

University of Adelaide

Financial report
for the year ended
31 December 2019



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To the Chancellor University of Adelaide

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 25(2) of the *University of Adelaide Act 1971*, I have audited the financial report of the University of Adelaide and the consolidated entity comprising the University of Adelaide and its controlled entities for the financial year ended 31 December 2019.

Opinion

In my opinion, the accompanying financial report has been prepared in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Higher Education Support Act 2003* and Australian Accounting Standards including:

- a) giving a true and fair view of the financial position of the University of Adelaide and its controlled entities as at 31 December 2019, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 31 December 2019
- a Statement of Financial Position as at 31 December 2019
- a Statement of Changes in Equity for the year ended 31 December 2019
- a Statement of Cash Flows for the year ended 31 December 2019
- notes, comprising significant accounting policies and other explanatory information

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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 University of Adelaide and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

Responsibilities of the Vice-Chancellor and President and the Council for the financial report

The Vice-Chancellor and President is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Higher Education Support Act 2003* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The Council is responsible for overseeing the financial reporting process.

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 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 the 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 Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Adelaide's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Vice-Chancellor and President

- 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with those charged with governance and the Vice-Chancellor and President 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 the audit.



Andrew Richardson

Auditor-General

14 April 2020



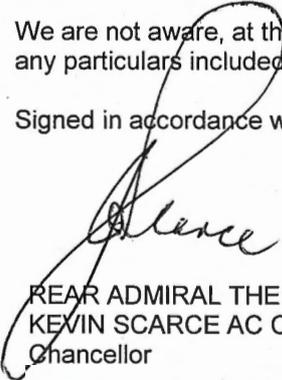
**Statement by the Chancellor, Vice-Chancellor & President
and Chief Financial Officer**

In our opinion:

- (a) the Financial Statements of The University of Adelaide have been prepared in accordance with the accounts and records of the University and present a true and fair view of the financial position of the University of Adelaide as at 31 December 2019 and the results of its operations and cash flows for the year ended 31 December 2019;
- (b) in all material respects, the Financial Statements have been prepared in accordance with Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987, the Higher Education Funding Act 1988, the Higher Education Support Act 2003, Australian equivalents to International Financial Reporting Standards and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views; and the requirements of the *Australian Charities and Non-for-profits Commission Act 2012*;
- (c) at the date of signing this Statement there are reasonable grounds to believe that The University of Adelaide will be able to pay its debts as and when they fall due;
- (d) the amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended;
- (e) The University of Adelaide has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure of the Australian Government financial assistance;
- (f) internal controls over financial reporting have been effective throughout the reporting period; and
- (g) The University of Adelaide has 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 fees were spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

We are not aware, at the date of signing this Statement, of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Council of The University of Adelaide.


REAR ADMIRAL THE HONOURABLE
KEVIN SCARCE AC CSC RAN (Rtd)
Chancellor


PROFESSOR PETER RATHJEN AO
Vice-Chancellor and President


MR TONY MITCHELL
Chief Financial Officer

6 April 2020

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Revenue from continuing operations					
Received under Higher Education Support Act					
Base operating financial assistance	4	168,793	165,933	168,793	165,933
Other operating financial assistance	4	3,599	3,675	3,599	3,675
Higher Education Contribution Scheme	4	117,528	115,394	117,528	115,394
		289,920	285,002	289,920	285,002
Learning and Teaching					
Student fees	4	286,648	255,247	286,648	255,247
Grants	4	22,125	21,793	22,125	21,793
		308,773	277,040	308,773	277,040
Research Grants and Fees					
National competitive grants		85,877	95,886	85,877	95,886
Public sector - other		42,822	39,669	42,330	39,188
Industry and other		35,025	42,570	34,866	40,587
		163,724	178,125	163,073	175,661
Research - Other					
Cooperative Research Centre direct funding		3,322	3,826	3,322	3,826
Research Training Program		46,229	46,899	46,229	46,899
Research Support Program		39,133	41,261	39,133	41,261
		88,684	91,986	88,684	91,986
Other					
Investment revenue	4	52,438	19,735	52,466	20,036
Property revenue	4	15,980	14,812	15,559	14,414
Specialist services and trading	4	45,664	42,197	27,034	24,902
Bequests, donations & other revenue	4	26,055	24,540	26,271	26,061
		140,137	101,284	121,330	85,413
Total revenue from continuing operations		991,238	933,437	971,780	915,102
Expenses from continuing operations					
Salaries and related expenses	5	543,545	516,752	534,368	507,361
Student services		45,447	48,518	45,447	48,518
Teaching and research	5	94,546	100,314	94,432	99,366
Buildings and grounds	5	53,633	65,465	52,542	64,461
Finance costs	5	6,367	4,960	6,367	4,960
Administration, communication and travel	5	115,538	106,758	105,335	99,551
Finance and fund administration	5	3,389	17,561	3,389	17,561
Misc equip, dep'n and net loss on disposal of assets	5	88,255	77,399	87,863	77,147
Total expenses from continuing operations		950,720	937,727	929,743	918,925
Net operating result for the year		40,518	(4,290)	42,037	(3,823)
Operating result attributable to minority interest		-	-	-	-
Net operating result for the year		40,518	(4,290)	42,037	(3,823)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income for the year ended 31 December 2019 - continued

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Operating result for the period		40,518	(4,290)	42,037	(3,823)
Items that may be reclassified to net operating result					
Gain / (loss) on swap contracts	9	(1,244)	1,195	(1,244)	1,195
Total		(1,244)	1,195	(1,244)	1,195
Items that will not be reclassified to net operating result					
Gain / (loss) on revaluation of land and buildings	12,19(b)	123,747	-	122,470	-
Write down of land to recoverable amount	19(b)	-	(2,521)	-	(2,521)
Revaluation of equity instruments designated at fair value through Other Comprehensive Income	19(b)	21,793	9,289	21,596	8,846
Share of other comprehensive income of investments accounted for using the equity method	4	(150)	(5)	-	-
Remeasurements of Defined Benefit Plans	24(c)	535	(1,706)	535	(1,706)
Other adjustments recognised directly in equity		1	2	1	2
Total		145,926	5,059	144,602	4,621
Total other comprehensive income		144,682	6,254	143,358	5,816
Total comprehensive income		185,200	1,964	185,395	1,993
Total comprehensive income attributable to non-controlling interest		-	-	-	-
Total comprehensive income attributable to the University of Adelaide		185,200	1,964	185,395	1,993

Statement of Financial Position as at 31 December 2019

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Current Assets					
Cash and cash equivalents	6	37,835	38,088	34,781	34,048
Receivables	7(a)	38,058	28,127	37,241	27,739
Contract Asset	3(z),7(b)	6,924	-	6,924	-
Other financial assets	8	33,276	16,222	33,276	16,222
Inventories		1,473	1,485	-	-
Other non-financial assets	10	17,808	13,870	17,576	13,750
Deferred government superannuation contribution	24(d)	4,500	4,500	4,500	4,500
Total current assets		139,874	102,292	134,298	96,259
Non-current Assets					
Other financial assets	8	390,398	325,576	404,799	340,174
Investments accounted for using the equity method	11	116	266	35	35
Property, plant and equipment	12	1,622,099	1,447,574	1,609,116	1,435,732
Intangible assets	13	35,545	44,740	35,545	44,740
Other non-financial assets	10	5,562	4,817	5,562	4,817
Deferred government superannuation contribution	24(d)	67,819	63,266	67,819	63,266
Total non-current assets		2,121,539	1,886,239	2,122,876	1,888,764
Total assets		2,261,413	1,988,531	2,257,174	1,985,023
Current Liabilities					
Payables	14	75,459	70,592	73,566	69,318
Contract Liabilities	3(z)	84,571	-	84,571	-
Borrowings	15	34,994	5,000	34,972	5,000
Employee benefit provisions	17	27,782	29,292	26,856	28,420
Provisions	17	1,004	1,289	1,004	1,289
Derivative financial instruments	9	34	3	34	3
Defined benefit obligation	24(d)	4,500	4,500	4,500	4,500
Other	18	12,329	26,530	11,522	25,949
Total current liabilities		240,673	137,206	237,025	134,479
Non-current Liabilities					
Payables	14	12,540	11,601	12,507	11,583
Contract Liabilities	3(z)	65,852	-	65,852	-
Borrowings	15	86,516	72,510	86,474	72,510
Employee benefit provisions	17	71,326	65,072	71,177	64,871
Provisions	17	4,293	4,293	4,293	4,293
Derivative financial instruments	9	12,938	11,725	12,938	11,725
Defined benefit obligation	24(d)	67,819	63,266	67,819	63,266
Total non-current liabilities		321,284	228,467	321,060	228,248
Total liabilities		561,957	365,673	558,085	362,727
Net assets		1,699,456	1,622,858	1,699,089	1,622,296
Equity					
Capital reserves	19	777,281	631,741	789,758	645,692
Specific purpose reserves	19	411,712	531,223	411,712	531,223
Retained surplus	19	510,463	459,894	497,619	445,381
Total University interest		1,699,456	1,622,858	1,699,089	1,622,296
Non-controlling interest		-	-	-	-
Total equity		1,699,456	1,622,858	1,699,089	1,622,296

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2019

Consolidated	Capital Reserves \$000	Specific Purpose Reserves \$000	Retained Surplus \$000	Total \$000
Balance at 1 January 2018	625,981	636,479	362,925	1,625,385
Effect of adoption of new accounting standards	-	-	(198)	(198)
Restated balance as at 1 January 2018	625,981	636,479	362,727	1,625,187
Net result	-	(28,630)	24,340	(4,290)
Other comprehensive income				
Write down of land to recoverable amount	(2,521)	-	-	(2,521)
Gain / (loss) on swap contracts	-	-	1,195	1,195
Revaluation of equity instruments designated at fair value through Other Comprehensive Income	9,289	-	-	9,289
Share of other comprehensive income of investments accounted for using the equity method	-	-	(5)	(5)
Remeasurements of Defined Benefit Plans	-	-	(1,706)	(1,706)
Other adjustments recognised directly in equity	-	-	2	2
Transfer from revaluation reserves to retained surplus for asset sales	(1,007)	-	1,007	-
Total other comprehensive income	5,761	-	493	6,254
Transfer (to) / from retained surplus	(1)	(76,626)	76,627	-
Balance at 31 December 2018	631,741	531,223	464,187	1,627,151
Prior period error	-	-	(4,293)	(4,293)
Restated Balance as at 31 December 2018	631,741	531,223	459,894	1,622,858
Balance at 1 January 2019	631,741	531,223	459,894	1,622,858
Effect of adoption of new accounting standards	-	(108,602)	-	(108,602)
Restated balance as at 1 January 2019	631,741	422,621	459,894	1,514,256
Net result	-	(19,909)	60,427	40,518
Other comprehensive income				
Gain / (loss) on revaluation of land and buildings	123,747	-	-	123,747
Gain / (loss) on swap contracts	-	-	(1,244)	(1,244)
Revaluation of equity instruments designated at fair value through Other Comprehensive Income	21,793	-	-	21,793
Share of other comprehensive income of investments accounted for using the equity method	-	-	(150)	(150)
Remeasurements of Defined Benefit Plans	-	-	535	535
Other adjustments recognised directly in equity	-	-	1	1
Total other comprehensive income	145,540	-	(858)	144,682
Transfer (to) / from retained surplus	-	9,000	(9,000)	-
Balance at 31 December 2019	777,281	411,712	510,463	1,699,456

Statement of Changes in Equity for the year ended 31 December 2019 - continued

University	Capital Reserves \$000	Specific Purpose Reserves \$000	Retained Surplus \$000	Total \$000
Balance at 1 January 2018	639,367	636,479	348,732	1,624,578
Effect of adoption of new accounting standards	-	-	18	18
Restated balance as at 1 January 2018	639,367	636,479	348,750	1,624,596
Net result	-	(28,630)	24,807	(3,823)
Other comprehensive income				
Write down of land to recoverable amount	(2,521)	-	-	(2,521)
Revaluation of equity instruments designated at fair value through Other Comprehensive Income	8,846	-	-	8,846
Gain / (loss) on swap contracts	-	-	1,195	1,195
Remeasurements of Defined Benefit Plans	-	-	(1,706)	(1,706)
Other adjustments recognised directly in equity	-	-	2	2
Total other comprehensive income	6,325	-	(509)	5,816
Transfer (to) / from retained surplus	-	(76,626)	76,626	-
Balance at 31 December 2018	645,692	531,223	449,674	1,626,589
Prior period error	-	-	(4,293)	(4,293)
Restated Balance as at 31 December 2018	645,692	531,223	445,381	1,622,296
Balance at 1 January 2019	645,692	531,223	445,381	1,622,296
Effect of adoption of new accounting standards	-	(108,602)	-	(108,602)
Restated balance as at 1 January 2019	645,692	422,621	445,381	1,513,694
Net result	-	(19,909)	61,946	42,037
Other comprehensive income				
Gain / (loss) on revaluation of land and buildings	122,470	-	-	122,470
Revaluation of equity instruments designated at fair value through Other Comprehensive Income	21,596	-	-	21,596
Gain / (loss) on swap contracts	-	-	(1,244)	(1,244)
Remeasurements of Defined Benefit Plans	-	-	535	535
Other adjustments recognised directly in equity	-	-	1	1
Total other comprehensive income	144,066	-	(708)	143,358
Transfer (to) / from retained surplus	-	9,000	(9,000)	-
Balance at 31 December 2019	789,758	411,712	497,619	1,699,089

