

Annual

Financial statements

for The University of Queensland and Controlled Entities for
the year ended 31 December 2019

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**.

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INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | Consolidated | | Parent | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Revenue from continuing operations | | | | | |
| Australian government financial assistance | | | | | |
| Australian government grants | 2 | 721,073 | 766,958 | 721,073 | 766,958 |
| HELP – Australian government payment | 2(b) | 224,843 | 222,471 | 224,843 | 222,471 |
| State and local government financial assistance | 3 | 37,757 | 36,206 | 37,757 | 36,206 |
| HECS-HELP – Student payments | 4 | 20,945 | 22,134 | 20,945 | 22,134 |
| Fees and charges | 5 | 750,853 | 640,336 | 743,510 | 633,597 |
| Royalties, trademarks and licences | 6 | 38,956 | 35,434 | 15,870 | 12,278 |
| Consultancy and contracts | 7 | 181,062 | 165,997 | 174,701 | 156,135 |
| Other revenue | 8(a) | 121,267 | 113,722 | 110,851 | 108,368 |
| Investment revenue | 9(a) | 19,834 | 17,608 | 38,385 | 22,797 |
| Total revenue from continuing operations | | 2,116,590 | 2,020,866 | 2,087,935 | 1,980,944 |
| Share of profit/(loss) on investments accounted for using the equity method | 17 | (613) | 94 | - | - |
| Other investment gain/(loss) | 9(b) | 103,677 | (10,384) | 105,606 | (12,482) |
| Other income | 8(b) | 615 | 892 | 615 | 892 |
| Total income from continuing operations | | 2,220,269 | 2,011,468 | 2,194,156 | 1,969,354 |
| Expenses from continuing operations | | | | | |
| Employee related expenses | 10 | 1,134,324 | 1,047,739 | 1,104,320 | 1,018,842 |
| Depreciation and amortisation | | 174,781 | 168,850 | 174,111 | 167,700 |
| Repairs and maintenance | | 78,702 | 80,949 | 78,590 | 80,875 |
| Finance costs | | 14,945 | 12,000 | 14,945 | 12,000 |
| Impairment of assets | 11 | 2,080 | 818 | 14,767 | 847 |
| Loss on disposal of assets | | 16,637 | 12,835 | 16,648 | 12,716 |
| Other expenses | 12 | 671,020 | 611,804 | 658,965 | 601,874 |
| Total expenses from continuing operations | | 2,092,489 | 1,934,995 | 2,062,346 | 1,894,854 |
| Operating result before income tax | | 127,780 | 76,473 | 131,810 | 74,500 |
| Income tax (expense)/benefit | | 2 | (3,768) | - | - |
| Operating result after income tax for the year | | 127,782 | 72,705 | 131,810 | 74,500 |
| Non-controlling interest | | (13) | (18) | - | - |
| Operating result attributable to members of The University of Queensland and Controlled Entities | | 127,795 | 72,723 | 131,810 | 74,500 |

The accompanying notes form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Operating result after income tax for the year | 127,782 | 72,705 | 131,810 | 74,500 |
| Items that may be reclassified to profit or loss | | | | |
| Fair value adjustment from revaluation of property, plant, equipment and intangible assets, net of tax | 39,124 | 56,680 | 39,124 | 56,680 |
| Items that will not be reclassified to profit or loss | | | | |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | 13,598 | 7,690 | 13,598 | 7,690 |
| Total comprehensive income for the year | 180,504 | 137,075 | 184,532 | 138,870 |
| Total comprehensive income attributable to: | | | | |
| Members of the parent entity | 180,517 | 137,093 | 184,532 | 138,870 |
| Non-controlling interest | (13) | (18) | - | - |
| Total comprehensive income | 180,504 | 137,075 | 184,532 | 138,870 |

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

| | Note | Consolidated | | Parent | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 14 | 78,448 | 183,456 | 51,495 | 154,043 |
| Receivables and accrued revenue | 15 | 111,588 | 83,556 | 108,772 | 78,962 |
| Inventories | | 5,135 | 5,518 | 4,837 | 5,093 |
| Other financial assets | 16 | 604,790 | 504,509 | 604,790 | 504,509 |
| Prepayments | | 37,930 | 11,783 | 37,386 | 11,274 |
| Total current assets | | 837,891 | 788,822 | 807,280 | 753,881 |
| Non-current assets | | | | | |
| Investments accounted for using the equity method | 17 | 30,753 | 31,366 | - | - |
| Property, plant and equipment | 18 | 2,958,812 | 2,729,071 | 2,956,562 | 2,726,768 |
| Intangible assets | 19 | 24,642 | 23,477 | 24,642 | 23,377 |
| Other financial assets | 16 | 374,990 | 278,913 | 414,625 | 329,829 |
| Prepayments | | 13,858 | 12,500 | 13,857 | 12,500 |
| Total non-current assets | | 3,403,055 | 3,075,327 | 3,409,686 | 3,092,474 |
| Total assets | | 4,240,946 | 3,864,149 | 4,216,966 | 3,846,355 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 20 | 126,682 | 119,352 | 118,731 | 126,956 |
| Borrowings | 21 | 11,006 | 3,793 | 10,706 | 3,793 |
| Provisions | 22 | 180,658 | 166,977 | 177,841 | 164,306 |
| Current tax liabilities | | 1 | 3,774 | - | - |
| Other liabilities | 23 | 416,241 | 90,357 | 414,838 | 86,124 |
| Total current liabilities | | 734,588 | 384,253 | 722,116 | 381,179 |
| Non-current liabilities | | | | | |
| Borrowings | 21 | 286,466 | 178,891 | 286,466 | 178,891 |
| Provisions | 22 | 33,300 | 30,244 | 32,649 | 29,576 |
| Total non-current liabilities | | 319,766 | 209,135 | 319,115 | 208,467 |
| Total liabilities | | 1,054,354 | 593,388 | 1,041,231 | 589,646 |
| Net assets | | 3,186,592 | 3,270,761 | 3,175,735 | 3,256,709 |
| EQUITY | | | | | |
| Reserves | 24 | 1,811,327 | 1,758,605 | 1,811,327 | 1,758,605 |
| Retained earnings | | 1,374,485 | 1,511,363 | 1,364,408 | 1,498,104 |
| Parent interest | | 3,185,812 | 3,269,968 | 3,175,735 | 3,256,709 |
| Non-controlling interest | | 780 | 793 | - | - |
| Total equity | | 3,186,592 | 3,270,761 | 3,175,735 | 3,256,709 |

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

| | Parent | | | Total \$'000 |
|---|--------------------------------|--------------------|---------------------------------------|-----------------|
| | Retained Earnings \$'000 | Reserves \$'000 | Non-controlling Interest \$'000 | |
| Balance at 1 January 2018 | 1,414,554 | 1,698,824 | - | 3,113,378 |
| Retrospective changes from AASB 9 | | | | |
| Transfer from retained earnings between reserves | 9,050 | (9,050) | - | - |
| Fair value adjustment | - | 4,461 | - | 4,461 |
| Balance as restated | 1,423,604 | 1,694,235 | - | 3,117,839 |
| Operating result for the year | 74,500 | - | - | 74,500 |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | - | 7,690 | - | 7,690 |
| Fair value adjustment on revaluation of property, plant and equipment | - | 56,680 | - | 56,680 |
| Total Comprehensive Income | 74,500 | 64,370 | - | 138,870 |
| Balance at 31 December 2018 | 1,498,104 | 1,758,605 | - | 3,256,709 |
| Balance at 1 January 2019 | 1,498,104 | 1,758,605 | - | 3,256,709 |
| Retrospective changes from AASB15 | | | | |
| Initial recognition of contract assets and liabilities | (265,506) | - | - | (265,506) |
| Balance as restated | 1,232,598 | 1,758,605 | - | 2,991,203 |
| Operating result for the year | 131,810 | - | - | 131,810 |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | - | 13,598 | - | 13,598 |
| Fair value adjustment on revaluation of property, plant and equipment | - | 39,124 | - | 39,124 |
| Total Comprehensive Income | 131,810 | 52,722 | - | 184,532 |
| Balance at 31 December 2019 | 1,364,408 | 1,811,327 | - | 3,175,735 |

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

| | Consolidated | | | Total \$'000 |
|---|--------------------------------|--------------------|---------------------------------------|-----------------|
| | Retained Earnings \$'000 | Reserves \$'000 | Non-controlling Interest \$'000 | |
| Balance at 1 January 2018 | 1,429,591 | 1,698,824 | 811 | 3,129,226 |
| Retrospective changes from AASB 9 | | | | |
| Transfer from retained earnings between reserves | 9,050 | (9,050) | - | - |
| Fair value adjustment | - | 4,461 | - | 4,461 |
| Balance as restated | 1,438,641 | 1,694,235 | 811 | 3,133,687 |
| Operating result for the year | 72,722 | - | (18) | 72,704 |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | - | 7,690 | - | 7,690 |
| Fair value adjustment on revaluation of property, plant and equipment | - | 56,680 | - | 56,680 |
| Total comprehensive income | 72,722 | 64,370 | (18) | 137,074 |
| Balance at 31 December 2018 | 1,511,363 | 1,758,605 | 793 | 3,270,761 |
| Balance at 1 January 2019 | 1,511,363 | 1,758,605 | 793 | 3,270,761 |
| Retrospective changes from AASB 15 | | | | |
| Initial recognition of contract assets and liabilities | (264,673) | - | - | (264,673) |
| Balance as restated | 1,246,690 | 1,758,605 | 793 | 3,006,088 |
| Operating result for the year | 127,795 | - | (13) | 127,782 |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | - | 13,598 | - | 13,598 |
| Fair value adjustment on revaluation of property, plant and equipment | - | 39,124 | - | 39,124 |
| Total comprehensive income | 127,795 | 52,722 | (13) | 180,504 |
| Balance at 31 December 2019 | 1,374,485 | 1,811,327 | 780 | 3,186,592 |

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | Consolidated | | Parent | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Australian government grants | | 962,615 | 993,076 | 962,615 | 993,076 |
| OS-HELP (net) | | (172) | (153) | (172) | (153) |
| State and local government grants | | 45,070 | 36,464 | 45,070 | 36,464 |
| HECS-HELP – Student payments | | 29,668 | 30,166 | 29,668 | 30,166 |
| Receipts from student fees and other customers | | 1,180,707 | 1,022,025 | 1,129,820 | 970,726 |
| Dividends and distributions received | | 2,440 | 3,408 | 21,195 | 8,886 |
| Interest received | | 11,558 | 10,124 | 11,354 | 9,835 |
| Payments to suppliers and employees | | (1,968,102) | (1,768,820) | (1,936,951) | (1,708,472) |
| Income taxes (paid) / refunded | | (3,771) | (2) | - | - |
| Net cash provided by / (used in) operating activities | 25 | 260,013 | 326,288 | 262,599 | 340,528 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sale of property, plant and equipment and intangibles | | 4,291 | 8,083 | 4,280 | 8,083 |
| Payments for property, plant and equipment | | (311,688) | (152,460) | (311,169) | (151,285) |
| Proceeds from sale of other financial assets | | 341 | 1,640 | 322 | 340 |
| Payments for other financial assets | | (21,684) | (64,224) | (21,684) | (76,954) |
| Loans from/(to) controlled entities | | - | - | (299) | (554) |
| Net (increase) / decrease in term deposits | | (60,000) | (95,000) | (60,000) | (95,000) |
| Net cash provided by / (used in) investing activities | | (388,740) | (301,961) | (388,550) | (315,370) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Proceeds from borrowings from external entity | | 43,860 | 45,684 | 43,560 | 45,684 |
| Finance lease payments | | (14,839) | (9,508) | (14,839) | (9,508) |
| Repayment of borrowings to an external party | | (4,476) | (253) | (4,476) | (253) |
| Net cash provided by / (used in) financing activities | | 24,545 | 35,923 | 24,245 | 35,923 |
| Net increase / (decrease) in cash and cash equivalents held | | (104,182) | 60,250 | (101,706) | 61,081 |
| Cash and cash equivalents at beginning of year | | 183,456 | 124,056 | 154,043 | 93,813 |
| Effects of exchange rate changes on cash and cash equivalents | | (826) | (850) | (842) | (851) |
| Cash and cash equivalents at end of financial year | 14 | 78,448 | 183,456 | 51,495 | 154,043 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies**(a) Basis of preparation**

The financial statements were authorised for issue by the Senate of The University of Queensland and Controlled Entities on 25 February 2020.

