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Financial review

The University's financial position has continued to strengthen this year with guaranteed Commonwealth funding receipted enabling the transition of operational practice to a post 2024 funding environment. International student fees continue to report a decrease due to impacts of the Covid-19 pandemic combined with decreased employee related expenses resultant of the restructure program in 2020.

Results for the year included an operating surplus of \$44.8 million (2020: \$24.1 million), with an operating margin of 13.4 percent (2020: 7.5 percent).

Income and expenditure

Total income for the year was \$334.6 million – an increase of \$12.7 million (4.1 percent) on the previous year. Decline in International student fees has again been recognised as a result of the COVID-19 pandemic, however, the strong recovery is attributed to contract and consultancy income being stronger than forecasted in addition to full retention of Commonwealth base and transitional funding (irrespective of student load).

Funds derived from government sources (including advance payments in relation to HECS-HELP and capital funding but excluding up-front student fees) totalled \$271.1 million or 81.0 percent of revenue, an increase of \$40.8 million (17.7 percent) on the previous year's funding.

Expenses for the year totalled \$289.8 million – a decrease of \$8.0 million (2.8 percent) expended in the previous year. This result can be attributed to a decrease in employee benefits resulting from the restructure program in 2020 to implement a more sustainable cost structure in the post-COVID-19 environment combined with marginal increases in other expenditure categories as the University strived to meet savings targets.

Asset growth

At year's end, the University's net assets totalled \$622.5 million – \$103.2 million (21.6 percent) more than in the previous year. This reflects the strong cash reserve balance in addition to fair value asset movements resulting from a comprehensive revaluation of land, buildings, infrastructure and significant investment holdings in IDP Education Ltd after divestment of Education Australia Ltd shares. It also reflects the movements in leave provisions, borrowings and lease liabilities.

Financial Statements

Financial review

For the year ended 31 December 2021

Budget vs Actual 2021 | Actual 2021 vs Actual 2020 (parent entity)

	2021				2020	
	ORIGINAL BUDGET \$'000	AUGUST REFORECAST \$'000	ACTUAL \$'000	VARIANCE ACTUAL vs REFORECAST	ACTUAL RE-STATED \$'000	VARIANCE ACTUAL 2021 vs 2020
STATEMENT OF COMPREHENSIVE INCOME						
Revenue and income from continuing operations	314,399	312,054	334,746	1%	321,578	4%
Expenses from continuing operations	314,167	310,148	289,741	-5%	297,493	-3%
Operating result after income tax for the period	232	25,472	45,005		24,085	
Gain (loss) on revaluation of land and buildings, net of tax	-	-	15,594	100%	6,895	126%
Share of other comprehensive income on investments accounted for using the equity method	-	-	42,740	100%	10,332	314%
Total comprehensive income attributed to members of the University of the Sunshine Coast	232	25,472	103,339		41,312	
STATEMENT OF FINANCIAL POSITION						
Current assets	139,112	210,334	251,297	19%	162,380	55%
Non-current assets	604,779	595,358	600,367	1%	586,297	2%
Total assets	743,891	805,692	851,664		748,677	
Current liabilities	66,698	66,941	82,251	23%	72,124	14%
Non-current liabilities	166,338	153,544	146,879	-4%	157,358	-7%
Total liabilities	233,036	220,486	229,130		229,482	
Net assets	510,856	585,207	622,534		519,195	
Reserves	222,284	249,214	185,227	-26%	208,676	-11%
Retained surplus	288,573	335,993	437,307	30%	310,519	41%
Total equity	510,856	585,207	622,534		519,195	

Data relates to Parent entity.

Financial Statements

Report by members of the University Council
For the year ended 31 December 2021

Council is the governing body of the University of the Sunshine Coast and is responsible for the governance of the affairs and concerns of the University. Council's powers, duties and authorities are prescribed by the *University of the Sunshine Coast Act 1998*.

The members of the Council present their report for the 31 December 2021 financial year on the consolidated entity consisting of the University of the Sunshine Coast and its controlled entities, USC Capital and Commercial Pty Ltd (C&C), Thompson Institute Pty Ltd. and the Innovation Centre Sunshine Coast Pty Ltd (ICSC) which was deregistered on 9 September 2021.

It is recommended that this report be read in conjunction with the full details published in the 2021 Annual Report, which includes the 2021 Council membership. The Annual Report provides a comprehensive record of the University's performance in 2021, plans for the future and achievements documented against the aims and objectives of the University's Strategic Plan 2021-2024.

Meetings and record of attendance

Six (6) ordinary meetings of Council were held during the year and one Special Meeting. Confirmed non-confidential minutes of the meetings are available to members of the University community for perusal upon request. In 2021 Council meetings were held on 22 February, 12 April, 27 May, 12 August, 8 October, and 2 December. The Special Meeting of Council was held on 19 November 2021. A Council Retreat was held on 12-13 April 2021.

Four (4) ordinary meetings of the Audit and Risk Management Committee (ARMC) were held during the year. In 2021, ARMC meetings were held on 18 February, 10 May, 6 September and 10 November. Additionally, a Special Meeting of ARMC was held on 18 May and a Planning Day of ARMC was held in conjunction with the 10 November meeting.

Five (5) ordinary meetings of the Planning and Resources Committee (PRC) were held during the year. In 2021, PRC meetings were held on 16 February, 19 May, 22 July, 16 September and 11 November. Additionally, a Planning Day of PRC was held in conjunction with the 11 November meeting.

Six (6) ordinary meetings of the Nominations Committee and Executive Committee of Council (NC&ECC) were held during the year. In 2021, NC&ECC meetings were held on 22 February, 12 April, 27 May, 12 August, 8 October, and 2 December.

Members of the Audit and Risk Management Committee

The following persons were members of the Audit and Risk Management Committee during the year and up to the date of this report.

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chairperson / Member of Council	Sandra BIRKENSLEIGH, BCom UNSW, CA, CCP Fellow, GAICD (Elected Deputy Chancellor commencing 3 December 2021)	5 of 5
Member of the professional accounting bodies or audit bodies in Australia and have a professional accounting, management consultancy or audit background (external)	Jeffrey FORBES, BComm Newcastle (NSW), GAICD	3 of 5
	Phillip STRACHAN, BCom Melb. FCPA, MAICD	5 of 5
	Scott NORTH, BCom Melb, FCA, MBIT Melb, FGIA, GAICD	5 of 5
	Vacant	
Member possessing expertise within the education sector	Emeritus Professor Jenny GRAHAM, Dip OT (NSW), MSc Education (Bradford)	4 of 5
Up to two members co-opted by the Chancellor	Vacant	

Financial Statements

Report by members of the University Council
For the year ended 31 December 2021

Members of the Planning and Resources Committee

The following persons were members of the Planning and Resources Committee during the year and up to the date of this report.

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chairperson / Member of Council	Scott WILLIAMS, AM, QDAH <i>Qld</i> , BEc, GradDipCompSc, GradDipFinMangt, GradDipRurAcc <i>UNE</i> , Hon.DLitt <i>UNE</i> , FAICD (retired 19 October 2021)	4 of 4
Chairperson / Member of Council	Tim Rothwell, BA(Hons) <i>Newc</i> , FCA, MAICD (appointed 2 November 2021)	1 of 1
Vice-Chancellor and President	Professor Helen BARTLETT, BA, <i>Northumbria</i> , MSc (Public Policy), <i>University of Bath</i> , PhD, <i>University of Bath</i>	5 of 5
A member of the University Executive or Senior Staff, nominated by the Vice-Chancellor and President and appointed by Council	Dr Ruth GREENAWAY, PhD <i>Qld.UT</i> , MLM <i>C.Qld</i> , BA <i>W.Syd</i> , GradDipEd <i>NSW</i> , SFHEA, GAICD	4 of 5
Four members with expertise in strategic financial management and planning, at least one of whom must be a member of Council	Christopher HARRIS, BFinAdmin <i>UNE</i> , MCom (Tax) <i>UNSW</i> , CPA, SSA, GAICD	5 of 5
	Tim ROTHWELL, BA(Hons) <i>Newc</i> , FCA, MAICD (appointed 13 April 2021)	4 of 4
	Melinda BRYANT, LLB, BBus, GradCertCreativeInd, <i>Qld.UT</i> , GradCertDiv, <i>Tabor</i> , GDLP <i>Coll.Law</i>	5 of 5
	Vacant	
A member of the Audit and Risk Management Committee (as determined by the Chairperson of ARMC) and appointed by Council	Phillip STRACHAN, BCom <i>Melb</i> . FCPA, MAICD	5 of 5
Up to two members co-opted by the Chancellor	Dr Wayne GRAHAM, BBus (Hons) <i>Sunshine Coast</i> , PhD <i>Sunshine Coast</i> , FHEA, FIML (term concluded 16 March 2021)	1 of 1
	Vacant	

Members of the Nominations Committee and Executive Committee of Council

The following persons were members of the Nominations Committee and Executive Committee of Council during the year and up to the date of this report.

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chancellor	Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)	6 of 6
Vice-Chancellor and President	Professor Helen BARTLETT, BA, <i>Northumbria</i> , MSc (Public Policy), <i>University of Bath</i> , PhD, <i>University of Bath</i>	6 of 6
Chairperson ARMC	Sandra BIRKENSLEIGH, BCom <i>UNSW</i> , CA, CCP Fellow, GAICD	6 of 6
Chairperson PRC	Scott WILLIAMS, AM, QDAH <i>Qld</i> , BEc, GradDipCompSc, GradDipFinMangt, GradDipRurAcc <i>UNE</i> , Hon.DLitt <i>UNE</i> , FAICD (retired 19 October 2021)	5 of 5
Chairperson PRC	Tim Rothwell, BA(Hons) <i>Newc</i> , FCA, MAICD (appointed 2 November 2021)	1 of 1

* Indicates number of meetings attended and number of meetings held during the time the member held office or was a member of the council or committee during the year (at end of 2021).

Financial Statements

Report by members of the University Council
For the year ended 31 December 2021

Principal Activities

The University of the Sunshine Coast was established under the *Sunshine Coast University College Act 1994* and officially opened in 1996. Full university powers were granted to the University under the *University of the Sunshine Coast Act 1998*.

The main functions of the University as set out in the Act are:

- to provide education at university standard; and
- to provide facilities for, and encourage, study and research; and
- to encourage the advancement and development of knowledge, and its application to government, industry, commerce and the community; and
- to provide courses of study or instruction, at the levels of achievement the council considers appropriate, to meet the needs of the community; and
- to confer higher education awards; and
- to disseminate knowledge and promote scholarship; and
- to provide facilities and resources for the wellbeing of the university's staff, students and other persons undertaking courses at the university; and
- to exploit commercially, for the university's benefit, a facility or resource of the university, including, for example, study, research or knowledge, or the practical application of study, research or knowledge, belonging to the university, whether alone or with someone else; and
- to perform other functions given to the university under the Act or another Act.

