Payable / (Receivable) at the end of the year		**681**	853	**1,009**	1,910	**-**	22	**-**	-	**1,690**	2,785

#4 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) Department of Education and Training Research #5

		Research Training Program #6		Research Support Program #7		Total	
		2017	2016	2017	2016	2017	2016
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)		**94,609**	91,829	**89,916**	84,758	**184,525**	-
Net accrual adjustments		**-**	-	**-**	-	**-**	-
Revenue for the period	2(c)(d)	**94,609**	91,829	**89,916**	84,758	**184,525**	176,587
Surplus / (deficit) from the previous year		**16,086**	14,917	**1,728**	1,222	**17,814**	16,139
Total revenue including accrued revenue		**110,695**	106,746	**91,644**	85,980	**202,339**	192,726
Less expenses including accrued expenses		**(101,960)**	(90,660)	**(91,644)**	(84,252)	**(193,604)**	(174,912)
Surplus / (deficit) for the reporting period		**8,735**	16,086	**-**	1,728	**8,735**	17,814

#5 The reported surplus for Research Training Program of $8.7 million for 2017 has rolled over for future use by the University.

#6 Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017

#7 Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017.

Total Higher Education Provider Research Training Program expenditure

	Total domestic students	Total overseas students
	$'000	$'000
Research Training Program Fees offsets	66,696	9,144
Research Training Program Stipends	26,121	-
Research Training Program Allowances	-	-
Total for all types of support	92,817	9,144

30 Acquittal of Australian Government Financial Assistance (continued)

(d) Other Capital Funding

	Education Investment Fund		Total	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	-	-	-	-
Net accrual adjustments	-	-	-	-
Revenue for the period	-	-	-	-
Surplus / (deficit) from the previous year	-	1,336	-	1,336
Total revenue including accrued revenue	-	1,336	-	1,336
Less expenses including accrued expenses	-	(1,336)	-	(1,336)
Surplus / (deficit) for the reporting period	-	-	-	-

30 Acquittal of Australian Government Financial Assistance (continued)

(e) Australian Research Council Grants

		Discovery		Linkages		Networks and Centres		Special Research Initiatives		Linkage Infrastructure, Equipment and Facilities		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
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)		**47,805**	53,519	**10,494**	10,684	**15,772**	9,916	**-**	4,061	**1,950**	2,290	**76,021**	80,470
Net accrual adjustments		**-**	(1,301)	**-**	(11)	**-**	-	**-**	-	**-**	-	**-**	(1,312)
Revenue for the period	2(e)	**47,805**	52,218	**10,494**	10,673	**15,772**	9,916	**-**	4,061	**1,950**	2,290	**76,021**	79,158
Surplus / (deficit) from the previous year		**34,122**	36,039	**10,858**	9,801	**3,171**	3,149	**3,039**	4,028	**800**	299	**51,990**	53,316
Total revenue including accrued revenue		**81,927**	88,257	**21,352**	20,474	**18,943**	13,065	**3,039**	8,089	**2,750**	2,589	**128,011**	132,474
Less expenses including accrued expenses		**(52,017)**	(54,135)	**(10,641)**	(9,616)	**(11,136)**	(9,894)	**(2,620)**	(5,050)	**(2,430)**	(1,789)	**(78,844)**	(80,484)
Surplus / (deficit) for the reporting period		**29,910**	34,122	**10,711**	10,858	**7,807**	3,171	**419**	3,039	**320**	800	**49,167**	51,990

30 Acquittal of Australian Government Financial Assistance (continued)

(f) OS-HELP

Parent Entity (University) Only	2017 $'000	2016 $'000
Cash received during the reporting period	**5,084**	4,970
Cash spent during the reporting period	**(4,961)**	(4,971)
Net cash received	**123**	(1)
Cash surplus / (deficit) from the previous period	**3,967**	3,968
Cash surplus / (deficit) for the reporting period	**4,090**	3,967

(g) Student Services and Amenities Fee

Parent Entity (University) Only	*Notes*	2017 $'000	2016 $'000
Unspent / (overspent) revenue from previous period		**9,547**	8,136
SA-HELP revenue earned	2(b)	**5,077**	5,149
Student services fees direct from students	4	**7,400**	6,845
Total revenue expendable in period		**22,024**	20,130
Student services expenses during period		**(11,594)**	(10,583)
Unspent / (overspent) student services revenue		**10,430**	9,547

