

Summary of financial performance

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Financial review

The University's financial position has remained strong this year with guaranteed Commonwealth funding continuing to support the transition of operational practice to a post 2024 funding environment partnered with moderate increases in most other revenue streams. International student fees report a small decrease due to the continuing pipeline impacts of reduced student intakes resulting from the COVID-19 pandemic. Expenditure has increased in many expenditure categories due to activity gradually returning to pre-pandemic levels combined with a strong investment in student recruitment.

Results for the year included an operating surplus of \$34.9 million (2021: \$45.0 million), with an operating margin of 10.1 percent (2021: 13.4 percent).

Income and expenditure

Total income for the year was \$346.1 million – an increase of \$11.4 million (3.4 percent) on the previous year. Decline in International student fees has again been recognised as a result of the COVID-19 pandemic, however, other income streams particularly consultancy, contracts & investment income has proven stronger than forecast.

Funds derived from government sources (including advance payments in relation to HECS-HELP and capital funding but excluding up-front student fees) totalled \$276.9 million or 80.0 percent of revenue, an increase of \$5.8 million (2.1 percent) on the previous year's funding.

Expenses for the year totalled \$311.2 million – an increase of \$21.5 million (7.4 percent) expended in the previous year. This result can be attributed to increases in employee benefits reflective of statutory and CPI increases combined with marginal increases in other expenditure categories, with particular increases in travel and student recruitment activities as the University strives to increase its enrolments and secure future growth and funding opportunities.

Asset growth

At year's end, the University's net assets totalled \$690.8 million – \$68.2 million (11.0 percent) more than in the previous year. This reflects the strong cash reserve balance in addition to fair value asset movements resulting from a desktop revaluation of land, buildings and infrastructure combined with increased capital expenditure in relation to two major capital projects commencing in 2022 for completion in 2023. It also reflects the movements in leave provisions, borrowings and lease liabilities.

Budget vs Actual 2022 | Actual 2022 vs Actual 2021

	2022			2021	
	August reforecast \$'000	Actual \$'000	Variance actual vs reforecast	Actual \$'000	Variance actual 2022 vs 2021
Statement of comprehensive income					
Revenue and income from continuing operations	341,587	346,136	1%	334,746	3%
Expenses from continuing operations	315,237	311,196	-1%	289,741	7%
Operating result after income tax for the period	26,350	34,940	33%	45,005	-22%
Gain (loss) on revaluation of land and buildings, net of tax	-	43,655	100%	15,594	180%
Share of other comprehensive income on investments accounted for using the equity method	-	(10,379)	100%	42,740	-124%
Total comprehensive income attributed to members of the University of the Sunshine Coast	26,350	68,216		103,339	
Statement of financial position					
Current assets	249,795	280,444	12%	251,297	12%
Non-current assets	609,607	632,691	4%	600,367	5%
Total assets	859,403	913,135		851,664	
Current liabilities	70,825	86,350	22%	82,251	5%
Non-current liabilities	138,894	136,035	-2%	146,879	-7%
Total liabilities	209,720	222,385		229,130	
Net assets	649,684	690,750		622,534	
Reserves	186,030	218,503	17%	185,227	18%
Retained surplus	463,654	472,247	2%	437,307	8%
Total equity	649,684	690,750		622,534	

Data relates to Parent entity.

Financial Statements

Report by members of the University Council

For the year ended 31 December 2022

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 2022 financial year on the ultimate parent entity consisting of the University of the Sunshine Coast.

It is recommended that this report be read in conjunction with the full details published in the 2022 Annual Report, which includes the 2022 Council membership. The Annual Report provides a comprehensive record of the University's performance in 2022, plans for the future and achievements documented against the aims and objectives of the University's Strategic Plan 2021-2024.

Meetings and record of attendance

Six (6) ordinary meetings of Council were held during the year and one Special Meeting. Confirmed non-confidential minutes of the meetings are available to members of the University community for perusal upon request. In 2022 Council meetings were held on 21 February, 21 April, 8 June, 11 August, 10 October, and 2 December. A Special Meeting of Council was held on 2 February 2022. A Council Retreat was held on 21-22 April 2022.

Four (4) ordinary meetings of the Audit and Risk Management Committee (ARMC) were held during the year. In 2022, ARMC meetings were held on 16 February, 9 May, 5 September and 18 November. Additionally, a Special Meeting of ARMC was held on 13 January 2022 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 2022, PRC meetings were held on 15 February, 19 May, 26 July, 15 September and 10 November. Additionally, a Planning Day of PRC was held in conjunction with the 10 November meeting.

Six (6) ordinary meetings of the Nominations Committee and Executive Committee of Council (NC&ECC) were held during the year. In 2022, NC&ECC meetings were held on 21 February, 21 April, 8 June, 8 August, 10 October, and 2 December.

Four (4) ordinary meetings of the Major Projects Reference Group (MPRG) were held during the year. In 2022, MPRG meetings were held on 25 January, 6 May, 29 August, and 19 October.

Members of the Audit and Risk Management Committee

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

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chairperson / Member of Council	Sandra BIRKENSLEIGH, BCom UNSW, CA, CCP Fellow, GAICD (Elected Deputy Chancellor commencing 3 December 2021)	5 of 5
Member of the professional accounting bodies or audit bodies in Australia and have a professional accounting, management consultancy or audit background (external)	Jeffrey FORBES, BComm Newcastle (NSW), GAICD (term concluded 3 August 2022)	2 of 3
	Jennifer MORAWSKA, BA Macq., GradDipEd UTS, GradDip Sci ANU, MSc ANU, MBA Sunshine Coast, GAICD (appointed 4 August 2022)	2 of 2
	Phillip STRACHAN, BCom Melb. FCPA, MAICD	4 of 5
	Scott NORTH, BCom Melb, FCA, MBIT Melb, FGIA, GAICD (reappointed 29 August 2022)	5 of 5
	Dianne BROWN, BBus UTS, CA (appointed 17 January 2022; resigned 10 January 2023)	4 of 5
Member possessing expertise within the education sector	Emeritus Professor Jennifer GRAHAM, Dip OT (NSW), MSc Education (Bradford) (reappointed 1 August 2022)	5 of 5
Up to two members co-opted by the Chancellor	Vacant	

Financial Statements

Report by members of the University Council
For the year ended 31 December 2022

Members of the Planning and Resources Committee

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

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chairperson / Member of Council	Tim ROTHWELL, BA(Hons) <i>Newc</i> , FCA, MAICD	5 of 5
Vice-Chancellor and President	Professor Helen BARTLETT, BA <i>Northumbria</i> , MSc (Public Policy) <i>Bath</i> , PhD <i>Bath</i>	5 of 5
A member of the University Executive or Senior Staff, nominated by the Vice-Chancellor and President and appointed by Council	Dr Ruth GREENAWAY, PhD <i>Qld.UT</i> , MLM <i>C.Qld</i> , BA <i>W.Syd</i> , GradDipEd <i>NSW</i> , SFHEA, GAICD (term concluded 19 August 2022)	3 of 3
Four members with expertise in strategic financial management and planning, at least one of whom must be a member of Council	Christopher HARRIS, BFinAdmin <i>UNE</i> , MCom (Tax) <i>UNSW</i> , CPA, SSA, GAICD (reappointed 30 September 2022)	4 of 5
	Melinda BRYANT, LLB, BBus, GradCertCreativeInd, <i>Qld.UT</i> , GradCertDiv, <i>Tabor</i> , GDLP <i>Coll.Law</i>	5 of 5
	Steven JEFFERY, BEc <i>UNE</i> , MPA <i>USQ</i> , MBA <i>CSU</i> , FCPA, GAICD (appointed 17 January 2022)	5 of 5
	Gavin KEELEY, GAICD, FACS (appointed 1 April 2022)	4 of 4
A member of the Audit and Risk Management Committee (as determined by the Chairperson of ARMC) and appointed by Council	Phillip STRACHAN, BCom <i>Melb.</i> FCPA, MAICD	4 of 5
Up to two members co-opted by the Chancellor	Vacant	