There were no significant changes in the nature of the activities of the University during the year.

Review of Operations

For a full review of the University's operations, including the financial review, refer to the Annual Report preceding the Financial Statements. The 2021 operating result is a surplus of \$44.8 million, 104.3% more than the 2020 operating surplus result of \$24.1 million.

In 2021, the University continued to manage operations reflective of internal and external environment, particularly impacts arising from COVID-19 pandemic. Through the Commonwealth Job-ready Graduate Package and research support packages for impact of COVID-19 approximately \$20m of reported University Commonwealth revenue in 2021 enables the transition of operational practice to a post 2024 funding environment.

The University continues to experience loss of revenue for full fee-paying overseas students. The pipeline effect of the loss in student load in 2021 and the projection of significantly less commencing International students in 2022 will result in reduced revenues forecast over the next five-year period. Research activity has also experienced vulnerability with corresponding downward adjustments to expenditure. The University continues to monitor current global events, particularly as they pertain to Federal and Queensland State Government restrictions and border closures to assess any material impacts on its operations.

In 2021 University Council approved the commencement of stage 2 of the Moreton Bay building program. This will see the University construct 3 buildings with the view to provide more teaching, learning and research facilities for the 2023 academic year and beyond. The program is self-funded by the University.

Significant Changes in the State of Affairs

During the year there were no significant changes in the state of the affairs of the University that have not yet been highlighted in this report.

Matters Subsequent to the End of the Financial Year

Other than those referred to in the financial statements and notes following (particularly Note 19 Events occurring after the end of the reporting period), no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the University or the consolidated entity, the results of those operations or the state of affairs of the University in future financial years.

Likely Developments and Expected Results of Operations

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the University in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the University. Accordingly, this information has not been disclosed in this report.

Environmental Reporting

The University's operations are undertaken in accordance with any environmental regulations of the Commonwealth, State or Territory.

Financial Statements

Report by members of the University Council
For the year ended 31 December 2021

Insurance of Officers

In 2021, the University of the Sunshine Coast held comprehensive insurance policies in relation to its Executive Members and Officers. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the University and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the University. The University has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify for any current or former officer or auditor of the University against a liability incurred as such by an officer or auditor.

Proceedings on behalf of the University of the Sunshine Coast

There are no significant legal matters other than those referred to in the financial statements and notes following.

This report is made in accordance with the resolution of the members of the Council of the University of the Sunshine Coast.

Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd)
Chancellor
University of the Sunshine Coast

21 February 2022

Professor Helen Bartlett
Vice-Chancellor and President
University of the Sunshine Coast

21 February 2022

Financial Statements

Statement of comprehensive income For the year ended 31 December 2021

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue and income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	188,466	151,680	188,461	151,664
HELP - Australian Government payments	2	76,598	73,622	76,598	73,622
State and Local Government financial assistance	2	6,018	5,023	6,018	4,984
HECS-HELP - Student payments		3,944	3,609	3,944	3,609
Fees and charges	2	36,281	51,026	36,281	50,875
Investment income		1,157	7,086	1,277	7,086
Consultancy and contracts	2	16,753	12,974	16,753	12,974
Other revenue and income	2	5,414	16,865	5,414	16,726
Gains on disposal of assets		-	38	-	38
Total revenue and income from continuing operations		334,631	321,923	334,746	321,578
Expenses from continuing operations					
Employee related expenses	3	176,460	189,185	176,460	188,940
Depreciation and amortisation	8 & 9	20,173	19,904	20,173	19,900
Repairs and maintenance		6,174	5,900	6,174	5,900
Borrowing costs		5,076	5,250	5,076	5,250
Impairment of assets		297	693	297	693
Net losses on disposal of assets		510	-	510	-
Other expenses	4	81,118	76,892	81,051	76,810
Total expenses from continuing operations		289,808	297,824	289,741	297,493
Net result before income tax from continuing operations		44,823	24,099	45,005	24,085
Income tax expense		-	-	-	-
Net result after income tax for the period and attributable to members of the University of the Sunshine Coast	14(c)	44,823	24,099	45,005	24,085
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment, net of tax	14(a)	15,594	6,895	15,594	6,895
Gain/(loss) on equity instruments designated at fair value through other comprehensive income, net of tax	14(a)	42,740	10,332	42,740	10,332
Total other comprehensive income		58,334	17,227	58,334	17,227
Total comprehensive income attributed to members of the University of the Sunshine Coast		103,157	41,326	103,339	41,312

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Financial Statements

Statement of financial position
For the year ended 31 December 2021

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	209,002	144,893	209,002	144,763
Receivables and contract assets	6	34,225	8,356	34,225	8,355
Other non-financial assets	7	8,070	9,262	8,070	9,262
Total current assets		251,297	162,511	251,297	162,380
Non-current assets					
Receivables and contract assets	6	391	569	391	515
Other financial assets	7	68,273	55,805	68,273	55,805
Property, plant & equipment	8	502,408	495,519	502,408	495,519
Right-of-use assets	8.1	27,613	30,493	27,613	30,493
Intangible assets	9	1,221	3,508	1,221	3,508
Other non-financial assets	7	461	457	461	457
Total non-current assets		600,367	586,351	600,367	586,297
Total assets		851,664	748,862	851,664	748,677
LIABILITIES					
Current liabilities					
Trade and other payables	10	13,403	11,194	13,403	11,191
Borrowings	11	8,637	4,896	8,637	4,896
Lease liabilities	11	3,302	2,980	3,302	2,980
Provisions	12	27,968	26,002	27,968	26,002
Other liabilities	13	6,859	3,955	6,859	3,955
Contract liabilities	13(a)	22,082	23,100	22,082	23,100
Total current liabilities		82,251	72,127	82,251	72,124
Non-current liabilities					
Borrowings	11	114,343	121,106	114,343	121,106
Lease liabilities	11	25,824	28,694	25,824	28,694
Provisions	12	4,978	5,503	4,978	5,503
Other liabilities	13	72	59	72	59
Contract liabilities	13(a)	1,662	1,996	1,662	1,996
Total non-current liabilities		146,879	157,358	146,879	157,358
Total liabilities		229,130	229,485	229,130	229,482
Net assets		622,534	519,377	622,534	519,195
EQUITY					
Reserves	14(a)	185,227	208,676	185,227	208,676
Retained earnings	14(c)	437,307	310,701	437,307	310,519
Parent entity interest		622,534	519,377	622,534	519,195
Total equity		622,534	519,377	622,534	519,195

The above statement of financial position should be read in conjunction with the accompanying notes.

Financial Statements

Statement of changes in equity For the year ended 31 December 2021

	Note	Consolidated			Parent entity		
		Reserves \$'000	Retained earnings \$'000	Total \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2020		191,449	286,602	478,050	191,449	286,434	477,883
Net result after income tax		-	24,099	24,099	-	24,085	24,085
Gain/(loss) on revaluation of property, plant and equipment, net of tax		6,895	-	6,895	6,895	-	6,895
Gain/(loss) on financial assets at fair value through OCI		10,332	-	10,332	10,332	-	10,332
Total comprehensive income		17,227	24,099	41,326	17,227	24,085	41,312
Balance at 31 December 2020		208,676	310,701	519,376	208,676	310,519	519,195
Balance at 1 January 2021		208,676	310,701	519,376	208,676	310,519	519,195
Net result		-	44,823	44,823	-	45,005	45,005
Transfer of fair value reserve through OCI to retained earnings	14(a)	(81,783)	81,783		(81,783)	81,783	-
Gain/(loss) on revaluation of property, plant and equipment, net of tax	14(a)	15,594	-	15,594	15,594	-	15,594
Gain/(loss) on financial assets at fair value through OCI	14(a)	42,740	-	42,740	42,740	-	42,740
Total comprehensive income		(23,449)	126,606	103,157	(23,449)	126,788	103,339
Balance at 31 December 2021		185,227	437,307	622,534	185,227	437,307	622,534

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statements

Statement of cash flows

For the year ended 31 December 2021

		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Australian Government Grants received		269,910	226,325	269,905	226,310
OS-HELP (net)		-	1,535	-	1,535
State Government Grants received		5,623	5,657	5,623	5,618
Local Government Grants received		870	1,405	870	1,405
HECS-HELP - Student payments received		3,944	3,609	3,944	3,609
Receipts from students fees and other customers		58,726	70,513	58,846	70,222
Investment income		1,277	7,086	1,277	7,086
Payments to suppliers and employees (inclusive of GST)		(266,831)	(283,636)	(266,816)	(283,227)
Interest and other costs of finance paid		(3,030)	(2,112)	(3,030)	(2,112)
GST recovered / (paid)		4,032	8,977	4,032	8,977
Short-term lease payments		(46)	(64)	(46)	(64)
Variable lease payments not included in the measurement of the lease liability		(3)	(22)	(3)	(22)
Net cash provided by / (used in) operating activities	20	74,472	39,273	74,602	39,337
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		15	151	15	123
Proceeds on share divestment		5,260	-	5,260	-
Payments for property, plant and equipment / intangibles		(7,256)	(22,309)	(7,256)	(22,305)
Net cash provided by / (used in) investing activities		(1,981)	(22,158)	(1,981)	(22,182)
Cash flows from financing activities					
Proceeds from borrowings		123,700	29,000	123,700	29,000
Repayment of borrowings		(127,353)	(1,211)	(127,353)	(1,211)
Repayment of lease liabilities		(4,729)	(4,575)	(4,729)	(4,575)
Net cash provided by / (used in) financing activities	20	(8,382)	23,214	(8,382)	23,214
Net increase / (decrease) in cash and cash equivalents		64,109	40,329	64,239	40,369
Cash and cash equivalents at beginning of the financial year		144,893	104,564	144,763	104,394
Cash and cash equivalents at the end of the financial year	5	209,002	144,893	209,002	144,763

The above statement of cash flows should be read in conjunction with the accompanying notes.

Financial Statements

Notes to the financial statements
For the year ended 31 December 2020

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Financial Statements

Notes to the financial statements
For the year ended 31 December 2021

Note 1 Summary of significant accounting policies

The University of the Sunshine Coast (the University) is established under the *University of the Sunshine Coast Act 1998* and is a statutory body as defined by the *Financial Accountability Act 2009*.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for the University as the parent entity and the consolidated entity consisting of the University and its controlled entities.

