

Summary of financial performance

Financial review48

Financial statements

Report by members of Council50
 Statement of comprehensive income56
 Statement of financial position57
 Statement of changes in equity58
 Statement of cash flows59
 Notes to the financial statements60
 Statement of Certification98
 Independent auditor's report99

Financial review

The University's financial position has remained strong in 2020 amidst the impacts of the COVID-19 pandemic where adjustments have been recognised through the statements of comprehensive income and financial position. Other revenue increases include major gifts of \$10.7 million in addition to consistent performance within contract research and consultancy effort after the impacts of accounting standard AASB15 Revenue from Contracts with Customers.

Results for the year included an operating surplus of \$24.1 million (2019: \$19.9 million), with an operating margin of 7.5 percent (2019: 6.4 percent).

INCOME AND EXPENDITURE

Total income for the year was \$321.9 million – an increase of \$10.9 million (3.5 percent) on the previous year. A significant decline in international student fees has been recognised as a result of the COVID-19 pandemic, however, USC has experienced continued growth in Commonwealth-supported student places – particularly as they relate to new places funded for the Moreton Bay region.

Funds derived from government sources (including advance payments in relation to HECS-HELP and capital funding, but excluding up-front student fees) totalled \$230.3 million or 71.6 percent of revenue, an increase of \$12.0 million (5.5 percent) on the previous year's funding.

Expenses for the year totalled \$297.8 million – an increase of \$6.7 million (2.3 percent) expended in the previous year. This result can be attributed to: an increase in employee benefits resulting from a restructure program to implement a more sustainable cost structure in the post-COVID-19 environment; increased depreciation and borrowing costs relevant to the Moreton Bay campus and leasing facilities offset by decreases in other expenses, primarily professional fees and travel.

ASSET GROWTH

At year's end, the University's net assets totalled \$519.4 million – \$41.3 million (8.6 percent) more than in the previous year. This reflects the strong cash reserve balance in addition to investment in property, plant and equipment during 2020, with capital investments to the Moreton Bay Campus facility. It also reflects the increase of long-term borrowings in relation to Moreton Bay, movements in leave provisions and a comprehensive revaluation of land, buildings, infrastructure and significant investment holdings in Education Australian Ltd and AARNet Pty Ltd.

Financial Statements

Financial review
For the year ended 31 December 2020

Budget vs Actual 2020 | Actual 2020 vs Actual 2019

	2020				2019	
	ORIGINAL BUDGET \$'000	AUGUST REFORECAST \$'000	ACTUAL \$'000	VARIANCE ACTUAL vs REFORECAST	ACTUAL RE-STATED \$'000	VARIANCE ACTUAL 2020 vs 2019
STATEMENT OF COMPREHENSIVE INCOME						
Revenue and income from continuing operations	317,608	312,054	321,578	3%	310,157	4%
Expenses from continuing operations	323,922	310,148	297,493	-4%	290,248	2%
Operating result after income tax for the period	(6,314)	1,906	24,085		19,909	
Gain (loss) on revaluation of land and buildings, net of tax	-	-	6,895	100%	(13,753)	-150%
Share of other comprehensive income on investments accounted for using the equity method	-	-	10,332	100%	16,616	-38%
Total comprehensive income attributed to members of the University of the Sunshine Coast	(6,314)	1,906	41,312		22,772	
STATEMENT OF FINANCIAL POSITION						
Current assets	114,750	132,303	162,380	23%	122,334	33%
Non-current assets	572,260	594,200	586,297	-1%	560,571	5%
Total assets	687,010	726,503	748,677		682,905	
Current liabilities	47,776	63,733	72,124	13%	69,396	4%
Non-current liabilities	134,093	168,388	157,359	-7%	135,628	16%
Total liabilities	181,870	232,121	229,483		205,024	
Net assets	505,140	494,381	519,195		477,882	
Reserves	213,545	206,041	208,676	1%	191,449	9%
Retained surplus	291,595	288,340	310,520	8%	286,434	8%
Total equity	505,140	494,381	519,195		477,882	

Data relates to Parent entity.

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

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 2020 financial year on the consolidated entity consisting of the University of the Sunshine Coast and its controlled entities, the Innovation Centre Sunshine Coast Pty Ltd (ICSC), USC Capital and Commercial Pty Ltd (C&C) and Thompson Institute Pty Ltd.

It is recommended that this report be read in conjunction with the full details published in the 2020 Annual Report. The Annual Report provides a comprehensive record of the University's performance in 2020, plans for the future and achievements documented against the aims and objectives of the University's Strategic Plan 2019-2022.

Members of the University Council

The following persons were members of the Council during 2020.

Name and Qualifications	Appointment / Election / Resigned / Retired / Term completed
Chancellor Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)	
Deputy Chancellor Mr Scott WILLIAMS, AM, QDAH <i>Qld</i> , BEc, GradDipCompSc GradDipFinMangt, GradDipRurAcc <i>UNE</i> , Hon.DLitt <i>UNE</i> , FAICD	
Vice-Chancellor and President Professor Greg HILL AO, CertTeach <i>Kelvin Grove Teach.Coll.</i> , BA(Hons) <i>Qld</i> , PhD <i>Qld</i> .	Retired 14 August 2020
Professor Robert ELLIOT, BA(Hons) <i>NSW</i> , MA <i>La Trobe</i> , DipEd <i>Melb.</i> , PhD <i>Qld</i> .	Acting VCP appointment 16 March – 14 August 2020
Professor Helen BARTLETT, BA, <i>Northumbria</i> , MSc (Public Policy), <i>University of Bath</i> , PhD, <i>University of Bath</i>	Appointed 17 August 2020
Chairperson of the Academic Board Professor Tim WESS, BSc <i>Newc.</i> , PhD <i>Edin.</i> GradCert <i>C. Sturt</i> FRSA, PFHEA, FRSB, FRSN	
Six members appointed by the Governor in Council Ms Debra BENNET	
Ms Sandra BIRKENSLEIGH, BCom <i>UNSW</i> , CA, CCP Fellow, GAICD	
Mr David FOSTER, BAppSc <i>S.Qld.</i> , MBA <i>S.Cross</i> , SF Fin, GAICD	
Mr Scott WILLIAMS, AM, QDAH <i>Qld</i> , BEc, GradDipCompSc GradDipFinMangt, GradDipRurAcc <i>UNE</i> , Hon.DLitt <i>UNE</i> , FAICD	
Ms Jenny MORAWSKA, BA <i>Macq.</i> , DipEd <i>UTS</i> , GradDip Sci <i>ANU</i> , MSc <i>ANU</i> , MBA <i>Sunshine Coast</i> , GAICD	
Mr Tim ROTHWELL, BA(Hons) <i>Newc.</i> , FCA, MAICD	
Two members of the University's academic staff Professor Marion GRAY, OTDip, BOccTher <i>Otago Polytechnic</i> , MHSc, PhD PH <i>Otago</i> , Postdoc Fellow Washington DC USA, GCETT <i>JCU</i>	Resigned 10 June 2020
Professor Abigail ELIZUR, BSc <i>HUJJ</i> , MSc <i>ANU</i> , PhD <i>ANU</i> , FTSE	Elected 7 October 2020
Associate Professor Mark SAYERS, BAppSci <i>CCA</i> , MAppSci <i>UC</i> , PhD <i>RMIT</i> , SFHEA	
One member of the University's full-time general staff Dr Ruth GREENAWAY, BA <i>W.Syd</i> , GradDipEd <i>NSW</i> , MLM <i>C.Qld</i> , PhD <i>Qld.UT</i> , SFHEA, GAICD	
Two members of the student body Ms Melissa GELTCH	
Mr Nathan WELLINGTON	

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

Name and Qualifications

Appointment / Election / Resigned /
Retired / Term completed

Four additional members appointed by Council

Ms Melinda BRYANT, LLB, BBus, GradCertCreativeInd, *Qld.UT*, GradCertDiv, *Tabor*,
GDLP *Coll.Law*,

Ms Katie TONEY, BComn *Sunshine Coast*

2 x Vacant

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.

Member of Council

Ms Sandra BIRKENSLEIGH, BCom *UNSW, CA*, CCP Fellow, GAICD

Chairperson

Member of the professional accounting bodies or audit bodies in Australia and have a professional accounting, management consultancy or audit background (external)

Mr Jeffrey FORBES, BComm *Newcastle(NSW)*, GAICD

Ms Natasha READ, BCom *Griff.*, MBA *Sunshine Coast*, FAIM, GAICD

Term completed 28 August 2020

Mr Phillip STRACHAN, BCom *Melb.* FCPA, MAICD

Mr Scott NORTH, BCom *Melb.* FCA, MBIT *Melb.* FGIA, GAICD

Member possessing expertise within the education sector

Emeritus Professor Jenny GRAHAM, Dip OT (*NSW*), MSc Education (*Bradford*)

Up to two members co-opted by the Chancellor

2 x Vacant

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.