Members of the Nominations Committee and Executive Committee of Council

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

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chancellor	Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)	6 of 6
Vice-Chancellor and President	Professor Helen BARTLETT, BA <i>Northumbria</i> , MSc (Public Policy) <i>Bath</i> , PhD <i>Bath</i>	6 of 6
Chairperson ARMC	Sandra BIRKENSLEIGH, BCom <i>UNSW</i> , CA, CCP Fellow, GAICD	5 of 6
Chairperson PRC	Tim ROTHWELL, BA(Hons) <i>Newc</i> , FCA, MAICD	6 of 6

Financial Statements

Report by members of the University Council
For the year ended 31 December 2022

Members of the Major Projects Reference Group

The following persons were members of the Major Projects Reference Group during the year and up to the date of this report.

Membership Category	Name and Qualifications	Meetings and record of attendance*
Chairperson / Member of Council / PRC	Phillip STRACHAN, BCom <i>Melb.</i> FCPA, MAICD	4 of 4
Member of Council	David FOSTER, BAppSc <i>S.Qld.</i> , MBA <i>S.Cross.</i> , SF Fin, GAICD (until 2 December 2022)	0 of 4
Member of Council / PRC	Melinda BRYANT, LLB, BBus, GradCertCreativeInd, <i>Qld.UT.</i> , GradCertDiv, <i>Tabor.</i> , GDLP <i>Coll.Law</i>	4 of 4
Member of PRC	Steven JEFFERY, BEc <i>UNE.</i> , MPA <i>USQ.</i> , MBA <i>CSU.</i> , FCPA, GAICD (appointed 17 January 2022)	4 of 4
Chief Operating Officer, UniSC	Scott SNYDER, PhD, <i>Adel.</i> BEng (Hons) <i>Adel.</i> (until 30 September 2022)	3 of 3
	Richard CONSTANTINE, MBA <i>Monash.</i> , PDM <i>Melb.</i> , FACS, MAICD, (appointed 24 October 2022)	0 of 0
Director, Facilities Management	Andrew RYAN, BEng <i>UTAS.</i> , MBA <i>Deakin.</i> , AICD Diploma, Engineers Australia - Fellow; Chartered Professional Engineer, CPEng, Institute of Public Works Engineering Australia – Fellow, Registered Professional Engineer Queensland	4 of 4
Senior Legal Officer	Swain ROBERTS, BCom/LLB <i>Qld.</i> , GradCertBus, Philanthropy and NfP Studies <i>Qld.UT.</i> , GradDipEd <i>Sunshine Coast</i>	4 of 4

* Indicates number of meetings attended and number of meetings held during the time the member held office or was a member of the council or committee during the year (at end of 2022).

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.

Financial Statements

Report by members of the University Council
For the year ended 31 December 2022

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 2022 operating result is a surplus of \$34.9 million, 22.4% less than the 2021 operating surplus result of \$45.0 million.

In 2022, the University continued to manage operations reflective of the internal and external environment and continues to monitor current global events, particularly as they pertain to Federal and Queensland State Government restrictions to assess any material impacts on its operations. The University continues to experience the pipeline effect of reduced student intakes as a result of restricted movements in the pandemic environment since 2020. Research activity has also experienced vulnerability with corresponding downward adjustments to expenditure.

In 2022 two major capital projects commenced. The Moreton building program will see the University construct 3 buildings with the view to provide more teaching, learning and research facilities for the 2023 academic year and beyond. The program is self-funded by the University. The Thompson Institute project will expand the existing building to accommodate the National Post Traumatic Stress Disorder Centre. This project is co-funded by the Department of Health & Ageing, philanthropy and the University.

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the University, the results of those operations or the state of affairs of the University in future financial years.

Likely Developments and Expected Results of Operations

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

Environmental Reporting

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

Insurance of Officers

In 2022, 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

20 February 2023

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

20 February 2023

Financial Statements

Statement of Comprehensive Income For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue and income from continuing operations			
Australian Government financial assistance			
Australian Government grants	2	194,075	188,461
HELP - Australian Government payments	2	75,688	76,598
State and Local Government financial assistance	2	7,099	6,018
HECS-HELP - Student payments		4,218	3,944
Fees and charges	2	35,949	36,281
Investment income		4,665	1,277
Consultancy and contracts	2	17,941	16,753
Other revenue and income	2	6,222	5,414
Gains on disposal of assets		279	-
Total revenue and income from continuing operations		346,136	334,746
Expenses from continuing operations			
Employee related expenses	3	188,387	176,460
Depreciation and amortisation	8 & 9	19,831	20,173
Repairs and maintenance		6,825	6,174
Borrowing costs		3,920	5,076
Impairment of assets		127	297
Net losses on disposal of assets		-	510
Other expenses	4	92,105	81,051
Total expenses from continuing operations		311,195	289,741
Net result before income tax from continuing operations		34,940	45,005
Income tax expense		-	-
Net result after income tax for the period and attributable to members of the University of the Sunshine Coast	14(c)	34,940	45,005
Items that will not be reclassified to profit or loss			
Gain/(loss) on revaluation of property, plant and equipment, net of tax	14(a)	43,655	15,594
Gain/(loss) on equity instruments designated at fair value through other comprehensive income, net of tax	14(a)	(10,379)	42,740
Total other comprehensive income		33,276	58,334
Total comprehensive income attributed to members of the University of the Sunshine Coast		68,216	103,339

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

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Statement of Financial Position For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	234,161	209,002
Receivables and contract assets	6	36,823	34,225
Other non-financial assets	7	9,460	8,070
Total current assets		280,444	251,297
Non-current assets			
Receivables and contract assets	6	41	391
Other financial assets	7	46,852	68,273
Property, plant & equipment	8	559,268	502,408
Right-of-use assets	8.1	24,807	27,613
Intangible assets	9	757	1,221
Other non-financial assets	7	966	461
Total non-current assets		632,691	600,367
Total assets		913,135	851,664
LIABILITIES			
Current liabilities			
Trade and other payables	10	12,088	13,403
Borrowings	11	7,784	8,637
Lease Liabilities	11	3,622	3,302
Provisions	12	28,874	27,968
Other liabilities	13	3,578	6,859
Contract liabilities	13(a)	30,404	22,082
Total current liabilities		86,350	82,251
Non-current liabilities			
Borrowings	11	106,673	114,343
Lease Liabilities	11	22,510	25,824
Provisions	12	4,499	4,978
Other liabilities	13	80	72
Contract liabilities	13(a)	2,273	1,662
Total non-current liabilities		136,035	146,879
Total liabilities		222,385	229,130
Net assets		690,750	622,534
EQUITY			
Reserves	14(a)	218,503	185,227
Retained earnings	14(c)	472,247	437,307
Total equity		690,750	622,534