The principal address of the University is 90 Sippy Downs Drive, Sippy Downs, Queensland.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the University. They have been prepared on a going concern and accrual basis (except for the Statement of Cash Flows, which is prepared on a cash basis) and comply with the Australian Accounting Standards.

Additionally, the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Financial and Performance Management Standard 2019*, issued under Section 62 of the *Financial Accountability Act 2009*
- *Australian Charities and Not-for-profits Commission Act 2012*

The University is a not-for-profit entity and these statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements.

Date of authorisation of issue

The financial statements were authorised for issue by the Chancellor, Vice-Chancellor & President, and the Chief Operating Officer on 21 February 2022.

Historical cost convention

These financial statements have 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.

Critical accounting estimates

The preparation of financial statements in conformance 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 University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

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:

- Revenue and Income (note 2)
- Receivables and contract assets (note 6)
- Financial assets (note 7) - Investments in equity instruments designated at fair value through other comprehensive income
- Property, Plant & Equipment, including depreciation (note 8)
- Lease liability (note 11.1)
- Provisions (note 12)
- Contract liabilities (note 13b)

Joint Operations

Interest in the assets, liabilities, income and expenses of joint operations are recognised in the financial statements under the appropriate line items. Details of joint operations are set out in note 18.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the University ("parent entity") and its controlled entities (consolidated entity) as at 31 December each year.

Financial Statements

Notes to the financial statements

For the year ended 31 December 2021

Note 1 Summary of significant accounting policies (continued)

Controlled entities are all those entities (including structured entities) that the University controls, because the University is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power over the entity exists when the consolidated entity has existing rights that give it current ability to direct the relevant activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases. None of the controlled entities currently produce audited financial statements by agreement with Council.

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the University's functional and presentation currency.

(d) Taxation

The University and its controlled entities are, by virtue of Section 50-5 of the *Income Tax Assessment Act 1997*, exempted from the liability to pay income tax. The University and its controlled entities are, however, subject to Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

(e) Rounding and Comparative amounts

Amounts in the financial report have been rounded to the nearest \$1,000. Where necessary, comparative information has been reclassified to enhance the comparability in respect of changes in presentation adopted in the current year.

(f) Initial application of accounting standards

The following standards have an initial application during the 31 December 2021 reporting period. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Standard	Application date	Application
AASB 2021-3 <i>Covid-19 Related Rent Concessions beyond 30 June 2021</i>	1 Apr 2021	Mandatory if lessee elected practical expedient under AASB 2020-4. The University did not apply practical expedient and therefore assess the impact to be not material.
AASB 2020-8 <i>Interest Rate Benchmark Reform – Phase 2</i>	1 Jan 2021	The University's assessment of the impact under this standard is not material and practical expedient has not been applied.

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Notes to the financial statements
For the year ended 31 December 2021

Note 1 Summary of significant accounting policies (continued)

(g) Future impact of accounting standard not yet effective

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The University has elected not to early adopt any of these standards.

Standard	Application date	Implications
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current</i>	1 Jan 2023	The University's assessment of the impact of this standard is not material.
AASB 17 <i>Insurance Contracts</i>	1 Jan 2023	The University's assessment of the impact of this standard is not material.

(h) Going concern and impacts of COVID-19 Pandemic

Due to the ongoing uncertainty arising from the COVID-19 pandemic, Management continues to remain focused on the University's liquidity and expects to continue to operate within available cash reserves and terms of its debt facilities ensuring going concern remains appropriate.

International full fee-paying students continue to report a significant reduction in 2021. The loss is due to ongoing International border restrictions negatively impacting International recruitment. This impact will result in reduced revenues over the next five-year period.

Government grants particularly in relation to research continue to be impacted by the COVID-19 pandemic with delays in meeting milestones due to travel restrictions and access to resourcing. The impacts on research activity have resulted in delayed invoicing to fund bodies with contract extensions or deferrals in place also resulting in corresponding reductions to expenditure.

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Notes to the financial statements
For the year ended 31 December 2021

Note 2 Revenue and income

Note 2.1 Australian Government financial assistance including Australian Government loan programs (HELP)

(a) Australian Government grants

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Commonwealth Grant Scheme #1		154,925	128,109	154,925	128,109
Access and Participation Fund #2		2,514	2,481	2,514	2,481
National Priorities and Industry Linkage Fund		3,250	-	3,250	-
Disability Performance Funding #3		101	87	101	87
Indigenous Student Success Program #4		1,620	1,689	1,620	1,689
Total Commonwealth Grants Scheme and Other Grants	22a	162,410	132,366	162,410	132,366

1 Includes the basic CGS grant amount, Regional Loading, Enabling Loading, Allocated Places, Non-Designated Courses and Transition Fund Loading.

2 Includes Higher Education Participation & Partnerships Program and Tertiary Access Program.

3 Disability Performance Funding includes Additional Support for Students with Disabilities.

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

Where there is an enforceable contract by the provisions of the Commonwealth Grant Scheme (CGS) funding agreements with sufficiently specific performance obligations in the promise to provide tuition services for the year covered by the CGS funding agreement this revenue falls under AASB 15 *Revenue from Contracts with Customers* and is recognised over time as the University provides the tuition services to the student.

Access and Participation Funding represents grants provided to undertake activities and implement strategies that improve access to undergraduate courses for people from low socioeconomic status backgrounds, as well as improving the retention and completion rates of those students. This falls under AASB 15 and the revenue is recognised over time as the grant funds are expended.

Indigenous Student Success Program funding represents grants provided to accelerate improvements in the University enrolment, progression and award completions of Indigenous Australians. This funding is recognised when received under AASB 1058 *Income of Not-for-Profit Entities* due to performance obligations not being sufficiently specific.

Where there is a contractual obligation to deliver cash to a post-graduate student or a collaboration partner, a financial liability exists under AASB 9 *Financial Instruments* and is disclosed under Other liabilities.

(b) Higher Education loan programs

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
HECS - HELP		71,319	68,820	71,319	68,820
FEE-HELP		1,778	1,644	1,778	1,644
SA - HELP		3,501	3,159	3,501	3,159
Total Higher Education Loan Programs	22b	76,598	73,622	76,598	73,622

HECS-HELP & FEE-HELP revenue is recognised over time under AASB 15 as there is an enforceable contract by the provisions of *Higher Education Support Act (HESA)* with sufficiently specific performance obligations to provide tuition services to students over a specific period of time.

SA-HELP revenue is recognised over time under AASB 15 as there is an enforceable contract by the provisions in the *Student Services & Amenities Act* with sufficiently specific performance obligations to provide services and amenities to students as part of their University experience.

(c) EDUCATION Research

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Research Training Program		4,597	3,739	4,597	3,739
Research Support Program		11,752	4,685	11,752	4,685
Total EDUCATION Research Grants	22c	16,349	8,424	16,349	8,424

Funding received from the Department of Education, Skills and Employment – Research Block Grant (RBG): The University receives funding in relation to the Research Training Program (RTP) and Research Support Program (RSP) – This falls under AASB 1058 as there are no sufficiently specific performance obligations, therefore recognise revenue immediately when the University has the contractual right to receive the grant.

Financial Statements

Notes to the financial statements
For the year ended 31 December 2021

Note 2.1 Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

(d) Australian Research Council

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Discovery		1,491	1,880	1,491	1,880
Linkages ^{#5}		427	102	427	102
Total ARC	22d	1,918	1,981	1,918	1,981

5 ARC Linkage Infrastructure, Equipment and Facilities grants are reported in Other Capital Funding (if applicable).

Funding received from Australian Research Council (ARC) is enforceable by the provisions of the funding agreement with sufficiently specific performance obligations in the promise to undertake research activities as outlined in the grant proposal. This falls under AASB 15. Where there is a contractual obligation to deliver cash to a postgraduate student, a financial liability exists under AASB 9.

Management have judged that performance obligations are satisfied as performed and access to research findings is available to granting bodies, and this is consistent with expenses incurred.

(e) Other Australian Government financial assistance (Non-capital)

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-capital				
Australian Centre International Agriculture Research	2,599	3,444	2,599	3,444
Department of Education, Skills and Employment	1,110	465	1,110	465
Department of Foreign Affairs & Trade	139	1,293	139	1,293
Department of Health and Ageing	1,658	2,808	1,658	2,808
Other Australian Government financial assistance	2,283	898	2,278	882
Total other Australian Government financial assistance (Non-capital)	7,789	8,908	7,784	8,892

Revenue received under the enforceable funding agreements for Australian Centre International Agriculture Research (ACIAR) & National Health & Medical Research Council (NHMRC) have been assessed as sufficiently specific. Revenue has been adjusted and represented as a contract liability and will be recognised over time as the research activities are performed under AASB 15.

The remaining revenue in this category consists of a mix of other operating and research grants provided by the Commonwealth Government. This falls under AASB 15 and the revenue is recognised over time as the grant funds are expended.

Where there is a contractual obligation to deliver cash to a postgraduate student, a financial liability exists under AASB 9.

Management have judged that performance obligations are satisfied as performed and access to research findings is available to granting bodies, and this is consistent with expenses incurred.

Reconciliation

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Australian Government Grants	188,466	151,680	188,461	151,664
HELP - Australian Government payments	76,598	73,622	76,598	73,622
Total Australian Government financial assistance	265,064	225,302	265,059	225,286

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Notes to the financial statements
For the year ended 31 December 2021

Note 2.2 State and Local Government financial assistance

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-Capital				
Local Government financial assistance	1,459	973	1,459	934
State Government financial assistance	4,559	3,550	4,559	3,550
Total Non-capital	6,018	4,523	6,018	4,484
Capital				
Department of Housing and Public Works	-	500	-	500
Total Capital	-	500	-	500
Total State and Local Government financial assistance	6,018	5,023	6,018	4,984

The revenue in this category consist of a mix of operating, capital and research grants provided by State and Local Governments across Australia. This revenue falls under AASB 15 where the funding agreement contains sufficiently specific performance obligations in the promise to undertake research and other activities as outlined in the grant proposal, and the revenue is recognised over time as the grant funds are expended.

Management have judged that performance obligations are satisfied as performed and access to research findings is available to granting bodies, and this is consistent with expenses incurred.