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 2019 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 offsetting of impairment losses within a class of assets.

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

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

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

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

Critical accounting estimates

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

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

Fair value of financial assets and liabilities

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

Fair value of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)***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 18.

Implementation of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for research contracts

The adoption of the above standards required judgement to identify and assess the performance obligations relating to research contracts, which determined whether these were recognised in accordance with AASB 15 or alternatively under another standard such as AASB 1058. The standards and timing of revenue recognition applied to the Group's research contracts are disclosed in Notes 2(e), 2(f), 3, 7 and 8.

Useful lives

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

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

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

(c) Foreign currency transactions and balances

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(c) Foreign currency transactions and balances (continued)**

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) Income Tax

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

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

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

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.

(e) GST

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

Receivables and payables are stated inclusive of GST.

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

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

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

(f) New Accounting Standards and Interpretations

There are accounting standards that when adopted in future years will have no material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(g) Initial application of Accounting Standards and Interpretations**

The Group has adopted AASB15, AASB1058 and AASB16 in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Group adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the Group recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e. 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the Group has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e. as at 1 January 2019.

The new accounting policies for revenue and other income for not-for-profit entities in accordance with AASB15 and AASB1058 respectively are provided in Notes 2 to 9.

Overview of AASB15 and AASB1058

Under the new income recognition model applicable to not-for-profit entities, an entity shall first determine whether an enforceable agreement exists and, whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Group applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Group shall consider whether AASB1058 applies.

The majority of the changes as a result of adoption of AASB 15 and AASB 1058 relate to research revenue being recognised over time as opposed to upfront. The nature and effect of the changes are described as follows:

| | Consolidated 1-Jan-2019 \$'000 | Parent 1-Jan-2019 \$'000 |
|--------------------|---|---|
| Assets | | |
| Accrued Revenue | 13,674 | 12,841 |
| Liabilities | | |
| Deferred Revenue | (278,347) | (278,347) |
| Equity | | |
| Retained earnings | 264,673 | 265,506 |
| | - | - |

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB15 and AASB1058. The adoption of AASB15 did not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under AASB15 and AASB1058 and the second column shows what the amounts would have been had AASB15 and AASB1058 not been adopted:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(g) Initial application of Accounting Standards and Interpretations (continued)**

| Income Statement | Consolidated | | | Parent | | |
|--|---------------------|------------------|-----------------------|---------------------|------------------|---------------------|
| | AASB15/ AASB1058 | Previous AAS | Increase/ decrease | AASB15/ AASB1058 | Previous AAS | AASB15/ AASB1058 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue and income from continuing operations | | | | | | |
| Australian Government grants | 721,073 | 734,785 | (13,712) | 721,073 | 734,785 | (13,712) |
| State and local government financial assistance | 37,757 | 44,909 | (7,152) | 37,757 | 44,909 | (7,152) |
| Consultancy and contracts | 181,062 | 176,846 | 4,216 | 174,701 | 170,485 | 4,216 |
| Other revenue | 121,267 | 120,617 | 650 | 110,851 | 110,118 | 733 |
| Total revenue and income from continuing operations | 1,061,159 | 1,077,157 | (15,998) | 1,044,382 | 1,060,297 | (15,915) |
| Net result before income tax from continuing operations | 127,780 | 143,778 | (15,998) | 131,810 | 147,725 | (15,915) |

| Statement of financial position | Consolidated | | | Parent | | |
|---------------------------------|---------------------|------------------|-----------------------|---------------------|------------------|---------------------|
| | AASB15/ AASB1058 | Previous AAS | Increase/ decrease | AASB15/ AASB1058 | Previous AAS | AASB15/ AASB1058 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Assets | | | | | | |
| Accrued revenue | 25,494 | 9,768 | 15,726 | 18,516 | 3,540 | 14,976 |
| Total Assets | 25,494 | 9,768 | 15,726 | 18,516 | 3,540 | 14,976 |
| Liabilities | | | | | | |
| Revenue received in advance | 411,574 | 115,177 | 296,397 | 410,442 | 114,045 | 296,397 |
| Total liabilities | 411,574 | 115,177 | 296,397 | 410,442 | 114,045 | 296,397 |
| Equity | | | | | | |
| Retained earnings | 1,374,485 | 1,655,156 | (280,671) | 1,364,408 | 1,645,829 | (281,421) |
| Total equity | 1,374,485 | 1,655,156 | (280,671) | 1,364,408 | 1,645,829 | (281,421) |

AASB 16 Leases

The Group has adopted AASB16 under the modified retrospective approach, with the date of initial application of 1 January 2019. Under the modified approach, the Group has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In accordance with the provisions of this transition approach, the Group recognised the cumulative effect of applying this new standard as a right-of-use asset and an equal lease liability at the date of initial application i.e. 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on leases – AASB117 and AASB Interpretation 4 *Determining whether an arrangement contains a lease* (Interpretation 4). The new accounting policies for leases in accordance with AASB16 are provided in Note 21.

The nature and effect of the changes as a result of adoption of AASB 16 are described as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(g) Initial application of Accounting Standards and Interpretations (continued)*****Definition of a lease***

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under Interpretation 4. Under AASB16, the Group will continue to assess at contract inception whether a contract is, or contains, a lease but now uses the new definition of a lease.

On transition to AASB16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are or contain leases. This means that for arrangements entered into before 1 January 2019, the Group has not reassessed whether they are, or contain, a lease in accordance with the new AASB16 lease definition. Consequently, contracts existing prior to 1 January 2019, which were assessed per the previous accounting policy described below in accordance with AASB117 and Interpretation 4 as a lease, will be treated as a lease under AASB16. Whereas, contracts previously not identified as a lease will not be reassessed to determine whether they would meet the new definition of a lease in accordance with AASB16. Therefore, the Group applied the recognition and measurement requirements of AASB16 only to contracts that were previously identified as leases, and did not apply AASB16 to contracts that were previously not identified as leases. The new definition of lease under AASB16 will only be applied to contracts entered into or modified on or after 1 January 2019.

The Group as a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB16, this classification no longer exists for the Group as a lessee. Instead, practically all leases are now recognised on the statements of financial position as right-of-use assets with corresponding lease liabilities comprising all amounts that are considered to be lease payments (see Note 21 for the new leases policy which explains what amounts are included in lease payments).

Leases previously classified as operating leases under AASB 117

On transition to AASB16, the Group recognised lease liabilities for leases previously classified as operating leases by discounting the remaining lease payments using the incremental borrowing rate as at the date of initial application, i.e. 1 January 2019. The right-of-use assets were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Group has applied the following practical expedients in transitioning existing operating leases:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment)
- applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining lease term is 12 months or less from the date of initial application
- relied on its assessment of whether leases are onerous applying AASB137 immediately before the date of initial application, as an alternative to undertaking an impairment review
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- excluded initial direct costs from the measurement of right-of-use asset at the date of initial application
- recognised \$86.0 million of right-of-use assets and \$86.0 million of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Summary of significant accounting policies (continued)**(g) Initial application of Accounting Standards and Interpretations (continued)*****Leases previously classified as finance leases under AASB 117***

On the date of initial application, right-of-use assets and lease liabilities continued to be recognised for leases previously classified as finance leases at the same carrying amounts of the leased assets and finance lease liabilities recognised in accordance with AASB117 immediately before the date of initial application.

As a lessee, the weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 3.25 per cent.

The difference between the operating lease commitments disclosed previously by applying AASB117 and the value of the lease liabilities recognised under AASB16 on 1 January 2019 is explained as follows:

| | Consolidated | Parent |
|---|---------------------|-------------------|
| | 1-Jan-2019 | 1-Jan-2019 |
| | \$'000 | \$'000 |
| Operating lease commitments disclosed as at 31 December 2018 | 128,125 | 128,125 |
| Discounted using the Group's weighted average incremental borrowing rate of 3.25 per cent | (42,130) | (42,130) |
| Add: Finance lease liabilities recognised as at 31 December 2018 | 128,418 | 128,418 |
| Lease liability recognised as at 1 January 2019 | 214,413 | 214,413 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Australian government financial assistance**(a) Commonwealth Grants Scheme and Other Grants**

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Commonwealth Grant Scheme | | 305,325 | 301,797 | 305,325 | 301,797 |
| Access and Participation Funding | | 2,907 | 3,178 | 2,907 | 3,178 |
| National Priorities Pool | | 312 | 83 | 312 | 83 |
| Disability Performance Funding | | 92 | 155 | 92 | 155 |
| Indigenous Support Program | | 2,095 | 2,092 | 2,095 | 2,092 |
| Total Commonwealth Grants Scheme and Other Grants | 34(a) | 310,731 | 307,305 | 310,731 | 307,305 |

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

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

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

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

(b) Higher Education Loan Programs (HELP)

| | Note | Consolidated | | Parent | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| HECS-HELP | | 190,148 | 187,673 | 190,148 | 187,673 |
| FEE-HELP | | 30,147 | 29,522 | 30,147 | 29,522 |
| VET FEE-HELP | | - | 74 | - | 74 |
| SA-HELP | | 4,548 | 5,202 | 4,548 | 5,202 |
| Total Higher Education Loan Programs | 34(b) | 224,843 | 222,471 | 224,843 | 222,471 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Australian government financial assistance (continued)**(c) EDUCATION Research**

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Research Training Program | | 95,791 | 96,507 | 95,791 | 96,507 |
| Research Support Program | | 86,493 | 90,759 | 86,493 | 90,759 |
| Total EDUCATION Research Grants | 34(c) | 182,284 | 187,266 | 182,284 | 187,266 |

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

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

(d) Other Capital Funding

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| ARC Linkage Infrastructure, Equipment and Facilities Grant | | 3,644 | 3,459 | 3,644 | 3,459 |
| Total Other Capital Funding | 34(d) | 3,644 | 3,459 | 3,644 | 3,459 |

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

(e) Australian Research Council (ARC)

| | Note | Consolidated | | Parent | |
|------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Discovery | | 43,533 | 44,805 | 43,533 | 44,805 |
| Linkages | | 7,112 | 8,876 | 7,112 | 8,876 |
| Networks and Centres | | 10,249 | 11,342 | 10,249 | 11,342 |
| Special Research Initiatives | | 1,393 | 1,265 | 1,393 | 1,265 |
| Total ARC | 34(e) | 62,287 | 66,288 | 62,287 | 66,288 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 Australian government financial assistance (continued)**(f) Other Australian Government Financial Assistance**