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 2022

	Note	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2021		208,676	310,519	519,195
Net result		-	45,005	45,005
Transfer of fair value reserve through OCI to retained earnings	14(a)	(81,783)	81,783	-
Gain/(loss) on revaluation of property, plant and equipment, net of tax	14(a)	15,594	-	15,594
Gain/(loss) on financial assets at fair value through OCI, net of tax	14(a)	42,740	-	42,740
Total comprehensive income		(23,449)	126,788	103,339
Balance at 31 December 2021		185,227	437,307	622,534
Balance at 1 January 2022		185,227	437,307	622,534
Net result		-	34,940	34,940
Transfer of fair value reserve through OCI to retained earnings	14(a)	-	-	-
Gain/(loss) on revaluation of property, plant and equipment, net of tax	14(a)	43,655	-	43,655
Gain/(loss) on financial assets at fair value through OCI, net of tax	14(a)	(10,379)	-	(10,379)
Total comprehensive income		33,276	34,940	68,216
Balance at 31 December 2022		218,503	472,247	690,750

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

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Statement of Cash Flows For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Australian Government Grants received		273,720	269,905
OS-HELP (net)		325	-
State Government Grants received		4,007	5,623
Local Government Grants received		1,248	870
HECS-HELP - Student payments received		4,218	3,944
Receipts from students fees and other customers		66,595	58,846
Investment income		4,536	1,277
Payments to suppliers and employees (inclusive of GST)		(301,691)	(269,846)
GST recovered / (paid)		6,268	4,032
Short-term lease payments		(87)	(46)
Variable lease payments not included in the measurement of the lease liability		-	(3)
Net cash provided by / (used in) operating activities	20	59,139	74,602
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		190	15
Proceeds from share divestment		-	5,260
Proceeds from sale of financial assets		51,225	-
Payments for property, plant and equipment / intangibles		(29,304)	(7,256)
Payments for financial assets		(40,000)	-
Net cash provided by / (used in) investing activities		(17,889)	(1,981)
Cash flows from financing activities			
Proceeds from borrowings		-	123,700
Repayment of borrowings		(11,211)	(127,353)
Repayment of lease liabilities		(4,880)	(4,729)
Net cash provided by / (used in) financing activities	20	(16,091)	(8,382)
Net increase / (decrease) in cash and cash equivalents		25,159	64,239
Cash and cash equivalents at beginning of the financial year		209,002	144,763
Cash and cash equivalents at the end of the financial year	5	234,161	209,002

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

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Notes to the Financial Statements
For the year ended 31 December 2022

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Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

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 statements for the University as the parent entity.

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.

The financial statements are parent entity financial statements consisting of the University of the Sunshine Coast only. Consolidated financial statements have not been prepared as the two subsidiaries (USC Capital & Commercial Pty Ltd and Thompson Institute Pty Ltd) do not trade and the financial statements are not considered material. The 2021 consolidated financial statements included the Innovation Centre Sunshine Coast Pty Ltd which ceased trading and was deregistered in September 2021. The parent entity and ultimate parent entity is the University of the Sunshine Coast.

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

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

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

Date of authorisation of issue

The financial statements were authorised for issue by the Chancellor and the Vice-Chancellor & President on 20 February 2023.

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

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

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.

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 1 Summary of significant accounting policies (continued)

(b) Functional and presentation currency

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

(c) 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.

(d) 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.

(e) Initial application of accounting standards and amendments

The nature and effect of amendments and changes to accounting standards effective during the reporting period are described below.

Standard	Application date	Amendment
<i>AASB 2020-3 Amendments to AASB 3 Reference to the Conceptual Framework</i>	1 Jan 2022	Reference to the Conceptual Framework and revised definitions of assets and liabilities with its application to AASB 3. The University's assessment of the impact under this standard is not material.

(f) Future impact of accounting standard not yet effective

The following standards have been issued but are not mandatory for 31 December 2022 reporting periods. The University has elected not to early adopt any of these standards.

Standard	Application date	Implications
<i>AASB 2022-3 Amendments to Australian Accounting Standards Illustrative examples accompanying AASB15</i>	1 Jul 2022	Illustrative examples for Not-for-Profit entities accompanying AASB 15 on accounting for upfront fees. The University's assessment of the impact under this standard is not material.
<i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current</i>	1 Jan 2023	The University's assessment of the impact of this standard is not material.
<i>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	1 Jan 2023	The University's assessment of the impact of this standard is not material.
<i>AASB 17 Insurance Contracts</i>	1 Jan 2023	The University's assessment of the impact of this standard is not material.

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 2 Revenue and income

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

(a) Australian Government grants

	Note	2022 \$'000	2021 \$'000
Commonwealth Grant Scheme #1		160,543	154,925
Indigenous, Regional and Low-SES Attainment Fund #2		3,544	2,514
National Priorities and Industry Linkage Fund		3,279	3,250
Disability Performance Funding #3		113	101
Indigenous Student Success Program		1,690	1,620
Total Commonwealth Grants Scheme and Other Grants	22a	<u>169,170</u>	<u>162,410</u>

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

#2 Indigenous, Regional and Low-SES Attainment Fund has replaced the Access and Participation Fund as of 1 January 2021. Includes Higher Education Participation and Partnership Program and Tertiary Access Program.

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

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

Indigenous, Regional and Low-SES Attainment Fund 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.

The National Priorities and Industry Linkage Fund (NPILF) is a part of the Job-ready Graduates package of higher education reforms by allocating grants to help engage industry to produce job-ready graduates. Indigenous Student Success Program funding represents grants provided to accelerate improvements in the University enrolment, progression and award completions of Indigenous Australians. This funding is recognised when received under AASB 1058 *Income of Not-for-Profit Entities* due to performance obligations not being sufficiently specific.

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

(b) Higher Education loan programs

	Note	2022 \$'000	2021 \$'000
HECS - HELP		71,116	71,319
FEE-HELP		1,299	1,778
SA - HELP		3,273	3,501
Total Higher Education Loan Programs	22b	<u>75,688</u>	<u>76,598</u>

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

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

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

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

(c) EDUCATION Research

	Note	2022 \$'000	2021 \$'000
Research Training Program		6,211	4,597
Research Support Program		5,171	11,752
Total EDUCATION Research Grants	22c	<u>11,382</u>	<u>16,349</u>

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

(d) Australian Research Council

	Note	2022 \$'000	2021 \$'000
Discovery		1,386	1,491
Linkages ^{#4}		248	427
Total ARC	22d	<u>1,633</u>	<u>1,918</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

	2022 \$'000	2021 \$'000
Non-capital		
Australian Centre International Agriculture Research	4,032	2,599
Department of Education	496	1,110
Department of Foreign Affairs & Trade	1,105	139
Department of Health and Aged Care	40	1,658
Department of Industry, Science and Resources	851	723
Fisheries Research & Development Corporation	695	588
National Health and Medical Research Council	464	949
Other Australian Government financial assistance	532	18
Total other Australian Government financial assistance (Non-capital)	<u>8,215</u>	<u>7,784</u>
Capital		
Department of Health and Aged Care	3,675	-
Total other Australian Government financial assistance (Capital)	<u>3,675</u>	<u>-</u>
Total other Australian Government financial assistance	<u>11,890</u>	<u>7,784</u>