Deputy Chancellor

Mr Scott WILLIAMS, AM, QDAH *Qld.* BEc, GradDipCompSc, GradDipFinMangt,
GradDipRurAcc *UNE, Hon.DLit UNE*, FAICD

Chairperson

Vice-Chancellor and President

Professor Greg HILL AO, CertTeach *Kelvin Grove Teach.Coll.*, BA(Hons) *Qld.*, PhD *Qld.*

Retired 14 August 2020

Professor Robert ELLIOT, BA(Hons) *NSW*, MA *La Trobe*, DipEd *Melb.*, PhD *Qld.*

Acting VCP appointment 16 March – 14 August 2020

Professor Helen BARTLETT, BA, *Northumbria*, MSc (Public Policy), *University of Bath*, PhD,
University of Bath

Appointed 17 August 2020

A member of the University Executive or Senior Staff, nominated by the Vice-Chancellor and President and appointed by Council

Dr Ruth GREENAWAY, PhD *Qld.UT*, MLM *C.Qld.*, BA *W.Syd.*, GradDipEd *NSW*, SFHEA, GAICD

Four members with expertise in strategic financial management and planning, at least one of whom must be a member of Council

Mr Christopher HARRIS, BFinAdmin *UNE*, MCom (Tax) *UNSW*, CPA, SSA, GAICD

Reappointed 30 September 2020

Mr Tim ROTHWELL, BA(Hons) *Newc.* FCA, MAICD

Term concluded 2 May 2020

Mr Bernard SMITH, MBA, B Eng(Civil), Grad Dip Bus, GAICD

Resigned 24 November 2020

Ms Melinda BRYANT, LLB, BBus, GradCertCreativeInd, *Qld.UT*, GradCertDiv, *Tabor*, GDLP
Coll.Law,

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

Name and Qualifications	Appointment / Election / Resigned / Retired / Term completed
A member of the Audit and Risk Management Committee (as determined by the Chairperson of ARMC) and appointed by Council Mr Phillip STRACHAN, BCom <i>Melb.</i> FCPA, MAICD	Appointed 21 February 2020
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	Appointed 17 March 2020
1 x Vacant	
Members of the Nominations Committee	
The following persons were members of the Nominations Committee during the year and up to the date of this report.	
Chancellor Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)	
Vice-Chancellor and President	
Professor Greg HILL AO, CertTeach <i>Kelvin Grove Teach.Coll.</i> , BA(Hons) <i>Qld</i> , PhD <i>Qld</i> .	Retired 14 August 2020
Professor Robert ELLIOT, BA(Hons) <i>NSW</i> , MA <i>La Trobe</i> , DipEd <i>Melb.</i> , PhD <i>Qld</i> .	Acting VCP appointment 16 March – 14 August 2020
Professor Helen BARTLETT, BA, <i>Northumbria</i> , MSc (Public Policy), <i>University of Bath</i> , PhD, <i>University of Bath</i>	Appointed 17 August 2020
Chairperson ARMC Ms Sandra BIRKENSLEIGH, BCom <i>UNSW</i> , CA, CCP Fellow, GAICD	
Chairperson PRC Mr Scott WILLIAMS, AM, QDAH <i>Qld</i> , BEc, GradDipCompSc GradDipFinMangt, GradDipRurAcc <i>UNE</i> , Hon.DLitt <i>UNE</i> , FAICD	

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

Meetings and record of attendance

Six (6) ordinary meetings of Council were held during the year. Confirmed non-confidential minutes of the meetings are available to members of the University community for perusal upon request. In 2020 Council meetings were held on 20 February, 21 April, 4 June, 6 August, 22 October, and 3 December. Additionally, two Special Meetings of Council were held on 1 February and 13 May. The Annual Council Retreat was postponed.

Four (4) ordinary meetings of the Audit and Risk Management Committee (ARMC) were held during the year. In 2020, ARMC meetings were held on 17 February, 11 May, 7 September and 18 November. Additionally, a Special Meeting of ARMC was held on 9 July and a Planning Day of ARMC was held in conjunction with the 18 November meeting.

Five (5) ordinary meetings of the Planning and Resources Committee (PRC) were held during the year. In 2020, PRC meetings were held on 13 February, 14 May, 21 July, 17 September and 12 November. Additionally, a Planning Day of PRC was held in conjunction with the 12 November meeting.

Five (5) ordinary meetings and one special meeting of the Nominations Committee were held during the year. In 2020, Nominations Committee meetings were held on 20 February, 4 June, 6 August, 22 October and 3 December. Additionally, one Special Meeting of the Nominations Committee was held on 11 May.

Member Listing	Board (Council) Meetings		Audit & Risk Management Committee		Planning & Resources Committee		Nominations Committee	
	A	B	A	B	A	B	A	B
Sir Angus Houston AK, AFC (Ret'd)	8	8					6	6
Scott WILLIAMS AM	8	8			5	5	6	6
Professor Greg HILL AO (VCP)	1	1			1	1	1	1
Professor Robert ELLIOT (Acting VCP)	4	4			2	2	3	3
Professor Helen BARTLETT (VCP)	2	2			2	2	2	2
Professor Tim WESS	6	8						
Debra BENNET	7	8						
Sandra BIRKENSLEIGH	7	8	5	5			6	6
Melinda BRYANT	8	8			4	5		
David FOSTER	5	8						
Melissa GELTCH	7	8						
Professor Marion GRAY	5	5						
Professor Abigail ELIZUR	2	2						
Dr Ruth GREENAWAY	8	8			5	5		
Jenny MORAWSKA	8	8						
Tim ROTHWELL	5	8			0	1		
Associate Professor Mark SAYERS	8	8						
Katie TONEY	5	8						
Nathan WELLINGTON	7	8						
Christopher HARRIS					4	5		
Bernard SMITH					4	5		
Jeffrey FORBES			4	5				
Emeritus Professor Jenny GRAHAM			5	5				
Dr Wayne GRAHAM					4	4		
Scott NORTH			5	5				
Natasha READ			3	3				
Phillip STRACHAN			3	5	4	4		

A = Number of meetings attended

B = Number of meetings held during the time the member held office or was a member of the council or committee during the year

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

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 2020 operating result is a surplus of \$24.1 million, 21.3% more than the 2019 operating surplus result of \$19.9 million.

The Foundation Facility at USC Moreton Bay opened in February 2020. The costs in relation to the establishment of the new campus have been capitalised in accordance with existing USC Property, plant and equipment policy with some costs expensed where considered to be normal operating activities relevant to the pursuit of the University's strategic objectives.

In 2020, the University's third Vice-Chancellor & President commenced after a rigorous recruitment process under the governance of the University Nominations Committee.

The COVID-19 pandemic has increased economic uncertainty to the Higher Education sector including USC, particularly in relation to International student recruitment and associated revenues. 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.

There have been material financial impacts arising from COVID-19 on the University's financial statements, particularly reductions in revenue for full fee-paying overseas students. The pipeline effect of the loss in student load in 2020 and the projection of significantly less commencing International students in 2021 will result in reduced revenues forecast over the next five-year period. Research activity has also experienced vulnerability with corresponding downward adjustments to expenditure.

Changes to modes of teaching delivery is a risk mitigation strategy the University is rapidly implementing, particularly online platforms. In addition, cost reduction strategies have included a restructure program to implement a more sustainable cost structure in the post-COVID-19 environment. Further disclosure can be found in the notes to the financial statements and the Annual Report. No additional loans were sought to supplement working capital in response to COVID-19 impacts to cash balance. Any increases to long-term borrowings were relevant to Moreton Bay establishment.

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.

Financial Statements

Report by members of the University Council
For the year ended 31 December 2020

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.

Insurance of Officers

In 2020, 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

22 February 2021

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

22 February 2021

Financial Statements

Statement of comprehensive income
For the year ended 31 December 2020

	Note	Consolidated		Parent entity	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue and income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	151,680	137,436	151,664	137,436
HELP - Australian Government payments	2	73,622	68,476	73,622	68,476
State and Local Government financial assistance	2	5,023	12,415	4,984	12,231
HECS-HELP - Student payments		3,609	3,443	3,609	3,443
Fees and charges	2	51,026	68,888	50,875	68,514
Investment income		7,086	3,528	7,086	3,528
Consultancy and contracts	2	12,974	9,937	12,974	9,781
Other revenue and income	2	16,865	6,827	16,726	6,748
Gains on disposal of assets		38	-	38	-
Total revenue and income from continuing operations		321,923	310,950	321,578	310,157
Expenses from continuing operations					
Employee related expenses	3	189,185	172,334	188,940	171,791
Depreciation and amortisation		19,904	16,877	19,900	16,865
Repairs and maintenance		5,900	6,752	5,900	6,748
Borrowing costs		5,250	2,334	5,250	2,334
Impairment of assets		693	1,134	693	1,122
Net losses on disposal of assets		-	299	-	299
Other expenses	4	76,892	91,355	76,810	91,089
Total expenses from continuing operations		297,824	291,085	297,493	290,248
Net result before income tax from continuing operations		24,099	19,865	24,085	19,909
Income tax expense		-	-	-	-
Net result after income tax for the period and attributable to members of the University of the Sunshine Coast	14(c)	24,099	19,865	24,085	19,909
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of land and buildings, net of tax	14(a)	6,895	(13,753)	6,895	(13,753)
Gain/(loss) on equity instruments designated at fair value through other comprehensive income, net of tax	14(a)	10,332	16,616	10,332	16,616
Total other comprehensive income		17,227	2,863	17,227	2,863
Total comprehensive income attributed to members of the University of the Sunshine Coast		41,326	22,728	41,312	22,772

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 2020

	Note	Consolidated		Parent entity	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	144,893	104,564	144,763	104,394
Receivables and contract assets	6	8,356	9,490	8,355	9,323
Other non-financial assets	7	9,262	8,639	9,262	8,617
Total current assets		162,511	122,693	162,380	122,334
Non-current assets					
Receivables and contract assets	6	569	480	515	480
Other financial assets	7	55,805	45,472	55,805	45,472
Property, plant & equipment	8	526,012	511,657	526,012	511,626
Intangible assets	9	3,508	2,332	3,508	2,332
Other non-financial assets	7	457	661	457	661
Total non-current assets		586,351	560,602	586,297	560,571
Total assets		748,862	683,295	748,677	682,905
LIABILITIES					
Current liabilities					
Trade and other payables	10	11,194	10,299	11,191	10,175
Borrowings	11	7,876	5,737	7,876	5,737
Provisions	12	26,002	26,617	26,002	26,577
Other liabilities	13	3,955	3,007	3,955	3,007
Contract liabilities	13(b)	23,100	23,900	23,100	23,900
Total current liabilities		72,127	69,560	72,124	69,396
Non-current liabilities					
Borrowings	11	149,800	124,438	149,800	124,438
Provisions	12	5,503	5,567	5,503	5,511
Other liabilities	13	59	23	59	23
Contract liabilities	13(b)	1,996	5,656	1,996	5,656
Total non-current liabilities		157,358	135,684	157,358	135,628
Total liabilities		229,485	205,244	229,482	205,024
Net assets		519,377	478,050	519,195	477,882
EQUITY					
Reserves	14(a)	208,676	191,449	208,676	191,449
Retained earnings	14(c)	310,701	286,602	310,519	286,434
Parent entity interest		519,377	478,050	519,195	477,882
Total equity		519,377	478,050	519,195	477,882