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Non-capital | | | | |
| National Health and Medical Research Council | 71,369 | 74,776 | 71,369 | 74,776 |
| Various Other Australian Government | 90,758 | 127,864 | 90,758 | 127,864 |
| Total | 162,127 | 202,640 | 162,127 | 202,640 |
| Total Other Australian Government Financial Assistance | 162,127 | 202,640 | 162,127 | 202,640 |

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

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

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Total Australian Government Financial Assistance | 945,916 | 989,429 | 945,916 | 989,429 |
|---|----------------|----------------|----------------|----------------|

3 State and local government financial assistance

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Non-capital | | | | |
| State Government | 37,757 | 36,206 | 37,757 | 36,206 |
| Total State and Local Government Financial Assistance | 37,757 | 36,206 | 37,757 | 36,206 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4 HECS-HELP Student Payments

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| HECS-HELP – Student Payments | 20,945 | 22,134 | 20,945 | 22,134 |
| Total HECS-HELP Student Payments | 20,945 | 22,134 | 20,945 | 22,134 |

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

5 Fees and charges

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Course fees and charges | | | | |
| Fee-paying onshore overseas students | 657,220 | 552,882 | 657,220 | 552,882 |
| Fee-paying offshore overseas students | 21,645 | 19,816 | 21,645 | 19,816 |
| Continuing education | 4,466 | 3,003 | 4,381 | 2,948 |
| Fee-paying domestic postgraduate students | 11,513 | 11,462 | 11,513 | 11,462 |
| Fee-paying domestic undergraduate students | 789 | 1,075 | 789 | 1,075 |
| Fee-paying domestic non-award students | 722 | 747 | 722 | 747 |
| Total course fees and charges | 696,355 | 588,985 | 696,270 | 588,930 |
| Other non-course fees and charges | | | | |
| Student services fees from students | 8,723 | 8,032 | 8,723 | 8,032 |
| Library fines | 798 | 824 | 798 | 824 |
| Parking fees and fines | 7,385 | 6,988 | 7,427 | 6,998 |
| Registration fees | 4,197 | 3,887 | 4,215 | 3,888 |
| Rental charges | 5,912 | 4,672 | 6,100 | 4,979 |
| Gym and sport fees | 7,782 | 7,225 | - | - |
| Student residential fees | 2,739 | 2,668 | 2,739 | 2,668 |
| Other services | 16,962 | 17,055 | 17,238 | 17,278 |
| Total other fees and charges | 54,498 | 51,351 | 47,240 | 44,667 |
| Total fees and charges | 750,853 | 640,336 | 743,510 | 633,597 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5 Fees and charges (continued)

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

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

6 Royalties, trademarks and licences

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Royalty and trademarks | 36,995 | 32,681 | 14,666 | 11,875 |
| Licences | 1,961 | 2,753 | 1,204 | 403 |
| Total royalties, trademarks and licences | 38,956 | 35,434 | 15,870 | 12,278 |

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

7 Consultancy and contracts

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Contract revenue – research | 151,811 | 129,045 | 148,681 | 128,534 |
| Consultancy fees | 19,224 | 21,801 | 15,704 | 14,707 |
| Contract revenue – non-research | 10,027 | 15,151 | 10,316 | 12,894 |
| Total consultancy and contracts | 181,062 | 165,997 | 174,701 | 156,135 |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8 Other revenue and other income**(a) Other revenue**

| | Consolidated | | Parent | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Donations and bequests | 55,517 | 51,164 | 55,544 | 51,122 |
| Scholarships and prizes | 4,572 | 5,222 | 4,607 | 5,228 |
| Net foreign exchange gain/(loss) | (68) | 22 | (41) | 33 |
| Sale of goods | 12,877 | 10,319 | 11,362 | 10,507 |
| Sale of services | 36,180 | 35,286 | 26,608 | 28,865 |
| Sponsorships | 1,873 | 1,971 | 1,874 | 1,973 |
| Other revenue | 10,316 | 9,738 | 10,897 | 10,640 |
| Total other revenue | 121,267 | 113,722 | 110,851 | 108,368 |

(b) Other income

| | Consolidated | | Parent | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Insurance proceeds | 615 | 892 | 615 | 892 |
| Total other income | 615 | 892 | 615 | 892 |

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9 Investment revenue and income**(a) Investment revenue**

| | Consolidated | | Parent | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Interest from other entities | 11,894 | 11,486 | 11,690 | 11,197 |
| Dividends from other entities | 7,940 | 6,122 | 26,695 | 11,600 |
| Total investment revenue | 19,834 | 17,608 | 38,385 | 22,797 |

(b) Other investment income

| | Consolidated | | Parent | |
|---|----------------|-----------------|----------------|-----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Net fair value gains/(losses) on investment portfolios and other financial assets | 103,657 | (10,988) | 105,606 | (12,482) |
| Net gain/(loss) on sale of other financial assets | 20 | 604 | - | - |
| Total other investment income | 103,677 | (10,384) | 105,606 | (12,482) |
| Total investment revenue and income | 123,511 | 7,224 | 143,991 | 10,315 |

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10 Employee-related expenses

| | Consolidated | | Parent | |
|--|------------------|------------------|------------------|------------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Academic | | | | |
| Salaries | 416,717 | 390,921 | 410,110 | 385,165 |
| Payroll tax | 24,994 | 23,386 | 24,994 | 23,386 |
| Workers' compensation | 402 | 111 | 402 | 111 |
| Long service leave expense | 11,869 | 8,069 | 11,869 | 8,069 |
| Annual leave expense | 38,933 | 43,007 | 38,933 | 43,007 |
| Other | 22,864 | 21,093 | 22,962 | 21,403 |
| Contributions to funded superannuation and pension schemes | 66,711 | 63,316 | 66,711 | 63,316 |
| Total academic | 582,490 | 549,903 | 575,981 | 544,457 |
| Non-academic | | | | |
| Salaries | 406,067 | 372,668 | 385,764 | 351,957 |
| Payroll tax | 25,107 | 22,548 | 24,149 | 21,363 |
| Workers' compensation | 470 | 141 | 366 | 28 |
| Long service leave expense | 11,202 | 7,269 | 11,060 | 7,117 |
| Annual leave expense | 39,637 | 34,229 | 39,421 | 33,965 |
| Other | 4,309 | 3,051 | 4,332 | 2,997 |
| Contributions to funded superannuation and pension schemes | 65,042 | 57,930 | 63,247 | 56,958 |
| Total non-academic | 551,834 | 497,836 | 528,339 | 474,385 |
| Total employee related expenses | 1,134,324 | 1,047,739 | 1,104,320 | 1,018,842 |

The number of full-time equivalent employees in the consolidated entity at 31 March 2019 was 7,870 (2018: 7,867).
The number of full-time equivalent employees in the parent entity at 31 March 2019 was 7,579 (2018: 7,589).

11 Impairment of assets

| | Consolidated | | Parent | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Impairment of receivables | 2,080 | 818 | 2,037 | 847 |
| Impairment of other financial assets | - | - | 12,730 | - |
| Total impairment of assets | 2,080 | 818 | 14,767 | 847 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12 Other expenses

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Scholarships, grants and prizes | 96,368 | 87,424 | 96,151 | 87,195 |
| Non-capitalised equipment | 27,396 | 26,786 | 27,211 | 26,581 |
| Advertising, marketing and promotional expenses | 16,899 | 18,200 | 16,699 | 18,038 |
| Travel, staff development and entertainment | 60,318 | 57,130 | 59,594 | 56,501 |
| Teaching materials and services | 30,329 | 22,955 | 30,329 | 22,955 |
| Laboratory supplies and services | 41,185 | 37,664 | 41,168 | 37,647 |
| Collaborative projects | 77,342 | 63,442 | 86,978 | 72,111 |
| Utilities and insurance | 37,385 | 37,201 | 35,766 | 35,579 |
| Computing supplies and services | 29,742 | 21,881 | 29,282 | 21,380 |
| Facilities and campus services | 19,498 | 18,894 | 19,273 | 18,968 |
| Office supplies and furniture | 6,855 | 6,567 | 6,642 | 6,358 |
| Staffing expenses | 7,369 | 5,396 | 7,255 | 5,245 |
| Staff appointment expenses | 4,925 | 4,222 | 4,897 | 4,174 |
| Professional, consultant and admin services | 144,858 | 128,763 | 145,674 | 132,124 |
| Memberships and subscriptions | 8,707 | 7,666 | 8,425 | 7,340 |
| Postage and freight | 4,280 | 4,607 | 4,270 | 4,579 |
| Telecommunications | 6,633 | 10,576 | 6,572 | 10,506 |
| Miscellaneous expenses | 39,507 | 39,315 | 32,779 | 34,593 |
| Commercialisation supplies and services | 11,424 | 13,115 | - | - |
| Total other expenses | 671,020 | 611,804 | 658,965 | 601,874 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'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 | 580 | 751 | 575 | 525 |
| Fees paid to Deloitte Touche Tohmatsu for the audit of statutory financial reports under US GAAP for the financial year ended 31 December | 150 | 140 | 150 | 140 |
| Total | 730 | 891 | 725 | 665 |

Other services**Other audit and assurance services**

Fees paid to other audit firms for the audit of special purpose financial reports

| | | | | |
|--------------|-----------|------------|-----------|------------|
| | 51 | 132 | 51 | 132 |
| Total | 51 | 132 | 51 | 132 |

14 Cash and cash equivalents

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Cash at bank and in hand | 78,448 | 183,456 | 51,495 | 154,043 |
| Total cash and cash equivalents | 78,448 | 183,456 | 51,495 | 154,043 |

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15 Receivables and accrued revenue

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current | | | | |
| Debtors – external | 75,066 | 67,506 | 69,987 | 63,348 |
| Provision for impairment | (5,549) | (3,872) | (5,505) | (3,776) |
| Total debtors – external | 69,517 | 63,634 | 64,482 | 59,572 |
| Debtors – controlled entities | - | - | 9,197 | 7,792 |
| Accrued revenue | 25,494 | 11,529 | 18,516 | 3,205 |
| Other debtors | 16,577 | 8,393 | 16,577 | 8,393 |
| Total current receivables | 111,588 | 83,556 | 108,772 | 78,962 |
| Non-Current | | | | |
| Loans and advances – controlled entities | - | - | 2,196 | 2,196 |
| Provision for impairment | - | - | (2,196) | (2,196) |
| Total loans and advances – controlled entities | - | - | - | - |
| Total non-current trade and other receivables | - | - | - | - |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16 Other financial assets

| | Consolidated | | Parent | |
|---|----------------|----------------|------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current | | | | |
| Financial assets at fair value through profit or loss | 294,790 | 254,509 | 294,790 | 254,509 |
| Financial assets at amortised costs | 310,000 | 250,000 | 310,000 | 250,000 |
| Total current other financial assets | 604,790 | 504,509 | 604,790 | 504,509 |
| Non-current | | | | |
| Financial assets at fair value through profit or loss | 320,976 | 239,847 | 341,871 | 259,293 |
| Investments in equity instruments designated at fair value through other comprehensive income | 54,014 | 39,066 | 72,754 | 70,536 |
| Total non-current other financial assets | 374,990 | 278,913 | 414,625 | 329,829 |
| Total other financial assets | 979,780 | 783,422 | 1,019,415 | 834,338 |

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

Financial assets at amortised cost (current)

The Group holds fixed-interest rate term deposits with approved banks and financial institutions. These term deposits have a typical duration of between six and 12 months.