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

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

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

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Notes to the Financial Statements
For the year ended 31 December 2022

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

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

Reconciliation

	2022 \$'000	2021 \$'000
Australian Government Grants	194,075	188,461
HELP - Australian Government payments	75,688	76,598
Total Australian Government financial assistance	269,763	265,059

Note 2.2 State and Local Government financial assistance

	2022 \$'000	2021 \$'000
Non-Capital		
Local Government financial assistance	1,577	1,459
State Government financial assistance	5,522	4,559
Total State and Local Government financial assistance	7,099	6,018

The revenue in this category consists of a mix of operating 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	2022 \$'000	2021 \$'000
Course fees and charges			
Fee-paying onshore overseas students		29,443	31,401
Continuing education		78	67
Fee-paying domestic postgraduate students		1,666	1,857
Fee-paying domestic non-award students		645	523
Total course fees and charges		31,832	33,848
Other non-course fees and charges			
Student Services and Amenities Fees from students	22f	1,355	843
Conferences, activities & excursions		414	167
Rental charges		1,857	1,228
Other		491	195
Total other non-course fees and charges		4,117	2,433
Total fees and charges		35,949	36,281

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.

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 2.3 Fees and charges (continued)

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.

Non-course fees and charges

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

Other non-course fees and charges include 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

	2022 \$'000	2021 \$'000
Consultancy	8,210	11,286
Contract research	9,731	5,467
Total consultancy and contracts	17,941	16,753

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

The revenue is therefore recognised:

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

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

Note 2.5 Other revenue and income

	2022 \$'000	2021 \$'000
Other revenue		
Donations and bequests	2,040	1,697
Food services	1,820	1,451
Sales - publications and printing	469	569
Parking permits	1,047	1,156
Other	104	43
Total other revenue	5,480	4,916
Other income		
Other recoveries - external	432	296
Other income	310	202
Total other income	742	498
Total other revenue and income	6,222	5,414

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.

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Notes to the Financial Statements For the year ended 31 December 2022

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
Unsatisfied performance obligations	30,404	2,273	-	32,677

Revenue recognised in the current reporting period from contract liabilities at the beginning of the period was \$22.3M 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

	2022 \$'000	2021 \$'000
Academic		
Salaries	69,131	67,800
Contributions to superannuation and pension funded schemes	11,637	11,005
Payroll tax	4,314	4,108
Workers' compensation	138	156
Long service leave	1,557	1,502
Annual leave	5,714	5,332
Other	85	111
Total academic	92,576	90,014
Non-academic		
Salaries	71,708	64,603
Contributions to superannuation and pension funded schemes	11,942	10,805
Payroll tax	4,470	4,024
Workers' compensation	149	141
Long service leave	1,614	1,467
Annual leave	5,828	5,210
Other	100	196
Total non-academic	95,811	86,446
Total employee related expenses	188,387	176,460

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

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Notes to the Financial Statements For the year ended 31 December 2022

Note 4 Other expenses

	2022 \$'000	2021 \$'000
Scholarships, grants and prizes	18,668	17,411
Non-capitalised equipment	8,510	7,081
Advertising, marketing and promotional expenses	4,951	3,189
Bank fees & charges	855	542
Professional fees - audit, legal & consulting *	23,658	23,155
Insurance	1,273	1,219
General consumables	2,328	1,795
Postage, printing and stationery	551	431
Telecommunications	1,080	1,295
Travel & entertainment	2,807	904
Subscriptions and memberships	2,415	2,048
Rental, hire and other leasing fees	3,034	2,752
Motor vehicles	257	233
IT software and licences	8,204	8,800
Commissions paid	2,371	1,461
Food and catering	1,343	916
Staff development and recruitment	1,598	908
Occupancy & utilities	6,425	5,066
Student activities and excursions	1,232	1,288
Other	545	557
Total other expenses	92,105	81,051

*The total external audit fees relating to the 2022 financial year are estimated to be \$195k (2021: \$182k). There are no non-audit services included in this amount. Currently paid and accrued audit fees for the University are \$195k.

Note 5 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank and on hand	1,633	9,543
Deposits at call	232,528	199,459
Total cash and cash equivalents	234,161	209,002

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 weighted average interest rate as at 31 December 2022 was 1.83% (2021: 0%).
- Deposits at call are interest-bearing on floating interest rates. The annual effective interest rate as at 31 December 2022 was 3.30% (2021: 0.56%).

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Notes to the Financial Statements For the year ended 31 December 2022

Note 6 Receivables and contract assets

	2022 \$'000	2021 \$'000
Current		
Student fees and loans	235	285
Less: Allowance for expected credit losses	(151)	(152)
Trade receivables	11,266	5,276
Less: Allowance for expected credit losses	(56)	(120)
	<u>11,294</u>	<u>5,289</u>
Taxes receivable	894	749
Other receivables	22,774	26,676
Accrued revenue	1,844	1,480
Sundry loans and advances	16	31
Total current receivables	<u>36,823</u>	<u>34,225</u>
Non-current		
Deposits receivable	41	391
Total non-current receivables	<u>41</u>	<u>391</u>
Total receivables	<u><u>36,864</u></u>	<u><u>34,616</u></u>

Other receivables includes a franking credit receivable of \$22.8M (2021: \$25.0M) relating to the divestment of Education Australia Limited. The franking credit claim is currently under review by the Australian Taxation Office.

(a) Contract assets

As at 31 December 2022, the University's total receivables balance includes \$1.6M relating to contract assets (2021: \$1.1M). 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:

	2022 \$'000	2021 \$'000
At 1 January	272	1,264
Provision for expected credit losses recognised during the year	61	298
Write-off during the year as uncollectable	(126)	(1,290)
At 31 December	<u>207</u>	<u>272</u>

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

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

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

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 7 Other financial and non-financial assets

	2022 \$'000	2021 \$'000
Current		
Other non-financial assets		
Prepayments	9,460	8,070
Total current other non-financial assets	<u>9,460</u>	<u>8,070</u>
Non-current		
Other financial assets		
<i>Financial assets at FVPL</i>		
Managed investment funds	40,184	-
	<u>40,184</u>	<u>-</u>
<i>Investments in equity instruments designated at FVOCI</i>		
Shares in listed corporations	-	61,546
Shares in unlisted corporations	6,668	6,727
	<u>6,668</u>	<u>68,273</u>
Total non-current other financial assets	<u>46,852</u>	<u>68,273</u>
Other non-financial assets		
Prepayments	966	461
Total non-current other non-financial assets	<u>966</u>	<u>461</u>
Total other financial assets and non-financial assets	<u>57,278</u>	<u>76,804</u>

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 University classifies its financial assets at 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 University's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the University 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 University'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 University 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 University's financial assets at amortised cost include trade receivables, and loans to related parties.

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

The University holds no assets under this classification as at 31 December 2022.

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Notes to the Financial Statements
For the year ended 31 December 2022

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

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

Upon initial recognition, the University 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 University benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Events during the prior period

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

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

The above transaction was completed in the form of a fully franked dividend (refer note 6 Other receivables).