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 December 2019

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Cash flows from operating activities					
Inflows:					
Australian Government financial assistance	33(g)	507,629	504,632	507,629	504,632
Higher Education Superannuation	33(g)	3,907	3,818	3,907	3,818
State Government financial assistance		25,921	22,745	25,429	22,264
HECS-HELP student upfront payments		8,862	9,930	8,862	9,930
Fee paying student revenue received		279,483	240,678	279,483	240,678
Fees and charges		30,917	29,966	30,917	29,966
Donations and bequests		9,067	6,302	9,067	6,302
Interest and dividends received		4,193	3,434	4,145	3,404
Consultancy and contract research		55,105	58,933	54,929	57,848
Specialist services and produce trading		19,206	18,059	10,166	9,233
GST received		23,057	22,710	22,006	21,950
Other		33,292	37,918	22,989	30,186
Total inflows		1,000,639	959,125	979,529	940,210
Outflows:					
OS-Help (net)	33(g)	(205)	(70)	(205)	(70)
Salaries and related expenses		(536,398)	(522,170)	(527,078)	(513,047)
Student services		(45,406)	(48,526)	(45,406)	(48,526)
Goods and services		(303,383)	(280,326)	(292,208)	(269,510)
Costs of finance		(464)	(298)	(464)	(298)
GST paid		(24,950)	(24,480)	(23,816)	(23,758)
Total outflows		(910,806)	(875,870)	(889,177)	(855,209)
Net cash provided by operating activities	20	89,833	83,255	90,352	85,001

Statement of Cash Flows for the year ended 31 December 2019 - continued

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Cash flows from investing activities					
Inflows:					
Proceeds from sale of property, plant and equipment		109	2,332	78	7
Proceeds from sale of financial assets		1,472	6,792	1,472	6,792
Receipt of proceeds from financial assets held-to-maturity		90,000	45,000	90,000	45,000
Increase in loans		40	40	-	-
Repayment of loans by related parties		-	335	-	256
Total inflows		91,621	54,499	91,550	52,055
Outflows:					
Payments for property, plant and equipment		(50,391)	(64,888)	(49,858)	(64,403)
Payments for intangible assets		(5,352)	(10,652)	(5,352)	(10,652)
Payments for financial assets		(215)	(180)	(215)	(180)
Payments for financial assets held-to-maturity		(105,000)	(50,000)	(105,000)	(50,000)
Increase in loans to related parties		-	(225)	-	(225)
Total Outflows		(160,958)	(125,945)	(160,425)	(125,460)
Net cash used in investing activities		(69,337)	(71,446)	(68,875)	(73,405)
Cash flows from financing activities					
Inflows:					
Increase in borrowings		20,000	10,000	20,000	10,000
Total inflows		20,000	10,000	20,000	10,000
Outflows:					
Repayment of borrowings		(25,005)	(15,000)	(25,000)	(15,000)
Borrowings - interest repayments		(4,439)	(4,779)	(4,439)	(4,779)
Repayment of lease liabilities		(11,171)	-	(11,171)	-
Total outflows		(40,615)	(19,779)	(40,610)	(19,779)
Net cash used in financing activities		(20,615)	(9,779)	(20,610)	(9,779)
Net increase (decrease) in cash and cash equivalents		(119)	2,030	867	1,817
Cash and cash equivalents at the beginning of reporting period		38,088	36,072	34,048	32,245
Effects of exchange rate changes on cash and cash equivalents		(134)	(14)	(134)	(14)
Cash and cash equivalents at end of reporting period	6	37,835	38,088	34,781	34,048

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

The University invests its surplus working capital into bank term investments. These bank term investments are reported as Other Financial Assets at amortised cost within Note 8 (2019: \$30.0 million, 2018: \$15.0 million). As a consequence these amounts are not reported within Cash and Cash Equivalents.

The 2018 Cash flows from operating activities have been restated to reduce Other cash inflows by \$18.1M and Goods and services cash outflows by \$18.1M. These correcting adjustments relate to 2018 Endowment Fund unrealised losses of \$14.8M and the writedown of land of \$3.3M.

Notes to the Financial Statements

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1. Basis of Preparation

These notes, prepared in conjunction with the financial statements, provide an explanation of significant accounting policies and practices adopted in the preparation of the statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements and notes collectively constitute a general purpose financial report prepared on an accrual basis and in accordance with Australian Accounting Standards, Australian Accounting Standards Board (AASB) interpretations, the Higher Education Support Act 2003, Financial Statement Guidelines of the Department of Education and the South Australian Treasurer's Instructions issued under the provisions of the Public Finance and Audit Act 1987 (except where in conflict with Department of Education requirements) and the Australian Charities and Not-for-profits Commission Act 2012. The University applies Tier 1 reporting requirements.

(a) Compliance with IFRS

The University of Adelaide is a not-for-profit entity and these financial statements have been prepared on that basis. The financial statements and notes of the University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

(b) Critical accounting estimates

Preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are property; plant and equipment, superannuation receivables and associated defined benefit obligations and provisions, contract assets and liabilities and leases. Further details are disclosed in the relevant notes to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Scope of Reporting

The financial statements and notes disclose the 2019 operating results and 2018 comparative results of The University of Adelaide as follows:

University - refers to all aspects of operation of The University of Adelaide only.

Consolidated - refers to the financial results of The University of Adelaide together with the financial results of its controlled entities (refer to Note 30). It includes the University's interests in associates and its joint arrangements, recognised using the equity accounting method.

The controlled entities of The University of Adelaide, included in this report are:

ACN 008 123 466 Pty Ltd (Formerly Repromed Pty Ltd)

Adelaide Research & Innovation Pty Ltd as trustee for The Adelaide Research & Innovation Investment Trust

Adelaide Unicare Pty Ltd as trustee for the Unihealth Research & Development Trust

Australian Advanced Material Manufacturing Pty Ltd (acquired 8 May 2018)

Australian Centre for Plant Functional Genomics Pty Ltd

Martindale Holdings Pty Ltd as trustee for
- JS Davies Estate
- The Roseworthy Farm

National Wine Centre Pty Ltd as trustee for the National Wine Centre Trust

Roseworthy Piggery Pty Ltd (deregistered 20 April 2018)

The Women's and Children's Health Research Institute (deregistered 21 June 2018)

3. Statement of Significant Accounting Policies

(a) Basis of Accounting

This general purpose financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity, and these policies have been consistently applied to all the years presented, unless otherwise stated.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Where comparatives have been reclassified, the impact of this reclassification has been disclosed in the relevant note.

(b) Principles of Consolidation

The consolidated financial statements of the Consolidated Entity include the financial statements of the University, being the parent entity, and its controlled entities ('the Consolidated Entity'). All entities have a 31 December reporting period.

Controlled Entities are those entities over which the Consolidated Entity has control. The Consolidated Entity has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power over the entity exists when the Consolidated Entity has existing rights that give it current ability to direct the relevant activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities have been eliminated in the consolidated financial statements. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the equity and results of the entities that are controlled by the University are shown as a separate item in the consolidated financial statements.

(c) Foreign Currency

The University and its controlled entities financial statements are prepared in Australian dollars as their primary activities are conducted within Australia where the functional currency is Australian dollars.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions and brought to account in the net operating result. Amounts receivable and payable in foreign currencies at the end of the reporting period are translated at the rates of exchange ruling on that date.

(d) Revenue Recognition

The University is in the business of providing teaching and research services. The 2019 basis for recognising revenue for each major business activity is summarised below:

Australian Government financial assistance

The University receives funding from the Australian Government to assist with the provision of a number of services.

• **Commonwealth Grant Scheme**

Funding is received under an agreement with sufficiently specific performance obligations in providing students with tuition services for the year covered by the funding agreement. Revenue is recognised across the year as students receive the tuition services.

• **Higher Education Participation and Partnership Program**

Funding is received under legislation with sufficiently specific performance obligations in the promise of tailored activities for a number of students identified to encourage these students into undergraduate qualifications. Revenue is recognised over time as the activities are delivered to the students.

• **Indigenous Student Success Program**

Represents supplementary funding to assist the University to increase the number of Aboriginal and Torres Strait Islander people enrolling, successfully progressing and graduating. The funding received by the University represents a general pool of funds which can be used on a number of diverse activities. The University recognises revenue when it has a contractual right to receive the grant.

- **Higher Education Loan Programmes**

Funding is generally received under legislation with sufficiently specific performance obligations in providing students with tuition services for a distinct course for a distinct period of time. Revenue is recognised across the year as students receive the tuition services.

Funding received for OS-HELP represents a contractual obligation to deliver cash to the required student. The University does not recognise revenue for OS-HELP funding received. A financial liability is recognised on receipt of this funding. This financial liability is extinguished as the University delivers on its obligation to pay the cash to the required student.

- **Education Research**

The University received funding from the Department of Education in relation to the Research Training Program and Research Support Program Schemes. These schemes provide broad guidelines for the use of funds received, providing the University with discretion in the use of funds. The University recognised funding received under these schemes as revenue when it has a right to receive the funding.

- **Research**

Research funding is received from the Australian Government under enforceable agreements and legislation with sufficiently specific performance obligations in the form of the promise to carry out research activities in line with a mature research plan. Revenue for research funding is recognised over the life of the grant received as these research activities are performed. The University uses the expenditure on each specific research grant as the best estimate of performance of the research activities when determining the revenue to be recognised in each reporting period.

State and Local Government financial assistance

Research funding is received from State and Local Government authorities under enforceable agreements and legislation with sufficiently specific performance obligations in the form of the promise to carry out research activities in line with a mature research plan. Revenue for research funding is recognised over the life of the grant received as these research activities are performed. The University uses the expenditure on each specific research grant as the best estimate of performance of the research activities when determining the revenue to be recognised in each reporting period.

HECS-Help Student Payments

Revenue relates to undergraduate programs, graduate and professional degree programs and continuing education and executive programs in providing students with tuition services for a distinct course for a distinct period of time. Revenue is recognised across the year as students receive the tuition services.

Fees and Charges

- **Course fees and charges**

The course fees and charges revenue relates to undergraduate programs, graduate and professional degree programs and continuing education and executive programs. Revenue is recognised over time as and when the course is delivered to students.

Where fees have been paid in advanced by students or the University has received the government funding in advance (e.g. before starting the academic period) the University recognises a liability until the services are delivered. The University does not have obligations to return or refund fees to students post census date.

- **Non-course fees and charges**

- **Student services and amenities fees**

SSAF revenue is received under the enforceable provisions in the Student Services and Amenities Act and by the agreement between the University and student to provide services and amenities which form part of the University experience. Sufficiently specific performance obligations exist in the form of the promise of providing certain services and amenities to the students who are enrolled. SSAF revenue is recognised over time as the University provides the services and amenities to the students who are enrolled.

- **Rental charges and accommodation fees**

Rental charges and accommodation fees revenue is received under the enforceable provisions in the agreement between the University and student to provide the accommodation services. Sufficiently specific performance obligations exist in the form of the promise of providing certain accommodation services to the students who are enrolled. Rental charges and accommodation fees are recognised over time as the University provides the services to the students.

- **Parking fees**

Parking fees are received under enforceable agreements with customers, where sufficiently specific performance obligations exist in the form of providing on campus carparking over specified time periods. Revenue is recognised over time as the University provides the parking services to customers.

The University recognises revenue on the remaining categories of Non-course fees and charges when the cash is received from the customer.

Interest and Investment Income

Interest and income from investments are recognised as they accrue (refer to Note 3(j)).

Royalties, trademarks and licenses

Revenue from royalties, trademarks and licences is recognised as income on receipt.

Consultancy and Contract Research

Consultancy and Contract Research funding is received under agreements with sufficiently specific performance obligations in the form of the promise to carry out research activities. Revenue for Consultancy and Contract Research funding is generally recognised over the life of the grant received as these research activities are performed. The University uses the expenditure on each specific research grant as the best estimate of performance of the research activities when determining the revenue to be recognised in each reporting period.

In a small number of cases, agreements with funders do not require the funder to have access to research data until the completion of the research activities. In these cases, the University recognises all research revenue and expenditure for relevant agreements in the reporting period corresponding with the completion of the research activities.

Asset Sales

The net gain/loss from asset sales is included in the Consolidated Entity net operating result. The profit or loss on disposal of assets is brought to account at the date the contract of sale becomes unconditional.

Bequests and Donations

Bequests and donations are recognised as income in the accounting period they are received.

The basis for recognising revenue for the 2018 comparatives for each major business activity is generally in line with 2019, with the exception of Research Australian Government financial assistance; State and Local Government financial assistance and Contract research. This Grant revenue is recognised in the 2018 accounting period that the University obtains control of the revenue which is generally when it is received or where the University obtains control of the right to receive the grant and when the revenue recognition criteria are met.

(e) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Income Tax

The University does not provide for Australian income tax as it is exempt under the provisions of Division 50 of the *Income Tax Assessment Act 1997*.