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

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

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

The Group maintains a prudent reserve of liquid assets to meet any unanticipated operating and capital expenditure that may arise. These funds are invested in the Queensland Investment Corporation Growth Fund. The Fund invests in a mix of cash, fixed interest securities, Australian shares, international shares, real estate, infrastructure, private equity and other alternatives.

This asset is classified as a financial asset at fair value through profit and loss (current) as it provides cash flows that are not solely payments of principal and interest.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16 Other financial assets (continued)**Financial assets at fair value through profit and loss (non-current)**

The Group maintains two long-term managed 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 expended on purposes specified by the donors. 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 Group also holds investments in commercialisation entities as a result of its activities in UniQuest Pty Ltd (a controlled entity). In most cases, the University has obtained an equity holding in these entities by contributing intellectual property as opposed to cash.

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

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

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

The Group holds investments in a small number of unlisted entities that are held for strategic benefit in addition to financial returns. These include an interest in Education Australia Limited and AARNet Pty Ltd. It also includes investments in controlled entities (parent entity only).

These assets are classified as financial assets designated at fair value through other comprehensive income (non-current) as they provide cash flows that are not solely payments of principal and interest, and they are not primarily held for trading.

They are measured at fair value. Distributions/dividends received are recognised in the Income Statement but the annual movement in fair value is not. The fair value movement is recorded as part of other comprehensive income in the Statements of Comprehensive Income.

17 Investments accounted for using the equity method

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Investments in associates | 30,753 | 31,366 | - | - |
| Total investments accounted for using the equity method | 30,753 | 31,366 | - | - |
| Reconciliation | | | | |
| Balance at 1 January | 31,366 | 31,272 | - | - |
| Share of profit / (loss) for the year | (613) | 94 | - | - |
| Balance at 31 December | 30,753 | 31,366 | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17 Investments accounted for using the equity method (continued)

| | Ownership Interest % | |
|--|----------------------|------|
| | 2019 | 2018 |
| Associates | | |
| Translational Research Institute Trust | 25 | 25 |
| Admedus Vaccines Pty Ltd | - | 27 |

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

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Financial Position | | |
| Total assets | 329,487 | 333,148 |
| Total liabilities | 206,475 | 208,248 |
| Net assets | 123,012 | 124,900 |
| Share of associates' net assets | 30,753 | 31,366 |
| Financial Performance | | |
| Total revenue | 32,459 | 30,722 |
| Total expenses | (34,909) | (30,346) |
| Profit / (loss) | (2,450) | 376 |
| Total comprehensive loss | (2,450) | 376 |
| Share of associates' profit / (loss) | (613) | 94 |

The associates have no contingent liabilities or capital commitments at 31 December 2019 or 2018.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 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 2018 | | | | | | | | | |
| 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) |
| Net book amount | 37,270 | 282,543 | 1,761,652 | 139,775 | 196,342 | 7,711 | 184,532 | 90,705 | 2,700,530 |
| Year ended 31 December 2018 | | | | | | | | | |
| Opening net book amount | 37,270 | 282,543 | 1,761,652 | 139,775 | 196,342 | 7,711 | 184,532 | 90,705 | 2,700,530 |
| Additions | 102,192 | 1,906 | 8,717 | - | - | - | 34,238 | 858 | 147,911 |
| Disposals | (8,655) | - | (1,502) | - | - | - | (2,883) | (199) | (13,239) |
| Revaluation increment / (decrement) | - | 2,952 | 40,325 | 3,647 | 2,248 | - | - | 7,061 | 56,233 |
| Transfers | (23,030) | 3,861 | 6,770 | 374 | - | 5,737 | 6,288 | - | - |
| Depreciation charge | - | - | (109,012) | (3,214) | (7,742) | (1,877) | (40,294) | (2,528) | (164,667) |
| Closing net book amount | 107,777 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,571 | 181,881 | 95,897 | 2,726,768 |
| At 31 December 2018 | | | | | | | | | |
| Cost | 107,777 | - | - | 30,546 | 118,040 | 20,599 | 499,031 | - | 775,993 |
| Valuation | - | 291,262 | 3,268,197 | 184,853 | 118,180 | - | - | 160,630 | 4,023,122 |
| Accumulated depreciation | - | - | (1,561,247) | (74,817) | (45,372) | (9,028) | (317,150) | (64,733) | (2,072,347) |
| Closing net book amount | 107,777 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,571 | 181,881 | 95,897 | 2,726,768 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Property, plant and equipment (continued)

| Parent | Work in progress \$'000 | Land \$'000 | Buildings \$'000 | Infrastructure and land improvements \$'000 | Right-of-use assets \$'000 | Leasehold improvements \$'000 | Plant and equipment \$'000 | Heritage and cultural assets \$'000 | Total \$'000 |
|-------------------------------------|----------------------------|----------------|---------------------|--|-------------------------------|----------------------------------|-------------------------------|--|------------------|
| At 1 January 2019 | | | | | | | | | |
| Cost | 107,777 | - | - | 30,546 | 118,040 | 20,599 | 499,031 | - | 775,993 |
| Valuation | - | 291,262 | 3,268,197 | 184,853 | 118,180 | - | - | 160,630 | 4,023,122 |
| Accumulated depreciation | - | - | (1,561,247) | (74,817) | (45,372) | (9,028) | (317,150) | (64,733) | (2,072,347) |
| Net book amount | 107,777 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,571 | 181,881 | 95,897 | 2,726,768 |
| Year ended 31 December 2019 | | | | | | | | | |
| Opening net book amount | 107,777 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,571 | 181,881 | 95,897 | 2,726,768 |
| Additions | 186,994 | - | 69,063 | 14 | 85,995 | - | 49,469 | 1,481 | 393,016 |
| Disposals | - | (3,600) | (15,994) | - | - | - | (1,053) | (271) | (20,918) |
| Revaluation increment / (decrement) | - | 6,333 | 48,122 | (26,907) | 9,570 | - | - | 1,999 | 39,117 |
| Transfers | (104,511) | 5,133 | 54,373 | 42,198 | - | 1,412 | 1,395 | - | - |
| Re-measurements | - | - | - | - | (10,696) | - | - | - | (10,696) |
| Depreciation charge | - | - | (110,175) | (3,349) | (12,263) | (1,946) | (40,461) | (2,531) | (170,725) |
| Closing net book amount | 190,260 | 299,128 | 1,752,339 | 152,538 | 263,454 | 11,037 | 191,231 | 96,575 | 2,956,562 |
| At 31 December 2019 | | | | | | | | | |
| Cost | 190,260 | - | - | - | 193,339 | 22,010 | 539,141 | - | 944,750 |
| Valuation | - | 299,128 | 3,173,516 | 212,546 | 125,182 | - | - | 167,486 | 3,977,858 |
| Accumulated depreciation | - | - | (1,421,177) | (60,008) | (55,067) | (10,973) | (347,910) | (70,911) | (1,966,046) |
| Closing net book amount | 190,260 | 299,128 | 1,752,339 | 152,538 | 263,454 | 11,037 | 191,231 | 96,575 | 2,956,562 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 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 |
|--------------------------------------|----------------------------|----------------|---------------------|--|------------------------|-------------------------|----------------------------------|-------------------------------|--|------------------|
| | | | | improvements \$'000 | improvements \$'000 | | | | | |
| At 1 January 2018 | | | | | | | | | | |
| 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) |
| Net book amount | 37,281 | 282,543 | 1,761,652 | 139,775 | 196,342 | 7,734 | 186,443 | 90,705 | 90,705 | 2,702,475 |
| Year ended 31 December 2018 | | | | | | | | | | |
| Opening net book amount | 37,281 | 282,543 | 1,761,652 | 139,775 | 196,342 | 7,734 | 186,443 | 90,705 | 90,705 | 2,702,475 |
| Additions | 102,459 | 1,906 | 8,717 | - | - | 413 | 34,636 | 858 | - | 148,989 |
| Disposals | (8,656) | - | (1,501) | - | - | - | (3,003) | (199) | - | (13,359) |
| Revaluation increment / (decrements) | - | 2,952 | 40,325 | 3,647 | 2,248 | - | - | - | - | 56,233 |
| Transfers | (23,076) | 3,861 | 6,770 | 374 | - | 5,737 | 6,334 | 7,061 | - | - |
| Depreciation charge | - | - | (109,013) | (3,214) | (7,742) | (1,962) | (40,808) | (2,528) | - | (165,267) |
| Closing net book amount | 108,008 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,922 | 183,602 | 95,897 | 95,897 | 2,729,071 |
| At 31 December 2018 | | | | | | | | | | |
| Cost | 108,008 | - | - | 30,546 | 118,040 | 21,168 | 504,610 | - | - | 782,372 |
| Valuation | - | 291,262 | 3,268,197 | 184,853 | 118,180 | - | - | 160,630 | - | 4,023,122 |
| Accumulated depreciation | - | - | (1,561,247) | (74,817) | (45,372) | (9,246) | (321,008) | (64,733) | - | (2,076,423) |
| Closing net book amount | 108,008 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,922 | 183,602 | 95,897 | 95,897 | 2,729,071 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Property, plant and equipment (continued)

| Consolidated | Work in progress \$'000 | Land \$'000 | Buildings \$'000 | Infrastructure and land improvements \$'000 | Right-of-use assets \$'000 | Leasehold improvements \$'000 | Plant and equipment \$'000 | Heritage and cultural assets \$'000 | Total \$'000 |
|--------------------------------------|----------------------------|----------------|---------------------|--|----------------------------------|-------------------------------------|----------------------------------|--|------------------|
| | | | | | | | | | |
| At 1 January 2019 | | | | | | | | | |
| Cost | 108,008 | - | - | 30,546 | 118,040 | 21,168 | 504,610 | - | 782,372 |
| Valuation | - | 291,262 | 3,268,197 | 184,853 | 118,180 | - | - | 160,630 | 4,023,122 |
| Accumulated depreciation | - | - | (1,561,247) | (74,817) | (45,372) | (9,246) | (321,008) | (64,733) | (2,076,423) |
| Net book amount | 108,008 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,922 | 183,602 | 95,897 | 2,729,071 |
| Year ended 31 December 2019 | | | | | | | | | |
| Opening net book amount | 108,008 | 291,262 | 1,706,950 | 140,582 | 190,848 | 11,922 | 183,602 | 95,897 | 2,729,071 |
| Additions | 186,986 | - | 69,063 | 14 | 85,995 | 136 | 50,181 | 1,481 | 393,856 |
| Disposals | (223) | (3,600) | (15,994) | - | - | - | (1,053) | (271) | (21,141) |
| Revaluation increment / (decrements) | - | 6,333 | 48,122 | (26,907) | 9,570 | - | - | 1,999 | 39,117 |
| Transfers | (104,511) | 5,133 | 54,373 | 42,198 | - | 1,412 | 1,395 | - | - |
| Re-measurements | - | - | - | - | (10,696) | - | - | - | (10,696) |
| Depreciation charge | - | - | (110,175) | (3,349) | (12,263) | (2,010) | (41,067) | (2,531) | (171,395) |
| Closing net book amount | 190,260 | 299,128 | 1,752,339 | 152,538 | 263,454 | 11,460 | 193,058 | 96,575 | 2,958,812 |
| At 31 December 2019 | | | | | | | | | |
| Cost | 190,260 | - | - | - | 193,339 | 22,588 | 544,793 | - | 950,980 |
| Valuation | - | 299,128 | 3,173,516 | 212,546 | 125,182 | - | - | 167,486 | 3,977,858 |
| Accumulated depreciation | - | - | (1,421,177) | (60,008) | (55,067) | (11,128) | (351,735) | (70,911) | (1,970,026) |
| Closing net book amount | 190,260 | 299,128 | 1,752,339 | 152,538 | 263,454 | 11,460 | 193,058 | 96,575 | 2,958,812 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Property, plant and equipment (continued)**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 | \$ 1,000 |
| Leasehold improvements | \$ 1,000 |
| Plant and equipment | \$ 5,000 |
| Heritage and cultural assets | \$ 1 |

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

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

A right-of-use asset (referred to as leased assets prior to the adoption of AASB 16 on 1 January 2019) is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease. All right-of-use assets controlled by the Group relate to land and buildings.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Property, plant and equipment (continued)

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

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

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

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

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.