Key estimates and judgements:

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

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

This 2021 transaction was disclosed in the accounts as follows:

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

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

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

Events during the current reporting period

Under the EAL wind-up transaction, restrictions were placed on all Universities not allowing disposal of IDP shares for a 6-month period (initial escrow period). Upon reaching the 12-month anniversary escrow period in August 2022 the University was able to freely dispose 100% of their direct shareholding in IDP (including on-market in the ordinary course of trading).

In September 2022 the University traded on-market selling 100% of their shareholding in IDP realising any gains/(losses) through OCI.

The University continues to hold a small shareholding in EAL. The company expects to commence winding up proceedings in 2023 as disclosed in EAL's interim financial report.

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Notes to the Financial Statements

For the year ended 31 December 2022

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. The University classifies assets in this category as non-current assets comprising unlisted units in a fund managed by Queensland Investment Corporation (QIC). Changes in fair values of other financial assets at fair value through profit or loss are recorded as gains/(losses) in the statement of comprehensive income.

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 University 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, AARNet Pty Ltd's fair value is categorised as Level 3 – Inputs that are not based on observable market data (unobservable inputs).

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 8 Property, plant & equipment

31 December 2021

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

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

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 8 Property, plant & equipment (continued)

31 December 2022

Basis of measurement Fair value category Net book amount	Construction in progress		Freehold land		Freehold buildings		Infrastructure assets		Leasehold improvements		Plant & equipment*		Art Collection		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	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	
	3,173	32,601	395,440	29,466	7,807	26,627	7,807	29,466	7,807	26,627	7,807	29,466	7,807	26,627	502,408
Year ended 31 December 2022															
Opening net book amount	3,173	32,601	395,440	29,466	7,807	26,627	7,807	29,466	7,807	26,627	7,807	29,466	7,807	26,627	502,408
Revaluation surplus	-	1,554	39,524	2,540	-	-	-	2,540	-	-	-	37	-	-	43,655
Additions	26,096	-	144	70	-	3,206	-	144	-	3,206	-	24	-	3,206	29,540
Transfers to Property, plant & equipment	(96)	-	-	-	-	96	-	-	-	96	-	-	-	-	-
Transfers to Income Statement	(219)	-	-	-	-	-	-	-	-	-	-	-	-	-	(219)
Disposals	-	-	-	-	-	-	-	-	-	(55)	-	-	-	(55)	(55)
Depreciation charge	-	-	(7,169)	(1,222)	(1,043)	(6,627)	-	(1,222)	(1,043)	(6,627)	-	-	-	(6,627)	(16,061)
Closing net book amount	28,954	34,155	427,939	30,855	6,764	23,247	30,855	427,939	6,764	23,247	7,354	30,855	23,247	7,354	559,268
At 31 December 2022															
-Cost	28,954	-	-	-	13,530	61,035	-	-	13,530	61,035	-	-	-	-	103,519
-Valuation	-	34,155	506,220	41,965	-	-	-	41,965	-	-	-	7,354	-	-	589,694
Accumulated depreciation	-	-	(78,281)	(11,110)	(6,766)	(37,788)	(11,110)	(11,110)	(6,766)	(37,788)	-	-	-	-	(133,945)
Net book amount	28,954	34,155	427,939	30,855	6,764	23,247	30,855	427,939	6,764	23,247	7,354	30,855	23,247	7,354	559,268

* 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 2022

Note 8 Property, plant & equipment (continued)

(i) Recognition thresholds

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

All assets acquired during the reporting period have been initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset, at the time of its acquisition or construction including costs incurred in preparing the assets for use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Capital works in progress

Capital works in progress is shown at a value that recognises the extent of completion of work, as represented by progress payments to date. Contracts signed for building projects that have not been completed and / or commenced at 31 December 2022 have been disclosed as capital expenditure commitments (refer Note 16).

Repairs & maintenance

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

Donated assets

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

(ii) Fair value hierarchy

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

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

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

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

The University'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 2022.

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

	Total	Level 2	Level 3
Freehold buildings	\$'000	\$'000	\$'000
2022	427,939	10,372	417,567
2021	395,440	10,372	385,068

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Notes to the Financial Statements For the year ended 31 December 2022

Note 8 Property, plant & equipment (continued)

(iii) Depreciation

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

Depreciable Assets	2022	2021
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 - 10	3 - 10
Science Equipment	5 - 20	5 - 20
Motor Vehicles	5 - 15	5 - 15
Plant & Equipment - Other	3 - 25	3 - 25
Right of Use Assets	3 - 10	3 - 10

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

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

(iv) Impairment

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

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

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

(v) Disposals

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

(vi) Valuation processes and effective dates

Land, buildings and infrastructure

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

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

In 2022 a desktop revaluation has been undertaken by APV Valuers and Asset Management on the University's Land, Building & Infrastructure assets.

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

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

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Notes to the Financial Statements For the year ended 31 December 2022

Note 8 Property, plant & equipment (continued)

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

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

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

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

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

Plant and equipment

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

Heritage and Cultural collections

A formal and comprehensive valuation is performed every 5 years by external, independent and qualified valuers. In 2022 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

	2022	2021
	\$'000	\$'000
Buildings		
At 1 January	7,689	9,466
Additions/(variations) of right-of-use assets	117	274
Depreciation charge	(1,904)	(2,051)
At 31 December	5,902	7,689
Vehicles		
At 1 January	674	853
Additions/(variations) of right-of-use assets	294	493
Depreciation charge	(506)	(672)
At 31 December	462	674
Equipment/Infrastructure		
At 1 January	19,250	20,174
Additions/(variations) of right-of-use assets	88	-
Depreciation charge	(895)	(924)
At 31 December	18,443	19,250
Total right-of-use assets	24,807	27,613

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

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Notes to the Financial Statements For the year ended 31 December 2022

Note 8 Property, plant & equipment (continued)

(b) Concessionary leases

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

Note 9 Intangible assets

	2022 \$'000	2021 \$'000
Software		
At 1 January	1,221	3,508
Effect of changes in accounting policy at 1 January	-	(1,490)
Amortisation charge	(464)	(797)
At 31 December	757	1,221

Research and development

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

Computer Software development

Expenditure on development activities relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as intangible assets and amortised from the point at which the asset is ready for use. On-premise computer software is amortised using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 8 years (2021: 3 to 8 years).

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

In March 2021 the IFRS Interpretation Committee (IFRIC) clarified the position and treatment for accounting for costs of configuring or customising a suppliers application software in a Software as a Service (SaaS) arrangement pursuant to *International Accounting Standards 38 Intangible Assets (IAS 38)*. The effect of the IFRIC agenda decision to the University regarding configuration or customisation costs in a cloud computing (including SaaS) arrangement has not resulted in further write back to the statement of comprehensive income in 2022 (2021: \$1.5 million WDV) of previously capitalised SaaS software costs.