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 2020

	Note	Consolidated			Parent entity		
		Reserves \$'000	Retained earnings \$'000	Total \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2019		188,585	284,347	472,932	188,585	284,135	472,720
Effect of changes in accounting policy		-	(17,610)	(17,610)	-	(17,610)	(17,610)
Restated balance at 1 January 2019		188,585	266,737	455,322	188,585	266,525	455,110
Net result		-	19,865	19,865	-	19,909	19,909
Gain/(loss) on revaluation of land and buildings, net of tax		(13,753)	-	(13,753)	(13,753)	-	(13,753)
Gain/(loss) on financial assets at fair value through OCI		16,616	-	16,616	16,616	-	16,616
Total comprehensive income		2,863	19,865	22,728	2,863	19,909	22,772
Balance at 31 December 2019		191,449	286,602	478,050	191,449	286,434	477,882
Balance at 1 January 2020		191,449	286,602	478,050	191,449	286,434	477,882
Net result		-	24,099	24,099	-	24,085	24,085
Gain/(loss) on revaluation of land and buildings, net of tax	14(a)	6,895	-	6,895	6,895	-	6,895
Gain/(loss) on financial assets at fair value through OCI	14(a)	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	519,377	208,676	310,519	519,195

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 2020

	Note	Consolidated		Parent entity	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Australian Government Grants received		226,325	203,895	226,310	203,895
OS-HELP (net)		1,535	(60)	1,535	(60)
State Government Grants received		5,657	10,714	5,618	10,530
Local Government Grants received		1,405	904	1,405	904
HECS-HELP - Student payments		3,609	3,443	3,609	3,443
Receipts from students fees and other customers		70,513	90,212	70,222	89,647
Investment income		7,086	3,528	7,086	3,528
Interest and other costs of finance paid		(2,112)	(2,334)	(2,112)	(2,334)
Payments to suppliers and employees (inclusive of GST)		(283,636)	(285,632)	(283,227)	(284,781)
GST recovered / (paid)		8,977	12,794	8,977	12,794
Short-term lease payments		(64)	(15)	(64)	(15)
Variable lease payments not included in the measurement of the lease liability		(22)	(3)	(22)	(3)
Net cash provided by / (used in) operating activities	20	39,273	37,446	39,337	37,548
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		151	92	123	104
Payments for property, plant and equipment / intangibles		(22,309)	(114,665)	(22,305)	(114,668)
Net cash provided by / (used in) investing activities		(22,158)	(114,573)	(22,182)	(114,564)
Cash flows from financing activities					
Proceeds from borrowings		29,000	85,000	29,000	85,000
Repayment of borrowings		(1,211)	(563)	(1,211)	(563)
Net effect of lease liabilities		(4,575)	(2,628)	(4,575)	(2,628)
Net cash provided by / (used in) financing activities	20	23,214	81,809	23,214	81,809
Net increase / (decrease) in cash and cash equivalents		40,329	4,682	40,369	4,793
Cash and cash equivalents at beginning of the financial year		104,564	99,882	104,394	99,601
Cash and cash equivalents at the end of the financial year	5	144,893	104,564	144,763	104,394

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

Notes	Contents of the Notes to the Financial Statements	Page
1	Summary of significant accounting policies	61-63
	Income	
2	Revenue and income	64-68
	Expenses	
3	Employee related expenses	68-69
4	Other expenses	69
	Assets	
5	Cash and cash equivalents	69
6	Receivables and contract assets	70
7	Other financial and non-financial assets	71-72
8	Property, plant and equipment	73-79
9	Intangible assets	80
	Liabilities	
10	Trade and other payables	80
11	Borrowings	80-83
12	Provisions	83-84
13	Other liabilities	84-85
	Equity	
14	Reserves and retained earnings	85-86
	Other	
15	Key management personnel disclosures	86-88
16	Commitments	89
17	Related parties	89-90
18	Joint operations	91
19	Events occurring after the end of the reporting period	91
20	Reconciliation of operating result after income tax to net cash flows from operating activities	92
21	Financial risk management	92-93
22	Acquittal of Australian Government financial assistance	94-97

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 University on 22 February 2021.

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 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 (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.

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

Financial Statements

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

Note 1 Summary of significant accounting policies (continued)

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 USC 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) Authority to issue financial report

The financial statements were authorised for issue by the Chancellor, Vice-Chancellor & President, and the Chief Operating Officer at the date of signing the Statement of Certification.

(g) Initial application of accounting standards

The following standards have an initial application during the 31 December 2020 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 1059 <i>Service Concession Arrangements: Grantor</i>	1 Jan 2020	The University's assessment of the impact of this standard is not material.
AASB 2020-4 <i>Covid-19 Related Rent Concessions</i>	1 Jun 2020	The University's assessment of the impact to 1 lease under this standard is not material and practical expedient has not been applied.

Financial Statements

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

Note 1 Summary of significant accounting policies (continued)

(h) Future impact of accounting standard not yet effective

The following standards have been issued but are not mandatory for 31 December 2020 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 2022	The University's assessment of the impact of this standard is not material.

(i) Financial impacts from COVID-19 Pandemic

There have been financial impacts arising from COVID-19 on the University's financial statements. Areas impacted are disclosed in the following notes:

- Revenue and Income (note 2)
- Employee related expenses (note 3)
- Other expenses (note 4)
- Receivables and contract assets (note 6)
- Provisions (note 12)

(j) Going concern and COVID-19 Pandemic

Due to the uncertainty arising from the COVID-19 pandemic, Management has remained 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.

Financial Statements

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

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	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Commonwealth Grant Scheme #1		128,109	109,613	128,109	109,613
Access and Participation Fund		2,481	2,135	2,481	2,135
Disability Performance Funding #2		87	135	87	135
Indigenous Student Success Program #3		1,689	1,545	1,689	1,545
Total Commonwealth Grants Scheme and Other Grants	22a	132,366	113,429	132,366	113,429

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

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

3 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 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 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 and is disclosed under Other liabilities.

(b) Higher Education loan programs

	Note	Consolidated		Parent entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
HECS - HELP		68,820	64,211	68,820	64,211
FEE-HELP		1,644	1,758	1,644	1,758
SA - HELP		3,159	2,507	3,159	2,507
Total Higher Education Loan Programs	22b	73,622	68,476	73,622	68,476

Where there is an enforceable contract by the provisions of Higher Education Support Act (HESA) with sufficiently specific performance obligations in the promise of tuition services revenue is recognised over a specific period of time, HECS-HELP & FEE-HELP revenue falls under AASB 15 and is recognised over time as the University provides the tuition services to the student.

There is an enforceable contract by the provisions in the Student Services & Amenities Act and by the agreement between the University and student to provide services and amenities which form part of the University experience. Sufficiently specific performance obligations to provide services & amenities results in SA-HELP revenue recognised over time under AASB 15 as the services & amenities are provided to students.

(c) EDUCATION Research

	Note	Consolidated		Parent entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Research Training Program		3,739	3,113	3,739	3,113
Research Support Program		4,685	3,960	4,685	3,960
Total EDUCATION Research Grants	22c	8,424	7,073	8,424	7,073

Funding received from the Department of Education – 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 2020

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

(d) Australian Research Council

	Note	Consolidated		Parent entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Discovery		1,880	361	1,880	361
Linkages ^{#4}		102	87	102	87
Total ARC	22d	<u>1,982</u>	<u>447</u>	<u>1,982</u>	<u>447</u>

4 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Non-capital				
Australian Centre International Agriculture Research	3,444	7,196	3,444	4,190
Department of Education & Training	465	777	465	777
Department of Foreign Affairs & Trade	1,293	1,744	1,293	1,146
Department of Health and Ageing	2,808	5,000	2,808	892
Queensland University of Technology	-	-	-	4,050
Other Australian Government financial assistance	898	1,769	882	5,431
Total other Australian Government financial assistance (Non-capital)	<u>8,908</u>	<u>16,486</u>	<u>8,892</u>	<u>16,486</u>
Total Australian Government financial assistance	<u>225,302</u>	<u>205,911</u>	<u>225,286</u>	<u>205,911</u>

Where there is an enforceable contract by the provisions of the funding agreement, i.e. Australian Centre International Agriculture Research (ACIAR) & National Health & Medical Research Council (NHMRC) with sufficiently specific performance obligations in the promise to undertake research activities as outlined in the grant proposal, 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.

Impacts of COVID-19 Pandemic

Government grants particularly in relation to research have been impacted by the COVID-19 pandemic with delays in meeting milestones due to travel restrictions and access to resourcing. The impacts on research activity has resulted in delayed invoicing to fund bodies with contract extensions or deferrals in place. The funding & activity volatility of research projects has been wide-spread across all fields of research.