Note 2.3 Fees and charges

	Note	Consolidated		Parent entity	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Course fees and charges					
Fee-paying onshore overseas students		31,401	46,306	31,401	46,306
Continuing education		67	40	67	40
Fee-paying domestic postgraduate students		1,857	2,059	1,857	2,059
Fee-paying domestic non-award students		523	315	523	315
Total course fees and charges		33,848	48,720	33,848	48,720
Other non-course fees and charges					
Student Services and Amenities Fees from students	22f	843	582	843	582
Applications and late fees		32	25	32	25
Examination Fees & Honorariums		18	35	18	35
Conferences, activities & excursions		167	176	167	176
Rental charges		1,228	1,148	1,228	997
Other		145	340	145	340
Total other non-course fees and charges		2,433	2,306	2,433	2,155
Total fees and charges		36,281	51,026	36,281	50,875

Course fees and charges

The course fees and charges revenue (all fees outside the HELP system or where students decide not to use or are ineligible for HELP) relate to undergraduate programs, graduate and professional degree programs and continuing education and executive programs. Sufficiently specific performance obligations exist in the promise of tuition services for a distinct course over a specific period of time. All fees and charges are recognised under AASB 15 and is recognised as the University provides the services to the student.

The revenue is recognised:

- Over time as and when the course is delivered to students over the semester.
- At a point in time only when the obligation is performed at the point of receipt, e.g. where the fee is non-refundable and non-transferrable and is not offset against any future tuition fees.

When the courses are paid in advance by students or the University has received the government funding in advance (e.g. before starting the academic period) the University recognises a contract liability until the services are delivered.

The University does have obligations to return or refund obligations or other similar obligations. This is mainly applicable for International tuition fees received in advance of census date where the student has not met visa or similar entry requirements to Australia.

There is no significant financing component, as the period from when the student pays and the service is provided is less than 12 months and the consideration is not variable.

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Notes to the financial statements
For the year ended 31 December 2021

Note 2.3 Fees and charges (continued)

Non-course fees and charges

Student Services & Amenities fees from students is recognised over time under AASB 15 as there is an enforceable contract by the provisions in the Student Services & Amenities Act with sufficiently specific performance obligations to provide services and amenities to students as part of their University experience.

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 AASB 15 and the revenue is recognised over time as the relevant services are provided. In the case of fines and administration fees, this falls under AASB 1058 and the revenue is recognised when received.

Note 2.4 Consultancy and contracts

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Consultancy	11,286	5,611	11,286	5,611
Contract research	5,467	7,363	5,467	7,363
Total consultancy and contracts	16,753	12,974	16,753	12,974

Funding received from non-government entities is assessed for application of AASB 15. Contract research is largely recognised under AASB 15 where there is an enforceable contract by the provisions of the funding agreement with sufficiently specific performance obligations in the promise to undertake research activities as outlined in the grant proposal. Consultancy contracts are largely recognised under AASB 1058.

The revenue is therefore recognised:

- Over time as the research activity is being performed over the contract period under AASB 15, or
- When revenue is able to be recognised at a point in time when the service or milestone is measurably delivered under AASB 15, otherwise
- Revenue will be recognised immediately under AASB 1058 when the contract has no specific performance obligations.

Management have judged that performance obligations are satisfied as performed and access to research findings is available to granting bodies, and this is consistent with expenses incurred.

Note 2.5 Other revenue and income

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other revenue				
Donations and bequests	1,697	12,606	1,697	12,606
Food services	1,451	1,062	1,451	1,062
Sales - publications and printing	569	387	569	387
Parking permits	1,156	776	1,156	776
Other	43	9	43	9
Total other revenue	4,916	14,840	4,916	14,840
Other income				
Other recoveries - external	296	270	296	270
Other income	202	1,755	202	1,616
Total other income	498	2,025	498	1,886
Total other revenue and income	5,414	16,865	5,414	16,726

All revenue under note 2.5 is recognised under AASB 1058 with the exception of parking permits, function deposits and student printing credits for future purchases which is recognised under AASB 15.

Revenue is recognised:

- Over time as and when the service is provided over the period under AASB 15.
- Revenue will be recognised immediately under AASB 1058 when the contract has no specific performance obligations.

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Notes to the financial statements
For the year ended 31 December 2021

Note 2.5 Other revenue and income (continued)

The University has an obligation to refund customers and therefore recognises a refund liability which represents the amount of consideration that the University does not expect to be entitled to because it will be refunded to customers, e.g. deposits/bonds held and student cards containing printing credits.

Donations and bequests are inclusive of cash and non-cash receipts. Notwithstanding revenue recognition under Accounting Standards, general practice would see the receipt to be tied to the expectation by the individual, relevant Donor.

Note 2.6 Revenue from contracts with customers

(a) Unsatisfied performance obligations

Remaining performance obligations represent services the University has promised to provide to customers under research and tuition agreements which are satisfied as the services are provided over the contract term. In determining the transaction price allocated to the remaining performance obligations in contracts with customers the University has taken a quantitative approach based on the duration of the remaining obligations included in the contracts along with qualitative information regarding status of milestones and estimates of expected completion.

Remaining performance obligations are associated with 1) research and consultancy activities, 2) tuition services for study periods that extend beyond the reporting period and 3) other agreements.

	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000
Parent				
Unsatisfied performance obligations	22,082	1,662	-	23,744

Revenue recognised in the current reporting period from contract liabilities at the beginning of the period was \$24.9M or 94%.

For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB 15, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations.

Note 3 Employee related expenses

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Academic				
Salaries	67,800	70,349	67,800	70,349
Contributions to superannuation and pension funded schemes	11,005	10,584	11,005	10,584
Payroll tax	4,108	4,207	4,108	4,207
Workers' compensation	156	155	156	155
Long service leave	1,502	1,417	1,502	1,417
Annual leave	5,332	4,654	5,332	4,654
Other	111	148	111	148
Total academic	90,014	91,514	90,014	91,514
Non-academic				
Salaries	64,603	75,393	64,603	75,163
Contributions to superannuation and pension funded schemes	10,805	10,825	10,805	10,825
Payroll tax	4,024	4,386	4,024	4,386
Workers' compensation	141	164	141	164
Long service leave	1,467	1,885	1,467	1,885
Annual leave	5,210	4,768	5,210	4,753
Other	196	249	196	249
Total non-academic	86,446	97,671	86,446	97,426
Total employee related expenses	176,460	189,185	176,460	188,940

Contributions to the defined contribution section of UniSuper and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Past service costs are recognised in profit or loss immediately.

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Notes to the financial statements
For the year ended 31 December 2021

Note 4 Other expenses

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Scholarships, grants and prizes	17,411	16,096	17,411	16,346
Non-capitalised equipment	7,081	7,841	7,081	7,841
Advertising, marketing and promotional expenses	3,189	3,757	3,189	3,639
Bank fees & charges	542	504	542	504
Professional fees - audit, legal & consulting *	23,164	22,348	23,155	22,306
Insurance	1,219	959	1,219	959
General consumables	1,795	1,527	1,795	1,527
Postage, printing and stationery	431	430	431	430
Telecommunications	1,295	1,425	1,295	1,366
Travel & entertainment	904	1,389	904	1,389
Subscriptions and memberships	2,050	1,810	2,048	1,810
Rental, hire and other leasing fees	2,752	2,237	2,752	2,223
Motor vehicles	233	208	233	208
IT software and licences	8,800	6,858	8,800	6,858
Commissions paid	1,461	2,315	1,461	2,315
Food and catering	916	719	916	719
Staff development and recruitment	908	504	908	504
Occupancy & utilities	5,066	4,475	5,066	4,446
Student activities and excursions	1,288	576	1,288	576
Other	611	914	557	844
Total other expenses	81,118	76,892	81,051	76,810

*The total external audit fees relating to the 2021 financial year are estimated to be \$182k (2020: \$169k). There are no non-audit services included in this amount. Currently paid and accrued audit fees for the University are \$182k.

Note 5 Cash and cash equivalents

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and on hand	9,543	6,731	9,543	6,601
Deposits at call	199,459	138,162	199,459	138,162
Total cash and cash equivalents	209,002	144,893	209,002	144,763

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

- Cash at bank is an interest-bearing account with interest received monthly. The effective interest rate as at 31 December 2021 was 0% (2020: 0%).
- Deposits at call are interest-bearing on floating interest rates. The annual effective interest rate as at 31 December 2021 was 0.56% (2020: 1.05%). These deposits have an average maturity of NIL days.

Note 6 Receivables and contract assets

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Student fees and loans	285	443	285	443
Less: Allowance for expected credit losses	(152)	(292)	(152)	(292)
Trade receivables	5,276	6,355	5,276	6,352
Less: Allowance for expected credit losses	(120)	(974)	(120)	(972)
	5,289	5,532	5,289	5,531
Taxes receivable	749	624	749	624
Deposits receivable	-	4	-	4
Other receivables	26,676	1,663	26,676	1,663
Accrued revenue	1,480	520	1,480	520
Sundry loans and advances	31	13	31	13
Total current receivables	34,225	8,356	34,225	8,355
Non-current				
Deposits receivable	391	569	391	515
Total non-current receivables	391	569	391	515
Total receivables	34,616	8,925	34,616	8,870

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Notes to the financial statements
For the year ended 31 December 2021

Note 6 Receivables and contract assets (continued)

(a) Contract assets

As at 31 December 2021, the University's total receivables balance includes \$1.1M relating to contract assets (2020: \$3.4M). The contract assets are largely associated with Research contracts and are all classified as current in accordance with the University's debt management policy.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,266	734	1,264	722
Provision for expected credit losses recognised during the year	296	736	298	734
Write-off during the year as uncollectable	(1,290)	(204)	(1,290)	(192)
At 31 December	272	1,266	272	1,264

Information about the credit exposures is disclosed in note 21 Financial risk management.

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost. Trade and other receivables are not interest bearing and are generally on terms of no more than 30 days. Receivables arising from student fees are recognised as amounts receivable, as sanctions are applied to students who do not pay.

For 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.

Note 7 Other financial and non-financial assets

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Other non-financial assets				
Prepayments	8,070	9,262	8,070	9,262
Total current other assets	8,070	9,262	8,070	9,262
Non-current				
Other financial assets				
Shares in listed corporations at fair value through OCI	61,546	-	61,546	-
Shares in unlisted corporations at fair value through OCI	6,727	55,805	6,727	55,805
Other non-financial assets	68,273	55,805	68,273	55,805
Prepayments	461	457	461	457
Total non-current other assets	68,734	56,262	68,734	56,262
Total other financial assets and non-financial assets	76,804	65,524	76,804	65,524

Prepayments

Payments for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in other non-financial assets in the statement of financial position.

Financial assets

The consolidated entity classifies its financial assets, at initial recognition, subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the consolidated entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets classified and measured at amortised cost or fair value through OCI, means cash flows are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding and is performed at an instrument level. The consolidated entity's business model for managing financial assets is relevant to whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (date commitment to purchase or sell the asset).

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Notes to the financial statements
For the year ended 31 December 2021

Note 7 Other financial and non-financial assets (continued)

(i) Financial assets at amortised cost

The consolidated entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The consolidated entity's financial assets at amortised cost includes trade receivables, and loans to related parties.

