Note 1 Summary of significant accounting policies

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits and losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those policies applied by the parent entity.

c) Foreign Currency Translation

Functional and presentation currency

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

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Financial assistance is recognised as revenue when the University obtains control over the income. Control over the income would normally be obtained upon the earlier of their receipt or their becoming contractually due. Financial assistance that DEEWR has identified as being recoverable is disclosed within other liabilities (refer Note 23). Financial assistance yet to be received from DEEWR has been disclosed in receivables (refer Note 16). All revenue is stated net of the amount of goods and services tax (GST).

The following specific recognition criteria must also be met before revenue is recognised:

Government grants

The University treats operating grants received from Australian Government entities as income in the year of receipt. Grants are recognised at their fair value where the University obtains control of the right to receive the grant, it is likely that economic benefits will flow to the University and it can be reliably measured.

Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. This is generally recorded on receipt from the relevant financial institution.

Contributions

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

Human resources

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Note 1 Summary of significant accounting policies

Lease income

Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

e) Taxation

The University and its controlled entity 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 entity are, however, subject to Payroll Tax, Fringe Benefits Tax 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 an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

f) Leases

All of the current leases held by the University are determined as operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. No accrual has been included to recognise the outstanding commitments on the term of the operating lease (refer Note 27(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease, where material.

The University has not entered into any and does not hold any finance leases.

g) Impairment of assets

The carrying amounts of all assets, other than inventories, are reviewed for indicators of impairment at each reporting date. If an indicator of impairment exists, the asset's recoverable amount is estimated. 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.

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

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, in banks and deposits held at call with financial institutions convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Trade and other receivables

Trade and other receivables measured at amortised cost, using the effective interest rate method, less provision for impairment. Trade and other receivables are due for settlement no more than 30 days from the date of recognition. Receivables arising from student fees are recognised as amounts receivable, as sanctions are applied to students who do not pay.

Collectability of trade and other receivables is reviewed on an ongoing basis. All impaired receivables are written off in the year in which they are impaired and are recognised in the income statement. A provision for impairment is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables.

Note 1 Summary of significant accounting policies

j) Prepayments

Prepayments for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in other financial assets in the balance sheet.

k) Inventories

Stock on hand at balance sheet date represents licences purchased for resale. Inventories are valued at the lower of cost and net realisable value. Inventories are recorded in other financial assets in the balance sheet.

l) Property, Plant and Equipment

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

Subsequent costs to an asset 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 University and the cost of the item can be measured reliably.

Land

The asset recognition threshold for land is $1. Land is not depreciated.

Buildings and infrastructure assets

The asset recognition threshold for building and infrastructure assets is $10,000.

Construction in progress

Construction in progress is shown at a value that recognises the extent of completion of construction work, as represented by progress payments to date. Contracts signed for the purpose of building projects that have not been completed and / or commenced at 31 December 2008 have been disclosed as capital expenditure commitments (refer Note 27).

Library – Heritage Collection
The Library Heritage Collection is valued at fair value in accordance with Accounting for Library Collections Policy. The asset threshold for Library Heritage Collection is $5,000.

Leasehold Improvements

Leasehold Improvements are valued at cost. The asset recognition threshold for leasehold improvements is $5,000. Leasehold improvements are depreciated over the unexpired period of the lease.

Plant and Equipment

All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Plant and equipment with a value of equal to or greater than $5,000 are recorded at cost less depreciation and impairment losses. Additions with a value of less than $5,000 are expensed in the year of purchase. Plant and equipment donated to the University is recorded at valuation in the year of donation.

Art Collection

The University's art collection is valued at cost, with donations to the collection, being independently valued. In respect of art collections the asset recognition threshold is $5,000.

Note 1 Summary of significant accounting policies

Revaluations

Land, building, infrastructure, library heritage and art collections are revalued every 5 years by external independent valuers in accordance with Queensland Treasury's asset policy. In 2008 an interim revaluation of buildings & infrastructure (all valued at fair value) was performed using Australian Bureau of Statistics price indices or other reliable measures. All assets requiring formal revaluation where last revalued as at 31st December 2005 and are due for formal revaluation again in 2009.

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

Revaluation increments are credited directly to the asset revaluation reserve, except where the increment reverses a previously recognised decrement. In such cases the increments are recognised as revenue in the income statement. Revaluation decrements are recognised as an expense in the income statement except where the decrement reverses a revaluation increment held in the asset revaluation reserve.

Depreciation

Property, plant and equipment, other than land and the library heritage collection are depreciated on a straight line basis over their expected useful lives at the following rates:

Item	Useful Life (years)	Depreciation Rate (%)
Freehold Buildings	40	2.5
Leasehold Improvements	10	10
Plant & Equipment	6	21
Infrastructure	20	5
Laboratory Equipment	7.5	13

Depreciation is charged from the month after acquisition or, in respect of buildings and infrastructure assets under construction, from the month after the asset is completed and ready for use.

Disposals

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

m) Intangible assets

Research and development

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

Computer Software

Computer software with a value equal to or greater than $100,000 is recognised at cost of acquisition less accumulated amortisation and any impairment losses. Computer software is amortised over its useful life. Software under construction is valued at cost where the cumulative value of invoices exceeds $100,000. Directly attributed costs of materials, hardware and services used or consumed in generating the software have been recognised excluding costs of employee benefits which remain as and are included in ordinary business operations.