Reconciliation

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Australian Government Grants	151,680	137,436	151,664	137,436
HELP - Australian Government payments	73,622	68,476	73,622	68,476
Total Australian Government financial assistance	<u>225,302</u>	<u>205,911</u>	<u>225,286</u>	<u>205,911</u>

Financial Statements

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

Note 2.2 State and Local Government financial assistance

	Consolidated		Parent entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-Capital				
Local Government financial assistance	973	1,051	934	1,051
State Government financial assistance	3,550	2,517	3,550	2,333
Total Non-capital	4,523	3,568	4,484	3,384
Capital				
Department of Housing and Public Works	500	8,847	500	8,847
Total Capital	500	8,847	500	8,847
Total State and Local Government financial assistance	5,023	12,415	4,984	12,231

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	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Course fees and charges					
Fee-paying onshore overseas students		46,306	63,857	46,306	63,857
Continuing education		40	99	40	99
Fee-paying domestic postgraduate students		2,059	1,838	2,059	1,838
Fee-paying domestic non-award students		315	193	315	193
Total course fees and charges		48,720	65,987	48,720	65,987
Other non-course fees and charges					
Student Services and Amenities Fees from students	22f	582	-	582	-
Applications and late fees		25	140	25	140
Examination Fees & Honorariums		35	45	35	45
Conferences, activities & excursions		176	473	176	473
Rental charges		1,148	1,496	997	1,122
Other		340	747	340	747
Total other non-course fees and charges		2,306	2,901	2,155	2,527
Total fees and charges		51,026	68,888	50,875	68,514

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.

Financial Statements

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

Note 2.3 Fees and charges (continued)

Impacts of COVID-19 Pandemic

International full fee-paying students have seen significant reduction in 2020 resulting from the COVID-19 pandemic. The loss due to restrictions on International recruitment will pipeline reduced revenues over the next five-year period.

Non-course fees and charges

Funding received from Student Services & Amenities Fees (SSAF): There is an enforceable contract by the provisions in the Student Services & Amenities Act and by the agreement between the University and student to provide services and amenities which form part of the University experience. Sufficiently specific performance obligations to provide services & amenities results in revenue recognised over time as the services & amenities are provided to students. It is within the scope of AASB 15.

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Consultancy	5,611	5,370	5,611	5,214
Contract research	7,363	4,567	7,363	4,567
Total consultancy and contracts	12,974	9,937	12,974	9,781

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, while 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Other revenue				
Donations and bequests	12,606	891	12,606	891
Food services	1,062	2,883	1,062	2,883
Sales - publications and printing	387	435	387	435
Parking permits	776	1,354	776	1,354
Other	9	132	9	74
Total other revenue	14,840	5,695	14,840	5,637
Other income				
Other recoveries - external	270	861	270	861
Other income	1,755	271	1,616	250
Total other income	2,025	1,132	1,886	1,111
Total other revenue and income	16,865	6,827	16,726	6,748

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.

Financial Statements

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

Note 2.5 Other revenue and income (continued)

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.

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	23,100	1,996	-	25,096

Revenue recognised in the current reporting period from contract liabilities at the beginning of the period was \$27.8M 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Academic				
Salaries	70,349	64,019	70,349	64,019
Contributions to superannuation and pension funded schemes	10,584	10,215	10,584	10,215
Payroll tax	4,207	4,013	4,207	4,013
Workers' compensation	155	158	155	158
Long service leave	1,417	1,385	1,417	1,385
Annual leave	4,654	4,522	4,654	4,522
Other	148	175	148	175
Total academic	91,514	84,487	91,514	84,487
Non-academic				
Salaries	75,393	66,358	75,163	65,926
Contributions to superannuation and pension funded schemes	10,825	10,846	10,825	10,792
Payroll tax	4,386	4,010	4,386	3,985
Workers' compensation	164	168	164	166
Long service leave	1,885	1,320	1,885	1,320
Annual leave	4,768	4,856	4,753	4,827
Other	249	289	249	288
Total non-academic	97,671	87,847	97,426	87,304
Total employee related expenses	189,185	172,334	188,940	171,791

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.

Financial Statements

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

Note 3 Employee related expenses (continued)

Impacts of COVID-19 Pandemic

Employee related expenses include \$18.5M in separation payments relevant to a restructure program to implement a more sustainable cost structure in the post-COVID-19 environment. Payroll tax relief of \$1.5M provided by the QLD Office of State Revenue refunding January & February payments has been recognised as other income.

Note 4 Other expenses

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	16,096	11,388	16,346	11,638
Non-capitalised equipment	7,841	8,655	7,841	8,655
Advertising, marketing and promotional expenses	3,757	4,093	3,639	4,078
Bank fees & charges	504	631	504	630
Professional fees - audit, legal & consulting *	22,348	32,403	22,306	32,257
Insurance	959	733	959	733
General consumables	1,527	1,686	1,527	1,686
Postage, printing and stationery	430	610	430	610
Telecommunications	1,425	1,582	1,366	1,482
Travel & entertainment	1,389	5,411	1,389	5,400
Subscriptions and memberships	1,810	1,988	1,810	1,973
Rental, hire and other leasing fees	2,237	3,376	2,223	3,368
Motor vehicles	208	285	208	284
IT software and licences	6,858	5,856	6,858	5,856
Commissions paid	2,315	2,941	2,315	2,941
Food and catering	719	1,849	719	1,849
Staff development and recruitment	504	1,083	504	1,083
Occupancy & utilities	4,475	4,375	4,446	4,344
Student activities and excursions	576	959	576	959
Other	914	1,451	844	1,263
Total other expenses	76,892	91,355	76,810	91,089

*The total external audit fees relating to the 2020 financial year are estimated to be \$169k (2019: \$179k). There are no non-audit services included in this amount. Currently paid and accrued audit fees for the University are \$169k.

Impacts of COVID-19 Pandemic

Several expenditure categories have seen a downward trend resulting from COVID-19, primarily travel & entertainment, consultancy, advertising and food & catering costs. The reductions made in these categories have been partially offset by additional costs in areas such as cleaning, IT costs and emergency COVID-19 bursaries and fee reductions of approx. \$3.5M. The variation in Research revenue has also resulted in corresponding reductions to expenditure.

Note 5 Cash and cash equivalents

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	6,731	3,034	6,601	2,864
Deposits at call	138,162	101,530	138,162	101,530
Total cash and cash equivalents	144,893	104,564	144,763	104,394

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 2020 was 0% (2019: 0.20%).
- Deposits at call are interest bearing on floating interest rates. The annual effective interest rate as at 31 December 2020 was 1.05% (2019: 1.65%). These deposits have an average maturity of NIL days.

Financial Statements

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

Note 6 Receivables and contract assets

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Student fees and loans	443	200	443	200
Less: Allowance for expected credit losses	(292)	(78)	(292)	(78)
Trade receivables	6,355	5,070	6,352	4,931
Less: Allowance for expected credit losses	(974)	(656)	(972)	(644)
	5,532	4,536	5,531	4,409
Taxes receivable	2,287	3,576	2,287	3,576
Deposits receivable	4	87	4	4
Accrued revenue	520	1,275	520	1,275
Sundry loans and advances	13	16	13	16
Amounts receivable from wholly owned subsidiaries	-	-	-	43
Total current receivables	8,356	9,490	8,355	9,323
Non-current				
Deposits receivable	569	480	515	480
Total non-current receivables	569	480	515	480
Total receivables	8,925	9,970	8,870	9,803

(a) Contract assets

As at 31 December 2020, the University's total receivables balance includes \$3.4M relating to contract assets (2019: \$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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	734	352	722	352
Provision for expected credit losses recognised during the year	736	1,114	734	1,102
Write-off during the year as uncollectable	(204)	(732)	(192)	(732)
At 31 December	1,266	734	1,264	722

Information about the credit exposures are 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.

Impacts of COVID-19 Pandemic

Trade receivable balances totalling \$586K have been identified as being impacted by COVID-19. Of this balance, USC holds a provision for expected credit losses of \$102K.

Financial Statements

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

Note 7 Other financial and non-financial assets

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Other non-financial assets				
Other assets	-	161	-	161
Prepayments	9,262	8,478	9,262	8,456
	9,262	8,639	9,262	8,617
Total current other assets	9,262	8,639	9,262	8,617
Non-current				
Other financial assets				
Shares in unlisted corporations at fair value through OCI	55,805	45,472	55,805	45,472
	55,805	45,472	55,805	45,472
Other non-financial assets				
Prepayments	457	661	457	661
	457	661	457	661
Total non-current other assets	56,262	46,133	56,262	46,133
Total other financial assets and non-financial assets	65,524	54,772	65,524	54,750

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).

(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 2020

(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

Financial Statements

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

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

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.

The consolidated entity elected to classify irrevocably its non-listed equity investments in Education Australia Ltd of \$50 million (2019: \$40 million) and AARNet Pty Ltd of \$6 million (2019: \$6 million) within this category. All values are as per valuation undertaken by independent party as at 31 December 2020.

(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 2020

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 in Education Australia Limited and AARNet Pty Ltd the fair value is categorised as Level 3 – Inputs that are not based on observable market data (unobservable inputs).