(ii) Financial assets at fair value through other comprehensive income

The consolidated entity holds no assets under this classification as at 31 December 2021

(iii) Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the consolidated entity can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the consolidated entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Events during the reporting period

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

- 25% in-specie distribution to each university shareholder; and
- 15% market sell-down, with cash and franking credits distributed to each university shareholder.

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

Key estimates and judgements

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

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

This transaction is disclosed in the accounts as follows:

	Note	TOTAL \$'000	EAL \$'000	IDP \$'000	AARNet \$'000
Opening Financial Asset Balance at 1 January 2021	7	55,805	50,092	-	5,713
Revaluation of Education Australia at date of distribution/return of capital					
Reserve - Other financial assets at fair value through OCI	14(a)	32,744	32,744	-	-
Recognised value of distribution/return of capital					
Transfer of fair value reserve through OCI to retained earnings	14(c)	(81,783)	(81,783)	-	-
Investment in 1,831,159 IDP Shares at fair value		51,511	-	51,511	-
Revaluation of shareholdings at 31 December 2021					
Reserve - Other financial assets at fair value through OCI	14(a)	9,997	-	10,036	(39)
Closing Financial Asset Balance at 31 December 2021	7	68,273	1,052	61,547	5,674

Note: Included in the EAL divestment transactions was \$5.3M cash and \$25.0M imputation credits receivable (Note 6 Other receivables).

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Note 7 Other financial and non-financial assets (continued)

The University continues to hold a small shareholding in EAL. This was transferred out of other financial assets at fair value through OCI reserve to retained earnings due to the value of the asset shareholding being substantially divested in 2021.

(iv) Financial assets at fair value through profit or loss (including designated)

The consolidated entity holds no assets under this classification as at 31 December 2021.

Fair Value

The fair values of other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated prices in an orderly transaction that would take place between market participants at the measurement date.

In respect of the University's holdings, the fair value in IDP Limited is categorised as Level 2 as the fair value can be observed on the ASX whilst AARNet Pty Ltd the fair value is categorised as Level 3 – Inputs that are not based on observable market data (unobservable inputs).

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Parent - 31 December 2020

	Construction in progress	Freehold land	Freehold buildings	Infrastructure assets	Leasehold improvements	Plant & equipment*	Heritage & cultural collection	Total
Basis of measurement	Cost	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	
Fair value category		Level 2	Level 2 & 3	Level 3			Level 3	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net book amount	114,063	25,650	277,167	27,145	9,602	18,488	6,479	478,594
Year ended 31 December 2020								
Opening net book amount	114,063	25,650	277,167	27,145	9,602	18,488	6,479	478,594
Revaluation surplus	-	(774)	6,991	650	-	-	28	6,895
Additions	805	4,760	15,101	1,006	45	5,001	459	27,177
Transfers to Property, plant & equipment	(111,420)	-	98,597	1,448	-	11,373	2	-
Transfers to Intangibles	(2,121)	-	-	-	-	-	-	(2,121)
Transfers to Non-capitalised equipment	(166)	-	-	-	-	-	-	(166)
Disposals	-	-	-	-	-	(74)	-	(74)
Depreciation charge	-	-	(6,323)	(1,170)	(1,064)	(6,231)	-	(14,788)
Closing net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	495,519
At 31 December 2020								
-Cost	1,161	-	11,457	2,926	13,220	55,873	-	84,637
-Valuation	-	29,636	435,697	36,995	-	-	6,968	509,296
Accumulated depreciation	-	-	(55,621)	(10,840)	(4,637)	(27,316)	-	(98,414)
Net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	495,519

* Plant & equipment represents all operational assets, including motor vehicles and computer equipment.

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For the year ended 31 December 2021

Parent - 31 December 2021

	Construction in progress	Freehold land	Freehold buildings	Infrastructure assets	Leasehold improvements	Plant & equipment*	Heritage & cultural collection	Total
Basis of measurement	Cost	Fair Value	Fair Value	Fair Value	Cost	Cost	Fair Value	
Fair value category		Level 2	Level 2 & 3	Level 3			Level 3	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	495,519
Year ended 31 December 2021								
Opening net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	495,519
Revaluation surplus	-	2,965	10,591	1,964	-	-	73	15,594
Additions	3,165	-	667	-	298	3,648	252	8,030
Transfers to Property, plant & equipment	(621)	-	(550)	72	12	1,087	-	-
Transfers to Intangibles	-	-	-	-	-	-	-	-
Transfers to Non-capitalised equipment	(532)	-	-	-	-	-	-	(532)
Disposals	-	-	-	(449)	-	(26)	-	(475)
Depreciation charge	-	-	(6,801)	(1,203)	(1,086)	(6,639)	-	(15,729)
Closing net book amount	3,173	32,601	395,440	29,466	7,807	26,627	7,293	502,408
At 31 December 2021								
-Cost	3,173	-	116	-	13,530	60,322	-	77,141
-Valuation	-	32,601	459,952	38,992	-	-	7,293	538,838
Accumulated depreciation	-	-	(64,627)	(9,526)	(5,723)	(33,695)	-	(113,572)
Net book amount	3,173	32,601	395,440	29,466	7,807	26,627	7,293	502,408

* Plant & equipment represents all operational assets, including motor vehicles and computer equipment.

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Notes to the financial statements
For the year ended 31 December 2021

Note 8 Property, plant & equipment (continued)

(i) Recognition thresholds

Each class of property, plant and equipment is carried at fair value or cost, less where applicable, any accumulated depreciation and impairment losses. Assets are valued at their fair value in accordance with the Queensland Treasury's 'Non-Current Asset Policies for the Queensland Public Sector' (NCAP).

All assets acquired during the reporting period have been initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset, at the time of its acquisition or construction including costs incurred in preparing the assets for use. Subsequent costs are included in the 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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The asset recognition threshold is \$5,000 for all PPE except Freehold Land and Heritage & Cultural Assets where the recognition threshold is \$1 and Freehold Buildings & Infrastructure assets is \$10,000.

Capital works in progress

Capital works in progress is shown at a value that recognises the extent of completion of work, as represented by progress payments to date. Contracts signed for building projects that have not been completed and / or commenced at 31 December 2021 have been disclosed as capital expenditure commitments (refer Note 16).

Repairs & maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the carrying amount of those parts that are replaced is derecognised and the cost of the replacing part is capitalised if the recognition criteria are met. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, in the statement of comprehensive income during the financial period in which it is incurred.

Donated assets

PPE donated to the University is recorded at valuation (fair value) in the year of donation.

(ii) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy on the following basis:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The consolidated entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in 2021.

Freehold Buildings are consisting of both Level 2 and 3. The split between the levels are as follows:

	Total	Level 2	Level 3
	\$'000	\$'000	\$'000
Freehold buildings			
2021	395,440	10,372	385,068
2020	391,533	10,448	381,085

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Notes to the financial statements
For the year ended 31 December 2021

Note 8 Property, plant & equipment (continued)

(iii) Depreciation

Property, plant and equipment, other than Freehold Land and Heritage & Cultural Assets are depreciated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Depreciable Assets	2021	2020
Buildings	40 - 90	40 - 90
Infrastructure	10 - 60	10 - 60
Leasehold Improvements	Unexpired portion of the lease or useful lives of the improvements, whichever is the shorter	Unexpired portion of the lease or useful lives of the improvements, whichever is the shorter
Plant and Equipment		
Computer Equipment	3 - 6	3 - 6
Science Equipment	5 - 20	5 - 20
Motor Vehicles	5 - 15	5 - 15
Plant & Equipment - Other	5 - 25	5 - 25
Right of Use Assets	3 - 10	3 - 10

Depreciation is charged from the time the assets are first put in use or held ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The University has reassessed the remaining lives of its building and infrastructure assets to ensure the University is in compliance with the depreciation requirements of AASB 116 *Property, Plant and Equipment*, "complex assets" which are componentised and depreciated separately into short and long-life components.

(iv) Impairment

The carrying amounts of all assets are reviewed for indicators of impairment at each reporting date. If an indicator of impairment exists, the asset's recoverable amount is estimated. Computer equipment, other plant and equipment & motor vehicles are reviewed as part of stocktake processes for changes in circumstances including effective useful life, significant adverse technological, market, legal or economic changes taken place which would materially reduce the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Assets, including right-of-use assets are tested for impairment to ensure that they are not carried in the Statement of Financial Position at a value more than their recoverable amount. Any impairment loss is recognised in the statement of comprehensive income immediately.

(v) Disposals

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is University policy to transfer the amounts included in asset revaluation surplus in respect of those assets, to retained earnings.

(vi) Valuation processes and effective dates

Land, buildings and infrastructure

A formal and comprehensive valuation is performed every 5 years by external, independent and qualified valuers. Although the University is currently exempt under Treasurer advisement, this valuation method is in alignment with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector (NCAP).

The last formal valuation was performed by APV Valuers and Asset Management in 2019.

In 2021 a desktop revaluation has been undertaken by APV Valuers and Asset Management on the University's Land, Building & Infrastructure assets.

The process adopted through APV Valuers and Asset Management involves dissecting the asset lifecycle into a range of phases and using a scoring process to determine the level of remaining service potential (%RSP). Depending on the asset, and how it is consumed, a different pattern of consumption may be applied.

Land, buildings and infrastructure (classified as property, plant and equipment) are valued independently on a comprehensive basis every 5 years, with desktop valuations undertaken in the intervening years. At the end of each reporting period, the University updates its assessment of the fair value of each property, taking into account the most recent independent valuations. The University determines the property's value within a range of reasonable fair value estimates.

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Notes to the financial statements
For the year ended 31 December 2021

Note 8 Property, plant & equipment (continued)

The best evidence of fair value in current prices is an active market for similar properties. Where such information is not available the University considers information from a variety of sources, including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences. Resulting fair value estimates for properties are included in level 3.

Specialised buildings were valued using the current replacement cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by its individual components with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Road and water network infrastructure assets were valued using level 3 valuation inputs using the current replacement cost approach.

Accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset. The carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are recognised in other comprehensive income and accumulated in equity under the heading asset revaluation surplus, except where the increment reverses a previously recognised decrement. In such cases the increments are recognised as revenue in the statement of comprehensive income. Revaluation decrements are recognised as an expense in the statement of comprehensive income except where the decrement reverses a revaluation increment held in the asset revaluation surplus.

Plant and equipment

All plant and equipment is recorded at cost and is not independently valued or indexed.

Heritage and Cultural collections

A formal and comprehensive valuation is performed every 5 years by external, independent and qualified valuers. In 2021 a desktop revaluation was performed (all valued at fair value) by R. Searle. The last formal valuation was performed by R. Searle in 2018.