(g) Intangible Assets

Research expenditure is expensed in the period in which it is incurred. Where no internally generated asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Any intangible assets arising from development (or from the development phase of an internal project) are recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All computer software other than operating systems is treated as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment, whereby impairment is tested annually (refer to Note 13). Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(h) Employee Benefits

• Wages and Salaries

The employees' entitlements to wages and salaries represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the end of the reporting period. The entitlements have been calculated at the wage and salary rates as at the end of the reporting period and have been recognised in payables.

- **Annual Leave**
The employees' entitlements to annual leave expected to be settled within 12 months of the end of the reporting period have been calculated at the amounts expected to be paid when the liabilities are settled and recognised in current provisions. Where the employees' entitlements to annual leave are not expected to be settled within 12 months of the end of the reporting period, the provision has been discounted to present value using the Australian Government 3 year bond rate and recognised in non-current provisions. The employee on-costs related to annual leave provision are recognised in payables.

- **Long Service Leave**
The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the end of the reporting period.

Liabilities for employees' entitlements, which are not expected to be settled within twelve months, are discounted using the rates attaching to Australian Government securities at the end of the reporting period, which most closely match the terms of maturity of the related liabilities, and recognised in non-current provisions.

In determining the liability for employees' entitlements, consideration has been given to future increases in wage and salary rates, and the Consolidated Entity's experience with staff departures. Related on-costs have been recognised in payables.

- **Superannuation**
Superannuation schemes exist to provide benefits to University employees and their dependents upon retirement, disability or death. The contributions made to these schemes by the University, and emerging costs from unfunded schemes, are expensed in the Net operating result. For defined benefit plans, the remeasurement gains and losses are recognised immediately in other comprehensive income in the year in which they occur and the liability in relation to the defined benefit obligation, net of assets, has been recognised in the Statement of Financial Position. Refer to Note 24 for details relating to the individual schemes.

- **Termination Benefits**
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Consolidated Entity recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB137 that involves the payment of termination benefits. The expense and liability are recognised when the Consolidated Entity is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

- (i) **Contract Assets**
Contract assets represent research grants which have met performance obligations in accordance with funding agreements, however, funding has not been received.

- (j) **Receivables**
Trade receivables are held to collect contractual cash flows, representing solely payments of principal and interest. At initial recognition trade receivables are measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost.

The impairment of trade receivables is assessed by recognising a loss allowance based on lifetime expected credit losses at each reporting date. In making such an assessment, the University considers the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

- (k) **Cash and Cash Equivalents**
Cash and cash equivalents includes cash at bank or on hand and deposits held at call with financial institutions.

- (l) **Other Financial Assets**
The Consolidated Entity classifies its investments into the following categories: other financial assets at amortised cost, other financial assets at fair value through profit or loss, and Investments in equity instruments designated at fair value through other comprehensive income. The classification of financial assets depends on the financial asset's contractual cash flows and whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The classification of the investments is made at initial recognition.

- **Other 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 with the objective to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

The University's financial assets at amortised cost includes term deposits with financial institutions.

- **Other financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss are classified as current assets in the Statement of Financial Position and are carried at fair value, with any realised and unrealised gains or losses recognised in the net operating result. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, except where the University has elected to classify equity instruments at fair value through Other Comprehensive Income.

Endowment Fund

The majority of specific purpose endowments received by the University to fund research activities, scholarships, prizes and lectures are included in the Endowment Fund. This Fund is invested in cash deposits and longer term investments managed by independent investment managers. These investments are reported in non-current financial assets in the Statement of Financial Position as other financial assets fair valued through profit or loss at market values obtained from the investment managers.

- **Investments in equity instruments designated at fair value through other comprehensive income**
Upon initial recognition, the University has elected to classify its equity instruments at fair value through other comprehensive income. The classification is determined on an instrument-by-instrument basis. Any future gains and losses on these financial assets will not be recognised in the net operating result.

(m) Derivative Financial Instruments

The Consolidated Entity enters into interest rate swaps (Derivative financial instruments) to manage its exposure to movements in interest rates on its borrowings.

In addition, the Consolidated Entity enters into foreign currency swaps (Derivative financial instruments) to manage its exposure to movements in exchange rates on its capital expenditure.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as an asset or liability as the swaps are effective hedging instruments.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting

The Consolidated Entity has designated the interest rate and foreign currency swaps as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in the Statement of Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in the net operating result. As at 31 December 2019 there are no ineffective hedge instruments.

Amounts deferred in equity are recorded in the net operating result in the periods when the hedged item is recognised in the net operating result. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the net operating result. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in other comprehensive income is recognised immediately in the net operating result.

(n) Fair Value Measurement

The fair value of assets and liabilities must be measured for recognition and disclosure purposes.

The Consolidated Entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at the end of the reporting period (level 1). The quoted market price used for assets held by the Consolidated Entity is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of financial assets or liabilities that are not traded in an active market is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) are used to determine fair value for

the remaining assets and liabilities. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Consolidated Entity considers market participants use of, or purchase of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(o) Investments in Business Undertakings

• **Controlled Entities**

Investments in controlled entities are carried in the University's financial statements at fair value. Dividends and distributions are brought to account in the net operating result when they are declared by the controlled entities.

The University elected to classify its controlled entity investments as fair value through other comprehensive income on adoption of AASB 9 (refer to Note 3(l)) on 1 January 2018.

• **Interests in Associates**

Interests in associates represent interests where the Consolidated Entity exercises a significant influence but not control over the financial and operating policies.

In the University's financial statements, investments in these entities are carried at cost.

In the consolidated financial statements, investments in these entities are accounted for using the equity method of accounting. The Consolidated Entity's share of the net profit or loss after tax is recognised in Consolidated Other comprehensive income after the elimination of unrealised profits and losses on transactions between these entities and any entities in the Consolidated Entity.

• **Joint Arrangements**

Where the Consolidated Entity has joint control of an entity, the Consolidated Entity interests are accounted for using the equity method, based on management reports.

• **Cooperative Research Centres**

The University derives income as part of its participation in Cooperative Research Centres. In the ordinary course of events this income, which is recognised in the financial statements of the University, is used to meet operational costs and/or acquire equipment. As a participant, the University will be entitled to a proportionate share of any intellectual property arising. As at the reporting date, the University is not aware of any material intellectual property with commercial value. As such no accounting entries have been recorded.

• **Other Business Undertakings**

The Consolidated Entity holds a number of investments. In the case of publicly listed investments, these have been valued at market value. In the case of non publicly listed investments, the investment is carried at management valuations based on externally obtained valuations or the University's share of the net tangible assets of the investment entity.

(p) Inventories

• **Consumable Materials and Trading Stock**

The University has a number of inventory stores at several locations. These inventory purchases are treated as consumables and expensed in the year of purchase. Where controlled entities have reported consumable materials or trading stock this is included at the lower of cost or net realisable value.

• **Livestock**

The University breeds animals for teaching and research activities and not for profit. Consequently it does not attribute a value to livestock for recording in the Statement of Financial Position. Where controlled entities have reported livestock, this is included at net realisable value.

(q) Property, Plant and Equipment

• **Acquisitions**

Items of property, plant and equipment are initially recorded at cost in the Statement of Financial Position (unless otherwise indicated) and depreciated in accordance with Note 3(s).

• **Revaluations**

During 2019 land and buildings were independently valued on a fair value basis in accordance with Australian Accounting Standards.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation.

Increases in the carrying amounts arising on revaluation of land and buildings, library collection and works of art are credited to capital reserves in equity within the Statement of Financial Position except to the extent that they reverse previous reductions in the carrying amounts which were charged to the net operating result. Decreases that reverse previous increases of the same class of asset are first charged against the capital reserves in equity to the extent of the remaining reserve attributable to the class of asset. All other decreases are charged to the net operating result.

The University did not elect to apply the revaluation model to right-of-use assets.

- **Disposal of Revalued Assets**

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

- **Land and Buildings**

The University differentiates between "trust" and "other" land and buildings. "Trust" land is land provided to the University by Government to be held in trust for the specific purpose of operating the University, or acquired by settlement under a binding trust. Buildings constructed on land classified as "trust" land are classified as "trust" buildings.

All land and buildings are recorded at fair value which has been assessed via an independent valuation on the basis of market value for existing use or where this is not suitable, the depreciated replacement cost. The valuation of land and buildings has been carried out by Mr Mitch Ekonomopoulos, AAPI, and Mr Nicholas Fein, BE of AssetVal Pty Ltd on 31 December 2019.

- **Other Collections**

The University owns a number of collections of cultural, historical and scientific significance. Many of these collections are unique or extremely rare. The University is not able to reliably measure the value of these collections and therefore has not recognised them as an asset in the Statement of Financial Position. Furthermore, collections which are irreplaceable (excluding works of art) are not covered by University insurance due to difficulty in determining an insurable value, the costs associated with deriving such a value, and the premium load an insurer would require to carry such a risk.

- **Library Collection**

The Library collection was revalued on 31 December 2016 using an internal valuation based on the annual price movement of books. The bound book collection is progressively being replaced by electronic subscriptions, with the existing collection being amortised over a 10 year period from the valuation date.

- **Works of Art**

Works of art \$2,000 and greater, are recorded at fair value on the basis of an independent valuation carried out by Ms Kate Oster PGDip. Art Curatorship, BA Theodore Bruce Auctions Pty Ltd on 31 December 2017. No provision for depreciation is made for works of art.

- **Right of Use Lease Assets**

The University leases many assets including land and buildings, vehicles and technology equipment. The leases are for the purpose of administrative, research and teaching activities to fulfil the objectives of the University.

The University of Adelaide has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at an amount equal to the lease liability, comprising all amounts which are considered to be lease payments, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

(r) **Impairment of Assets**

The Consolidated Entity assesses at the end of the reporting period whether there is objective evidence that an asset or group of assets is impaired.

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

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if changes in circumstances indicate they might be impaired. An impairment loss is recognised if the carrying amount of the asset or its related cash-generating-unit (CGU) exceeds its recoverable amount.

(s) **Depreciation and Amortisation**

Depreciation on buildings is calculated on a straight line basis. Depreciation is provided on other property, plant and equipment, excluding land and works of art, on a straight line basis so as to write off the net cost or other revalued amount of each asset over its remaining expected useful life. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation/amortisation:

• Buildings	80 – 100 years
• Leasehold improvements	5 – 50 years
• Library Collection	10 years
• Plant and equipment including motor vehicles	5 – 10 years
• Right of use lease assets	5 – 50 years

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

(t) **Repairs and Maintenance**

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair or minor renewal costs are also recognised as expenses, as incurred.

(u) **Workers' Compensation**

The University is responsible for payments of workers' compensation claims and is registered with the ReturnToWorkSA as an exempt employer.

The actuarial assessment of the provision for workers' compensation claims has been prepared by Brett & Watson Pty Ltd using the Case Estimation Methodology. This methodology comprises the assessment of individual independent case estimates of all open claims. A separate allowance for incurred but not reported claims (IBNR), unforeseen escalation of the case estimates and re-opening of finalised claims is then made.

(v) **Payables**

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

(w) **Contract Liabilities**

Contract liabilities represent research and teaching grants for which funding has been received by the University, to provide future services to funding providers and students.

(x) **Salaries and Related Expenses**

Items attributed to salaries and related expenses include salaries and wages, employee entitlements and other costs incidental to the employment of staff such as professional development costs and fringe benefits tax.

(y) **Borrowings and Borrowing Costs**

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

(z) **Initial Adoption of Australian Accounting Standards**

New Accounting Standards Applicable for the first time from 1 January 2019.

The University has adopted AASB 15, AASB 1058 and AASB 16 in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The following interpretations and amending standards have also been adopted:

AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
AASB 2019-6	Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities

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

The University adopted AASB 15 and AASB 1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the University recognised the cumulative effect of applying these new standards as an adjustment to opening special reserves at the date of initial application. The comparative information presented has not been restated and continues to be reported under the previous standards. In addition, the University has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application.

Application of AASB 15 and AASB 1058

For recognition of revenue under AASB 15 the University assesses whether an enforceable agreement exists and whether the obligations to transfer goods or services to a customer are 'sufficiently specific'.

If an enforceable agreement exists and the obligations are 'sufficiently specific', the University applies the AASB 15 principles to determine the appropriate revenue recognition. If the AASB 15 criteria are not met, consideration is given to the application of AASB 1058.