Financial Statements

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

Note 8 Property, plant & equipment

Consolidated - 31 December 2019	Construction in progress		Freehold land		Freehold buildings		Infrastructure assets		Leasehold improvements		Plant & equipment*		Art Collection		Right-of-use assets		Total	
	Cost	Fair Value Level 2	Fair Value Level 2 & 3	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3		Cost
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019																		
-Cost	19,154	-	-	754	-	11,798	40,896	37	-	-	-	-	-	-	-	-	-	72,638
-Valuation	-	22,544	318,160	32,020	47	-	-	6,328	-	-	-	-	-	-	-	-	-	379,100
Accumulated depreciation	-	-	(32,285)	(5,046)	(2,825)	(20,951)	-	-	-	-	-	-	-	-	-	-	-	(61,107)
Net book amount	19,154	22,544	285,875	27,728	9,020	19,945	6,365	-	-	-	-	-	-	-	-	-	-	390,631
Year ended 31 December 2019																		
Opening net book amount	19,154	22,544	285,875	27,728	9,020	19,945	6,365	-	-	-	-	-	-	-	-	-	-	390,631
Right-of-use asset at 1 January	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,480
Revaluation surplus	-	3,106	(14,920)	(1,986)	-	-	-	46	-	-	-	-	-	-	-	-	-	(13,754)
Additions	97,606	-	9,603	2,399	1,609	3,560	77	21,719	136,573	597	-	-	-	-	-	-	-	136,573
Transfers	(2,697)	-	1,530	17	15	(325)	-	-	(327)	-	-	-	-	-	-	-	-	(538)
Disposals	-	-	(4,921)	(1,012)	(1,039)	(5,269)	-	-	(3,167)	-	-	-	-	-	-	-	-	(15,408)
Depreciation charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing net book amount	114,063	25,650	277,167	27,145	9,603	18,508	6,489	33,032	6,489	33,032	33,032	33,032	33,032	33,032	33,032	33,032	33,032	511,657
At 31 December 2019																		
-Cost	114,063	-	1,981	1,893	13,175	40,027	36	-	-	-	-	-	-	-	-	-	-	207,374
-Valuation	-	25,650	323,372	35,122	47	-	6,453	-	-	-	-	-	-	-	-	-	-	390,644
Accumulated depreciation	-	-	(48,186)	(9,870)	(3,619)	(21,519)	-	-	-	-	-	-	-	-	-	-	-	(86,361)
Net book amount	114,063	25,650	277,167	27,145	9,603	18,508	6,489	33,032	6,489	33,032	33,032	33,032	33,032	33,032	33,032	33,032	33,032	511,657

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

Financial Statements

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

Note 8 Property, plant & equipment (continued)

Basis of measurement Fair value category	Construction in progress		Freehold land		Freehold buildings		Infrastructure assets		Leasehold improvements		Plant & equipment*		Art Collection		Right-of-use assets		Total
	Cost	Fair Value Level 2	Fair Value Level 2 & 3	Fair Value Level 3	Fair Value Level 3	Cost	Cost	Cost	Cost	Cost	Fair Value Level 3	Cost	Cost	Fair Value Level 3	Cost	Cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated - 31 December 2020	114,063	25,650	277,167	27,145	9,603	18,508	6,489	33,032	511,657								
Year ended 31 December 2020																	
Opening net book amount	114,063	25,650	277,167	27,145	9,603	18,508	6,489	33,032	511,657								
Revaluation surplus	-	(774)	6,991	650	-	-	28	-	6,895								
Additions	805	4,760	15,101	1,006	45	5,001	459	1,148	28,325								
Transfers to Property, plant & equipment	(111,420)	-	98,597	1,448	-	11,373	2	-	0								
Transfers to Intangibles	(2,121)	-	-	-	-	-	-	-	(2,121)								
Transfers to Non-capitalised equipment	(166)	-	-	-	-	-	-	-	(166)								
Disposals	-	-	-	-	-	(90)	-	-	(16)								
Depreciation charge	-	-	(6,322)	(1,170)	(1,064)	(6,235)	(10)	(3,675)	(12)								
Closing net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	30,493	526,012								
At 31 December 2020																	
-Cost	1,161	-	11,457	2,926	13,220	55,873	-	36,720	121,358								
-Valuation	-	29,636	435,697	36,995	-	-	6,968	-	509,296								
Accumulated depreciation	-	-	(55,621)	(10,840)	(4,637)	(27,316)	-	(6,227)	(104,641)								
Net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	30,493	526,012								

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

Financial Statements

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

Note 8 Property, plant & equipment (continued)

Parent - 31 December 2019

Basis of measurement Fair value category	Construction in progress		Freehold land		Freehold buildings		Infrastructure assets		Leasehold improvements		Plant & equipment*		Art Collection		Right-of-use assets		Total
	Cost	Fair Value Level 2 \$'000	Fair Value Level 2	Fair Value Level 2 & 3 \$'000	Fair Value Level 3 \$'000	Cost	Cost	Fair Value Level 3 \$'000	Cost	Cost	Fair Value Level 3 \$'000	Cost	Fair Value Level 3 \$'000	Cost	Fair Value Level 3 \$'000	Cost	
Net book amount	19,154	22,544	22,544	285,875	27,728	9,014	19,920	6,355	19,920	6,355	19,920	6,355	19,920	6,355	19,920	6,355	390,590
Year ended 31 December 2019																	
Opening net book amount	19,154	22,544	22,544	285,875	27,728	9,014	19,920	6,355	19,920	6,355	19,920	6,355	19,920	6,355	19,920	6,355	390,590
Right-of-use asset at 1 January	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,480
Revaluation surplus	-	3,106	3,106	(14,920)	(1,986)	-	-	46	-	-	-	-	-	46	-	-	(13,754)
Additions	97,606	-	-	9,603	2,399	1,609	3,557	77	3,557	77	3,557	597	21,719	597	21,719	597	136,570
Transfers	(2,697)	-	-	1,530	17	15	(324)	-	15	-	(324)	-	-	-	-	-	(638)
Disposals	-	-	-	-	-	(2)	(324)	-	(2)	-	(324)	-	-	-	-	-	(326)
Depreciation charge	-	-	-	(4,922)	(1,012)	(1,034)	(5,262)	-	(1,034)	-	(5,262)	-	-	-	-	-	(15,397)
Closing net book amount	114,063	25,650	25,650	277,167	27,145	9,602	18,488	6,479	18,488	6,479	18,488	6,479	18,488	6,479	18,488	33,032	511,626
At 31 December 2019																	
-Cost	114,063	-	-	1,981	1,893	13,175	39,956	36	39,956	36	39,956	36	39,956	36	39,956	36	207,303
-Valuation	-	25,650	25,650	323,372	35,122	-	-	6,443	-	6,443	-	-	-	6,443	-	-	390,587
Accumulated depreciation	-	-	-	(48,186)	(9,870)	(3,573)	(21,468)	-	(3,573)	-	(21,468)	-	-	(3,167)	-	-	(86,264)
Net book amount	114,063	25,650	25,650	277,167	27,145	9,602	18,488	6,479	18,488	6,479	18,488	6,479	18,488	6,479	18,488	33,032	511,626

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

Financial Statements

Notes to the financial statements

For the year ended 31 December 2020

Note 8 Property, plant & equipment (continued)

Parent - 31 December 2020

Basis of measurement Fair value category	Construction in progress		Freehold land		Freehold buildings		Infrastructure assets		Leasehold improvements		Plant & equipment*		Art Collection		Right-of-use assets		Total
	Cost	Fair Value Level 2	Fair Value Level 2 & 3	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net book amount	114,063	25,650	277,167	27,146	9,602	18,488	6,479	33,032	511,626								
Year ended 31 December 2020																	
Opening net book amount	114,063	25,650	277,167	27,146	9,602	18,488	6,479	33,032	511,626								
Revaluation surplus	-	(774)	6,991	650	-	-	28	-	6,895								
Additions	805	4,760	15,101	1,006	45	5,001	459	1,148	28,325								
Transfers to Property, plant & equipment	(111,420)	-	98,597	1,448	-	11,373	2	-	0								
Transfers to Intangibles	(2,121)	-	-	-	-	-	-	-	(2,121)								
Transfers to Non-capitalised equipment	(166)	-	-	-	-	-	-	-	(166)								
Disposals	-	-	-	-	-	(74)	-	(12)	(86)								
Depreciation charge	-	-	(6,323)	(1,170)	(1,064)	(6,231)	-	(3,875)	(18,463)								
Closing net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	30,493	526,012								
At 31 December 2020																	
-Cost	1,161	-	11,457	2,926	13,220	55,873	-	36,720	121,358								
-Valuation	-	29,636	435,697	36,995	-	-	6,968	-	509,296								
Accumulated depreciation	-	-	(55,621)	(10,840)	(4,637)	(27,316)	-	(6,227)	(104,641)								
Net book amount	1,161	29,636	391,533	29,081	8,583	28,557	6,968	30,493	526,012								

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

Financial Statements

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

Note 8 Property, plant & equipment (continued)

(i) 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 2020.

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

Freehold buildings	Total \$'000	Level 2 \$'000	Level 3 \$'000
2020	391,533	10,448	381,085
2019	277,167	9,870	267,297

(ii) 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).

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 Land and Heritage & Cultural Assets where the recognition threshold is \$1 and 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 2020 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.

(iii) Depreciation

Property, plant and equipment, other than land and the library heritage and art collection 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	2020	2019
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

Financial Statements

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

Note 8 Property, plant & equipment (continued)

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 2020 a desktop revaluation has been undertaken by APV Valuers and Asset Management on the University's existing assets in addition to a comprehensive valuation of the Land, Building & Infrastructure assets transferred from WIP in relation to the Moreton Bay campus.

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.

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.

Financial Statements

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

Note 8 Property, plant & equipment (continued)

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 2020 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Buildings				
At 1 January 2020	10,978	13,003	10,978	13,003
Additions/(variations) of right-of-use assets	432	-	432	-
Depreciation charge	(1,944)	(2,025)	(1,944)	(2,025)
At 31 December 2020	9,466	10,978	9,466	10,978
Vehicles				
At 1 January 2020	916	1,103	916	1,103
Additions/(variations) of right-of-use assets	694	547	694	547
Depreciation charge	(757)	(734)	(757)	(734)
At 31 December 2020	853	916	853	916
Equipment/Infrastructure				
At 1 January 2020	21,138	374	21,138	374
Additions/(variations) of right-of-use assets	11	21,171	11	21,171
Depreciation charge	(975)	(407)	(975)	(407)
At 31 December 2020	20,174	21,138	20,174	21,138
Total right-of-use assets	30,493	33,032	30,493	33,032

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.

(b) Concessionary leases

The University has elected to apply Accounting Standard AASB 2018-8, issued on 24 December 2018, to provide an option for not-for-profit entities to not apply the fair value initial 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.