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% |
| Leasehold improvements | Straight line | 3% – 19% |
| Plant and equipment | Straight line | 10% – 20% |
| Heritage and cultural assets – reference collection | Diminishing value | 15% |
| Right-of-use assets – Group retains ownership at end of lease | Straight line | 3% |
| Right-of-use assets – Group does not retain ownership at end of lease | Straight line | 3% – 33% |

Valuations***Land, buildings and infrastructure, and land improvements***

The Group performs a full valuation of its land, buildings and infrastructure and land improvements (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18 Property, plant and equipment (continued)

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

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 2016 (as at 31 December 2016) and 2018 (as at 31 December 2018).

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.

De-recognition

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

Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19 Intangible assets

| | Digital library collection \$'000 | Intellectual property \$'000 | Parent Software WIP \$'000 | Software internally generated \$'000 | Total \$'000 |
|------------------------------------|--|------------------------------------|-------------------------------------|---|-----------------|
| At 1 January 2018 | | | | | |
| Cost | 24,563 | - | 977 | 18,782 | 44,322 |
| Valuation | - | 1,526 | - | - | 1,526 |
| Accumulated amortisation | (11,835) | (1,018) | - | (10,763) | (23,616) |
| Net book amount | 12,728 | 508 | 977 | 8,019 | 22,232 |
| Year ended 31 December 2018 | | | | | |
| Opening net book amount | 12,728 | 508 | 977 | 8,019 | 22,232 |
| Additions | 2,924 | 49 | 817 | - | 3,790 |
| Disposals | (57) | (4) | - | - | (61) |
| Amortisation charge | (1,870) | (76) | - | (1,087) | (3,033) |
| Revaluation increments | 435 | 14 | - | - | 449 |
| Closing net book amount | 14,160 | 491 | 1,794 | 6,932 | 23,377 |
| At 31 December 2018 | | | | | |
| Cost | 28,224 | - | 1,794 | 18,782 | 48,800 |
| Valuation | - | 1,602 | - | - | 1,602 |
| Accumulated amortisation | (14,064) | (1,111) | - | (11,850) | (27,025) |
| Net book amount | 14,160 | 491 | 1,794 | 6,932 | 23,377 |
| Year ended 31 December 2019 | | | | | |
| Opening net book amount | 14,160 | 491 | 1,794 | 6,932 | 23,377 |
| Additions | 2,975 | 69 | 1,608 | - | 4,652 |
| Disposals | (9) | - | - | - | (9) |
| Transfers | - | - | (1,794) | 1,794 | - |
| Amortisation charge | (2,063) | (74) | - | (1,249) | (3,386) |
| Revaluation increments | - | 8 | - | - | 8 |
| Closing net book amount | 15,063 | 494 | 1,608 | 7,477 | 24,642 |
| At 31 December 2019 | | | | | |
| Cost | 31,181 | - | 1,608 | 20,576 | 53,365 |
| Valuation | - | 1,701 | - | - | 1,701 |
| Accumulated depreciation | (16,118) | (1,207) | - | (13,099) | (30,424) |
| Net book amount | 15,063 | 494 | 1,608 | 7,477 | 24,642 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19 Intangible assets (continued)

| | Consolidated | | | | | Total \$'000 |
|------------------------------------|--|------------------------------------|---------------------------|---|---------------------------------|-----------------|
| | Digital library collection \$'000 | Intellectual property \$'000 | Software WIP \$'000 | Software internally generated \$'000 | Software purchased \$'000 | |
| At 1 January 2018 | | | | | | |
| 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 |
| Year ended 31 December 2018 | | | | | | |
| Opening net book amount | 12,728 | 508 | 977 | 8,019 | 2 | 22,234 |
| Additions | 2,925 | 49 | 817 | 100 | - | 3,891 |
| Disposals | (57) | (4) | - | - | - | (61) |
| Amortisation charge | (1,870) | (76) | - | (1,087) | (2) | (3,035) |
| Revaluation increments | 434 | 14 | - | - | - | 448 |
| Closing net book amount | 14,160 | 491 | 1,794 | 7,032 | - | 23,477 |
| At 31 December 2018 | | | | | | |
| Cost | 28,224 | - | 1,794 | 18,882 | 858 | 49,758 |
| Valuation | - | 1,602 | - | - | - | 1,602 |
| Accumulated amortisation | (14,064) | (1,111) | - | (11,850) | (858) | (27,883) |
| Net book amount | 14,160 | 491 | 1,794 | 7,032 | - | 23,477 |
| Year ended 31 December 2019 | | | | | | |
| Opening net book amount | 14,160 | 491 | 1,794 | 7,032 | - | 23,477 |
| Additions | 2,975 | 69 | 1,608 | - | - | 4,652 |
| Disposals | (9) | - | - | (100) | - | (109) |
| Transfers | - | - | (1,794) | 1,794 | - | - |
| Amortisation charge | (2,063) | (74) | - | (1,249) | - | (3,386) |
| Revaluation Increments | - | 8 | - | - | - | 8 |
| Closing net book amount | 15,063 | 494 | 1,608 | 7,477 | - | 24,642 |
| At 31 December 2019 | | | | | | |
| Cost | 31,181 | - | 1,608 | 20,576 | 781 | 54,146 |
| Valuation | - | 1,701 | - | - | - | 1,701 |
| Accumulated amortisation | (16,118) | (1,207) | - | (13,099) | (781) | (31,205) |
| Net book amount | 15,063 | 494 | 1,608 | 7,477 | - | 24,642 |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19 Intangible assets (continued)

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

Items recognised as intangible assets are as follows:

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

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

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

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

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

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

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20 Trade and other payables

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current | | | | |
| Trade payables | 48,969 | 25,045 | 48,186 | 23,118 |
| Employee benefits | 15,107 | 26,269 | 15,107 | 26,269 |
| Sundry payables and accrued expenses | 52,174 | 58,325 | 46,938 | 54,282 |
| OS-HELP liability to Australian Government | 3,765 | 3,937 | 3,765 | 3,937 |
| Trade and other payables – controlled entities | - | - | 138 | 15,673 |
| Other payables | 6,667 | 5,775 | 4,597 | 3,677 |
| Total current trade and other payables | 126,682 | 119,352 | 118,731 | 126,956 |

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.

21 Borrowings

| | Consolidated | | Parent | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current | | | | |
| QTC loan | 8,194 | 3,793 | 8,194 | 3,793 |
| Lease liabilities | 2,512 | - | 2,512 | - |
| Other loans | 300 | - | - | - |
| Total current borrowings | 11,006 | 3,793 | 10,706 | 3,793 |
| Non-Current | | | | |
| Lease liabilities | 201,310 | 128,418 | 201,310 | 128,418 |
| QTC loan | 85,156 | 50,473 | 85,156 | 50,473 |
| Total non-current borrowings | 286,466 | 178,891 | 286,466 | 178,891 |
| Total borrowings | 297,472 | 182,684 | 297,172 | 182,684 |

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

- a \$251.0 million loan to fund a student residences project on the St Lucia campus: the total amount drawn down at 31 December 2019 is \$11.0 million and the loan is expected to be fully drawn down by the end of 2024
- an \$87.1 million loan to fund a solar farm in Warwick: the total amount has been fully drawn down at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21 Borrowings (continued)**(a) Reconciliation of liabilities arising from financing activities**

| | 2018 | Cash flows | Non-cash changes | 2019 |
|--|----------------|---------------|---------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Long-term borrowings | 54,266 | 39,384 | - | 93,650 |
| Lease liabilities | 128,418 | (14,839) | 90,243 | 203,822 |
| Total liabilities from financing activities | 182,684 | 24,545 | 90,243 | 297,472 |

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

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

Financing costs

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

Lease liability

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22 Provisions

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current provisions expected to be settled within 12 months | | | | |
| Workers' compensation | 1,136 | 1,053 | 1,136 | 1,053 |
| Long service leave | 23,630 | 22,026 | 22,751 | 21,270 |
| Annual leave | 58,334 | 60,897 | 56,446 | 59,032 |
| Other provisions | 50 | 50 | - | - |
| Subtotal | 83,150 | 84,026 | 80,333 | 81,355 |
| Current provisions expected to be settled after more than 12 months | | | | |
| Annual leave | 36,843 | 29,071 | 36,843 | 29,071 |
| Long service leave | 60,665 | 53,880 | 60,665 | 53,880 |
| Subtotal | 97,508 | 82,951 | 97,508 | 82,951 |
| Total current provisions | 180,658 | 166,977 | 177,841 | 164,306 |
| Non-current provisions | | | | |
| Long service leave | 32,272 | 29,902 | 31,621 | 29,234 |
| Workers' compensation | 1,028 | 342 | 1,028 | 342 |
| Total non-current provisions | 33,300 | 30,244 | 32,649 | 29,576 |
| Total provisions | 213,958 | 197,221 | 210,490 | 193,882 |

Annual leave

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

Long service leave

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

Superannuation

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22 Provisions (continued)**Short term obligations**

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

23 Other liabilities

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Current | | | | |
| Revenue received in advance | 411,574 | 84,932 | 410,442 | 81,874 |
| Loan from controlled entity | - | - | - | 299 |
| Australian government unspent financial assistance | 1,652 | 1,434 | 1,652 | 1,434 |
| Other | 3,015 | 3,991 | 2,744 | 2,517 |
| Total other liabilities | 416,241 | 90,357 | 414,838 | 86,124 |

The Group has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24 Reserves**(a) Reserves**

| | Consolidated | | Parent | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Reserves | | | | |
| Asset revaluation surplus | 1,778,426 | 1,739,302 | 1,778,426 | 1,739,302 |
| Investment revaluation reserve | 32,901 | 19,303 | 32,901 | 19,303 |
| Total Reserves | 1,811,327 | 1,758,605 | 1,811,327 | 1,758,605 |