Note 8.1 Right-of-use assets

The University controls the right to use property, vehicle & equipment assets over the life of the lease held. Information about leases where the University is a lessee is presented below:

(a) Right-of-use assets

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Buildings				
At 1 January	9,466	10,978	9,466	10,978
Additions/(variations) of right-of-use assets	274	432	274	432
Depreciation charge	(2,051)	(1,944)	(2,051)	(1,944)
At 31 December	7,689	9,466	7,689	9,466
Vehicles				
At 1 January	853	916	853	916
Additions/(variations) of right-of-use assets	493	694	493	694
Depreciation charge	(672)	(757)	(672)	(757)
At 31 December	674	853	674	853
Equipment/Infrastructure				
At 1 January	20,174	21,138	20,174	21,138
Additions/(variations) of right-of-use assets	-	11	-	11
Depreciation charge	(924)	(975)	(924)	(975)
At 31 December	19,250	20,174	19,250	20,174
Total right-of-use assets	27,613	30,493	27,613	30,493

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

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Notes to the financial statements
For the year ended 31 December 2021

Note 8 Property, plant & equipment (continued)

(b) Concessionary leases

The University has elected to not apply the fair value measurement requirements to a class or classes of right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The determination was made as the University only has one such lease for which it will be difficult to establish the market value as it's not freely available to the open market.

Note 9 Intangible assets

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Software				
At 1 January	3,508	2,332	3,508	2,332
Effect of changes in accounting policy at 1 January	(1,490)	-	(1,490)	-
Additions	-	2,613	-	2,613
Amortisation charge	(797)	(1,437)	(797)	(1,437)
At 31 December	1,221	3,508	1,221	3,508

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understandings, is recognised in the statement of comprehensive income as an expense, when it is incurred.

Computer Software development

Expenditure on development activities relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as intangible assets and amortised from the point at which the asset is ready for use. On-premise computer software is amortised using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 8 years (2020: 3 to 8 years).

The intangible asset recognition threshold is \$100,000 for software development.

In March 2021 the IFRS Interpretation Committee (IFRIC) clarified the position and treatment for accounting for costs of configuring or customising a suppliers application software in a Software as a Service (SaaS) arrangement pursuant to IAS 38. The resulting outcome is an entity cannot recognise an intangible asset where it does not control the software being configured or customised and those configuration or customisation activities do not create a resource controlled by the customer that is separate from the software.

The effect of the IFRIC agenda decision to the University regarding configuration or customisation costs in a cloud computing (including SaaS) arrangement has resulted in \$1.5 million WDV as at 1 January 2021 of previously capitalised SaaS software costs being reclassified to the statement of comprehensive income.

Note 10 Trade and other payables

	Note	Consolidated		Parent entity	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Current					
OS-HELP Liability to Australian Government	22e	1,976	1,976	1,976	1,976
Creditors		10,988	8,366	10,988	8,363
Accrued expenses		439	852	439	852
Total trade and other payables		13,403	11,194	13,403	11,191

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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Note 11 Borrowings

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Secured				
Loan - Queensland Treasury Corporation	8,637	1,284	8,637	1,284
Loan - Commonwealth	-	3,612	-	3,612
Lease liabilities	3,302	2,980	3,302	2,980
Total current borrowings	11,939	7,876	11,939	7,876
Non-Current				
Secured				
Loan - Queensland Treasury Corporation	114,343	1,008	114,343	1,008
Loan - Commonwealth	-	120,097	-	120,097
Lease liabilities	25,824	28,694	25,824	28,694
Total non-current borrowings	140,167	149,800	140,167	149,800
Total borrowings	152,106	157,676	152,106	157,676

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 statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

In October 2021 the Commonwealth loan established to fund the establishment of the Moreton Bay campus was prepaid and transferred to Queensland Treasury Corporation in 3 individual loans with terms of 10, 15 and 20 years.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(a) Assets pledged as security

Security for loan liabilities from the QTC is a guarantee of due performance and observance of the University's obligations under the facility by the Treasurer of Queensland in favour of QTC. No one specific asset has been pledged as security for current and non-current borrowings.

(b) Financing arrangements

The following loan/overdraft facilities have been taken out with Queensland Treasury Corporation and consist of the following:

- \$15 million QTC fixed loan facility. The loan is repayable in quarterly instalments of equal size such that the advance amount and interest (including capitalised interest) and fees calculated thereon are fully repaid by 15 September 2022. The weighted average borrowing rate is 2.269% ranging from 1.835% to 5.698% (2020:5.698%).
- \$25 million QTC fixed loan facility. The loan is repayable in quarterly instalments of equal size such that the advance amount and interest (including capitalised interest) and fees calculated thereon are fully repaid by 22 October 2031.
- \$75 million QTC fixed loan facility. The loan is repayable in quarterly instalments of equal size such that the advance amount and interest (including capitalised interest) and fees calculated thereon are fully repaid by 22 October 2036.
- \$23.7 million QTC fixed loan facility. The loan is repayable in quarterly instalments of equal size such that the advance amount and interest (including capitalised interest) and fees calculated thereon are fully repaid by 22 October 2041.
- \$4 million QTC Overdraft/short term funding facility. No overdraft exists at reporting date as there are sufficient funds within the QTC Capital Guarantee Fund (cash account).

The four QTC loans have a consolidated weighted average borrowing rate of 2.269% ranging from 1.835% to 5.698%.

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Note 11 Borrowings (continued)

(c) Fair value

	2021		2020	
	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000
Non-traded financial liabilities				
Queensland Treasury Corporation	122,980	123,240	2,292	2,409
Commonwealth	-	-	123,709	123,709
	122,980	123,240	126,001	126,118

(d) Risk exposures

The exposure of the consolidated and parent entity's borrowings to interest rate changes is considered minimal as all major borrowings are held with Government entities in fixed rate arrangements. The carrying amounts of the consolidated entity's and parent entity's borrowings are in Australian Dollars.

Note 11.1 University as lessee

(a) Amounts recognised in the statement of comprehensive income

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest on lease liabilities	1,525	1,628	1,525	1,628
Variable lease payments not included in the measurement of leases	3	22	3	22
Income from sub-leasing right of use assets	(29)	(5)	(29)	(5)
Expenses relating to short-term leases	46	64	46	64
Amounts recognised in Income Statement	1,545	1,709	1,545	1,709

(b) Maturity Analysis – undiscounted contractual cash flows

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Less than one year	4,676	4,472	4,676	4,472
One to five years	18,211	18,720	18,211	18,720
More than 5 years	12,222	15,875	12,222	15,875
Total undiscounted contractual cash flows	35,109	39,067	35,109	39,067
Lease liabilities recognised in the statement of financial position:				
Current	3,302	2,980	3,302	2,980
Non-current	25,824	28,694	25,824	28,694

Exposure from variable lease payments

The variability of lease payments will have an effect on future cash flows particularly in relation to the Veolia infrastructure lease with significant indexation into the future years and variable non-lease energy consumption charges.

Exposure from extension options and termination options

The option to exercise the extend or terminate clauses within lease agreements provides the University with the flexibility to control future cash flows and commitments based on student numbers and space requirements. The University has taken the position of not factoring in lease extensions until such time the terms are formally renegotiated.

Amounts recognised in statement of cash flows

The amounts recognised in the statement of cash flows in relation to the total cash outflow for leases are as follows:

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Total cash outflow for leases	4,729	4,575	4,729	4,575
	4,729	4,575	4,729	4,575

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Note 11.1 University as lessee (continued)

(c) 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); and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, the University allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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 statement of comprehensive income. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate or a change in lease term with a corresponding adjustment to the right-of-use 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 8.1 and lease liabilities are presented within borrowings in Note 11.1.

Short-term leases and leases of low-value assets

The University has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is AUD 5,000 or less.

Note 12 Provisions

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current provisions expected to be settled wholly within 12 months				
Employee benefits				
Annual leave	11,363	11,017	11,363	11,017
Long service leave	1,344	1,058	1,344	1,058
Subtotal	<u>12,707</u>	<u>12,075</u>	<u>12,707</u>	<u>12,075</u>
Current provisions expected to be settled wholly after more than 12 months				
Employee benefits				
Annual leave	1,955	2,084	1,955	2,084
Long service leave	13,306	11,843	13,306	11,843
Subtotal	<u>15,261</u>	<u>13,927</u>	<u>15,261</u>	<u>13,927</u>
Total current provisions	<u>27,968</u>	<u>26,002</u>	<u>27,968</u>	<u>26,002</u>
Non-Current				
Employee benefits				
Long service leave	4,978	5,503	4,978	5,503
Total non-current provisions	<u>4,978</u>	<u>5,503</u>	<u>4,978</u>	<u>5,503</u>
Total provisions	<u>32,946</u>	<u>31,505</u>	<u>32,946</u>	<u>31,505</u>

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Notes to the financial statements
For the year ended 31 December 2021

Note 12 Provisions (continued)

Accrued employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term obligations

The liability for other long-term employee benefits such as annual leave and long service leave is recognised in non-current provisions for employee benefits if it is not expected to be settled wholly before twelve months after the end of the reporting period.

The long service leave provision reflects the amount of long service leave accrued as at 31 December 2021. It is measured at 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 the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using 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.

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 twelve months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Retirement benefit obligations

All employees of the University are entitled to benefits on retirement, disability or death from the consolidated entity superannuation plan. The consolidated entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from consolidated entity companies and the consolidated entity's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the consolidated entity's plan.

(iv) Superannuation

The UniSuper Defined Benefit Division (DBD), which is the predominant plan within the University, is a defined benefit plan under superannuation law however, as a result of amendments to Clause 34 of the UniSuper Trust Deed; it is deemed a defined contribution plan under Accounting Standard AASB 119 *Employee Benefits*. The DBD receives fixed contributions from the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions. Additionally, any actuarial risk and investment risk falls on the consolidated entity's employees.

(v) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The consolidated entity recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal of providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits not expected to be settled wholly before 12 months after the end of the reporting period are discounted to present value.

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Note 13 Other liabilities

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Australian Government unspent financial assistance	5,201	2,433	5,201	2,433
Income in Advance	18	124	18	124
Refund liabilities	38	115	38	115
Financial liabilities	1,470	1,250	1,470	1,250
Other liabilities	132	33	132	33
Total current other liabilities	6,859	3,955	6,859	3,955
Non-current				
Refund liabilities	72	59	72	59
Total non-current other liabilities	72	59	72	59

(a) Contract liabilities

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contract liabilities - Australian Government	7,235	9,391	7,235	9,391
Other contract liabilities	16,509	15,705	16,509	15,705
Contract liabilities - current	22,082	23,100	22,082	23,100
Contract liabilities - non-current	1,662	1,996	1,662	1,996

A contract liability is the obligation to transfer goods or services to a customer for which the University has received consideration (or an amount of consideration is due) from the customer, e.g. research milestone payments being receipted whilst the research activity is still to be performed over time. If a customer pays consideration before the University transfers goods or services to the customer a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the University performs the contract.