Financial Statements

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

Note 9 Intangible assets

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Computer software development				
At 1 January 2020	2,332	3,373	2,332	3,373
Additions	2,613	581	2,613	581
Disposals	-	(940)	-	(940)
Amortisation charge	(1,437)	(682)	(1,437)	(682)
At 31 December 2020	3,508	2,332	3,508	2,332

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. 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 (2019: 3 to 8 years).

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

Note 10 Trade and other payables

	Note	Consolidated		Parent entity	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Current					
OS-HELP Liability to Australian Government	22e	1,976	442	1,976	442
Creditors		8,366	8,087	8,363	7,963
Accrued expenses		852	1,770	852	1,770
Total trade and other payables		11,194	10,299	11,191	10,175

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.

Note 11 Borrowings

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Secured				
Loan - Queensland Treasury Corporation	1,284	1,217	1,284	1,217
Loan - Commonwealth	3,612	1,811	3,612	1,811
Lease liabilities	2,980	2,709	2,980	2,709
Total current borrowings	7,876	5,737	7,876	5,737
Non-Current				
Secured				
Loan - Queensland Treasury Corporation	1,008	2,286	1,008	2,286
Loan - Commonwealth	120,097	91,290	120,097	91,290
Lease liabilities	28,694	30,862	28,694	30,862
Total non-current borrowings	149,800	124,438	149,800	124,438
Total borrowings	157,676	130,175	157,676	130,175

Financial Statements

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

Note 11 Borrowings (continued)

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.

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.

Security for loan liabilities from the Commonwealth is a guarantee of due performance and observance of the University's obligations under the facility by the Authorised Representative of The Commonwealth of Australia in favour of Department of Infrastructure, Transport, Regional Development and Communications. 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 Federal Government 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 5.698% (2019:5.698%).
- \$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).
- \$121 million Commonwealth Loan, consisting of a drawdown facility to be utilised, with an expected loan term of 12 years, to be fully repaid by 11 September 2030. The concessional borrowing rate is 2.92% until the transition date (6 years after commencement date), 11 September 2024 where interest is BBSW + prescribed rate increase until maturity.

(c) Fair value

	2020		2019	
	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000
Non-traded financial liabilities				
Queensland Treasury Corporation	2,292	2,409	3,503	3,724
Commonwealth	123,709	123,709	93,101	93,101
	126,001	126,118	96,604	96,825

(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 Commonwealth/State Government entities in variable and fixed rate arrangements. The carrying amounts of the consolidated entity's and parent entity's borrowings are in Australian Dollars.

Financial Statements

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

Note 11.1 University as lessee

(a) Amounts recognised in the statement of comprehensive income

	Consolidated		Parent entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest on lease liabilities	1,628	1,023	1,628	1,023
Variable lease payments not included in the measurement of leases	22	3	22	3
Income from sub-leasing right of use assets	(5)	14	(5)	14
Expenses relating to short-term leases	64	15	64	15
Amounts recognised in Income Statement	1,709	1,055	1,709	1,055

(b) Maturity Analysis – undiscounted contractual cash flows

	Consolidated		Parent entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Less than one year	4,472	4,314	4,472	4,314
One to five years	18,720	17,474	18,720	17,474
More than 5 years	15,875	20,666	15,875	20,666
Total undiscounted contractual cash flows	39,067	42,454	39,067	42,454
Lease liabilities recognised in the statement of financial position:				
Current	2,980	2,709	2,980	2,709
Non-current	28,694	30,862	28,694	30,862

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total cash outflow for leases	4,575	2,628	4,575	2,628
	4,575	2,628	4,575	2,628

(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.

Financial Statements

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

Note 11.1 University as lessee (continued)

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled wholly within 12 months				
Employee benefits				
Annual leave	11,017	11,340	11,017	11,300
Long service leave	1,058	1,592	1,058	1,592
Subtotal	<u>12,075</u>	<u>12,932</u>	<u>12,075</u>	<u>12,892</u>
Current provisions expected to be settled wholly after more than 12 months				
Employee benefits				
Annual leave	2,084	2,021	2,084	2,021
Long service leave	11,843	11,664	11,843	11,664
Subtotal	<u>13,927</u>	<u>13,685</u>	<u>13,927</u>	<u>13,685</u>
Total current provisions	<u>26,002</u>	<u>26,617</u>	<u>26,002</u>	<u>26,577</u>
Non-Current				
Employee benefits				
Long service leave	5,503	5,567	5,503	5,511
Total non-current provisions	<u>5,503</u>	<u>5,567</u>	<u>5,503</u>	<u>5,511</u>
Total provisions	<u>31,505</u>	<u>32,184</u>	<u>31,505</u>	<u>32,088</u>

Provisions are recognised when: the consolidated entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

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.

Financial Statements

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

Note 12 Provisions (continued)

(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 2020. 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.

Impacts of COVID-19 Pandemic

USC initiated a restructure program to implement a more sustainable cost structure in the post-COVID-19 environment resulting in a number of redundancies reducing the provision for annual & long service leave for many long-standing employees. This provision reduction has however, been offset by 2020 increases arising as a result of restricted and limited leave opportunities.

Note 13 Other liabilities

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Australian Government unspent financial assistance	2,433	343	2,433	343
Income in Advance	124	593	124	593
Refund liabilities	115	214	115	214
Financial liabilities	1,250	1,810	1,250	1,810
Other liabilities	33	47	33	47
Total current other liabilities	3,955	3,007	3,955	3,007
Non-current				
Refund liabilities	59	23	59	23
Total non-current other liabilities	59	23	59	23

Financial Statements

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

Note 13 Other liabilities (continued)

(a) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the University ultimately expects it will have to return to the customer. The University updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The refund liabilities are associated with the amount of consideration that the University does not expect to be entitled to in relation to bonds/deposits held and student cards containing printing credits for future purchases.

The classification of refund liabilities as non-current was made on the basis of the duration and length of the agreement when extending beyond 12 months.

(b) Contract liabilities

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Contract liabilities - Australian Government	9,391	12,247	9,391	12,247
Other contract liabilities	15,705	17,309	15,705	17,309
Contract liabilities - current	23,100	23,900	23,100	23,900
Contract liabilities - non-current	1,996	5,656	1,996	5,656

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment revaluation reserve	152,891	145,996	152,891	145,996
Other financial assets at fair value through OCI reserve	55,785	45,453	55,785	45,453
Total reserves	208,676	191,449	208,676	191,449
Movements				
Property, plant & equipment revaluation reserve				
Balance 1 January	145,996	159,748	145,996	159,748
Revaluation	6,895	(13,753)	6,895	(13,753)
Balance 31 December	152,891	145,995	152,891	145,996
Other financial assets at fair value through OCI reserve				
Balance 1 January	45,453	28,837	45,453	28,837
Revaluation	10,332	16,616	10,332	16,616
Balance 31 December	55,785	45,453	55,785	45,453

(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.

Financial Statements

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

Note 14 Reserves and retained earnings (continued)

(c) Retained earnings

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Movements in retained earnings were as follows:				
Retained earnings at 1 January	286,602	284,347	286,434	284,135
Effect of changes in accounting policy at 1 January	-	(17,610)	-	(17,610)
Net operating result for the year	24,099	19,865	24,085	19,909
Retained earnings at 31 December	310,701	286,602	310,519	286,434

Note 15 Key management personnel 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 2020. Further information on these positions can be found in the body of the Annual Report.

(a) Names of responsible persons and executive officers

	Appointment / Election / Resigned/ Retired / Term completed
Chancellor Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)	
Deputy Chancellor Mr Scott WILLIAMS, AM, QDAH Qld, BEc, GradDipCompSc GradDipFinMangt, GradDipRurAcc UNE, Hon.DLitt UNE, FAICD	
Vice-Chancellor and President Professor Greg HILL AO, CertTeach <i>Kelvin Grove Teach.Coll.</i> , BA(Hons) Qld, PhD Qld.	Retired 14 August 2020
Professor Robert ELLIOT, BA(Hons) NSW, MA <i>La Trobe</i> , DipEd <i>Melb.</i> , PhD Qld.	Acting VCP appointment 16 March – 14 August 2020
Professor Helen BARTLETT, BA, <i>Northumbria</i> , MSc (Public Policy), <i>University of Bath</i> , PhD, <i>University of Bath</i>	Appointed 17 August 2020
Chairperson of the Academic Board Professor Tim WESS, BSc <i>Newc.</i> , PhD <i>Edin.</i> GradCert <i>C.Sturt</i> FRSA, PFHEA, FRSB, FRSN	
Six members appointed by the Governor in Council Ms Debra BENNET	
Ms Sandra BIRKENSLEIGH, BCom UNSW, CA, CCP Fellow, GAICD	
Mr David FOSTER, BAppSc S.Qld., MBA S.Cross, SF Fin, GAICD	
Mr Scott WILLIAMS, AM, QDAH Qld, BEc, GradDipCompSc GradDipFinMangt, GradDipRurAcc UNE, Hon.DLitt UNE, FAICD	
Ms Jenny MORAWSKA, BA <i>Macq.</i> , DipEd UTS, GradDip Sci ANU, MSc ANU, MBA <i>Sunshine Coast</i> , GAICD	
Mr Tim ROTHWELL, BA(Hons) <i>Newc</i> , FCA, MAICD	
Two members of the University's academic staff Professor Marion GRAY, OTDip, BOccTher <i>Otago Polytechnic</i> , MHSc, PhD PH <i>Otago</i> , Postdoc Fellow Washington DC USA, GCETT JCU	Resigned 10 June 2020
Professor Abigail ELIZUR, BSc <i>HUJJ</i> , MSc ANU, PhD ANU, FTSE	Elected 7 October 2020
Associate Professor Mark SAYERS, BAppSci CCAE, MAppSci UC, PhD RMIT, SFHEA	