Impact on the Statement of Financial Position on the adoption of AASB 15 and AASB 1058:

	Consolidated		University	
	Ref	1 January 2019 \$'000	Ref	1 January 2019 \$'000
Assets				
Contract assets	(a)	<u>6,766</u>	(a)	<u>6,766</u>
Total assets		<u>6,766</u>		<u>6,766</u>
Contract liabilities	(b)	<u>133,335</u>	(b)	<u>133,335</u>
Other liabilities	(c)	<u>(17,967)</u>	(c)	<u>(17,967)</u>
Total liabilities		<u>115,368</u>		<u>115,368</u>
Total adjustment on equity processed to Specific purpose reserves		<u>108,602</u>		<u>108,602</u>

Impact on the Income Statement for the year ended 31 December 2019 and the Statement of Financial Position as at 31 December 2019 on the adoption of AASB 15 and AASB 1058:

Income Statement	Ref	Amounts prepared under					
		Consolidated			University		
		2019 Adoption AASB 15/ AASB 1058 \$000	2019 Previous Australian Accounting Standards \$000	Increase/ (Decrease) \$000	2019 Adoption AASB 15/ AASB 1058 \$000	2019 Previous Australian Accounting Standards \$000	Increase/ (Decrease) \$000
REVENUE FROM CONTINUING OPERATIONS							
Australian Government financial assistance	(d)	497,041	509,515	(12,474)	497,041	509,515	(12,474)
State and Local Government financial assistance	(e)	21,277	24,187	(2,910)	20,785	23,695	(2,910)
HECS-HELP - Student Payments		8,862	8,862	-	8,862	8,862	-
Fees and charges		301,536	301,510	26	301,115	301,089	26
Investment income		47,843	47,843	-	47,871	47,871	-
Royalties, trademarks and licenses		4,595	4,595	-	4,595	4,595	-
Consultancy and contracts	(f)	57,104	67,524	(10,420)	57,050	67,470	(10,420)
Other revenue	(g)	52,980	54,718	(1,738)	34,461	36,199	(1,738)
Total revenue from continuing operations		991,238	1,018,754	(27,516)	971,780	999,296	(27,516)
EXPENSES FROM CONTINUING OPERATIONS							
Salaries and related expenses	(h)	543,545	545,880	(2,335)	534,368	536,703	(2,335)
Depreciation and amortisation		76,603	76,603	-	76,211	76,211	-
Buildings and grounds		53,633	53,637	(4)	52,542	52,546	(4)
Bad and doubtful debts		856	856	-	856	856	-
Finance costs		6,367	6,367	-	6,367	6,367	-
Scholarships, grants and prizes	(g)	41,528	43,915	(2,387)	41,528	43,915	(2,387)
Non-capitalised equipment		10,298	10,324	(26)	10,298	10,324	(26)
Advertising, marketing and promotional expenses		7,469	7,471	(2)	7,239	7,241	(2)
Net losses on disposal of assets		1,354	1,354	-	1,354	1,354	-
Other expenses	(h)	209,067	224,405	(15,338)	198,980	214,318	(15,338)
Total expenses from continuing operations		950,720	970,812	(20,092)	929,743	949,835	(20,092)
Net operating result for the year		40,518	47,942	(7,424)	42,037	49,461	(7,424)

Statement of Financial Position

Ref	Amounts prepared under						
	Consolidated			University			
	2019 Adoption AASB 15/ AASB 1058	2019 Previous Australian Accounting Standards	Increase/ (Decrease)	2019 Adoption AASB 15/ AASB 1058	2019 Previous Australian Accounting Standards	Increase/ (Decrease)	
	\$000	\$000	\$000	\$000	\$000	\$000	
Current Assets							
Contract Asset	(a)	6,924	-	6,924	6,924	-	6,924
Total current assets		6,924	-	6,924	6,924	-	6,924
Total assets		6,924	-	6,924	6,924	-	6,924
Current Liabilities							
Contract Liabilities	(b)	84,571	-	84,571	84,571	-	84,571
Other		12,329	39,802	(27,473)	11,522	38,995	(27,473)
Total current liabilities		96,900	39,802	57,098	96,093	38,995	57,098
Non-current Liabilities							
Contract Liabilities	(b)	65,852	-	65,852	65,852	-	65,852
Total non-current liabilities		65,852	-	65,852	65,852	-	65,852
Total liabilities		162,752	39,802	122,950	161,945	38,995	122,950
Net assets		(155,828)	(39,802)	(116,026)	(155,021)	(38,995)	(116,026)
Equity							
Specific purpose reserves		411,712	520,314	(108,602)	411,712	520,314	(108,602)
Retained surplus		510,463	517,887	(7,424)	497,619	505,042	(7,424)
Total equity		922,175	1,038,201	(116,026)	909,331	1,025,356	(116,026)

The nature of the adjustments as at 1 January 2019 and the reasons for the significant changes in the statement of financial position as at 1 January 2019 and the income statement for the year ended 31 December 2019 are described below:

(a) Contract assets

Contract assets represent research and teaching grants which have been performed in accordance with funding which is awaiting receipt of funding.

(b) Contract liabilities

Contract liabilities represent research and teaching grants for which funding has been received by the University, to provide future services to funding providers and students.

(c) Other liabilities

Reclassification of student fees received in advance of \$30.6M from Other liabilities to Contract liabilities.

This is offset by adjustments to Other liabilities of \$3.2M, representing funding received by the University which is on-paid to third parties responsible for undertaking the funded activity. As such these amounts are not recognised as revenue of the University. These liabilities primarily consist of payments owed to collaborator institutions and are recognised as financial liabilities under AASB 9 Financial Instruments.

(d) Australian Government Financial Assistance

Australian Government Financial Assistance has been reduced for funding to be paid to research collaborators of \$10.8M, which is no longer recognised as revenue under AASB 15. From 1 January 2019 these amounts are recognised as financial liabilities on the statement of financial position until the funds are paid to the collaborators. Revenue has also been decreased by \$1.8M, representing Australian Government Financial Assistance funding received by the University during 2019 for research activities that have not been completed as at 31 December 2019.

(e) State Government Financial Assistance

State Government Financial Assistance revenue has decreased due to funding received by the University during 2019 for which research activities have not been completed as at 31 December 2019.

(f) Consultancy and Contracts

Research revenue received for consultancy and contract research has decreased by \$7.1M, due to funding received during 2019 for which research activities have not been completed as at 31 December 2019. In addition, \$2.9M of research collaborator funding has been received, which is required to be recognised in the University statement of financial position as a financial liability from 1 January 2019. Prior to 2019, this funding was recognised as revenue in the Income Statement.

(g) Other Revenue and Scholarships, grants and prizes

From 1 January 2019, where the University receives funding for which it has an obligation to pay a cash scholarship to a student, these amounts can no longer be recognised as revenue and expense in the University Income Statement. Instead, the funding received is required to be recognised as a financial liability on the University statement of financial position until it is paid to the student. This has reduced Other Revenue by \$2.3M during 2019.

(h) Salaries and Related Expenses and Other Expenses

Upon implementation of AASB 15, the University assessed some research agreements performance obligations to be satisfied only at the end of the funding agreements life, when all research activities had been performed. Where research agreements met this assessment, the University is required to recognise all revenue and expenditure relating to the agreement in the reporting period that the research activities are completed. This assessment has decreased the reported salaries and related expenditure by \$2.3M and Other expenses by \$1.0M. In addition, the collaborator expenses reported within Other expenses have decreased by \$14.3M due to the payments being recognised as a financial liability from 1 January 2019.

Assets and liabilities related to contracts with customers

The University has recognised the following assets and liabilities related to contracts with customers:

	Consolidated 2019		University 2019	
	2019 \$'000	1 January 2019 \$'000	2019 \$'000	1 January 2019 \$'000
Contract Assets and Contract Liabilities				
Contract Assets				
Current				
Australian Government financial assistance	4,393	4,077	4,393	4,077
State and Local Government financial assistance	311	505	311	505
Consultancy and contracts	1,479	1,485	1,479	1,485
Other current contract assets	741	699	741	699
Total Contract Assets	6,924	6,766	6,924	6,766
Contract Liabilities				
Current				
Australian Government financial assistance	28,981	28,309	28,981	28,309
State and Local Government financial assistance	5,495	4,151	5,495	4,151
Fees and charges	33,943	24,229	33,943	24,229
Consultancy and contracts	12,737	12,343	12,737	12,343
Other current contract liabilities	3,415	2,572	3,415	2,572
	84,571	71,604	84,571	71,604
Non-current				
Australian Government financial assistance	35,421	34,600	35,421	34,600
State and Local Government financial assistance	6,716	5,074	6,716	5,074
Fees and charges	3,974	3,841	3,974	3,841
Consultancy and contracts	15,568	15,086	15,568	15,086
Other non-current contract liabilities	4,173	3,130	4,173	3,130
	65,852	61,731	65,852	61,731
Total Contract Liabilities	150,423	133,335	150,423	133,335

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was \$50.3 million.

AASB 16 Leases

The University has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. The University of Adelaide has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The comparative information presented has not been restated and continues to be reported under the previous lease standard.

The nature and effect of the adoption of AASB 16 are described below.

Definition of lease

The University has elected to apply the practical expedient to grandfather the assessment of which transactions are leases or contain leases. For arrangements entered into before 1 January 2019, the University has not reassessed whether they are leases, or contain a lease in accordance with the new AASB 16 lease definition. Only contracts assessed under the previous accounting standard as a lease will be treated as a lease under AASB 16 for recognition and measurement purposes. The new definition of lease under AASB 16 has been applied to contracts entered into or modified on or after 1 January 2019.

Leases previously classified as operating leases under AASB 117

The University has recognised lease liabilities for leases previously classified as operating leases by discounting the remaining lease payments using the incremental borrowing rate as at the date of initial application. The right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

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

- (a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining leases term is 12 months or less from the date of initial application;
- (c) Relied on its assessment of whether leases are onerous applying AASB 137 immediately before the date of initial application, as an alternative to undertaking an impairment review;
- (d) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- (e) Excluded initial direct costs from the measurement of right-of-use asset at the date of initial application; and
- (f) Elected to apply the low value asset recognition exemption to low value assets, consistent with the University's Asset Capitalisation Policy, adopting a GST exclusive threshold of \$10,000.

Short-term leases and leases of low-value assets

The University recognises the lease payments associated with short-term and low value assets as an expense on a straight-line basis over the lease term.

Leases previously classified as finance leases under AASB 117

Right-of-use assets for leases previously classified as finance leases were recognised at the same carrying amounts of the leased assets and finance lease liabilities recognised before the date of initial application.

Reconciliation of operating lease commitments under AASB 117 and lease liabilities under AASB 16

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 3.29%.

The difference between the operating lease commitments recognised as at 31 December 2018 and the value of the lease liabilities recognised under AASB 16 on 1 January 2019 is explained as follows:

	Consolidated 1 January 2019 \$'000	University 1 January 2019 \$'000
Operating lease commitments disclosed as at 31 December 2018	47,957	47,957
(Less): Short-term leases recognised on a straight-line basis as an expense	(348)	(348)
(Less): Low-value leases recognised on a straight-line basis as an expense	(1,986)	(1,986)
Add: Adjustments as a result of a different treatment of extension and termination options	19,305	19,305
Discounted using the University's weighted average incremental borrowing rate of 3.29%	(7,563)	(7,563)
(Less): Adjustments relating to changes in CPI index included in commitments	(3,287)	(3,287)
(Less): Other minor lease accounting adjustments	(263)	(263)
Lease liability recognised as at 1 January 2019	53,815	53,815

Adjustments recognised on the adoption of AASB 16:

	Consolidated 1 January 2019 \$'000	University 1 January 2019 \$'000
Land previously classified as a finance lease under AASB117	5,394	5,394
Prepaid Lease payments	4,380	4,380
Lease Liability - Property, Plant & Equipment	53,815	53,815
Right-of-use assets	63,589	63,589

(aa) New or revised Australian Accounting Standards and Interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods. The University has elected not to early adopt any of these standards. The University has assessed the impacts of these new standards, as set out below:

Reference	Title and date of Standard application*	Summary	Impact on financial statements
AASB 1059	<i>Service Concession Arrangements: Grantors</i> 1 January 2020	This new standard applies to concession arrangements where the operator provides public services related to a service concession asset on behalf of a grantor. Where the grantor controls a service concession asset it must therefore recognise the asset in its financial statements.	The University does not believe that the adoption of this standard will have a material impact.

* Designates the beginning of the applicable annual reporting period

(ab) Rounding

All amounts in this report are rounded to the nearest thousand dollars.