(b) Movements

| | Consolidated | | Parent | |
|--|------------------|------------------|------------------|------------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Asset revaluation surplus | | | | |
| Opening balance | 1,739,302 | 1,682,622 | 1,739,302 | 1,682,622 |
| Fair value adjustment on revaluation of property, plant, equipment and intangible assets, net of tax | 39,124 | 56,680 | 39,124 | 56,680 |
| | 1,778,426 | 1,739,302 | 1,778,426 | 1,739,302 |
| Investment revaluation reserve | | | | |
| Opening balance | 19,303 | 16,202 | 19,303 | 16,202 |
| Retrospective adjustments from AASB 9 | | | | |
| Retained earnings | - | (9,050) | - | (9,050) |
| Fair value adjustment | - | 4,461 | - | 4,461 |
| Restated opening balance | 19,303 | 11,613 | 19,303 | 11,613 |
| Fair value adjustment on revaluation of financial assets through other comprehensive income | 13,598 | 7,690 | 13,598 | 7,690 |
| | 32,901 | 19,303 | 32,901 | 19,303 |
| Total reserves | 1,811,327 | 1,758,605 | 1,811,327 | 1,758,605 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Operating result for the year | 127,782 | 72,705 | 131,810 | 74,500 |
| Depreciation and amortisation | 174,781 | 168,302 | 174,111 | 167,700 |
| Donations of property, plant and equipment | (504) | (416) | (504) | (416) |
| Non-cash licence fees | (500) | (1,394) | - | - |
| Net (gain) / loss on sale of non-current assets | 16,637 | 12,835 | 16,648 | 12,716 |
| Net (gain) / loss on disposal of other financial assets | (20) | (604) | - | - |
| Interest expense on finance leases | 14,945 | 12,000 | 14,945 | 12,000 |
| Bad and doubtful debts written off / (written back) | 2,080 | 818 | 2,037 | 847 |
| Impairment of financial assets | - | - | 12,730 | - |
| Equity accounted investment | 613 | (94) | - | - |
| Unrealised foreign exchange loss / (gain) | 826 | 850 | 842 | 851 |
| Change in fair value of other financial assets | (100,898) | 12,161 | (102,847) | 13,654 |
| Change in operating assets and liabilities: | | | | |
| (Increase) / decrease in receivables | (17,268) | (9,287) | (19,002) | (13,661) |
| (Increase) / decrease in inventories | 382 | (773) | 250 | (685) |
| (Increase) / decrease in other assets | (30,298) | 12,597 | (26,085) | 7,484 |
| Increase / (decrease) in payables | 10,955 | 17,271 | (9,609) | 38,531 |
| Increase / (decrease) in provisions | 16,736 | 10,565 | 16,608 | 10,421 |
| Increase / (decrease) in tax liabilities | (3,773) | 3,766 | - | - |
| Increase / (decrease) in other liabilities | 47,537 | 14,986 | 50,665 | 16,586 |
| Net cash provided by / (used in) operating activities | 260,013 | 326,288 | 262,599 | 340,528 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26 Commitments**(a) Capital commitments**

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

| | Consolidated | | Parent | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Property, plant and equipment | | | | |
| Within one year | 127,307 | 232,666 | 127,307 | 232,666 |
| Later than one year | 10,153 | 104,549 | 10,153 | 104,549 |
| Total capital commitments | <u>137,460</u> | <u>337,215</u> | <u>137,460</u> | <u>337,215</u> |

(b) Lease commitments*(i) Operating Leases (2018 comparatives only)*

In the prior year, the Group leased premises under non-cancellable operating leases under AASB117.

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

| | Consolidated | Parent |
|-------------------------------------|----------------|----------------|
| | 2018 \$'000 | 2018 \$'000 |
| Within one year | 4,738 | 4,738 |
| Between one year and five years | 19,699 | 19,699 |
| Later than five years | 103,688 | 103,688 |
| Total future minimum lease payments | <u>128,125</u> | <u>128,125</u> |

(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 |
|-------------------------------------|----------------|----------------|
| | 2018 \$'000 | 2018 \$'000 |
| Within one year | 9,794 | 9,794 |
| Between one year and five years | 42,201 | 42,201 |
| Later than five years | 431,629 | 431,629 |
| Total future minimum lease payments | 483,624 | 483,624 |
| Future finance charges | (355,206) | (355,206) |
| Recognised as a liability | <u>128,418</u> | <u>128,418</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26 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 2019 is 9.52 per cent (2018: 9.52 per cent)

(c) Other commitments

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

| | Consolidated | | Parent | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Within one year | 1,500 | 1,000 | 1,500 | 1,000 |
| Between one year and five years | 7,458 | 4,000 | 7,458 | 4,000 |
| Later than five years | 1,000 | 1,500 | 1,000 | 1,500 |
| Total | 9,958 | 6,500 | 9,958 | 6,500 |

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

As at 31 December 2019 the University held:

15,000,000 partly paid \$1 units paid up to \$4,592,000, and may be required to meet calls totalling \$9,958,000.

The rate of drawdown depends on:

- rate of investment in new ventures
- rate of liquidation of investments
- 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

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 contributing funds to cover the operational costs of the facility over the 30-year licence term. UQ contributed \$11.085 million in 2019 (2018: \$10.495 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27 Related parties**(a) Parent entities**

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

(b) Controlled entities

Interests in controlled entities are set out in Note 29.

(c) Key management personnel

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

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

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

| | Consolidated | Consolidated | Parent | |
|--------------------------------|---------------------|---------------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | |
| Sale of goods and services | 2,510 | 2,381 | 19,641 | 19,189 |
| Royalty revenue | - | - | 11,695 | 10,848 |
| Dividends | - | - | 18,825 | 5,518 |
| | 2,510 | 2,381 | 50,161 | 35,555 |
| Expenditure | | | | |
| Purchase of goods and services | 3,627 | 7,274 | 10,394 | 16,580 |
| Grants and funding | 7,433 | 6,333 | 16,214 | 13,709 |
| | 11,060 | 13,607 | 26,608 | 30,289 |

(e) Outstanding balances

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

- Trade receivables and loans and advances – refer Note 15.
- Trade payables – refer Note 20.
- Payables, loans and advances – refer Note 23.

A \$2.196 million provision for impairment (parent only) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27 Related parties (continued)**(f) Guarantees**

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

(g) Transactions with related parties of key management personnel

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

28 Contingencies**(a) Contingent liabilities***Supplementary Benefit Payments*

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

Unimutual

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

Environmental and Make-Good Obligations

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28 Contingencies (continued)**(a) Contingent liabilities (continued)**

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) \$4 million in respect of a loan facility entered into by International House to construct new facilities.
- iii) \$11 million in respect of a loan facility entered into by King's College to construct new facilities.
- iv) \$6.6 million in respect of a loan facility entered into by The Women's College to construct new facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

29 Controlled entities

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

| Name of Entity | Country of Incorporation | Class of Shares | 2019 % | 2018 % |
|--|--------------------------|----------------------|-----------|-----------|
| UQ Investment Trust Group | | | | |
| IMBcom Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| UQ Investment Trust | Australia | Ordinary | 100.00 | 100.00 |
| IMBcom Asset Management Pty Ltd <i>(Deregistered 9 October 2019)</i> | Australia | Ordinary | - | 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 <i>(Deregistered 16 October 2019)</i> | Australia | Ordinary | - | 100.00 |
| JKTech Group | | | | |
| JKTech Pty Ltd | Australia | Ordinary | 94.00 | 94.00 |
| SMI-ICE-Chile SpA | Chile | Ordinary | 100.00 | 100.00 |
| UniQuest and UniQuest Asset Trust Group | | | | |
| UniQuest Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| Dendright Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| Leximancer Pty Ltd | Australia | Ordinary | 60.00 | 60.00 |
| Neo Rehab Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| Symbiosis Group Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| UWAT Pty Ltd <i>(Deregistered 26 April 2019)</i> | Australia | Ordinary | - | 100.00 |
| Jetra Therapeutics Pty Ltd | Australia | Ordinary | 100.00 | - |
| Other entities | | | | |
| UQ Jakarta Office Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| UQ Foundation Trust | Australia | Ordinary | 100.00 | 100.00 |
| IMBcom Asset Trust <i>(Vested 29 July 2019)</i> | Australia | Ordinary | - | 100.00 |
| Global Change Institute Pty Ltd | Australia | Ordinary | 100.00 | 100.00 |
| Warwick Operations Co Pty Ltd <i>(Deregistered 26 September 2019)</i> | Australia | Ordinary | - | 100.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30 Key management personnel disclosures**(a) Names of responsible persons and executive officers**

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the University during 2019. Further information on these positions can be found in the body of the Annual Report under the section relating to corporate governance.

Senate members

Mr Peter Varghese, AO
 Ms Tonianne Dwyer
 Professor Peter Adams
 Ms Julianne Alroe
 Mr Tim Crommelin
 Mr Phil Hennessy, AO
 Dr Zelle Hodge, AM
 Mr Jamie Merrick
 Mr Grant Murdoch
 Dr Sally Pitkin
 Ms Cecile Wake
 Professor Greg Hainge
 Associate Professor Tony Roberts
 Ms Rebecca Hurst
 Mr Thomas Mackay
 Associate Professor Douglas Cavaye
 Adjunct Associate Professor Dimity Dornan, AO
 Ms Kathy Hirschfield, AM
 Ms Anne Cross, AM
 Ms Michelle Tredenick
 Mr Ziggy Turner

Executive Officers

Professor Peter Høj, AC
 Professor Aidan Byrne
 Professor Joanne Wright
 Mr Rongyu Li
 Professor Bronwyn Harch
 Mr Greg Pringle

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30 Key management personnel disclosures (continued)**(b) Remuneration of senate members and executives**

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

| | Parent | |
|-----------------------|--------|------|
| | 2019 | 2018 |
| Senate Members | | |
| Nil to \$14,999 | 3 | 3 |
| \$15,000 to \$29,999 | 14 | 14 |
| \$30,000 to \$44,999 | 3 | 3 |
| \$75,000 to \$89,999 | 1 | 1 |

| | Parent | |
|----------------------------|--------|------|
| | 2019 | 2018 |
| Executive Officers | | |
| \$15,000 to \$29,999 | - | 1 |
| \$285,000 to \$299,999 | - | 1 |
| \$345,000 to \$359,999 | - | 1 |
| \$465,000 to \$479,999 | - | 1 |
| \$645,000 to \$659,999 | 2 | 1 |
| \$660,000 to \$674,999 | 1 | - |
| \$720,000 to \$734,999 | - | 1 |
| \$750,000 to \$764,999 | 1 | - |
| \$765,000 to \$779,999 | - | 1 |
| \$780,000 to \$794,999 | 1 | - |
| \$1,185,000 to \$1,199,999 | - | 1 |
| \$1,200,000 to \$1,214,999 | 1 | - |

(c) Total remuneration of Senate members and executives

| | Parent | |
|------------------------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Short-term employee benefits | 3,983 | 3,903 |
| Post-employment benefits | 612 | 568 |
| Other long-term benefits | 84 | (1) |
| Performance payments | 566 | 548 |
| | 5,245 | 5,018 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31 Financial risk management

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

(a) Market risk*(i) Interest rate risk – cash*

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 balance.

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 2019, interest revenue accounted for 0.5 per cent (2018: 0.6 per cent) of total revenue.

As at 31 December 2019, total cash was \$388.4 million (2018: \$433.5 million) and total interest revenue for the year was \$11.9 million (2018: \$11.5 million). Based on the average daily cash balance, this equates to a return of 2.3 per cent (2018: 2.5 per cent).

(ii) Interest rate risk – finance leases

In 2009, the Group entered into a 40-year lease to acquire the Pharmacy Australia Centre of Excellence (PACE) building. Ownership of the building transfers to the Group on completion of the lease in 2049. The implicit interest rate is 9.52 per cent (2018: 9.52 per cent).