Financial Statements

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

Note 15 Key management personnel disclosures (continued)

Names of responsible persons and executive officers

Appointment / Election / Resigned/
Retired / Term completed

One member of the University's full-time general staff

Dr Ruth GREENAWAY, BA *W.Syd*, GradDipEd *NSW*, MLM *C.Qld*, PhD *Qld.UT*, SFHEA, GAICD

Two members of the student body

Ms Melissa GELTCH

Mr Nathan WELLINGTON

Four additional members appointed by Council

Ms Melinda BRYANT, LLB, BBus, GradCertCreativeInd, *Qld.UT*, GradCertDiv, *Tabor*,
GDLP *Coll.Law*,

Ms Katie TONEY, BComn *Sunshine Coast*

2 x Vacant

Council officers

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

Executive officers

Position	Incumbents during 2020	Start/end dates where less than full year
Vice-Chancellor & President	Prof Greg Hill	Until 14 August 2020
Acting Vice-Chancellor & President	Prof Robert Elliot	Start 16 March 2020 until 14 August 2020
Vice-Chancellor & President	Prof Helen Bartlett	Start 17 August 2020
Deputy Vice-Chancellor, Academic	Prof Tim Wess	
Deputy Vice-Chancellor, Research & Innovation	Prof Roland De Marco	
Pro Vice-Chancellor, Engagement	Prof Joanne Scott	
Pro Vice-Chancellor, International & Quality	Prof Robert Elliot	Until 29 August 2020
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.

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.

Financial Statements

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

Note 15 Key management personnel disclosures (continued)

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.

	Consolidated		Parent entity	
	2020 Number	2019	2020 Number	2019
Remuneration of Council Members				
None	-	-	-	-
Remuneration of Executive Officers				
\$90,000 to \$99,999	-	1	-	1
\$330,000 to \$339,999	1	-	1	-
\$360,000 to \$369,999	1	-	1	-
\$400,000 to \$409,999	1	2	1	2
\$420,000 to \$429,999	1	-	1	-
\$460,000 to \$469,999	-	1	-	1
\$490,000 to \$499,999	-	1	-	1
\$520,000 to \$529,999	1	-	1	-
\$530,000 to \$539,999	2	-	2	-
\$540,000 to \$549,999	-	1	-	1
\$570,000 to \$579,999	1	-	1	-
\$840,000 to \$849,999	-	1	-	1

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Short-term employee benefits	3,213	2,844	3,213	2,844
Post-employment benefits	424	341	424	341
Other long-term benefits	68	65	68	65
Total key management personnel compensation	3,705	3,250	3,705	3,250

(d) Performance payments

The University did not have any key management personnel entitled to performance payments in 2020 (2019: 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.

Financial Statements

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

Note 16 Commitments

	Consolidated		Parent entity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'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	1,670	17,785	1,670	17,785
Later than one year but not later than five years	-	165	-	165
Later than five years	-	-	-	-
Total Property, plant and equipment	1,670	17,950	1,670	17,950
Total capital commitments	1,670	17,950	1,670	17,950

Note 17 Related parties

(a) Parent entities

The ultimate Australian parent entity within the consolidated entity is the University of the Sunshine Coast which at 31 December 2020 owns 100% (2019:100%) of the issued ordinary shares of the Innovation Centre Sunshine Coast Pty Ltd (ICSC), USC Capital and Commercial Pty Ltd (C&C) (established in 2015) and Thompson Institute Pty Ltd (established in 2017).

During 2020, ICSC has commenced the process of winding up the company's outstanding matters before voluntarily deregistering the company, anticipated to take place in 2021. On the 27th July 2020 the University acquired the fixed assets of ICSC valued at the closing written down value of \$29K.

(b) Subsidiaries

The primary purpose of ICSC is to provide regional leadership and support for new business designed to create wealth and generate employment on the Sunshine Coast.

Controlled entities figures	2020 \$'000	2019 \$'000
Total assets	131	375
Total liabilities	3	263
Total revenue	599	1,061
Operating result for the reporting period	15	-44

The objective of C&C is to enter into and manage commercial arrangements. The extent of trade in 2020 was a loan to Sunshine Coast Lightning Pty Ltd (similar in 2019). The objective of Thompson Institute Pty Ltd is to advance the research health agenda. Thompson Institute Pty Ltd did not trade in 2020 (no trade in 2019).

The University maintains and manages all insurance policies as required by the controlled entities. The University had lease arrangements with ICSC in relation to the space occupied in the Incubator and Accelerator which was completed in 2020. The controlled entities are dependent on funding provided by the University. Funding support has been agreed to by the University for the 2021 financial year for those entities anticipated to trade.

(c) Key management personnel, Directors and specified executives

Directors of ICSC who were also key management personnel of the University during 2020 (or part thereof) are:

Professor Roland DE MARCO

Ms Jenny MORAWSKA

Term ended 8 May 2020

Directors of C&C who are also key management personnel of the University are:

Dr Scott SNYDER

Financial Statements

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

Note 17 Related parties (continued)

Directors of Thompson Institute Pty Ltd who are also key management personnel of the University are:

Air Chief Marshal Sir Angus HOUSTON	
Ms Jenny MORAWSKA	
Professor Greg HILL	Term ended 21 September 2020
Professor Helen BARTLETT	Term commenced 21 September 2020

Refer to note 15 for key management personnel of the consolidated entity.

(d) Transactions with related parties

The University purchases goods and services from external parties on behalf of ICSC for which it is subsequently reimbursed. No fee is charged in relation to this arrangement. The University also provides a grant for ICSC to expend in an approved manner. For the period until 31 December 2020 ICSC received \$250,000 (2019: \$250,000). The University has lease arrangements with the wholly owned subsidiary ICSC in relation to the space occupied in the Incubator and Accelerator.

On the 27th July 2020 the University acquired the fixed assets of ICSC valued at the closing written down value of \$29K.

In 2020 the University provided a loan to C&C of \$74K to enable the provision of a loan for the same value to the Sunshine Coast Lightning Pty Ltd. The value supplied in 2019 for the same purpose was \$60K.

The previous Vice-Chancellor & President held the position of Director of the IDP Education Australia Limited Board.

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	
	2020	2019	2020	2019
	\$'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.	47	68	47	68
Transactions are in relation to the provision of goods and services by the University in relation to a Joint Venture by the entity.	9	27	9	27
Purchase of goods and services				
Transactions are in relation to the provision of goods and services for IT operations of the university.	-	688	-	688
Transactions are in relation to the provision of goods and services for events staged by the university.	335	277	335	277

In addition to the above, a donation of \$75K was received from a key management personnel member.

(e) Outstanding balances

As at 31 December 2020, the wholly owned subsidiary ICSC had a NIL balance (2019: \$42,640) owing to the University and C&C an amount of \$134,004 (2019: \$60,004) 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.

No other loans were made between the University and any related parties other than the \$134K loan with C&C.

Financial Statements

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

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.

	2020	2019
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.

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	SCHI	USC's Share
	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000
Total income	3,029	718	2,963	702
Total expenses	4,188	992	4,093	970
Total comprehensive result	(1,159)	(275)	(1,130)	(268)
Current assets	1,812	428	694	164
Non-current assets	15,886	3,765	17,049	4,041
Total assets	17,698	4,194	17,743	4,205
Current liabilities	1,766	417	652	154
Total liabilities	1,766	417	652	154
Net assets	15,933	3,777	17,091	4,051

It is noted that 2020 balances are based on unaudited accounts as at reporting date.

Note 19 Events occurring after the end of the reporting period

There are no other events that have occurred after the balance sheet date that 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

Financial Statements

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

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

	Consolidated		Parent entity	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	24,099	19,865	24,085	19,909
Depreciation and amortisation	19,904	16,877	19,900	16,865
Non-cash donations	(5,199)	(71)	(5,199)	(71)
Net (gain) / loss on sale of non-current assets	(38)	223	(38)	223
(Increase) / decrease in trade and other receivables	1,047	(19,232)	935	(19,145)
(Increase) / decrease in other assets	(419)	(247)	(441)	(234)
(Decrease) / increase in trade and other payables	896	691	1,016	669
(Decrease) / increase in other liabilities	(338)	17,481	(338)	17,481
(Decrease) / increase in provisions	(679)	1,859	(583)	1,851
Net cash provided by / (used in) operating activities	<u>39,273</u>	<u>37,446</u>	<u>39,337</u>	<u>37,548</u>

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

(Decrease) / increase in borrowings	27,789	48,238	27,789	48,238
(Decrease) / increase in lease liabilities	(4,575)	33,571	(4,575)	33,571
Net cash provided by / (used in) financing activities	<u>23,214</u>	<u>81,809</u>	<u>23,214</u>	<u>81,809</u>

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.

(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 Education Australia 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).

Financial Statements

Notes to the financial statements

For the year ended 31 December 2020

Note 21 Financial risk management (continued)

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 \$1m (2019: \$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.