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
4. Revenue from continuing operations					
Received under Higher Education Support Act					
Base operating financial assistance					
Commonwealth Grants Scheme (Commonwealth supported places)		168,793	165,933	168,793	165,933
		168,793	165,933	168,793	165,933
Other operating financial assistance					
Other operating financial assistance		3,599	3,675	3,599	3,675
		3,599	3,675	3,599	3,675
Higher Education Contribution Scheme					
HECS-HELP student upfront payments		8,862	9,930	8,862	9,930
Australian Government financial assistance		108,666	105,464	108,666	105,464
		117,528	115,394	117,528	115,394
		289,920	285,002	289,920	285,002
Student fee income includes:					
Fee paying student revenue received					
Award courses					
Australian fee paying undergraduate students		613	503	613	503
Australian fee paying postgraduate students		3,181	3,498	3,181	3,498
International fee paying students		254,730	224,511	254,730	224,511
		258,524	228,512	258,524	228,512
Non award courses					
Continuing education		577	629	577	629
Australian fee paying		6,563	5,760	6,563	5,760
Other teaching service fees		4,527	3,308	4,527	3,308
		11,667	9,697	11,667	9,697
Non-course income					
Student services and amenities fees		3,333	3,386	3,333	3,386
		3,333	3,386	3,333	3,386
		273,524	241,595	273,524	241,595
Australian Government financial assistance					
FEE-HELP		9,828	10,427	9,828	10,427
SA-HELP		3,296	3,225	3,296	3,225
		286,648	255,247	286,648	255,247
Learning and teaching grants					
Learning and teaching grants		22,125	21,793	22,125	21,793
		22,125	21,793	22,125	21,793
		308,773	277,040	308,773	277,040

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
4. Revenue from continuing operations - continued					
Investment revenue					
Interest income					
Debt instruments at amortised cost		1,812	1,597	1,763	1,567
Dividends received from equity instruments designated at fair value through Other Comprehensive Income		2,453	1,901	2,453	1,901
Distributions from controlled entities designated at fair value through Other Comprehensive Income		-	-	77	331
Other investment gains and losses					
Net realised gain on endowment fund investments designated as fair valued through profit or loss		9,302	10,210	9,302	10,210
Net unrealised gain on endowment fund investments designated as fair valued through profit or loss		34,276	-	34,276	-
Royalties, trademarks and licences		4,595	6,027	4,595	6,027
		52,438	19,735	52,466	20,036
Property revenue					
Rental charges/accommodation fees		10,230	10,231	9,809	9,833
Parking fees		2,210	2,157	2,210	2,157
Building development and maintenance recovery		2,306	1,726	2,306	1,726
Other property revenue		1,234	698	1,234	698
		15,980	14,812	15,559	14,414
Specialist services and trading					
Consultancy fees		9,066	7,720	9,066	7,720
Library charges and fines		184	295	184	295
Sale of services		25,502	25,910	7,871	9,585
Sale of goods		3,958	3,067	2,959	2,097
Sponsorship and conference income		3,953	2,547	3,953	2,547
Other specialist services and trading		3,001	2,658	3,001	2,658
		45,664	42,197	27,034	24,902
Bequests, donations and other revenue					
Bequests and donations received for:					
Research		6,925	3,203	6,925	3,203
General operational purposes		2,192	3,385	2,192	3,385
		9,117	6,588	9,117	6,588
Prizes and scholarships		3,165	1,505	3,165	1,505
Recharge of costs to other organisations		599	469	599	469
Management fees		6,747	5,832	6,747	5,832
Franchise fees		127	141	127	141
Bad debts recoveries		6	2	6	2
Insurance claim recovery		79	148	79	148
Salary recharges		1,214	2,826	1,214	2,826
AusAid Scholarships & stipends		2,660	3,697	2,660	3,697
Net gain on disposal of assets		-	497	-	-
Other revenue		2,341	2,835	2,557	4,853
		26,055	24,540	26,271	26,061
Share of other comprehensive income of associates and joint ventures accounted for using the equity method					
Joint ventures		(150)	(5)	-	-
Associates		-	-	-	-
		(150)	(5)	-	-

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
5. Expenses from continuing operations					
Salaries and related expenses					
Salaries and related expenses - Academic					
Salaries		206,314	201,141	206,314	201,141
Contributions to superannuation and pension schemes					
Contributions to funded schemes		32,913	32,602	32,913	32,602
Contributions to unfunded schemes		41	42	41	42
Payroll tax		13,049	12,108	13,049	12,108
Annual leave		15,717	14,513	15,717	14,513
Long service leave		8,185	4,977	8,185	4,977
Workers' compensation		315	594	315	594
Other		3,628	4,737	3,628	4,737
Redundancy expenses		3,171	214	3,171	214
Total academic salaries and related expenses		283,333	270,928	283,333	270,928
Salaries and related expenses - Non-academic					
Salaries		187,410	182,055	179,676	174,275
Contributions to superannuation and pension schemes					
Contributions to funded schemes		29,840	29,309	29,116	28,589
Contributions to unfunded schemes		30	49	30	49
Payroll tax		11,412	10,437	11,211	10,245
Annual leave		14,570	13,800	14,205	13,321
Long service leave		5,987	4,340	5,855	4,163
Workers' compensation		395	420	395	420
Other		6,964	3,780	6,943	3,737
Redundancy expenses		3,604	1,634	3,604	1,634
Total non-academic salaries and related expenses		260,212	245,824	251,035	236,433
Total salaries and related expenses		543,545	516,752	534,368	507,361
Teaching and research					
Agriculture, animals and cropping		3,368	2,595	3,368	2,595
Books, subscriptions and printed material		13,422	13,979	13,422	13,979
Laboratory expenses		21,566	20,028	21,566	20,028
Research transfer to other institutions		29,521	33,024	29,416	32,076
Other teaching and research		26,669	30,688	26,660	30,688
		94,546	100,314	94,432	99,366
Buildings and grounds					
Cleaning and security		12,752	12,067	12,373	11,678
Property maintenance		18,854	19,626	18,713	19,523
Building leases and rent		2,707	14,458	2,343	14,239
Real estate short term and low value leases		2,158	-	2,158	-
Utilities		17,162	19,314	16,955	19,021
		53,633	65,465	52,542	64,461

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
5. Expenses from continuing operations - continued					
Finance costs					
Interest		4,160	4,661	4,160	4,661
Finance charges		463	299	463	299
Interest expense on lease liabilities		1,744	-	1,744	-
		6,367	4,960	6,367	4,960
Administration, communication and travel					
Consultants & specialist services		25,303	23,107	20,393	18,345
Fees & licenses		36,838	34,278	36,773	34,212
Insurance		2,451	2,453	2,381	2,389
Administration & communication		16,346	14,708	11,431	12,610
Equipment short term and low value leases		484	-	484	-
Publicity and fundraising		7,469	5,831	7,239	5,638
Travel, accommodation & entertainment		26,647	26,381	26,634	26,357
		115,538	106,758	105,335	99,551
Finance and fund administration					
Bad and doubtful debts					
Student loans		5	(4)	5	(4)
Student tuition		561	(38)	561	(38)
Other debtors		290	174	290	174
		856	132	856	132
Net unrealised loss on endowment fund investments designated as fair valued through profit or loss		-	14,753	-	14,753
Management and merchant fees		1,215	1,257	1,215	1,257
Fringe benefit tax payments		1,160	1,090	1,160	1,090
Other		158	329	158	329
		3,389	17,561	3,389	17,561
Misc equip, dep'n and net loss on disposal of assets includes:					
Amortisation of intangible assets					
Software		14,613	13,500	14,613	13,500
Amortisation					
Leasehold improvements	3(s)	857	2,588	857	2,588
		15,470	16,088	15,470	16,088
Depreciation					
Buildings	3(s)	27,216	25,532	27,126	25,447
Plant, equipment and motor vehicles		20,363	19,963	20,061	19,627
Right-of-use lease assets		12,202	-	12,202	-
Library collection		1,352	1,329	1,352	1,329
		61,133	46,824	60,741	46,403
		76,603	62,912	76,211	62,491
Non-capitalised equipment		10,298	11,187	10,298	11,187
Net loss on disposal of assets		1,354	-	1,354	169
Write down of land to recoverable amount		-	3,300	-	3,300
		88,255	77,399	87,863	77,147

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
6. Cash and Cash Equivalents	3(k)				
Cash at bank or on hand		35,035	26,488	32,781	24,048
Short term deposits at call		2,800	11,600	2,000	10,000
		37,835	38,088	34,781	34,048

The University invested its surplus working capital into bank term investments (2019: \$30.0 million, 2018: \$15.0 million). These bank term investments have been reported as Other Financial Assets at amortised cost in Note 8. As a result these funds are not reported within Cash and Cash Equivalents or within the Statement of Cash Flows.

	3(i), 3(j)				
7. Receivables and Contract Assets					
7(a) Receivables					
Current					
Student tuition fees		5,277	4,225	5,277	4,225
Less: provision for impaired receivables		(780)	(633)	(780)	(633)
		4,497	3,592	4,497	3,592
Trade and sundry debtors		33,692	24,733	32,866	24,213
Less: provision for impaired receivables		(150)	(224)	(141)	(92)
		33,542	24,509	32,725	24,121
Student loans		26	37	26	37
Less: provision for impaired receivables		(7)	(11)	(7)	(11)
		19	26	19	26
		38,058	28,127	37,241	27,739

Impaired receivables

The movement in the allowance for expected credit losses of receivables is as follows:

At 1 January	868	848	736	634
Net provision for expected credit losses recognised/(reversed) during the year	913	625	913	628
Receivables written off during the year as uncollectible	(845)	(605)	(721)	(526)
At 31 December	936	868	928	736

The creation and release of the provision for impaired receivables has been included in 'Finance and fund administration' in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and it is expected that these amounts will be received in full.

7(b) Contract Assets

The University has recognised contract assets on the adoption of AASB 15 from 1 January 2019. Contract assets represent research and teaching activities which have been performed in accordance with funding which is awaiting receipt. As at 31 December 2019, the University has contract assets of \$6.9 million.

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
8. Other Financial Assets					
Current					
Other financial assets at amortised cost		33,276	16,222	33,276	16,222
		<u>33,276</u>	<u>16,222</u>	<u>33,276</u>	<u>16,222</u>
Non-current					
Other financial assets at fair valued through profit or loss		330,096	287,681	330,096	287,681
Investments in equity instruments designated at fair value through other comprehensive income		60,302	37,895	74,703	52,493
Total non-current other financial assets		<u>390,398</u>	<u>325,576</u>	<u>404,799</u>	<u>340,174</u>
Total other financial assets		<u>423,674</u>	<u>341,798</u>	<u>438,075</u>	<u>356,396</u>

Held-to-maturity - bank term investments

The University invests its surplus working capital into bank term investments and these bank term investments have been reported as Other Financial Assets at amortised cost. As a result these funds are not reported within Cash and Cash Equivalents in Note 6 or within the Statement of Cash Flows.

Endowment Fund

The University holds investments arising from donations and bequests for the purpose of funding scholarships, prizes and research. These funds are invested with external fund managers in unlisted managed investment schemes.

9. Derivative Financial Instruments

Current Liabilities

Foreign currency swap contracts - cash flow hedges	<u>34</u>	<u>3</u>	<u>34</u>	<u>3</u>
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Non-Current Liabilities

Interest rate swap contracts - cash flow hedges	<u>12,938</u>	<u>11,725</u>	<u>12,938</u>	<u>11,725</u>
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During 2007 the University entered into nine \$10.0 million forward start interest rate swaps (totalling \$90.0 million), to manage its interest rate exposures on planned borrowings for its North Terrace Development Strategy. The swaps commenced in February 2010 and amortise on a straight line basis over twenty years. The University is obligated to pay a fixed interest rate of 6.65%. These interest rate swaps are effective hedges and the fair value of these hedges are recorded as a non-current liability.

During the year the University entered into foreign currency swaps totalling \$0.9 million (2018: \$0.3 million) to manage EUR foreign currency exposures. These foreign currency swaps were effective hedges and the fair value of these hedges were recorded as a current liability. There are \$0.9 million (2018: \$0.3 million) of swap contracts remaining in existence as at 31 December 2019.

9. Derivative Financial Instruments - continued

The following tables detail various information regarding interest rate swap and forward exchange contracts outstanding at the end of the reporting period and their related hedged items.

Table 1: Amount and timing of future cash flows

	Nominal Amount of the Hedging Instrument (\$000)			
	< 1 year	1-2 years	2-5 years	Over 5 years
Cash flow hedges				
Interest rate risk				
- Interest rate swaps (hedging forecast AUD floating interest)				
Average contracted fixed rate	6.65%	6.65%	6.65%	6.65%
Average Notional Amount (\$000)	45,000	40,500	31,500	13,500
Foreign currency risk				
- Foreign exchange forwards (hedging forecast purchase)				
Average contracted rate	EUR/ AUD 0.5975			
Notional Amount (AUD, \$000)*	869	-	-	-

*University of Adelaide buy GBP and sell AUD

Table 2: Disclosure of amounts related to designated hedging instruments

	Carrying Amount of the Hedging Instrument		Changes in value of Hedging Instrument used for calculating hedge ineffectiveness for 31 December 2019	
	Assets	Liabilities	Gain/ (Loss)	
	\$000	\$000	\$000	
Cash flow hedges				
Interest rate risk- Interest rate swaps (hedging forecast AUD floating interest)	-	12,093		(1,095)
Foreign currency risk - FX Forwards (hedging forecast purchase)	-	34		(30)

*Notional amount as at 31 Dec 2019

Table 3: Disclosure of amounts related to designated hedged items, hedge reserve and hedge ineffectiveness

	Changes in value of Hedged Item used for calculating hedge ineffectiveness for 31 December 2019	Changes in Cash Flow Hedge Reserve		Hedge ineffectiveness recognised in profit or loss
		Changes in Cash Flow Hedge Reserve (Continuing Hedges) at 31 December 2019	Changes in Cash Flow Hedge Reserve (Discontinued Hedges) at 31 December 2019	
		\$000	\$000	
Cash flow hedges				
Interest rate risk - Interest rate swaps (hedging forecast AUD floating interest)	1,047	(1,095)	-	-
Foreign currency risk - FX Forwards (hedging forecast purchase)	30	(30)	-	-

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
10. Other Non-Financial Assets					
Current					
Prepayments		17,270	13,870	17,038	13,750
OS-HELP receivable from Australian Government		510	-	510	-
Net investment in a lease		28	-	28	-
		<u>17,808</u>	<u>13,870</u>	<u>17,576</u>	<u>13,750</u>
Non-current					
Prepayments		5,496	4,817	5,496	4,817
Net investment in a lease		66	-	66	-
		<u>5,562</u>	<u>4,817</u>	<u>5,562</u>	<u>4,817</u>
Total Other Non-Financial Assets		<u>23,370</u>	<u>18,687</u>	<u>23,138</u>	<u>18,567</u>
11. Investments Accounted for Using the Equity Method 3(o)					
Interests in joint ventures					
At cost		-	-	35	35
Equity accounted		116	266	-	-
		<u>116</u>	<u>266</u>	<u>35</u>	<u>35</u>