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;
- (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 2017 to 31 December 2017 and the financial position as at 31 December 2017 in accordance with prescribed accounting standards and conform with the *Financial Statement Guidelines for Australian Higher Education Providers for the 2017 Reporting Period* issued by the Australian Government Department of Education and Training;
- (iii) at the time of the certificate there are reasonable grounds to believe that The University of Queensland will be able to pay its debts as and when they fall due;
- (iv) the amount of Australian Government financial assistance expended during the year was for the purpose(s) for which it was intended;
- (v) The University of Queensland has complied with applicable legislation, contracts, agreements and program guidelines in making that expenditure; and
- (vi) The University of Queensland charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

Mr Peter Varghese AO
Chancellor
THE UNIVERSITY OF QUEENSLAND
26 February 2018

Professor Peter Høj
Vice-Chancellor & President
THE UNIVERSITY OF QUEENSLAND
26 February 2018

Mr Andrew Betts
Chief Financial Officer
THE UNIVERSITY OF QUEENSLAND
26 February 2018

Independent Auditor's Report

To the Senate of the University of Queensland

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 31 December 2017, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 31 December 2017, 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 summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

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

Buildings valuation ($1,761.652 million)

Refer Note 15

Key audit matter	How my audit procedures addressed this key audit matter
Buildings comprising primarily of specialised buildings were material to the University of Queensland at balance date and were measured at fair value using the current replacement cost method. A comprehensive revaluation was undertaken by a valuation specialist in 2015 and desktop valuations were performed by the valuer for 2016 and 2017 balances, The current replacement cost method comprises: • Gross replacement cost, less • Accumulated depreciation The University derived the gross replacement cost of its buildings in 2015 through using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: - estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. $/square metre) - identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components. Interim desktop valuations involve significant judgement in relation to application of appropriate indices to previous comprehensive valuations in determining the fair value of the buildings at the interim valuation date. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.	My audit procedures included, but were not limited to: In the prior years: • Assessing the adequacy of management's review of the valuation process • Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices • Assessing the competence, capability and objectivity of the valuation specialist • On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit costs including: - Modern substitute - Adjustment for excess quality or obsolescence. In the current year: • Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets. • Assessing the competence, capability and objectivity of the valuation specialist • Evaluating their relevance and appropriateness to changes in Building Price Index inputs and other publicly available information. • Assessing the ongoing reasonableness of the buildings useful lives by – - Reviewing management's annual assessment of useful lives. - Assessing the appropriateness of useful lives where assets were disposed of prior to the end of their useful life. • Reviewing assets with an inconsistent relationship between the University's future Capital plan and remaining life. • Performing reasonableness tests to confirm depreciation is calculated in accordance with the University's accounting policies and industry standards.

Land valuations ($282.543 million)

Note 15

Key audit matter	How my audit procedures addressed this key audit matter
The University's Land was measured at fair value using the market approach which involves physical inspection and reference to publicly available data on recent sales of similar land in nearby localities taking into account the restrictions on the land use. The land was comprehensively revalued in 2015 and desktop valuations were undertaken in 2016 and 2017 by a valuation specialist. Significant judgement was used in arriving at suitable discount rates for the restrictions on university land. The fair value of land was derived by comparing the market value of similar restricted use land, and applying judgement in assessing the fair value of the restricted use land assets of the University. Interim valuations require judgement in the assessment of relevant indices and the application thereof to the comprehensive valuations performed, taking into account the restricted use of the land assets.	My procedures for the valuation of Land included, but were not limited to: In the prior years: • Assessing the competence, capability and objectivity of the experts used to develop the models. • Obtaining an understanding of the methodology used with reference to common industry practices. • For a sample of land parcels, evaluating the reasonableness of any adjustments applied due to the restrictions on use. For the period subsequent to this revaluation: • Assessing the competence, capability and objectivity of the valuation specialist • Evaluating the reasonableness of the index used against other publicly available information about movements in values for unrestricted land that is otherwise similar. • On a sample basis, testing the accuracy of the application of indices to the valuation of land assets.

Responsibilities of the Entity for the Financial Report

The Senate is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Senate determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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 expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 31 December 2017:

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

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

JWelsh
John Welsh
as delegate of the Auditor-General

QUEENSLAND
28 FEB 2018
AUDIT OFFICE

Queensland Audit Office
Brisbane

As at 31 December 2017

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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/annual-reports.

The following information is also available online at uq.edu.au/about/annual-reports and on the Queensland Government Open Data website at https://data.qld.gov.au:

- Consultancies
- Overseas travel.

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