The Group has several other property leases with terms that vary between three and 30 years. Ownership of these properties does not transfer to the Group on completion of the respective leases. These leases were first recognised on 1 January 2019 upon the adoption of AASB 16 and the implicit interest rate of the leases ranges between 2.2 per cent and 3.31 per cent.

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

As at 31 December 2019, the total finance lease liability was \$203.8 million (2018: \$128.4 million) and the total interest expense for the year was \$14.9 million (2018: \$12.0 million).

(iii) Interest rate risk – borrowings

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

As at 31 December 2019, the total drawdowns on the loan were \$10.9 million (2018: \$10.9 million). Interest is paid at a variable rate. The average rate for the year was 1.7 per cent (2018: 2.1 per cent) and the total interest expense for the year was \$0.2 million (2018: \$0.2 million). The loan is currently interest only but will revert to a mix of principal and interest when the construction is completed in 2022 (for stage 1) and 2025 (for stage 2). It will be fully repaid by 2036.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31 Financial risk management (continued)**(a) Market risk (continued)**

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

As at 31 December 2019, the carrying value of the loan was \$82.4 million (2018: \$43.5 million). Interest is paid at a fixed rate of 2.2 per cent per annum (2018: 3.1 per cent) and the total interest expense for the year was \$1.7 million (2018: \$0.2 million). Loan payments, incorporating a mix of principal and interest, will occur on a monthly basis until the loan is fully repaid by 2028.

(iv) Equity risk – managed investment portfolio

The Group maintains 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 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 2019, the total value of the UQ Investment Fund was \$306.5 million (2018: \$224.3 million). The total return for the year was a gain of 27.5 per cent (2018: loss of 2.1 per cent) and the total return for the past seven years was a gain of 12.9 per cent (2018: gain of 12.2 per cent).

As of 31 December 2019, the total value of the UQ Socially Responsible Investment Green Fund was \$4.4 million (2018: \$3.4 million). The total return for the year was a gain of 30.3 per cent (2018: loss of 8.1 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 use for future capital expenditure and also any unanticipated operating 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 in 2017. As of 31 December 2019, the total value of investment was \$294.8 million (2018: \$254.5 million). The total return for the year was a gain of 16.4 per cent (2018: loss of 2.9 per cent).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31 Financial risk management (continued)**(a) Market risk (continued)***(vi) Equity risk – commercialisation investments*

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

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

As of 31 December 2019, the total value of commercialisation investments was \$9.9 million (2018: \$11.9 million).

(vii) Currency risk

The large majority of the Group's transactions are denominated in Australian dollars (AUD). In 2019, less than 10 per cent of all revenue and less than 10 per cent of all expenditure was invoiced in a foreign currency. Of these transactions, the most frequent currencies used were the US Dollar, the European Euro and the Great Britain Pound. This equates to a minor level of currency risk.

The most significant currency risk relates to demand for services. In 2019, total course fees and charges revenue from overseas students was \$678.9 million (2018: \$572.7 million) with 78 per cent of these students coming from six countries – China, Singapore, Malaysia, the United States, Hong Kong and India. While most of these fees are invoiced in AUD, a significant appreciation of the AUD relative to the currencies of these countries could see a reduction in demand for the Group's services.

(b) Credit risk*(i) Credit risk – cash*

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31 Financial risk management (continued)**(b) Credit risk (continued)**

As at 31 December 2019, total trade and other receivables was \$111.6 million (2018: \$83.6 million). The single largest debtor was \$2.4 million (2018: \$3.1 million).

The total impairment of receivables (inclusive of receivables written off and the movement in the provision for impairment) for the year was \$2.1 million (2018: \$0.8 million). This represents less than 0.1 per cent of total revenues.

(c) Liquidity risk

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

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

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 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32 Fair value measurements**(a) Fair value measurements**

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

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

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

| | Consolidated | | Consolidated | |
|---|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| | 2019 \$'000 Carrying Amount | 2019 \$'000 Fair Value | 2018 \$'000 Carrying Amount | 2018 \$'000 Fair Value |
| Financial assets | | | | |
| Cash and cash equivalents | 78,448 | 78,448 | 183,456 | 183,456 |
| Trade and other receivables | 111,588 | 111,588 | 83,556 | 83,556 |
| Other financial assets at fair value through profit and loss | 615,766 | 615,766 | 494,356 | 494,356 |
| Investments in equity instruments designated at fair value through other comprehensive income | 54,014 | 54,014 | 39,066 | 39,066 |
| Other financial assets at amortised cost | 310,000 | 310,000 | 250,000 | 250,000 |
| Total financial assets recognised at fair value | 1,169,816 | 1,169,816 | 1,050,434 | 1,050,434 |
| Financial liabilities | | | | |
| Trade and other payables | 126,682 | 126,682 | 119,352 | 119,352 |
| Borrowings | 297,472 | 297,472 | 182,684 | 182,684 |
| Total financial liabilities recognised at fair value | 424,154 | 424,154 | 302,036 | 302,036 |

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

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

(b) Fair value hierarchy

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

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32 Fair value measurements (continued)**(b) Fair value hierarchy (continued)**

- 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 2018 and 31 December 2019:

| Consolidated | Note | 2019 \$'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 | 16 | 615,766 | 313,177 | 302,589 | - |
| Other financial assets at amortised cost | 16 | 310,000 | 310,000 | - | - |
| Investments in equity instruments designated at fair value through other comprehensive income | 16 | 54,014 | - | - | 54,014 |
| Total financial assets | | 979,780 | 623,177 | 302,589 | 54,014 |
| Non-financial assets | | | | | |
| Land | 18 | 299,128 | - | 75,867 | 223,261 |
| Buildings | 18 | 1,752,339 | - | 35,794 | 1,716,545 |
| Infrastructure and land improvements | 18 | 152,538 | - | - | 152,538 |
| Leased assets | 18 | 102,103 | - | - | 102,103 |
| Heritage and cultural assets | 18 | 96,575 | - | - | 96,575 |
| Total non-financial assets | | 2,402,683 | - | 111,661 | 2,291,022 |
| | Note | 2018 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Other financial assets at fair value through profit and loss | 16 | 494,356 | 228,909 | 263,112 | 2,335 |
| Other financial assets at amortised cost | 16 | 250,000 | 250,000 | - | - |
| Investments in equity instruments designated at fair value through other comprehensive income | 16 | 39,066 | - | - | 39,066 |
| Total financial assets | | 783,422 | 478,909 | 263,112 | 41,401 |
| Non-financial assets | | | | | |
| Land | 18 | 291,263 | - | 45,371 | 245,892 |
| Buildings | 18 | 1,706,950 | - | 31,463 | 1,675,487 |
| Infrastructure and land improvements | 18 | 140,582 | - | - | 140,582 |
| Leased assets | 18 | 96,416 | - | - | 96,416 |
| Heritage and cultural assets | 18 | 95,897 | - | - | 95,897 |
| Total non-financial assets | | 2,331,108 | - | 76,834 | 2,254,274 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32 Fair value measurements (continued)**(c) Fair value – property, plant and equipment****Land (levels 2 and 3)**

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

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

Buildings (levels 2 and 3)

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

The remaining buildings have been categorised as level 3 given the specialised nature and use of the education related buildings, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for such buildings. The assessed replacement cost for the buildings is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's Australian Construction Handbook 2019, actual costs for construction projects undertaken by the Group and AssetVal's knowledge and exposure to construction projects and building costs.

Infrastructure and land improvements (level 3)

Infrastructure and land improvements have been categorised as level 3 given the nature and use of the infrastructure and land improvements, together with limited comparable sales on a 'going concern' basis. The Group has used a depreciated replacement cost methodology to determine fair value for its infrastructure and land improvements. The assessed replacement cost for the infrastructure and land improvements is replacement with a new, modern equivalent asset. The replacement costs have been assessed having regard to Rawlinson's Australian Construction Handbook 2019, 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32 Fair value measurements (continued)**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. In determining fair value, consideration was given to market prices.

(d) Fair value – other financial assets**Term deposits, shares in listed entities and managed investment portfolio (levels 1 and 3)**

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

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

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

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

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

The following table is a reconciliation of level 3 items for the years ended 31 December 2019 and 2018.

| | Consolidated 2019 \$'000 | Consolidated 2018 \$'000 |
|---------------------------|---|---|
| Opening balance | 41,401 | 28,583 |
| Acquisitions | 1,350 | 1,077 |
| Fair value gains/(losses) | 11,263 | 11,741 |
| Closing balance | 54,014 | 41,401 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32 Fair value measurements (continued)**(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.

33 Events occurring after the reporting date

To prevent the spread of COVID-19, the Australian government banned foreign nationals in mainland China entering Australia from 1 February 2020. The travel ban remains in place at the time of this report. Consequently, a large number of the University's international students may have to cancel or defer their Semester 1 studies. While the impact on revenues is unknown at this time, the University's 2020 revenue may be negatively impacted by an estimated \$100–\$200 million. This estimate assumes the travel ban is lifted before Semester 2. At this time, the impact on profit is unclear but will be less than the estimated revenue. The University retains sufficient cash reserves to absorb any revenue impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance

(a) Education – CGS and Other Education Grants

| Parent Entity (University) Only | Note | Commonwealth Grants Scheme#1 | | Access and Participation Fund | | National Priorities Pool | | Promotion of excellence in Learning and Teaching | | Disability Performance Funding #2 | | Indigenous Student Success Program #3 | | | |
|--|------|------------------------------|-------------|-------------------------------|-------------|--------------------------|-------------|--|-------------|-----------------------------------|-------------|---------------------------------------|--------------------|--------------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | | |
| Financial assistance received in cash during the reporting period (total cash received from Australian Government for the program) | | 305,443 | 301,904 | 2,907 | 3,178 | 312 | 83 | - | - | 92 | 155 | 2,095 | 2,092 | | |
| Net accrual adjustments | | (118) | (107) | - | - | - | - | - | - | - | - | - | - | | |
| Revenue for the period | 2(a) | 305,325 | 301,797 | 2,907 | 3,178 | 312 | 83 | - | - | 92 | 155 | 2,095 | 2,092 | | |
| Surplus / (deficit) from the previous year | | - | - | - | - | - | 44 | 208 | 353 | - | - | - | - | | |
| Total revenue including accrued revenue | | 305,325 | 301,797 | 2,907 | 3,178 | 312 | 127 | 208 | 353 | 92 | 155 | 2,095 | 2,092 | | |
| Less expenses including accrued expenses | | (305,325) | (301,797) | (2,907) | (3,178) | (211) | (127) | (106) | (145) | (92) | (155) | (2,095) | (2,092) | | |
| Surplus / (deficit) for the reporting period | | - | - | - | - | 101 | - | 102 | 208 | - | - | - | - | | |
| | | | | | | | | | | | | | Total | | |
| | | | | | | | | | | | | | 2019 \$'000 | 2018 \$'000 | |
| | | | | | | | | | | | | | 310,849 | 307,412 | |
| | | | | | | | | | | | | | (118) | (107) | |
| | | | | | | | | | | | | | 2(a) | 310,731 | 307,305 |
| | | | | | | | | | | | | | 208 | 397 | |
| | | | | | | | | | | | | | 310,939 | 307,702 | |
| | | | | | | | | | | | | | (310,736) | (307,494) | |
| | | | | | | | | | | | | | 203 | 208 | |

Parent Entity (University) Only

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

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for the reporting period

#1 Includes basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS – Medical Student 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 replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance (continued)