12. Property, Plant and Equipment

Consolidated	Trust Land	Other Land	Leased Land	Trust Buildings	Other Buildings	WIP	Leasehold Improvements	Library Collections	Works of Art	Plant and Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2018											
Cost	-	-	-	16,749	230,514	14,251	23,866	753	-	230,401	516,534
Valuation	164,994	49,992	5,500	790,588	73,918	-	-	12,916	8,521	-	1,106,429
Accumulated depreciation/amortisation	-	-	(51)	(19,946)	(4,314)	-	(17,902)	(1,709)	-	(145,082)	(189,004)
Net book amount	164,994	49,992	5,449	787,391	300,118	14,251	5,964	11,960	8,521	85,319	1,433,959
Year ended 31 December 2018											
Opening net book amount	164,994	49,992	5,449	787,391	300,118	14,251	5,964	11,960	8,521	85,319	1,433,959
Additions	-	-	-	70	-	55,441	79	198	3	14,806	70,597
Assets included in a disposal group classified as held for sale and other disposals	-	(890)	-	-	(610)	-	(79)	(14)	-	(266)	(1,859)
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-
Asset write down	-	(5,820)	-	-	-	-	-	-	-	-	(5,820)
Transfers	-	-	-	37,027	4,924	(44,807)	-	-	-	2,965	109
Depreciation/amortisation	-	-	(55)	(20,549)	(4,983)	-	(2,533)	(1,329)	-	(19,963)	(49,412)
Closing net book amount	164,994	43,282	5,394	803,939	299,449	24,885	3,431	10,815	8,524	82,861	1,447,574
As at 31 December 2018											
Cost	-	-	-	53,846	235,438	24,885	23,866	951	3	247,535	586,524
Valuation	164,994	43,282	5,500	790,588	73,308	-	-	12,902	8,521	-	1,099,095
Accumulated depreciation/amortisation	-	-	(106)	(40,495)	(9,297)	-	(20,435)	(3,038)	-	(164,674)	(238,045)
Net book amount	164,994	43,282	5,394	803,939	299,449	24,885	3,431	10,815	8,524	82,861	1,447,574

12. Property, Plant and Equipment - continued

Consolidated	Trust Land	Other Land	Leased Land	Trust Buildings	Other Buildings	Leasehold WIP	Leasehold Improvements	Library Collections	Works of Art	Plant and Equipment	Subtotal Property, Plant and Equipment (owned)	Right of Use Lease Assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 31 December 2019													
Opening net book amount as at 1/1/2019	164,994	43,282	5,394	803,939	299,449	24,885	3,431	10,815	8,524	82,861	1,447,574	-	1,447,574
Adoption of AASB 16	-	-	(5,394)	-	-	-	-	-	-	-	(5,394)	63,589	58,195
Additions	-	-	-	-	-	44,394	79	441	18	9,526	54,458	412	54,870
Assets included in a disposal group classified as held for sale and other disposals	-	(1,310)	-	-	(105)	-	(582)	-	-	(1,349)	(3,346)	-	(3,346)
Revaluation surplus/(deficit)	8,486	4,150	-	96,259	14,852	-	-	-	-	-	123,747	-	123,747
Asset write down	-	-	-	-	-	(904)	-	-	-	-	(904)	-	(904)
Transfers	-	-	-	35,434	529	(44,735)	6,800	-	-	1,908	(64)	-	(64)
Depreciation/amortisation	-	-	-	(22,225)	(4,991)	-	(657)	(1,352)	-	(20,363)	(49,788)	(12,202)	(61,990)
Other changes:													
Derecognition on sublease	-	-	-	-	-	-	-	-	-	-	-	(101)	(101)
Reassessment of property lease	-	-	-	-	-	-	-	-	-	-	-	4,118	4,118
Closing net book amount	173,480	46,122	-	913,407	309,734	23,640	8,871	9,904	8,542	72,583	1,566,283	55,816	1,622,099
As at 31 December 2019													
Cost	-	-	-	-	-	23,640	29,940	1,392	21	254,090	309,083	-	309,083
Valuation	173,480	46,122	-	913,407	309,734	-	-	12,902	8,521	-	1,464,166	67,996	1,532,162
Accumulated depreciation/amortisation	-	-	-	-	-	-	(21,069)	(4,390)	-	(181,507)	(206,966)	(12,180)	(219,146)
Net book amount	173,480	46,122	-	913,407	309,734	23,640	8,871	9,904	8,542	72,583	1,566,283	55,816	1,622,099

12. Property, Plant and Equipment - continued

University	Trust Land \$000	Other Land \$000	Leased Land \$000	Trust Buildings \$000	Other Buildings \$000	WIP \$000	Leasehold Improvements \$000	Library Collections \$000	Works of Art \$000	Plant and Equipment \$000	Total \$000
As at 1 January 2018											
Cost	-	-	-	16,749	230,514	14,251	23,737	753	-	224,628	510,632
Valuation	164,994	48,142	5,500	790,588	64,356	-	-	12,916	8,521	-	1,095,017
Accumulated depreciation/amortisation	-	-	(51)	(19,946)	(4,218)	-	(17,832)	(1,709)	-	(141,586)	(185,342)
Net book amount	164,994	48,142	5,449	787,391	290,652	14,251	5,905	11,960	8,521	83,042	1,420,307
Year ended 31 December 2018											
Opening net book amount	164,994	48,142	5,449	787,391	290,652	14,251	5,905	11,960	8,521	83,042	1,420,307
Additions	-	-	-	70	-	55,441	-	198	3	14,695	70,407
Assets included in a disposal group classified as held for sale and other disposals	-	-	-	-	-	-	-	(14)	-	(266)	(280)
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-
Asset write down	-	(5,820)	-	-	-	-	-	-	-	-	(5,820)
Transfers	-	-	-	37,027	4,924	(44,807)	-	-	-	2,965	109
Depreciation/amortisation	-	-	(55)	(20,549)	(4,898)	-	(2,533)	(1,329)	-	(19,627)	(48,991)
Closing net book amount	164,994	42,322	5,394	803,939	290,678	24,885	3,372	10,815	8,524	80,809	1,435,732
As at 31 December 2018											
Cost	-	-	-	53,846	235,438	24,885	23,737	951	3	241,839	580,699
Valuation	164,994	42,322	5,500	790,588	64,356	-	-	12,902	8,521	-	1,089,183
Accumulated depreciation/amortisation	-	-	(106)	(40,495)	(9,116)	-	(20,365)	(3,038)	-	(161,030)	(234,150)
Net book amount	164,994	42,322	5,394	803,939	290,678	24,885	3,372	10,815	8,524	80,809	1,435,732

12. Property, Plant and Equipment - continued

University	Trust Land \$000	Other Land \$000	Leased Land \$000	Trust Buildings \$000	Other Buildings \$000	WIP \$000	Leasehold Improvements \$000	Library Collections \$000	Works of Art \$000	Plant and Equipment \$000	Subtotal Property, Plant and Equipment (owned) \$000	Right of Use Lease Assets \$000	Total \$000
Year ended 31 December 2019													
Opening net book amount as at 1/1/2019	164,994	42,322	5,394	803,939	290,678	24,885	3,372	10,815	8,524	80,809	1,435,732	-	1,435,732
Adoption of AASB 16	-	-	(5,394)	-	-	-	-	-	-	-	(5,394)	63,589	58,195
Additions	-	-	-	-	-	44,394	-	441	18	9,337	54,190	345	54,535
Assets included in a disposal group classified as held for sale and other disposals	-	(1,310)	-	-	(105)	-	(503)	-	-	(1,349)	(3,267)	-	(3,267)
Revaluation surplus	8,486	4,080	-	96,259	13,645	-	-	-	-	-	122,470	-	122,470
Asset write down	-	-	-	-	-	(904)	-	-	-	-	(904)	-	(904)
Transfers	-	-	-	35,434	529	(44,735)	6,800	-	-	1,908	(64)	-	(64)
Depreciation/amortisation	-	-	-	(22,225)	(4,901)	-	(857)	(1,352)	-	(20,061)	(49,396)	(12,202)	(61,598)
Other changes:													
Derecognition on sublease	-	-	-	-	-	-	-	-	-	-	-	(101)	(101)
Reassessment of property leases	-	-	-	-	-	-	-	-	-	-	-	4,118	4,118
Closing net book amount	173,480	45,092	-	913,407	299,846	23,640	8,812	9,904	8,542	70,644	1,553,367	55,749	1,609,116
As at 31 December 2019													
Cost	-	-	-	-	-	23,640	29,811	1,392	21	248,305	303,169	-	303,169
Valuation	173,480	45,092	-	913,407	299,846	-	-	12,902	8,521	-	1,453,248	67,929	1,521,177
Accumulated depreciation/amortisation	-	-	-	-	-	-	(20,999)	(4,390)	-	(177,661)	(203,050)	(12,180)	(215,230)
Net book amount	173,480	45,092	-	913,407	299,846	23,640	8,812	9,904	8,542	70,644	1,553,367	55,749	1,609,116

	Consolidated		Total \$000
	Other Intangible Assets \$000	Intangibles in Progress \$000	
13. Intangible Assets			
As at 1 January 2018			
Cost	95,839	10,533	106,372
Accumulated amortisation and impairment	(58,314)	-	(58,314)
Net book amount as at 1 January 2018	<u>37,525</u>	<u>10,533</u>	<u>48,058</u>
Year ended 31 December 2018			
Opening net book amount	37,525	10,533	48,058
Additions	133	10,519	10,652
Disposals	(304)	(57)	(361)
Transfer to / (from) WIP	15,944	(15,944)	-
Transfer (to) / from PPE	-	(109)	(109)
Amortisation charge	(13,500)	-	(13,500)
Closing net book amount as at 31 December 2018	<u>39,798</u>	<u>4,942</u>	<u>44,740</u>
As at 31 December 2018			
Cost	111,612	4,942	116,554
Accumulated amortisation and impairment	(71,814)	-	(71,814)
Net book amount as at 31 December 2018	<u>39,798</u>	<u>4,942</u>	<u>44,740</u>
Year ended 31 December 2019			
Opening net book amount	39,798	4,942	44,740
Additions	-	5,354	5,354
Transfer to / (from) WIP	7,275	(7,275)	-
Transfer (to) / from PPE	64	-	64
Amortisation charge	(14,613)	-	(14,613)
Closing net book amount as at 31 December 2019	<u>32,524</u>	<u>3,021</u>	<u>35,545</u>
As at 31 December 2019			
Cost	118,951	3,021	121,972
Accumulated amortisation and impairment	(86,427)	-	(86,427)
Net book amount as at 31 December 2019	<u>32,524</u>	<u>3,021</u>	<u>35,545</u>

	Other Intangible Assets \$000	University Intangibles in Progress \$000	Total \$000
13. Intangible Assets - continued			
As at 1 January 2018			
Cost	95,839	10,533	106,372
Accumulated amortisation and impairment	(58,314)	-	(58,314)
Net book amount as at 1 January 2018	<u>37,525</u>	<u>10,533</u>	<u>48,058</u>
Year ended 31 December 2018			
Opening net book amount	37,525	10,533	48,058
Additions	133	10,519	10,652
Disposals	(304)	(57)	(361)
Transfer to / (from) WIP	15,944	(15,944)	-
Transfer (to) / from PPE	-	(109)	(109)
Amortisation charge	(13,500)	-	(13,500)
Closing net book amount as at 31 December 2018	<u>39,798</u>	<u>4,942</u>	<u>44,740</u>
As at 31 December 2018			
Cost	111,612	4,942	116,554
Accumulated amortisation and impairment	(71,814)	-	(71,814)
Net book amount as at 31 December 2018	<u>39,798</u>	<u>4,942</u>	<u>44,740</u>
Year ended 31 December 2019			
Opening net book amount	39,798	4,942	44,740
Additions	-	5,354	5,354
Transfer to / (from) WIP	7,275	(7,275)	-
Transfer (to) / from PPE	64	-	64
Amortisation charge	(14,613)	-	(14,613)
Closing net book amount as at 31 December 2019	<u>32,524</u>	<u>3,021</u>	<u>35,545</u>
As at 31 December 2019			
Cost	118,951	3,021	121,972
Accumulated amortisation and impairment	(86,427)	-	(86,427)
Net book amount as at 31 December 2019	<u>32,524</u>	<u>3,021</u>	<u>35,545</u>

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
14. Payables					
Current					
Accounts payable		48,004	46,311	46,409	45,439
Annual and long service leave oncosts		4,922	5,213	4,810	5,107
Accruals		6,517	5,591	6,331	5,295
Salary and related expenses payable		16,016	13,477	16,016	13,477
		75,459	70,592	73,566	69,318
Non-current					
Annual and long service leave oncosts		12,540	11,601	12,507	11,583
		12,540	11,601	12,507	11,583
Total Payables		87,999	82,193	86,073	80,901

15. Borrowings					
Current					
Interest bearing borrowings		25,000	5,000	25,000	5,000
Lease Liabilities		9,994	-	9,972	-
		34,994	5,000	34,972	5,000
Non-current					
Interest bearing borrowings		47,510	72,510	47,510	72,510
Lease Liabilities		39,006	-	38,964	-
		86,516	72,510	86,474	72,510
Total Borrowings		121,510	77,510	121,446	77,510

The University maintains an unsecured \$40 million Multi-Option Facility (as a standby working capital facility) and further unsecured Revolving Facilities with total limits of \$95 million. As at 31 December 2019 the standby working capital facility has not been drawn and \$72.5 million of the Revolving Facilities is drawn. This \$62.5 million of undrawn facilities are available as at 31 December 2019.