Note 10 Trade and other payables

	Note	2022 \$'000	2021 \$'000
Current			
OS-HELP Liability to Australian Government	22e	253	1,976
Creditors		11,326	10,988
Accrued expenses		509	439
Total trade and other payables		12,088	13,403

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

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Notes to the Financial Statements For the year ended 31 December 2022

Note 11 Borrowings

	2022 \$'000	2021 \$'000
Current		
Secured		
Loan - Queensland Treasury Corporation	7,784	8,637
Lease liabilities	3,622	3,302
Total current borrowings	<u>11,406</u>	<u>11,939</u>
Non-Current		
Secured		
Loan - Queensland Treasury Corporation	106,673	114,343
Lease liabilities	22,510	25,824
Total non-current borrowings	<u>129,183</u>	<u>140,167</u>
Total borrowings	<u>140,589</u>	<u>152,106</u>

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 University has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

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

(a) Assets pledged as security

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

(b) Financing arrangements

The following loan/overdraft facilities exist with Queensland Treasury Corporation at reporting date and consist of the following:

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

The three QTC loans have a consolidated weighted average borrowing rate of 2.245% (2021: 2.269%) ranging from 1.835% to 2.585%.

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 11 Borrowings (continued)

(c) Fair value

	2022		2021	
	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000
Non-traded financial liabilities				
Queensland Treasury Corporation	114,457	97,408	122,980	123,240
	<u>114,457</u>	<u>97,408</u>	<u>122,980</u>	<u>123,240</u>

(d) Risk exposures

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

Note 11.1 University as lessee

(a) Amounts recognised in the statement of comprehensive income

	2022 \$'000	2021 \$'000
Interest on lease liabilities	1,381	1,525
Variable lease payments not included in the measurement of leases	-	3
Income from sub-leasing right of use assets	(163)	(29)
Expenses relating to short-term leases	87	46
Amounts recognised in Income Statement	<u>1,305</u>	<u>1,545</u>

(b) Maturity Analysis – undiscounted contractual cash flows

	2022 \$'000	2021 \$'000
Less than one year	4,836	4,676
One to five years	17,781	18,211
More than 5 years	8,086	12,222
Total undiscounted contractual cash flows	<u>30,703</u>	<u>35,109</u>
Lease liabilities recognised in the statement of financial position:		
Current	<u>3,622</u>	<u>3,302</u>
Non-current	<u>22,510</u>	<u>25,824</u>

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:

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 11.1 University as lessee (continued)

	2022 \$'000	2021 \$'000
Total cash outflow for leases	4,880	4,729
	<u>4,880</u>	<u>4,729</u>

(c) Lease liability

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI); and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

Right-of-use assets are presented within property, plant and equipment in Note 8.1 and lease liabilities are presented within borrowings in Note 11.1.

Short-term leases and leases of low-value assets

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

Note 12 Provisions

	2022 \$'000	2021 \$'000
Current provisions expected to be settled wholly within 12 months		
Employee benefits		
Annual leave	11,429	11,363
Long service leave	2,108	1,344
Subtotal	<u>13,537</u>	<u>12,707</u>
Current provisions expected to be settled wholly after more than 12 months		
Employee benefits		
Annual leave	2,004	1,955
Long service leave	13,333	13,306
Subtotal	<u>15,337</u>	<u>15,261</u>
Total current provisions	<u>28,874</u>	<u>27,968</u>
Non-Current		
Employee benefits		
Long service leave	4,499	4,978
Total non-current provisions	<u>4,499</u>	<u>4,978</u>
Total provisions	<u>33,373</u>	<u>32,946</u>

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Notes to the Financial Statements For the year ended 31 December 2022

Note 12 Provisions (continued)

Accrued employee benefits

(i) Short-term obligations

Liabilities for short term employee benefits, including wages, salaries, leave entitlements and nonmonetary benefits due, but unpaid at reporting date, are recognised in the statement of financial position at the remuneration rates expected to apply at the time of settlement and include related on-costs. Liabilities for non-accumulating sick leave and parental leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term obligations

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

The long service leave provision reflects the amount of long service leave accrued as at 31 December 2022. 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.

Note 13 Other liabilities

	2022 \$'000	2021 \$'000
Current		
Australian Government unspent financial assistance	1,878	5,201
Income in Advance	-	18
Refund liabilities	34	38
Financial liabilities	1,651	1,470
Other liabilities	15	132
Total current other liabilities	3,578	6,859
Non-current		
Refund liabilities	80	72
Total non-current other liabilities	80	72

(a) Contract liabilities

	2022 \$'000	2021 \$'000
Contract liabilities - Australian Government	6,748	7,235
Other contract liabilities	25,929	16,509
Contract liabilities - current	30,404	22,082
Contract liabilities - non-current	2,273	1,662

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 fulfils its obligations under 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.

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Notes to the Financial Statements
For the year ended 31 December 2022

Note 14 Reserves and retained earnings

(a) Reserves

	2022 \$'000	2021 \$'000
Property, plant & equipment revaluation reserve	212,140	168,485
Other financial assets at fair value through OCI reserve	6,363	16,742
Total reserves	218,503	185,227
Movements		
Property, plant & equipment revaluation reserve		
Balance 1 January	168,485	152,891
Revaluation - gross	43,655	15,594
Balance 31 December	212,140	168,485
Other financial assets at fair value through OCI reserve		
Balance 1 January	16,742	55,785
Revaluation - gross	(10,379)	42,740
Transfer of fair value reserve through OCI to retained earnings	-	(81,783)
Balance 31 December	6,363	16,742

(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.

(c) Retained earnings

	2022 \$'000	2021 \$'000
Movements in retained earnings were as follows:		
Retained earnings at 1 January	437,307	310,519
Transfer of fair value reserve through OCI to retained earnings	-	81,783
Net operating result for the year	34,940	45,005
Retained earnings at 31 December	472,247	437,307

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

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Notes to the Financial Statements For the year ended 31 December 2022

Note 15 Key management personnel (KMP) disclosures

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the University during 2022. Further information on these positions can be found in the body of the Annual Report.

Council officers

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

Executive officers

Position	Incumbents during 2022	Start/end dates where less than full year
Vice-Chancellor & President	Prof Helen Bartlett	
Deputy Vice-Chancellor, Academic	Prof Tim Wess	Until 31 December 2022
Deputy Vice-Chancellor, Research & Innovation	Prof Ross Young	
Pro Vice-Chancellor, Engagement	Prof Joanne Scott	Until 30 December 2022
Pro Vice-Chancellor, Global and Engagement	Ms Alex Elibank Murray	Start 29 August 2022
Chief Operating Officer	Dr Scott Snyder	Until 30 September 2022
Chief Operating Officer	Mr Richard Constantine	Start 24 October 2022
Pro Vice-Chancellor, Students	Prof Denise Wood AM	

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

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

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

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

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

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

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

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

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

	2022	2021
	Number	
Remuneration of Council Members		
None	-	-
Remuneration of Executive Officers		
\$90,000 to \$99,999	1	-
\$130,000 to \$139,999	1	-
\$160,000 to \$169,999	-	1
\$260,000 to \$269,999	-	1
\$380,000 to \$389,999	-	2
\$400,000 to \$409,999	1	-
\$430,000 to \$439,999	2	-
\$450,000 to \$459,999	-	-
\$470,000 to \$479,999	1	-
\$500,000 to \$509,999	-	1
\$520,000 to \$529,999	1	-
\$530,000 to \$539,999	-	1
\$920,000 to \$929,999	-	1
\$960,000 to \$969,999	1	-
	-	-

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

(c) Key management personnel compensation

	2022	2021
	\$'000	\$'000
Short-term employee benefits	2,978	2,707
Post-employment benefits	418	409
Other long-term benefits	64	49
Total key management personnel compensation	3,460	3,165

(d) Performance payments

The University did not have any key management personnel entitled to performance payments in 2022 (2021: Nil). No performance bonus has been agreed or paid in relation to subsequent years.