The classification of contract liabilities as non-current is made on the basis where there is revenue received from customers relating to periods that extend beyond 12 months.

Note 14 Reserves and retained earnings

(a) Reserves

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment revaluation reserve	168,485	152,891	168,485	152,891
Other financial assets at fair value through OCI reserve	16,742	55,785	16,742	55,785
Total reserves	185,227	208,676	185,227	208,676
Movements				
Property, plant & equipment revaluation reserve				
Balance 1 January	152,891	145,996	152,891	145,996
Revaluation - gross	15,594	6,895	15,594	6,895
Balance 31 December	168,485	152,891	168,485	152,892
Other financial assets at fair value through OCI reserve				
Balance 1 January	55,785	45,453	55,785	45,453
Revaluation - gross	42,740	10,332	42,740	10,332
Transfer of fair value reserve through OCI to retained earnings	(81,783)	-	(81,783)	-
Balance 31 December	16,742	55,785	16,742	55,785

(b) Nature and purpose of reserves

Transfers to and from the property, plant & equipment revaluation reserve and the other financial assets at fair value through OCI reserve result from the fluctuations in the fair value of assets held.

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Notes to the financial statements
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Note 14 Reserves and retained earnings (continued)

(c) Retained earnings

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Movements in retained earnings were as follows:				
Retained earnings at 1 January	310,701	286,602	310,519	286,434
Transfer of fair value reserve through OCI to retained earnings	81,783	-	81,783	-
Net operating result for the year	44,823	24,099	45,005	24,085
Retained earnings at 31 December	437,307	310,701	437,307	310,519

Refer to Note 7 for further details regarding the transfer of fair value reserve through OCI to retained earnings.

Note 15 Key management personnel (KMP) disclosures

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

Council officers

Further details of the University's Council Membership are located in the Governance Section of the Annual Report.

Executive officers

<i>Position</i>	<i>Incumbents during 2021</i>	<i>Start/end dates where less than full year</i>
Vice-Chancellor & President	Prof Helen Bartlett	
Deputy Vice-Chancellor, Academic	Prof Tim Wess	
Deputy Vice-Chancellor, Research & Innovation	Prof Roland De Marco	Until 2 July 2021
Deputy Vice-Chancellor, Research & Innovation	Prof Ross Young	Start 24 August 2021
Pro Vice-Chancellor, Engagement	Prof Joanne Scott	
Chief Operating Officer	Dr Scott Snyder	
Pro Vice-Chancellor, Students	Prof Denise Wood AM	

Note all position titles and incumbents are as at balance date.

(b) Remuneration of Council Members, Executives and Key Management Personnel

Remuneration for the University's key executive management personnel is established in accordance with the approved delegations by Council to the Vice-Chancellor & President under the *University of the Sunshine Coast Act 1998* and the Senior Staff Remuneration Policy. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts may provide for the provision of other benefits including motor vehicles.

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

- Short term employee benefits which include:
 - o Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the statement of comprehensive income.
 - o Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination

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

No Council Member is entitled to any Retirement Benefit arising from their role as a Council Member.

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Note 15 Key management personnel (KMP) disclosures (continued)

	Consolidated		Parent entity	
	2021 Number	2020	2021 Number	2020
Remuneration of Council Members				
None	-	-	-	-
Remuneration of Executive Officers				
\$160,000 to \$169,999	1	-	1	-
\$260,000 to \$269,999	1	-	1	-
\$330,000 to \$339,999	-	1	-	1
\$360,000 to \$369,999	-	1	-	1
\$380,000 to \$389,999	2	-	2	-
\$400,000 to \$409,999	-	1	-	1
\$420,000 to \$429,999	-	1	-	1
\$500,000 to \$509,999	1	-	1	-
\$520,000 to \$529,999	-	1	-	1
\$530,000 to \$539,999	1	2	1	2
\$570,000 to \$579,999	-	1	-	1
\$920,000 to \$929,999	1	-	1	-

The above totals exclude termination payments made to Executive Officers that resigned during the reporting period.

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Short-term employee benefits	2,707	3,213	2,707	3,213
Post-employment benefits	409	424	409	424
Other long-term benefits	49	68	49	68
Total key management personnel compensation	3,165	3,705	3,165	3,705

(d) Performance payments

The University did not have any key management personnel entitled to performance payments in 2021 (2020: Nil). No performance bonus has been agreed or paid in relation to subsequent years.

(e) Loans to key management personnel

No loans were made to any key management personnel during the period or in prior periods.

Note 16 Commitments

	Consolidated		Parent entity	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(a) Capital commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Property, plant and equipment				
Within one year	2,083	1,670	2,083	1,670
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total Property, plant and equipment	2,083	1,670	2,083	1,670
Total capital commitments	2,083	1,670	2,083	1,670

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Notes to the financial statements
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Note 17 Related parties (continued)

During the financial year, the University employed close family members of a KMP in casual roles. The recruitment of those staff followed standard University policies for the selection of candidates, and remuneration of casuals, in the University.

In relation to related party transactions outside that of the University's controlled entities the following has occurred:

The following transactions occurred with related parties, excluding controlled entities:	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Sale of goods and services				
Transactions are in relation to the provision of goods and services by the University for events staged by the entity.	21	47	21	47
Transactions are in relation to the provision of goods and services by the University in relation to a Joint Venture by the entity.	9	9	9	9
Purchase of goods and services				
Transactions are in relation to the provision of goods and services for IT operations of the university.	-	-	-	-
Transactions are in relation to the provision of goods and services for events staged by the university.	349	335	349	335

(e) Outstanding balances

As at 31 December 2021, there are no amounts owing to the University through normal intercompany arrangements.

No provision for doubtful debts has 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.

Note 18 Joint operations

USC is a partner together with Sunshine Coast Hospital and Health Service (SCHHS), TAFE Queensland, and Griffith University in the operation of the Sunshine Coast Health Institute (SCHI). The SCHI operates as an unincorporated joint operation under a Joint Venture Agreement (JVA), based at the Sunshine Coast University Hospital.

The primary aims of the SCHI are to advance the education of trainee medical officers, nurses, midwives and other health care professionals, whilst providing outstanding patient care and extending research knowledge.

Each joint operator has rights and obligations to the assets, liabilities, revenue and expenses of the SCHI according to their Interest in the joint operation. Under the JVA, the joint operators contribute to the running costs of the SCHI at set percentage allocations, which are a reflection of the relative space and resource utilisation of each joint operator under the Agreement.

Joint operator interests are displayed in the below table.

	2021	2020
TAFE Queensland	23.7%	23.7%
University of the Sunshine Coast	23.7%	23.7%
Griffith University	23.7%	23.7%
Sunshine Coast Hospital & Health Service	28.9%	28.9%
	100%	100%

All joint operators have equal decision-making rights, irrespective of the underlying interests.

The assets of SCHI include specialist equipment to facilitate medical research and teaching, in addition to the building fit-out within the shared joint operation areas.

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Notes to the financial statements
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Note 18 Joint operations (continued)

The financial impacts of the SCHI, as they relate to USC, are included within the main statements of USC. Summary information about the SCHI is as follows:

	SCHI	USC's Share
	2020	2020
	\$'000	\$'000
Total income	3,029	718
Total expenses	4,188	992
Total comprehensive result	(1,159)	(275)
Current assets	1,812	428
Non-current assets	15,886	3,765
Total assets	17,698	4,194
Current liabilities	1,766	417
Total liabilities	1,766	417
Net assets	15,933	3,777

It is noted that 2021 balances are unavailable for inclusion at report signing date.

Note 19 Events occurring after the end of the reporting period

In 2021 the University Council approved the commencement of stage 2 of the Moreton Bay building program. Contracted commitments relevant to the program at reporting date are disclosed in Note 16. In January and February 2022 the University finalised a number of procurement activities that resulted in additional contracted commitments in the program.

Note 20 Reconciliation of operating result after income tax to net cash flows from operating activities

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	44,823	24,099	45,005	24,085
Depreciation and amortisation	20,173	19,904	20,173	19,900
Non-cash donations	(242)	(5,199)	(242)	(5,199)
Net (gain) / loss on sale of non-current assets	459	(38)	459	(38)
(Increase) / decrease in trade and other receivables	(678)	1,047	(733)	935
(Increase) / decrease in other assets	2,678	(419)	2,678	(441)
(Decrease) / increase in trade and other payables	2,207	896	2,210	1,016
(Decrease) / increase in other liabilities	3,611	(338)	3,611	(338)
(Decrease) / increase in provisions	1,441	(679)	1,441	(583)
Net cash provided by / (used in) operating activities	74,472	39,273	74,602	39,337

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

(Decrease) / increase in borrowings	(3,653)	27,789	(3,653)	27,789
(Decrease) / increase in lease liabilities	(4,729)	(4,575)	(4,729)	(4,575)
Net cash provided by / (used in) financing activities	(8,382)	23,214	(8,382)	23,214

Note 21 Financial risk management

The consolidated entity's activities expose the consolidated entity to a variety of financial risks, including: market risk, credit risk, and liquidity risk.

The Council has overall responsibility for the establishment and oversight of the risk management framework. The Council has established the Audit and Risk Management Committee, which oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. The Audit and Risk Management Committee are assisted in its oversight role by Internal Audit.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions of the consolidated entity's activities.

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Notes to the financial statements
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Note 21 Financial risk management (continued)

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The consolidated entity does not hold any derivatives or other financial liabilities related to the management of market risk.

(i) Foreign exchange risk (currency risk)

The currency in which the consolidated entity's activities and associated transactions are conducted is primarily the Australian dollar (AUD). As such, the consolidated entity's exposure to currency risk on sales, purchases and borrowings is minimal.

(ii) Price risk

The consolidated entity has shareholdings in IDP Limited which is publicly traded exposing the University to price risk resulting from fluctuating and changing market prices.

(iii) Cash flow and fair value interest rate risk.

The consolidated entity's investment policy is to only invest with; major banking institutions, Queensland Treasury Corporation (QTC) and other Government associated entities, and to only borrow from QTC and other Government associated entities.