16. Lease Liabilities					
- undiscounted contractual cash flows					
Less than one year		11,351	-	11,328	-
One to five years		37,996	-	37,955	-
More than 5 years		5,237	-	5,237	-
Total undiscounted contractual cash flows		54,584	-	54,520	-

16 The University of Adelaide as Lessee - continued

(a) Real estate leases

The University leases land and buildings for its administration, research, learning and teaching activities. The terms of the leases vary. Where leases contain extension options exercisable by the University before the end of the non-cancellable contract period, these are only recognised where it is reasonably certain they will be exercised. A reassessment is performed annually to determine whether it is reasonably certain to exercise the extension options, if there is a significant event or significant change in circumstances within its control.

The aggregate value (undiscounted) of potential future lease payments attributable to available extension options, but not considered reasonably certain to exercise and therefore not included in lease liabilities, as at balance date is approximately \$83M.

(b) Other leases

The University leases vehicle, plant, technology equipment and machinery for its administration, research, learning and teaching activities. The terms of the leases vary.

(c) Concessionary Leases

The University of Adelaide has elected to measure the land and building, vehicles and equipment classes of right-of-use assets at initial recognition at cost. A short-term AASB exemption on the revaluation of concessionary right-of-use assets is in place. This exemption is not indefinite and a possibility exists of future revaluations to fair value.

Dependencies on concessionary leases

The University in furthering its objectives is not dependent on any leases that have significantly below-market terms and conditions.

Nature and terms of the concessionary leases

The University leases land and buildings for some aspects of its administration, research and teaching activities, a small number of which have significantly below-market terms and conditions. The lease payments for these leases are \$1 per annum, except for one lease that has been prepaid at lease commencement. That prepayment amount equates to lease payments of \$25,000 per annum over the term of the lease. The majority of concessionary leases are on public land and are heritage listed. The lease terms and conditions generally specify restrictions to the permitted usage of the leased property.

	Note	Consolidated		University	
		2019	2018	2019	2018
		\$000	\$000	\$000	\$000
17. Provisions					
Current					
Workers' compensation provision		644	542	644	542
Annual and long service leave		27,138	28,750	26,212	27,878
		<u>27,782</u>	<u>29,292</u>	<u>26,856</u>	<u>28,420</u>
Insurance provision		1,004	1,289	1,004	1,289
		<u>28,786</u>	<u>30,581</u>	<u>27,860</u>	<u>29,709</u>
Non-current					
Workers' compensation provision		401	511	401	511
Annual and long service leave		63,460	56,712	63,311	56,511
Defined benefit fund net liability	24(c)	7,465	7,849	7,465	7,849
		<u>71,326</u>	<u>65,072</u>	<u>71,177</u>	<u>64,871</u>
Lease make good provision		4,293	4,293	4,293	4,293
		<u>75,619</u>	<u>69,365</u>	<u>75,470</u>	<u>69,164</u>
Total Provisions		<u>104,405</u>	<u>99,946</u>	<u>103,330</u>	<u>98,873</u>

	Workers' compensation provision	Annual and long service leave	Insurance Provision	Defined benefit fund net liability	Lease make good provision
	\$000	\$000	\$000	\$000	\$000
Movements in provisions					
Consolidated - current					
Carrying amount at start of year	542	28,750	1,289	-	-
Additional/(reductions in) provisions recognised	102	(1,612)	(285)	-	-
Carrying amount at the end of the year	<u>644</u>	<u>27,138</u>	<u>1,004</u>	<u>-</u>	<u>-</u>
Consolidated - non-current					
Carrying amount at start of year	511	56,712	-	7,849	-
Prior period adjustment	-	-	-	-	4,293
Additional/(reductions in) provisions recognised	(110)	6,748	-	(384)	-
Carrying amount at the end of the year	<u>401</u>	<u>63,460</u>	<u>-</u>	<u>7,465</u>	<u>4,293</u>
Movements in provisions					
University - current					
Carrying amount at start of year	542	27,878	1,289	-	-
Additional/(reductions in) provisions recognised	102	(1,666)	(285)	-	-
Carrying amount at the end of the year	<u>644</u>	<u>26,212</u>	<u>1,004</u>	<u>-</u>	<u>-</u>
University - non-current					
Carrying amount at start of year	511	56,511	-	7,849	-
Prior period adjustment	-	-	-	-	4,293
Additional/(reductions in) provisions recognised	(110)	6,800	-	(384)	-
Carrying amount at the end of the year	<u>401</u>	<u>63,311</u>	<u>-</u>	<u>7,465</u>	<u>4,293</u>

Workers' compensation provision

Provision is made based on an actuarial assessment of workers' compensation estimated claims liability for future years. Refer to policy Note 3(u) Workers' Compensation.

Annual and long service leave

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Refer to policy Note 3(h) Employee Benefits.

Insurance provision

Provision has been made for the actuarial assessment of future liability to the University for losses incurred prior to 31 December 2019 that were expected to be paid subsequent to 1 January 2020 and are below the University deductible in the University insurance policies.

Defined benefit fund net liability

Provision is made for the Super Scheme A 1985 Plan No 2 defined benefit obligation in accordance with AASB 119 Employee Benefits. Refer to Note 3(h) Employee Benefits and Note 24(c) The University of Adelaide Super Scheme A 1985 Plan No 2.

Lease make good provision and Prior Period Error

Provision has been made for the assessment of future liability to the University for make good where specified in the lease agreement of the University. A prior period error adjustment has been processed to recognise make good provisions on leased property that existed at 31 December 2018.

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
18. Other Liabilities					
Current					
Income in advance		2,049	1,629	1,242	1,048
Grant Refunds		532	-	532	-
Collaborator Payments		3,176	-	3,176	-
Cash Scholarships		43	-	43	-
Student tuition fees received in advance		-	21,087	-	21,087
Residential bonds		371	359	371	359
Employee benefits – separation packages		3,849	1,440	3,849	1,440
Other		2,309	2,015	2,309	2,015
Total Other Liabilities		12,329	26,530	11,522	25,949
19. Retained Surplus and Reserves					
19(a) Summary					
Capital reserves					
Asset revaluation surplus		467,075	343,328	465,151	342,681
Initial asset recognition reserve		279,124	279,124	279,124	279,124
Financial assets revaluation reserve		31,082	9,289	45,483	23,887
		777,281	631,741	789,758	645,692
Specific purpose reserves					
Special reserve		-	169,672	-	169,672
Bequests/donations unspent income reserve		12,339	13,498	12,339	13,498
Restricted purpose bequest capital reserve		203,738	195,920	203,738	195,920
Endowment fund revaluation reserve		195,635	152,133	195,635	152,133
		411,712	531,223	411,712	531,223
Retained surplus		510,463	459,894	497,619	445,381

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
19. Reserves - continued					
19(b) Movements in reserves					
Asset revaluation surplus					
Opening balance		343,328	346,856	342,681	345,202
Add revaluation increment/ (decrement) on property, plant and equipment		123,747	-	122,470	-
Write down of land to recoverable amount		-	(2,521)	-	(2,521)
Transfer (to) / from retained surplus		-	(1,007)	-	-
Closing balance		<u>467,075</u>	<u>343,328</u>	<u>465,151</u>	<u>342,681</u>
Initial asset recognition reserve					
Opening balance		279,124	279,124	279,124	279,124
Current year movement		-	-	-	-
Closing balance		<u>279,124</u>	<u>279,124</u>	<u>279,124</u>	<u>279,124</u>
Financial assets revaluation reserve					
Opening balance		9,289	-	23,887	15,041
Current year movement		21,793	9,289	21,596	8,846
Closing balance		<u>31,082</u>	<u>9,289</u>	<u>45,483</u>	<u>23,887</u>
Special reserve					
Opening balance		169,672	270,941	169,672	270,941
Adoption of Accounting Standards		(108,602)	-	(108,602)	-
Current year movement		(19,909)	(20,860)	(19,909)	(28,630)
Transfer (to) / from retained surplus		(41,161)	(80,409)	(41,161)	(72,639)
Closing balance		<u>-</u>	<u>169,672</u>	<u>-</u>	<u>169,672</u>
Bequests/donations unspent income reserve					
Opening balance		13,498	26,172	13,498	26,172
Transfer (to) / from retained surplus		(1,159)	(12,674)	(1,159)	(12,674)
Closing balance		<u>12,339</u>	<u>13,498</u>	<u>12,339</u>	<u>13,498</u>
Restricted purpose bequest capital reserve					
Opening balance		195,920	182,691	195,920	182,691
Transfer from retained surplus		7,818	13,229	7,818	13,229
Closing balance		<u>203,738</u>	<u>195,920</u>	<u>203,738</u>	<u>195,920</u>
Endowment fund revaluation reserve					
Opening balance		152,133	156,675	152,133	156,675
Transfer (to) / from retained surplus		43,502	(4,542)	43,502	(4,542)
Closing balance		<u>195,635</u>	<u>152,133</u>	<u>195,635</u>	<u>152,133</u>

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
19. Reserves - continued					
19(c) Nature and purpose of reserves					
Asset revaluation surplus					
Is used to record increments and decrements on the revaluation of non-current assets. Refer accounting policy note 3(q).					
Initial asset recognition reserve					
Represents the equity impact arising from the recognition of assets which until the first time the University prepared a set of accrual financial statements, had not previously been recognised.					
Financial assets revaluation reserve					
Is used to record increments and decrements on the revaluation of investments in equity instruments designated at fair value through other comprehensive income. Refer accounting policy note 3(l).					
Specific reserve					
Represents a number of reserves generated through a series of specific purpose transactions, that can only be used in accordance with the attributes of the generating transactions. Specific reserves are created for surplus funds which will be specifically acquitted in future accounting periods. Specific reserves include Special reserves, Bequest/donations unspent income reserves, Restricted purpose bequest capital reserves and Endowment Fund revaluation reserves.					
20. Reconciliation of net cash provided by operating activities to net operating result					
Net operating result		40,518	(4,290)	42,037	(3,823)
Add/(subtract) non cash items					
Amortisation	5	15,470	16,088	15,470	16,088
Depreciation	5	61,133	46,824	60,741	46,403
Write down / (up) of investments		(43,578)	4,579	(43,578)	4,543
Other revenue/expenses		(4,239)	(2,966)	3,018	(3,057)
Write down of land to recoverable amounts		-	3,300	-	3,300
(Profit)/loss on sale of property, plant and equipment		1,051	(338)	1,051	328
(Profit)/loss on sale of shares		-	106	-	106
Changes in assets/liabilities					
(Increase)/decrease in inventories		12	(3)	-	-
(Increase)/decrease in receivables		(9,931)	(263)	(9,502)	316
(Increase)/decrease in contract assets		(158)	-	(158)	-
(Increase)/decrease in other assets		(4,683)	993	(8,984)	974
Increase/(decrease) in payables		5,806	13,016	5,172	13,808
Increase/(decrease) in contract liabilities		38,174	-	38,174	-
Increase/(decrease) in other liabilities		(14,201)	7,451	(17,546)	7,412
Increase/(decrease) in provisions		4,459	(1,242)	4,457	(1,397)
Net cash provided by operating activities		89,833	83,255	90,352	85,001

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
21. Commitments					
Operating expenditure					
Contracted but not provided for and payable:					
Within one year		35,752	37,497	35,752	37,497
Between one and five years		8,756	17,049	8,756	17,049
Later than five years		-	789	-	789
Total operating expenditure commitments		44,508	55,335	44,508	55,335
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		15,468	16,807	15,468	16,807
Between one and five years		-	-	-	-
Later than five years		-	-	-	-
Total capital commitments		15,468	16,807	15,468	16,807
Lease commitments					
Operating Leases					
The operating lease commitments primarily relate to leases of photocopiers, computers, office equipment and office space.					
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:					
Within one year		-	12,415	-	12,415
Between one and five years		-	27,443	-	27,443
Later than five years		-	8,099	-	8,099
Total future minimum lease payments		-	47,957	-	47,957

Upon adoption of AASB 16 future lease commitments have been recognised as Right-of-Use Assets (Note 12) and Lease Liabilities (Note 16) within the University Statement of Financial Position.

22. Contingencies

(a) Guarantees

On July 1 2006 the University ceased to be a Crown exempt employer and was required to register as an exempt employer with ReturnToWorkSA and provide a bank guarantee to cover projected workers' compensation outstanding claims liabilities. Currently, the University has provided a \$1.3 million bank guarantee to ReturnToWorkSA. The amount of the guarantee was based on an actuarial assessment of the projected workers' compensation claims liabilities. In 2016, the University was advised by ReturnToWorkSA that it had approved a self-insurance renewal for a period of five years with an agreed renewal date of 21 March 2021.