(e) Loans to key management personnel

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

Note 16 Commitments

	2022	2021
	\$'000	\$'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	64,739	2,083
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Property, plant and equipment	64,739	2,083
Total capital commitments	64,739	2,083

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 17 Related parties

(a) Parent entities

The ultimate Australian parent entity is the University of the Sunshine Coast which at 31 December 2022 owns 100% (2021:100%) of the issued ordinary shares of USC Capital and Commercial Pty Ltd (C&C) (established in 2015) and Thompson Institute Pty Ltd (established in 2017).

(b) Subsidiaries

The primary purpose of the Innovation Centre Sunshine Coast Pty Ltd (ICSC) was to provide regional leadership and support for new business designed to create wealth and generate employment on the Sunshine Coast. On the 9th September 2021 the ICSC which the University owned 100% of the issued ordinary shares was deregistered by ASIC. ICSC reported an operating loss of \$127K in 2021 after dividends were paid upon wind-up.

The objective of C&C is to enter into and manage commercial arrangements. C&C did not trade in 2022. The extent of trade in 2021 was to formalise the renouncement of the shareholder loan to Sunshine Coast Lightning Pty Ltd. The objective of Thompson Institute Pty Ltd is to advance the research health agenda. Thompson Institute Pty Ltd did not trade in 2022 (no trade in 2021).

The University maintains and manages all insurance policies as required by the controlled entities. The controlled entities are dependent on funding provided by the University. There has been no funding support agreed to by the University for the 2022 financial year.

(c) Key management personnel, Directors and specified executives

Director of C&C who is also key management personnel of the University is:

Dr Scott SNYDER until 30 September 2022

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

Air Chief Marshal Sir Angus HOUSTON AK, AFC (Ret'd)

Ms Jennifer MORAWSKA

Professor Helen BARTLETT

Refer to note 15 for key management personnel of the University.

(d) Transactions with related parties

There were no transactions with related parties during this reporting period.

For the period until 31 December 2021 the only transaction with ICSC was the University's receipt of an unfranked dividend upon company wind up totalling \$120K.

In 2021 the University formally waived the loans provided to C&C which enabled the provision of a loan for the same value to the Sunshine Coast Lightning Pty Ltd. The balance of loans waived in 2021 was \$134K.

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.

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

Note 17 Related parties (continued)

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:	2022	2021
	\$'000	\$'000
Sale of goods and services		
Transactions are in relation to the provision of goods and services by the University for events staged by the entity.	-	21
Transactions are in relation to the provision of goods and services by the University in relation to a Joint Venture by the entity.	-	9
Purchase of goods and services		
Transactions are in relation to the provision of goods and services for IT operations of the university.	-	-
Transactions are in relation to the provision of goods and services for events staged by the university.	-	349

(e) Outstanding balances

As at 31 December 2022, there are no amounts owing to the University through normal intercompany arrangements.

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Note 18 Joint operations

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

The primary aim of the SCHI is 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 reflect the relative space and resource utilisation of each joint operator under the Agreement.

Joint operator interests are displayed in the below table.

	2022	2021
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
	<u>100%</u>	<u>100%</u>

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.

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 18 Joint operations (continued)

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

	SCHI	USC's Share
	2021	2021
	\$'000	\$'000
Total income	3,455	819
Total expenses	4,825	1,144
Total comprehensive result	(1,370)	(325)
Current assets	1,611	382
Non-current assets	14,577	3,455
Total assets	16,188	3,837
Current liabilities	1,576	374
Total liabilities	1,576	374
Net assets	14,612	3,463

It is noted that 2022 balances are unavailable for inclusion at report signing 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, the results of those operations or the state of affairs of the University's future financial years.

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

	2022	2021
	\$'000	\$'000
Operating result for the period	34,940	45,005
Depreciation and amortisation	19,831	20,173
Non-cash donations	(17)	(242)
Net (gain) / loss on sale of non-current assets	(135)	459
(Increase) / decrease in trade and other receivables	(2,248)	(733)
(Increase) / decrease in other assets	(2,079)	2,678
(Decrease) / increase in trade and other payables	(1,315)	2,210
(Decrease) / increase in other liabilities	9,735	3,611
(Decrease) / increase in provisions	427	1,441
Net cash provided by / (used in) operating activities	59,139	74,602

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

(Decrease) / increase in borrowings	(11,211)	(3,653)
(Decrease) / increase in lease liabilities	(4,880)	(4,729)
Net cash provided by / (used in) financing activities	(16,091)	(8,382)

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 21 Financial risk management

The University's activities expose the University 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 University's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University. 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 University, 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 University'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 that will affect the University'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 University 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 University's activities and associated transactions are conducted is primarily the Australian dollar (AUD). As such, the University's exposure to currency risk on sales, purchases and borrowings is minimal.

(ii) Price risk

Price risk represents the risk that the value of other financial assets, being University funds managed by QIC (refer note 7) could fluctuate as a result of market movements. Management regularly monitors these investments and will make recommendations for action where required.

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

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

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

(iv) Interest Rate Sensitivity Analysis

Interest rate sensitivity analysis evaluates the outcome on operating result or equity if interest rates would change by +/- 1 per cent from the year end rates applicable to the University's financial assets and liabilities. With all other variables held constant, the University would have a surplus and equity increase/ (decrease) of \$1.3m (2021: \$2 million).

(b) Credit risk

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

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

Receivables

Credit risk is managed at group level subject to the University'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.

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 21 Financial risk management (continued)

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

(c) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University'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 University's reputation.

The University uses past trend analysis and commitments reporting to assist in monitoring cash flow requirements and optimising its cash return on investments. Typically, the University 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 University's financial assets and financial liabilities:

31 December 2022	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	3.29	234,161	-	-	-	-	234,161
Receivables	-	-	-	-	-	36,864	36,864
Other financial assets	-	-	-	-	-	46,852	46,852
Total financial assets		234,161	-	-	-	83,716	317,877
Financial Liabilities							
Trade and other payables	-	-	-	-	-	12,088	12,088
Borrowings	2.25	-	7,784	31,770	74,903	-	114,457
Lease Liabilities	5.00	-	3,622	14,783	7,727	-	26,132
Contract liabilities	-	-	30,404	2,273	-	-	32,677
Total financial liabilities		-	41,810	48,826	82,630	12,088	185,354

31 December 2021	Average interest rate	Variable interest rate	1 Year or less	1 year to 5 years	Over 5 years	Non interest bearing	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	0.53	209,002	-	-	-	-	209,002
Receivables	-	-	-	-	-	34,616	34,616
Other financial assets	-	-	-	-	-	68,273	68,273
Total financial assets		209,002	-	-	-	102,889	311,891
Financial Liabilities							
Trade and other payables	-	-	-	-	-	13,403	13,403
Borrowings	2.97	-	8,637	34,740	79,603	-	122,980
Lease Liabilities	5.00	-	3,302	14,495	11,329	-	29,126
Contract liabilities	-	-	22,082	1,662	-	-	23,744
Total financial liabilities		-	34,021	50,897	90,932	13,403	189,253