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

| | HECS-HELP (Aust. Government payments only) | | FEE-HELP #4 | | VET FEE-HELP | | SA-HELP | | Total | |
|---|--|-----------|-------------|----------|--------------|--------|---------|---------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Parent Entity (University) Only | | | | | | | | | | |
| Cash Payable / (Receivable) at the beginning of the year | 522 | 681 | 913 | 1,009 | - | - | - | - | 1,435 | 1,690 |
| Financial assistance received in cash during the reporting period | 190,109 | 187,514 | 30,403 | 29,426 | - | 74 | 4,548 | 5,202 | 225,060 | 222,216 |
| Cash available for the period | 190,631 | 188,195 | 31,316 | 30,435 | - | 74 | 4,548 | 5,202 | 226,495 | 223,906 |
| Revenue earned | (190,148) | (187,673) | (30,147) | (29,522) | - | (74) | (4,548) | (5,202) | (224,843) | (222,471) |
| Cash Payable / (Receivable) at the end of the year | 483 | 522 | 1,169 | 913 | - | - | - | - | 1,652 | 1,435 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance (continued)

(c) Department of Education and Training Research #5

Parent Entity (University) Only

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

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for the reporting period

| Note | Research Training Program #6 | | Research Support Program #7 | | Total | |
|------|------------------------------|-------------|-----------------------------|-------------|-------------|-------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| | 95,788 | 96,434 | 86,478 | 90,579 | 182,266 | 187,013 |
| | 3 | 73 | 15 | 180 | 18 | 253 |
| 2(c) | 95,791 | 96,507 | 86,493 | 90,759 | 182,284 | 187,266 |
| | 6,775 | 8,735 | - | - | 6,775 | 8,735 |
| | 102,566 | 105,242 | 86,493 | 90,759 | 189,059 | 196,001 |
| | (99,090) | (98,467) | (86,493) | (90,759) | (185,583) | (189,226) |
| | 3,476 | 6,775 | - | - | 3,476 | 6,775 |

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

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

#7 Research Support Program was replaced by 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

Research Training Program Fees offsets
 Research Training Program Stipends
 Research Training Program Allowances

Total for all types of support

| Total domestic students \$'000 | Total overseas students \$'000 |
|--------------------------------|--------------------------------|
| 64,297 | 4,933 |
| 28,232 | 1,236 |
| 147 | 245 |
| 92,676 | 6,414 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance (continued)

(d) Other Capital Funding

| | Linkage Infrastructure, Equipment and Facilities Grant | | | | Total \$'000 |
|--|--|----------------|----------------|----------------|-----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | |
| Parent Entity (University) Only | | | | | |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) | | | | | |
| Revenue for the period | 3,644 | 3,459 | 3,644 | 3,459 | 3,459 |
| Surplus / (deficit) from the previous year | 3,644 | 3,459 | 3,644 | 3,459 | 3,459 |
| Total revenue including accrued revenue | 3,309 | 320 | 3,309 | 320 | 320 |
| Less expenses including accrued expenses | 6,953 | 3,779 | 6,953 | 3,779 | 3,779 |
| Surplus / (deficit) for reporting period | (3,644) | (470) | (3,644) | (470) | (470) |
| | 3,309 | 3,309 | 3,309 | 3,309 | 3,309 |

Note 2(d)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance (continued)

(e) Australian Research Council Grants

| | Note | Discovery | | Linkages | | Networks and Centres | | Special Research Initiatives | | Total | |
|--|------|-------------|-------------|-------------|-------------|----------------------|-------------|------------------------------|-------------|-------------|-------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Parent Entity (University) Only | | | | | | | | | | | |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) | | 49,766 | 44,805 | 6,475 | 8,876 | 12,303 | 11,342 | 2,161 | 1,265 | 70,705 | 66,288 |
| Net accrual adjustments | | (6,233) | - | 637 | - | (2,054) | - | (768) | - | (8,418) | - |
| Revenue for the period | 2(e) | 43,533 | 44,805 | 7,112 | 8,876 | 10,249 | 11,342 | 1,393 | 1,265 | 62,287 | 66,288 |
| Surplus / (deficit) from the previous year | | 28,192 | 29,910 | 8,145 | 8,482 | 11,163 | 10,035 | 1,266 | 419 | 48,766 | 48,846 |
| Total revenue including accrued revenue | | 71,725 | 74,715 | 15,257 | 17,358 | 21,412 | 21,377 | 2,659 | 1,684 | 111,053 | 115,134 |
| Less expenses including accrued expenses | | (43,225) | (46,523) | (7,341) | (9,213) | (10,214) | (10,214) | (1,393) | (418) | (62,173) | (66,368) |
| Surplus / (deficit) for reporting period | | 28,500 | 28,192 | 7,916 | 8,145 | 11,198 | 11,163 | 1,266 | 1,266 | 48,880 | 48,766 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 Acquittal of Australian Government Financial Assistance (continued)**(f) OS-HELP**

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Parent Entity (University) Only | | |
| Cash received during the reporting period | 5,424 | 5,103 |
| Cash spent during the reporting period | (5,596) | (5,256) |
| Net cash received | (172) | (153) |
| Cash surplus / (deficit) from the previous period | 3,937 | 4,090 |
| Cash surplus / (deficit) for the reporting period | <u>3,765</u> | <u>3,937</u> |

(g) Student Services and Amenities Fee

| | | 2019 | 2018 |
|--|-------------|---------------|---------------|
| | Note | \$'000 | \$'000 |
| Parent Entity (University) Only | | | |
| Unspent / (overspent) revenue from previous period | | 10,903 | 10,430 |
| SA-HELP revenue earned | 2(b) | 4,547 | 5,202 |
| Student services fees direct from students | 5 | 8,723 | 8,032 |
| Total revenue expendable in period | | <u>24,173</u> | 23,664 |
| Student services expenses during period | | (15,440) | (12,761) |
| Unspent / (overspent) student services revenue | | <u>8,733</u> | <u>10,903</u> |

Management Certificate

We have prepared the foregoing annual financial statements pursuant to the provisions of the *Financial Accountability Act 2009*, the *Financial Management and Performance Standard 2019* 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 2019 to 31 December 2019 and the financial position as at 31 December 2019 in accordance with prescribed accounting standards and conform with the *Financial Statement Guidelines for Australian Higher Education Providers for the 2019 Reporting Period* issued by the Australian Government Department of Education;
 - (iii) at the time of the certificate there are reasonable grounds to believe that The University of Queensland will be able to pay its debts as and when they fall due;
 - (iv) the amount of Australian Government financial assistance expended during the year was for the purpose(s) for which it was intended;
 - (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
 25 February 2020



Professor Peter Høj, AC
Vice-Chancellor & President
 THE UNIVERSITY OF QUEENSLAND
 25 February 2020



Mr Andrew Flannery
Chief Financial Officer
 THE UNIVERSITY OF QUEENSLAND
 25 February 2020



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 2019, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 31 December 2019, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General 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, infrastructure and land improvements valuation (\$1.905 billion) and depreciation (\$113.5 million)

Refer to note 18 in the financial report.

| Key audit matter | How my audit addressed the key audit matter |
|--|--|
| <p>Buildings (consisting primarily of specialised buildings), infrastructure assets and land improvements were material to the University of Queensland at balance date and were measured using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • gross replacement cost, less • accumulated depreciation. <p>The University performs comprehensive revaluations of all of its buildings, infrastructure assets and land improvements every four years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period. A comprehensive valuation was conducted in 2019 by an external valuation specialist.</p> <p>In making these judgements, the University engaged an external valuation expert to perform a comprehensive valuation in 2019.</p> <p>The University derived the gross replacement cost of its buildings, infrastructure assets and land improvements at balance date through using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying the components of buildings with separately identifiable replacement costs • identifying the components of assets that are replaced at different times in the asset lifecycle • developing a unit rate for each of these components, including <ul style="list-style-type: none"> ○ estimating the current cost for a modern substitute (including locality factors and on-costs), expressed as a rate per unit (e.g. \$/square metre) ○ identifying whether the existing assets contain obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of asset components. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p> | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the competence, capability and objectivity of the University's external valuation specialist. • Assessing the adequacy of management's review of the valuation process. • Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. • On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit rates for the: <ul style="list-style-type: none"> ○ Modern substitute ○ Adjustment for excess quality or obsolescence. • Assessing the ongoing reasonableness of the asset useful lives by: <ul style="list-style-type: none"> ○ Reviewing management's annual assessment of useful lives. ○ Assessing the appropriateness of useful lives where assets were disposed of prior to the end of their useful lives. ○ Reviewing assets with an inconsistent relationship between condition and remaining life. ○ Performing reasonableness tests to confirm depreciation is calculated in accordance with the University's accounting policies and industry standards. |

Valuation of land (\$299 million)

Refer to note 18 in the financial report.

| Key audit matter | How my audit addressed the key audit matter |
|---|--|
| <p>The University's land is material at balance date and was measured at fair value using the market approach. The University performs a comprehensive revaluation of its land every four years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period. A comprehensive valuation was conducted in 2019 by an external valuation specialist.</p> <p>Significant judgement was used in arriving at the market value impact from the restrictions on university land. The fair value of land was derived by comparing the market value of similar land and applying judgement in assessing the fair value of the restricted use land assets of the University.</p> | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the adequacy of management's review of the valuation process. • Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. • Assessing the competence, capability and objectivity of the external valuation specialist. • For a sample of land parcels, evaluating the reasonableness of the market value impact resulting from the restrictions on use. |

Revenue recognition for research contracts and implementation of the new revenue accounting policy (\$265 million)

Refer to note 1 (g) in the financial report.

| Key audit matter | How my audit addressed the key audit matter |
|--|---|
| <p>The University adopted a new accounting policy for revenue during the year due to the introduction of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.</p> <p>In implementing the new accounting requirements, significant judgement was required to determine, on a case by case basis, whether research contracts create obligations for the University to deliver sufficiently specific outputs to external parties. This included whether clauses existed in the research contracts that provided access to research data and/or intellectual property (being the key performance obligations identified by the University), and the timing of this access.</p> <p>The accounting treatment differs depending on this judgement. For contracts that create such obligations, revenue received in advance is initially recognised as a liability (revenue received in advance) and subsequently transferred to revenue as or when the University fulfils the obligations, which is potentially in a future financial year. Otherwise, revenue received in advance is recognised immediately as revenue in the year of receipt. The University has several thousand research contracts.</p> | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the impact of the new standards for consistency with our understanding of the University's common research contracts and the requirements of the standards. • For a sample of research contracts, assessing the judgements made by management in relation to the policy for recognition of revenue and revenue received in advance, in particular: <ul style="list-style-type: none"> ○ Whether the key terms of the sampled contracts relate to research activities ○ Whether the research activities in these contracts were sufficiently specific for recognition under AASB 15 ○ Whether these contracts included clauses relating to access to research data and/or intellectual property, and the timing of this access. • Evaluated the adequacy of disclosures made in line with AASB 15 and AASB 1058. |



Other information

Other information comprises the information included in the group's annual report for the year ended 31 December 2019, but does not include the financial report and my auditor's report thereon.

The Senate is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Entity for the Financial Report

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

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

Auditor's responsibilities for the audit of the financial report

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

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.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 31 December 2019:

- 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.



Rachel Vagg
as delegate of the Auditor -General

28 February 2020

Queensland Audit Office
Brisbane



Our Not if, When – The Campaign to Create Change was very successful in 2019, raising more than \$108 million across the course of the year.