The consolidated entity's current portfolio of investments consists of floating and fixed rate investments in the form of cash holdings with three major banking institutions, deposits held with QTC in a Capital Guaranteed Cash Fund, and a limited number of shares. The Capital Guaranteed Cash Fund enables USC to invest surplus funds in the short-term money market. The fund is run on a similar basis to a cash management account, with customers' deposits pooled together to take advantage of the more attractive interest rates and economies of scale available for larger investments with floating rate exposure.

The consolidated entity's current portfolio of borrowings consists of fixed and variable rate funding sourced through QTC and the Commonwealth Government. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. For further details regarding interest rate risk refer to Note 21(c).

iv) Interest Rate Sensitivity Analysis

Interest rate sensitivity analysis evaluates the outcome on operating result or equity if interest rates would change by +/- 1 per cent from the year end rates applicable to the University's financial assets and liabilities. With all other variables held constant, the University would have a surplus and equity increase/ (decrease) of \$2m (2020: \$1 million).

(b) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer fails to meet its contractual obligations and arises principally from the consolidated entity's receivables from customers and, for the parent entity, receivables due from subsidiaries.

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure.

Receivables

Credit risk is managed at group level subject to the consolidated entity's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The consolidated entity evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Investments

The consolidated entity has limited the majority of its exposure to credit risk by only investing in liquid securities with QTC or other Industry initiatives. The consolidated entity holds a limited number of shares carried at fair value.

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Notes to the financial statements
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Note 21 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity uses past trend analysis and commitments reporting to assist in monitoring cash flow requirements and optimising its cash return on investments. Typically, the consolidated entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following tables summarise the maturity of the consolidated entity's financial assets and financial liabilities:

31 December 2021	Average interest rate	Fixed/Variable interest rate	1 Year or less	1 year to 5 years	Over 5 years	Non interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	0.53	209,002	-	-	-	-	209,002
Receivables	-	-	-	-	-	34,616	34,616
Other financial assets	-	-	-	-	-	68,273	68,273
Total financial assets		209,002	-	-	-	102,889	311,891
Financial Liabilities							
Trade and other payables	-	-	-	-	-	13,403	13,403
Borrowings	2.27	-	8,637	34,740	79,603	-	122,980
Lease Liabilities	5.00	-	3,302	14,495	11,329	-	29,126
Contract liabilities	-	-	22,082	1,662	-	-	23,744
Total financial liabilities		-	34,021	50,897	90,932	13,403	189,253

31 December 2020	Average interest rate	Variable interest rate	1 Year or less	1 year to 5 years	Over 5 years	Non interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	1.61	144,893	-	-	-	-	144,893
Receivables	-	-	-	-	-	8,925	8,925
Other financial assets	-	-	-	-	-	55,805	55,805
Total financial assets		144,893	-	-	-	64,730	209,623
Financial Liabilities							
Trade and other payables	-	-	-	-	-	11,194	11,194
Borrowings	2.97	-	4,896	44,392	76,713	-	126,001
Lease Liabilities	5.00	-	2,980	14,198	14,496	-	31,674
Contract liabilities	-	-	23,100	1,996	-	-	25,096
Total financial liabilities		-	30,976	60,586	91,209	11,194	193,965

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Note 22 Acquittal of Australian Government financial assistance 22a Education – CGS and Other Education Grants

	Parent entity (HEP) ONLY										
	Commonwealth Grant Scheme #1		Access and Participation Fund #2		National Priorities and Industry Linkage Fund		Disability Performance Funding #3		Indigenous Student Success Program #4		TOTAL
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	157,448	127,916	3,028	2,481	3,250	-	130	77	1,620	1,689	132,163
Net accrual adjustments	(2,523)	194	(514)	-	-	-	(29)	10	-	-	204
Revenue and income for the period	154,925	128,110	2,514	2,481	3,250	-	101	87	1,620	1,689	132,368
Surplus / (deficit) from previous year	-	-	-	-	-	-	-	-	-	-	-
Total revenue and income including accrued revenue	154,925	128,110	2,514	2,481	3,250	-	101	87	1,620	1,689	132,366
Less expenses including accrued expenses	154,925	128,110	2,512	2,481	-	-	101	87	1,620	1,689	132,366
Surplus / (deficit) for reporting period	-	-	2	-	3,250	-	-	-	-	-	3,252

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, Allocated Places, Non Designated Courses and CGS – Special Advances from Future Years and Transition Fund Loading

#2 Includes Higher Education Participation and Partnerships Program and Tertiary Access Program

#3 Disability Performance Funding includes Additional Support for Students

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

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Note 22 Acquittal of Australian Government financial assistance (continued)

22b Higher Education Loan Programs (excluding OS-HELP)

	Note	HECS-HELP (Australian Government payments only)		Parent entity (HEP) ONLY				TOTAL	
				FEE-HELP		SA-HELP			
		2021	2020	2021	2020	2021	2020	2021	2020
Cash Payable / (Receivable) at beginning of year		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in Cash during the reporting period		2,417	149	15	(106)	-	304	2,432	347
Cash available for period		71,547	71,088	1,764	1,765	3,501	2,855	76,812	75,708
Revenue and income earned	2.1b	73,964	71,237	1,778	1,659	3,501	3,159	79,244	76,055
Cash Payable / (Receivable) at end of year		71,319	68,820	1,778	1,644	3,501	3,159	76,598	73,622
		2,645	2,417	-	15	-	-	2,645	2,432

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Note 22 Acquittal of Australian Government financial assistance (continued)

22c Department of Education and Training Research

Parent entity (HEP) ONLY

	Note	Research Training Program		Research Support Program		TOTAL	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)		4,597	3,739	11,752	4,685	16,349	8,424
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2.1c	4,597	3,739	11,752	4,685	16,349	8,424
Surplus / (deficit) from previous year		-	-	-	-	-	-
Total revenue including accrued revenue		4,597	3,739	11,752	4,685	16,349	8,424
Less expenses including accrued expenses		4,597	3,739	5,359	4,685	9,956	8,424
Surplus / (deficit) for reporting period ^{#4}		-	-	6,393	-	6,393	-

#4 Reported surplus for Research Block Grants is considered a request to the Secretary of the Australian Government Department of Education to be rolled over for future expenditure. No surpluses for 2021 are expected to be returned.

Total Higher Education Provider Research Training Program expenditure

	Total domestic students \$'000	Total overseas students \$'000
Research Training Program Fees offsets	1,620	118
Research Training Program Stipends	2,104	312
Research Training Program Allowances	413	30
Total for all types of support	4,137	460

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Notes to the financial statements
For the year ended 31 December 2021

Note 22 Acquittal of Australian Government financial assistance (continued)

22d Australian Research Council Grants

		Parent Entity (HEP) ONLY					
		Discovery		Linkages		TOTAL	
Note		2021	2020	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	1,394	2,650	380	59	1,774	2,709
	Net accrual adjustments	97	(770)	47	43	144	(727)
2.1d	Revenue for the period	1,491	1,880	427	102	1,918	1,982
	Surplus / (deficit) from previous year	185	167	90	61	275	228
	Total revenue including accrued revenue	1,676	2,047	517	163	2,193	2,210
	Less expenses including accrued expenses	1,636	1,862	465	73	2,101	1,935
	Surplus / (deficit) for reporting period	40	185	52	90	92	275

22e OS – HELP

		Parent entity (HEP) ONLY	
Note		2021	2020
		\$'000	\$'000
	Cash received during the reporting period	-	1,598
	Cash spent during the reporting period	-	64
	Net cash received	-	1,534
	Cash surplus / (deficit) from previous period	1,976	442
10	Cash surplus / (deficit) for reporting period	1,976	1,976

22f Student Services and Amenities Fee

Note		2021	2020
		\$'000	\$'000
	Unspent / (overspent) revenue from previous period	1,647	1,282
2.1b	SA-HELP Revenue Earned	3,501	3,159
2.3	Student Services and Amenities Fees direct from Students	843	582
	Total revenue expendable in period	5,991	5,022
	Student Services expenses during period	(4,276)	(3,376)
	Unspent / (overspent) Student Services Revenue	1,715	1,647

Financial Statements

Statement of Certification

For the year ended 31 December 2021

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

- (a) the financial statements agree with the accounts and records of the University of the Sunshine Coast and its controlled entities;
and
- (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 to present a true and fair view of the transactions of the University of the Sunshine Coast and its controlled entities for the financial year ended 31 December 2021, and of the financial position as at 31 December 2021 in accordance with prescribed accounting standards and conform with the Guidelines for the Preparation of Annual Financial Statements issued by the Australian Government Department of Education, Skills and Employment;
 - (iii) at the time of this Certificate there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
 - (iv) the amount of Australian Government financial assistance expended during the year was for the purpose(s) for which it was intended and the University of the Sunshine Coast has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure;
 - (v) the University of the Sunshine Coast 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.

Air Chief Marshal Sir Angus Houston AK, AFC (Ret'd)
Chancellor
University of the Sunshine Coast

21 February 2022

Professor Helen Bartlett
Vice-Chancellor and President
University of the Sunshine Coast

21 February 2022

Dr Scott Snyder
Chief Operating Officer
University of the Sunshine Coast

21 February 2022

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2021

To the Council of the University of the Sunshine Coast

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 31 December 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 31 December 2021, the 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 certificate given by the Chancellor, Vice-Chancellor and President, and Chief Operating Officer.

Basis for opinion

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

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

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

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2021

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.

Valuation of specialised buildings (\$395 million)—Note 8

Key audit matter	How my audit addressed the key audit matter
<p>Buildings (consisting primarily of specialised buildings) were material to the University of the Sunshine Coast at balance date and were measured at fair value 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 revaluation of all of its buildings every five years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period.</p> <p>In making these judgements, the university engaged an external valuation expert to perform a comprehensive valuation in 2019 for all buildings and in 2020 for a material building construction. Indexation has been applied for the remaining 2020 balances and in 2021.</p> <p>The university derived the gross replacement cost of its buildings at balance date 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• 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 building exhibits 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 building 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> <p>In a previous year when a comprehensive valuation was conducted:</p> <ul style="list-style-type: none">• Assessing the competence, capability, and objectivity of the 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. <p>In the current year when indexation was applied:</p> <ul style="list-style-type: none">• Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets.• Assessing the ongoing reasonableness of the asset useful lives by:<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.

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2021

Other information

Other information comprises the information included in the University of the Sunshine Coast's annual report for the year ended 31 December 2021 but does not include the financial report and my auditor's report thereon.

Those charged with governance are 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 Council 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 Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.

Financial Statements

Independent Auditor's Report

For the year ended 31 December 2021

- 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 Council 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 Council, 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

Statement

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

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

Prescribed requirements scope

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



Bhavik Deoji
as delegate of the Auditor-General

23 February 2022

Queensland Audit Office
Brisbane