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Notes to the Financial Statements
For the year ended 31 December 2022

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

Note	Commonwealth Grant Scheme #1		Indigenous, Regional and Low-SES Attainment Fund #2		National Priorities and Industry Linkage Fund		Disability Performance Funding #3		Indigenous Student Success Program #4		TOTAL	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	160,283	157,448	3,139	3,028	3,279	3,250	92	130	1,690	1,620	168,483	165,476
Net accrual adjustments	260	(2,523)	405	(514)	-	-	21	(29)	-	-	686	(3,066)
Revenue and income for the period	160,543	154,925	3,544	2,514	3,279	3,250	113	101	1,690	1,620	169,170	162,410
Surplus / (deficit) from previous year	-	-	2	-	3,250	-	-	-	-	-	3,252	-
Total revenue and income including accrued revenue	160,543	154,925	3,546	2,514	6,529	3,250	113	101	1,690	1,620	172,422	162,410
Less expenses including accrued expenses	160,543	154,925	3,546	2,512	3,854	-	113	101	1,690	1,620	169,746	159,158
Surplus / (deficit) for reporting period	-	-	-	2	2,675	3,250	-	-	-	-	2,676	3,252

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

#2 Indigenous, Regional and Low-SES Attainment Fund has replaced the Access and Participation Fund as of 1 January 2021. Includes Higher Education Participation and Partnership Program and Tertiary Access Program.

#3 Disability Performance Funding includes Additional Support for Students.

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

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

Note 22 Acquittal of Australian Government financial assistance (continued)

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

	Note	HECS-HELP (Australian Government payments only)		FEE-HELP		SA-HELP		TOTAL	
		2022	2021	2022	2021	2022	2021	2022	2021
Cash Payable / (Receivable) at beginning of year		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in Cash during the reporting period		2,645	2,417	-	15	-	-	2,645	2,432
Cash available for period		68,209	71,547	1,252	1,764	3,248	3,501	72,709	76,812
Revenue and income earned	2.1b	70,855	73,964	1,252	1,778	3,248	3,501	75,355	79,244
Cash Payable / (Receivable) at end of year		71,116	71,319	1,299	1,778	3,273	3,501	75,688	76,598
		(261)	2,645	(46)	-	(25)	-	(332)	2,645

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2022

Note 22 Acquittal of Australian Government financial assistance (continued)

22c Department of Education and Training Research

	Note	Research Training Program		Research Support Program		TOTAL	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)		6,211	4,597	5,171	11,752	11,382	16,349
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	2.1c	6,211	4,597	5,171	11,752	11,382	16,349
Surplus / (deficit) from previous year		-	-	6,393	-	6,393	-
Total revenue including accrued revenue		6,211	4,597	11,564	11,752	17,775	16,349
Less expenses including accrued expenses		6,211	4,597	7,800	5,359	14,011	9,956
Surplus / (deficit) for reporting period ^{#4}		-	-	3,764	6,393	3,764	6,393

#4 Reported surplus for Research Block Grants is considered a request to the Secretary of the Australian Government Department of Education to be rolled over for future expenditure. No surpluses for 2022 are expected to be returned.

Total Higher Education Provider Research Training Program expenditure

	Total	
	domestic students \$'000	overseas students \$'000
Research Training Program Fees offsets	2,614	124
Research Training Program Stipends	2,944	462
Research Training Program Allowances	32	35
Total for all types of support	5,590	621

Financial Statements

Notes to the Financial Statements For the year ended 31 December 2022

Note 22 Acquittal of Australian Government financial assistance (continued)

22d Australian Research Council Grants

	Note	Discovery		Linkages		TOTAL	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)		1,419	1,394	306	380	1,724	1,774
Net accrual adjustments		(33)	97	(58)	47	(91)	144
Revenue for the period	2.1d	1,386	1,491	248	427	1,633	1,918
Surplus / (deficit) from previous year		40	185	52	90	92	275
Total revenue including accrued revenue		1,426	1,676	300	517	1,726	2,193
Less expenses including accrued expenses		1,428	1,636	283	465	1,711	2,101
Surplus / (deficit) for reporting period		(2)	40	17	52	15	92

22e OS – HELP

	Note	2022 \$'000	2021 \$'000
Cash received during the reporting period		325	-
Cash spent during the reporting period		2,048	-
Net cash received		(1,724)	-
Cash surplus / (deficit) from previous period		1,976	1,976
Cash surplus / (deficit) for reporting period	10	252	1,976

22f Student Services and Amenities Fee

	Note	2022 \$'000	2021 \$'000
Unspent / (overspent) revenue from previous period		1,715	1,647
SA-HELP Revenue Earned	2.1b	3,273	3,501
Student Services and Amenities Fees direct from Students	2.3	1,355	843
Total revenue expendable in period		6,343	5,991
Student Services expenses during period		(5,057)	(4,276)
Unspent / (overspent) Student Services Revenue		1,285	1,715

Financial Statements

Statement of Certification For the year ended 31 December 2022

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
- (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 for the financial year ended 31 December 2022, and of the financial position as at 31 December 2022 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

20 February 2023

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

20 February 2023

Elizabeth Cannon
Chief Financial Officer
University of the Sunshine Coast

20 February 2023

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2022

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.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 31 December 2022, 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 2022, 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 Financial 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 entity 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.

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.

Financial Statements

Independent Auditor's Report
For the year ended 31 December 2022

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

Key audit matter	How my audit addressed the key audit matter
<p>Buildings (consisting primarily of specialised buildings) were material to the University of the Sunshine Coast at balance date and were measured at fair value using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • gross replacement cost, less • accumulated depreciation. <p>The university performs comprehensive revaluation of all of its buildings every five years, or whenever a material variation is expected to have occurred, with desktop valuations conducted in the intervening period.</p> <p>In making these judgements, the university engaged an external valuation expert to perform a comprehensive valuation in 2019 for all buildings and in 2020 for a material building construction. Indexation has been applied for the remaining 2020 balances and in 2021 and 2022.</p> <p>The university derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: <ul style="list-style-type: none"> – estimating the current cost for a modern substitute (including locality factors and on-costs), expressed as a rate per unit (e.g., \$/square metre) – identifying whether the existing building exhibits obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <p>In a previous year when a comprehensive valuation was conducted:</p> <ul style="list-style-type: none"> • Assessing the competence, capability, and objectivity of the valuation specialist. • Assessing the adequacy of management's review of the valuation process. • Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. • On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit rates for the: <ul style="list-style-type: none"> – modern substitute – adjustment for excess quality or obsolescence. <p>In the current year when indexation was applied:</p> <ul style="list-style-type: none"> • Assessing the competence, capability, and objectivity of the valuation specialist. • Assessing the adequacy of management's review of the valuation process. • 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.

Other information

Other information comprises the information included in the University of the Sunshine Coast's annual report for the year ended 31 December 2022 but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

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

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

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

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

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

The Council is also responsible for assessing the entity'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 entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.

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- Conclude on the appropriateness of the entity'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 entity'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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 2022:

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

Prescribed requirements scope

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



Jacqueline Thornley
as delegate of the Auditor-General

21 February 2023

Queensland Audit Office
Brisbane