(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 2020	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	1.00	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

31 December 2019	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	1.61	104,564	-	-	-	-	104,564
Receivables	-	-	-	-	-	9,971	9,971
Other financial assets	-	-	-	-	-	45,633	45,633
Total financial assets		104,564				55,604	160,168
Financial Liabilities							
Trade and other payables	-	-	-	-	-	10,299	10,299
Borrowings	3.02	-	3,028	23,850	69,726	-	96,604
Lease Liabilities	5.00	-	2,709	12,490	18,372	-	33,571
Contract liabilities	-	-	24,243	5,656	-	-	29,899
Total financial liabilities			29,980	41,996	88,098	10,299	170,373

Financial Statements

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

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

Note	Parent entity (HEP) ONLY											
	Commonwealth Grant Scheme #1		Access and Participation Fund		Promotion of Excellence in Learning and Teaching		Disability Performance Funding #2		Indigenous Student Success Program #3		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	127,916	109,807	2,481	2,135	-	-	77	74	1,689	1,545	132,163	113,561
	194	(194)	-	-	-	-	10	61	-	-	204	(133)
2.1a	128,110	109,613	2,481	2,135	-	-	87	135	1,689	1,545	132,366	113,429
	-	-	-	-	-	61	-	-	-	-	-	61
	128,110	109,613	2,481	2,135	-	61	87	135	1,689	1,545	132,366	113,490
	128,110	109,613	2,481	2,135	-	61	87	135	1,689	1,545	132,366	113,490
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)

Net accrual adjustments

Revenue and income for the period

Surplus / (deficit) from previous year

Total revenue and income including accrued revenue

Less expenses including accrued expenses

Surplus / (deficit) for reporting period

#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.

#2 Disability Performance Funding includes Additional Support for Students.

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

Financial Statements

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

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 #4		SA-HELP			
		2020	2019	2020	2019	2020	2019	2020	2019
Cash Payable / (Receivable) at beginning of year		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in Cash during the reporting period		149	-	(106)	-	304	-	347	-
		71,088	64,361	1,765	1,652	2,855	2,811	75,708	68,824
Cash available for period		71,237	64,361	1,659	1,652	3,159	2,811	76,055	68,824
Revenue and income earned	2.1b	68,820	64,212	1,644	1,758	3,159	2,507	73,622	68,476
Cash Payable / (Receivable) at end of year		2,417	149	15	(106)	-	304	2,433	347

#4 VET Student Loan Program is not required to be acquitted here.

Financial Statements

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

Note 22 Acquittal of Australian Government financial assistance (continued)

22c Department of Education and Training Research #5

Parent entity (HEP) ONLY						
	Research Training Program		Research Support Program		TOTAL	
Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	3,739	3,113	4,685	3,960	8,424	7,073
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	2.1c 3,739	3,113	4,685	3,960	8,424	7,073
Surplus / (deficit) from previous year	-	-	-	-	-	-
Total revenue including accrued revenue	3,739	3,113	4,685	3,960	8,424	7,073
Less expenses including accrued expenses	3,739	3,113	4,685	3,960	8,424	7,073
Surplus / (deficit) for reporting period	-	-	-	-	-	-

#5 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 2020 are expected to be returned to the Department of Education and Training.

Total Higher Education Provider Research Training Program expenditure #6

	Total domestic students \$'000	Total overseas students \$'000
Research Training Program Fees offsets	1,910	215
Research Training Program Stipends	1,451	154
Research Training Program Allowances	4	5
Total for all types of support #7	3,365	374

#6 Please refer to the Commonwealth Scholarship Guidelines for expenditure definitions for the Research Training Program

#7 The total for all types of support for domestic and overseas students is expected to match the Research Training Program expenses, including accrued expenses.

Financial Statements

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

Note 22 Acquittal of Australian Government financial assistance (continued)

22d Australian Research Council Grants

		Parent Entity (HEP) ONLY					
		Discovery		Linkages		TOTAL	
Note		2020	2019	2020	2019	2020	2019
		\$'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)	2,650	1,376	59	534	2,709	1,909
	Net accrual adjustments	(770)	(1,015)	43	(447)	(727)	(1,462)
	Revenue for the period	1,880	361	102	87	1,982	447
	Surplus / (deficit) from previous year	167	929	61	712	228	1,641
	Total revenue including accrued revenue	2,047	1,290	163	799	2,210	2,088
	Less expenses including accrued expenses	1,862	1,123	73	738	1,935	1,861
	Surplus / (deficit) for reporting period	185	167	90	61	275	228

22e OS - HELP

		Parent entity (HEP) ONLY	
Note		2020	2019
		\$'000	\$'000
	Cash received during the reporting period	1,598	883
	Cash spent during the reporting period	64	943
	Net cash received	1,534	(60)
	Cash surplus / (deficit) from previous period	442	502
	Cash surplus / (deficit) for reporting period	1,976	442

22f Student Services and Amenities Fee

Note		2020	2019
		\$'000	\$'000
	Unspent / (overspent) revenue from previous period	1,282	1,366
	SA-HELP Revenue Earned	3,159	2,506
	Student Services and Amenities Fees direct from Students	582	978
	Total revenue expendable in period	5,022	4,850
	Student Services expenses during period	(3,376)	(3,568)
	Unspent / (overspent) Student Services Revenue	1,647	1,282

Financial Statements

Statement of Certification

For the year ended 31 December 2020

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 2020, and of the financial position as at 31 December 2020 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;
 - (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

22 February 2021

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

22 February 2021

Dr Scott Snyder
Chief Operating Officer
University of the Sunshine Coast

22 February 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 2020, 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 2020, 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 2020

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 buildings (\$526 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 a 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. A comprehensive valuation was conducted in 2019 by an external valuation specialist for all buildings.</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.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the competence, capability and objectivity of the valuation specialist • assessing the adequacy of management's review of the valuation process • obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices • on a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit costs including: <ul style="list-style-type: none"> – modern substitute – adjustment for excess quality or obsolescence • 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.

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 parent's and group's internal control, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2020

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with 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 2020:

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

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 parent's and group'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 2021

Queensland Audit Office
Brisbane

Glossary

ACEEU Accreditation for Entrepreneurial and Engaged Universities	FWCI Field-weighted citation impact	NATSIHEC National Aboriginal and Torres Strait Islander Higher Education Consortium
ACIAR Australian Centre for International Agricultural Research	FWPA Forest and Wood Products Australia	OVCP Office of the Vice-Chancellor and President
ACPIR Australian Centre for Pacific Islands Research	GOS Graduate Outcomes Survey	PACC Program and Course Committee
AHEIA Australian Higher Education Industrial Association	GPA Grade point average	PG Postgraduate
AICD Australian Institute of Company Directors	HDR Higher degree by research	PPR Performance, Planning and Review (staff)
AMS Asset Management Services	HAL Horticulture Australia Limited	PRC Planning and Resources Committee
ANU Australian National University	HEA Higher Education Academy	PTSD Post Traumatic Stress Disorder
ARC Australian Research Council	HHM Health Hub Morayfield	PVC Pro Vice-Chancellor
ARMC Audit and Risk Management Committee	HERDC Higher Education Research Data Collection	QAO Queensland Audit Office
ATMC Australian Technical and Management College	HESF Higher Education Standards Framework	QILT Quality Indicators of Learning and Teaching
CGS Commonwealth Grant Scheme	HPSA High Performance Student Athlete	QTAC Queensland Tertiary Admissions Centre
COVID-19 Novel Coronavirus Disease 2019	ICSC Innovation Centre Sunshine Coast	RBG Research Block Grants
CRICOS Commonwealth Register of Institutions and Courses for Overseas Students	ICT Information Communication and Technology	RSP Research Support Program
CSP Commonwealth Supported Place	IDEAS Indigenous Direct Entry and Access Scheme	RTI Right to Information
DET Australian Government Department of Education and Training	IP Intellectual Property	RUN Regional Universities Network
DIIS Department of Industry, Innovation and Science	ISSN International Standard Serial Number	SA Statistical Area
EA Enterprise agreement	JCU James Cook University	SAGE Science in Australia Gender Equity
ECM Enterprise Content Management	KRA Key Result Area	SCHHS Sunshine Coast Hospital and Health Service
EFTSL Equivalent full-time student load	KPI Key Performance Indicator	SCHI Sunshine Coast Health Institute
eLAMP Emerging Leaders and Managers Program	LGA Local Government Area	SCUH Sunshine Coast University Hospital
ERA Excellence in Research for Australia	LGBTI Lesbian, Gay, Bisexual, Transgender, and Intersex	SES Socio-economic status
FAICD Fellow of the Australian Institute of Company Directors	MBA Master of Business Administration	SRC Sustainability Research Centre
FTE Full-time employment (staff)	MBUPP Moreton Bay University Precinct Program	SSE Student Services and Engagement
	MOU Memorandum of Understanding	STEM Science, technology, engineering and mathematics
	NAIDOC National Aborigines and Islanders Day Observance Committee	TEL Technology Enabled Learning

Glossary

TEQSA	Tertiary Education Quality and Standards Agency
THE	Times Higher Education
TPP	Tertiary Preparation Pathway
UG	Undergraduate
UNSW	The University of New South Wales
UQ	The University of Queensland
USC	University of the Sunshine Coast
USQ	University of Southern Queensland
VCP	Vice-Chancellor and President
WIL	Work-integrated learning
QAO	Queensland Audit Office
QDSA	Queensland Defence Science Alliance
YTD	Year to date

Index

Academic Board	44
Acknowledgement of Country	IFC
Basis of Authority	3
Committees	38-42
Audit and Risk Management	41
Honorary Awards	42
Planning and Resources	41
Controlled entities	44
External scrutiny	44
Financial performance	48-102
Index to USC financial statements	48
Functions and powers	3
Governance	31
Human Rights Act	44
Information systems	47
Internal audit	44
Key five-year figures	2-3
Key performance indicators	8-35
Student enrolments and success	8-12
Research productivity and impact	13-17
Fulfil potential	18-19
Institutional effectiveness	21-23
Capacity building	23-26
Community engagement	27-291
Legislative compliance	1, 43-47
Copyright	1
Ethical standards	44
Information privacy	47
Right to information	47
Workforce diversity	46
Organisational structure	35-37
Operating environment	2-29
Outputs and performance measures (also see Key performance indicators)	8-29
Policy	39
Quality	43
Records management	47
Staff appointments (senior)	46
Statutory obligations	43-46
Strategic framework	3
University Council	32-34
University leadership	35-37
Vision statement	2
Workforce planning, attraction and retention	45
Workplace health and safety	45



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