(b) Superannuation

(i) The University of Adelaide Superannuation (Scheme A 1985) Plan No 2

The University has guaranteed that members of this superannuation scheme will receive defined benefits in the event that this closed scheme has insufficient assets to meet the benefits. Employer contributions of 17.3% are made on actuarial advice to ensure there are sufficient assets in the scheme to meet expected future liabilities of remaining members. Refer to Note 24(c).

(ii) UniSuper Limited Superannuation Schemes

Refer to Note 24(b).

(c) Litigation

In the ordinary course of its operations, the University and its controlled entities become involved in legal disputes. At the date of adoption of these financial statements, some of those legal disputes remain outstanding. On legal advice, the University is of the opinion that no material losses are likely to arise on known or threatened claims or current legal disputes. Claims of an insurance nature have been covered by a provision of \$1.0 million to the extent that such claims are not covered by the University's comprehensive insurance program. Refer Note 17.

23. Post Balance Date Event

The impact of the world wide COVID-19 outbreak is expected to have an impact on the financial performance and financial position of the University in 2020. It is anticipated that the University will experience a reduction in revenue from students, particularly due to reduced demand from international and potentially domestic students, contract research and returns on endowment fund investments. Since 31 December 2019 there has been significant volatility in investment markets and reductions in interest rates. This will impact the measurement of a range of assets and liabilities recorded on the University's Statement of Financial Position, including other financial assets, investments in equity instruments designated at fair value through other comprehensive income and actuarially assessed superannuation, long service leave, workers compensation and insurance provisions. As at the time of completion of the 2019 Financial Statements, the University is not in a position to fully assess the severity of the impact.

24. Superannuation Schemes

(a) Categories

The University contributes to a range of superannuation schemes, which are divided into the following categories:

- (i) Those operative and open to membership:
 - UniSuper Defined Benefit Plan or Accumulation Super 2
 - Accumulation Super 1
- (ii) Those operative but closed to future membership:
 - The University of Adelaide Superannuation Scheme A 1985 Plan No 2
- (iii) State Government Schemes closed to future membership by University employees:
 - State Pension Scheme
 - State Lump Sum Scheme

(b) UniSuper Limited Superannuation Schemes

The employees' UniSuper plan is determined by the terms of employment and is administered by UniSuper Management Pty Ltd with UniSuper Ltd as the trustee.

The employer contribution rate during 2019 for employees in either the Defined Benefit Division or Accumulation Super 2 was 14% of salaries plus 3% of salaries. The contribution to the Accumulation Super 1 and for employees only in the Accumulation Super 1 was 9.5% of salaries.

The operation of Clause 34 of the Trust Deed (as amended in 2006) means that the UniSuper Defined Benefit Division is considered to be a defined contribution fund for the purpose of AASB 119, allowing participating employers to treat the UniSuper Defined Benefit Division as a defined contribution fund.

Clause 34 states that where the trustee considers the assets to be insufficient to provide benefits payable under the Deed, the Trustee must consider reducing the benefits of its members on a fair and equitable basis.

As set out under paragraph 28 of AASB119 a defined contribution fund is a fund where the employer's legal or constructive obligation is limited to the amount it agrees to contribute to the fund and the actuarial risk and investment risk fall on the employee.

As at 30 June 2019 the assets of the Defined Benefit Division in aggregate were estimated to be \$5,643 million (30 June 2018: \$3,785 million) above vested benefits after allowing for various reserves. The Vested Benefits Index based on funding assumptions was 125.4%. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the Defined Benefit Division.

As at 30 June 2019 the assets of the Defined Benefit Division in aggregate were estimated to be \$7,301 million (30 June 2018: \$5,477 million) above accrued benefits after allowing for various reserves. The Accrued Benefits Index based on best estimate assumptions was 135.5%. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The actuarial investigation of the Fund as 30 June 2019 was conducted by Ms Kate Maartensz and Mr Andrew West, Fellows of the Institute of Actuaries of Australia, using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the Defined Benefit Division as at 30 June 2019. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return - Defined Benefit Division pensions	4.80% p.a.	6.10% p.a.
Gross of tax investment returns - commercial rate indexed pensions	2.40% p.a.	2.40% p.a.
Net of tax investment return - non pensioner members	4.30% p.a.	5.50% p.a.
Consumer Price Index	2.00% p.a.	2.00% p.a.
Inflationary salary increases long term		
- For the next 3 years	2.75% p.a.	2.75% p.a.
- Beyond 3 years	3.00% p.a.	3.00% p.a.

Assets have been included at their net market value, that is, after allowing for realisation costs.

24. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 Plan No 2

The University of Adelaide Superannuation Scheme A 1985 Plan No 2 (the Plan) is a defined benefit plan in accordance with AASB 119 Employee Benefits that provides superannuation benefits for employees who had not transferred to UniSuper. The Plan commenced on 1 November 2018 as part of the Corporate Category of the AMP Superannuation Savings Trust, after the assets and liabilities of the University of Adelaide Superannuation Scheme A 1985 were transferred to the Plan with effect from that date. The Plan is governed by a separate trust deed and the general laws relating to trusts and superannuation.

Nature of the benefits provided by the Scheme

Defined benefit members receive lump sum benefits on retirement, death, disablement. Members are also eligible for pension benefits. The Plan is closed to new members.

Description of the regulatory framework

The Superannuation Industry (Supervision) (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions unless an exemption has been obtained from the Australian Prudential Regulation Authority.

Description of other entities' responsibilities for the governance of the Scheme

The Plan's Trustee is responsible for the governance of the Plan. The Trustee has a legal obligation to act solely in the best interests of the Plan beneficiaries. The Trustee has the following roles:

- Administration of the Plan and payment to the beneficiaries from Plan assets when required in accordance with the Plan rules.
- Management and investment of the Plan assets; and
- Compliance with superannuation law and other applicable regulations.

The prudential regulator, the Australian Prudential Regulation Authority (APRA), licenses and supervises regulated superannuation plans.

Description of risks

There are a number of risks to which the Plan exposes the University. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the University will need to increase contributions to offset this shortfall.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- **Pension risk** - The risk is firstly that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members will elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit.
- **Inflation risk** - The risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.

The defined benefit assets are invested in 11 specialist pool investment vehicles plus cash holdings. The assets have a 52% weighting to equities and therefore the Plan has a significant concentration of equity market risk. However, within the equity investments, the allocation both globally and across the sectors is diversified.

Description of significant events

There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

24. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 Plan No 2 - continued

	Note	2019 \$000	2018 \$000
Reconciliation of the Net Defined Benefit Liability/(Asset)			
Net defined benefit liability/(asset) at the beginning of the year		7,849	7,975
Add			
Current service costs		286	358
Net interest		158	177
Actuarial (gains) / losses arising from changes in financial assumptions		1,747	1,081
Actuarial (gains) / losses arising from liability experience		(337)	(100)
Less			
Actual return on Plan assets less interest income		(1,945)	725
Employer contributions		(293)	(2,367)
Net defined benefit liability/(asset) at the end of the year		<u>7,465</u>	<u>7,849</u>
Reconciliation of the defined benefit obligation			
Present value of defined benefit obligations at the beginning of the year		22,958	22,469
Add			
Current service costs		286	358
Interest expense		472	518
Contributions by Plan participants		6	14
Actuarial (gains) / losses arising from changes in financial assumptions		1,747	1,081
Actuarial (gains) / losses arising from liability experience		(337)	(100)
Less			
Benefits paid		(1,362)	(881)
Taxes, premiums and expenses paid		(224)	(501)
Present value of defined benefit obligations at the end of the year		<u>23,546</u>	<u>22,958</u>
Reconciliation of the fair value of Plan assets			
Fair value of Plan assets at the end of the year		15,109	14,494
Add			
Interest income		314	341
Actual return on Plan assets less interest income		1,945	(725)
Employer contributions		293	2,367
Contributions by Plan participants		6	14
Less			
Benefits paid		(1,362)	(881)
Taxes, premiums and expenses paid		(224)	(501)
Fair value of Plan assets at the end of the year		<u>16,081</u>	<u>15,109</u>
Reconciliation of the Assets and Liabilities recognised in the Statement of Financial Position			
Defined benefit obligation including contributions tax provision		23,546	22,958
Less			
Fair value of Plan assets		(16,081)	(15,109)
Defined benefit fund net liability	17	<u>7,465</u>	<u>7,849</u>
Expense recognised in the Statement of Comprehensive Income			
Service cost		286	358
Net interest		158	177
Defined benefit cost recognised in Net operating result		<u>444</u>	<u>535</u>
Amounts recognised in Other Comprehensive Income			
Actuarial (gains) / losses		1,410	981
Actual return on Plan assets less interest income		(1,945)	725
Total remeasurements recognised in Other Comprehensive Income		<u>(535)</u>	<u>1,706</u>
Reconciliation of the Effect of the Asset Ceiling			
The asset ceiling has no impact on the net defined benefit liability.			

24. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 Plan No 2 - continued

Fair value of Scheme assets

As at 31 December 2019

	2019	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Asset Category				
Investment Funds	16,081	-	16,081	-
	16,081	-	16,081	-

As at 31 December 2018

	2018	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Asset Category				
Investment Funds	15,109	-	15,109	-
	15,109	-	15,109	-

Scheme assets

The percentage invested in each asset class at the reporting date:

	2019	2018
Australian equity	39%	24%
International equity	14%	14%
Fixed income	10%	24%
Property	8%	9%
Alternatives/Other	1%	0%
Cash	29%	29%

Fair value of University's own financial instruments

The fair value of Plan assets does not include amounts relating to any of the University's own financial instruments or any property occupied by, or other assets used by, the University.

	2019	2018
	\$'000	\$'000
Actual return on Plan assets	2,259	(384)

Significant actuarial assumptions at the balance date

Assumptions to determine Defined Benefit Cost

Discount rate	2.40%	2.80%
Expected pension increase rate	2.25%	2.25%
Pensioner mortality	Mercer Standard Retiree Pensioner Mortality rates 2005-2009	

Assumptions to determine Defined Benefit Obligation

Discount rate	1.60%	2.40%
Expected pension increase rate	2.00%	2.25%
Pensioner mortality	Mercer Standard Retiree Pensioner Mortality rates 2005-2009	

24. Superannuation Schemes – continued

(c) The University of Adelaide Superannuation Scheme A 1985 Plan No 2 - continued

Sensitivity Analysis

The defined benefit obligation as at 31 December 2019 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to pension rate sensitivity. Scenario E and F relate to sensitivities on pension mortality.

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.25% pa lower pension increase rate assumption

Scenario D: 0.25% pa higher pension increase rate assumption

Scenario E: 10% lower pensioner mortality rate assumption

Scenario F: 10% higher pensioner mortality rate assumption

	Base Case	A	B	C	D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.25% pa pension increase rate	+0.25% pa pension increase rate
Discount rate	1.57%	1.07%	2.07%	1.57%	1.57%
Pension increase rate	2.00%	2.00%	2.00%	1.75%	2.25%
Defined benefit obligation [^] (\$'000)	23,546	25,174	22,069	22,699	24,417

	Base Case	E	F
		10% lower pensioner mortality rate	10% higher pensioner mortality rate
Pensioner mortality (MSRP [*])	100%	90%	110%
Defined benefit obligation [^] (\$'000)	23,546	24,633	22,555

[^] includes defined benefit contributions tax provision

^{*} Mercer Standard Retiree Pensioner Mortality rates 2005-2009

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The University is not aware of any asset and liability matching strategies adopted by the Plan.

Expected contributions

The expected employer contributions for the year ended 31 December 2020 are \$0.3 million (2019: \$0.3 million).

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation as at 31 December 2019 is 12 years.

Expected benefit payments for the financial year ending on	\$'000
31 December 2020	1,879
31 December 2021	1,178
31 December 2022	1,169
31 December 2023	1,387
31 December 2024	1,132
Following 5 years	5,421

24. Superannuation Schemes – continued

(d) State Government Superannuation Schemes

In 1991, employees of the City Campus of the South Australian College of Advanced Education and Roseworthy Agricultural College were transferred to the University. Their terms of appointment to the University protected their membership of the State Pension Scheme and State Lump Sum Scheme. The schemes are administered by Super SA on behalf of the South Australian Superannuation Board. The schemes provide defined benefits and are mainly unfunded. The only employer contributions made in 2019 were 3% of salaries, and remaining benefits are met on an emerging cost basis.

Under current arrangements, Super SA pays eligible members their benefit and is reimbursed by the University for the shortfall in the employer's contribution. The Commonwealth Government fully funds the University on an emerging costs basis for the costs and recovers the State's share of the cost directly from the State Government under a Commonwealth/State Agreement. The Agreement provides that the employer component of the superannuation benefits payable to former employees of the University who were members of one of the main State Schemes, be shared.

An actuarial assessment of the University's superannuation liability with respect to future benefits for current employees and pensioners was performed by Brett & Watson Pty Ltd (the actuary) as at 31 December 2019, using the Projected Unit Credit Method. The actuarial valuation was based on 30 June 2019 membership data which was projected to 31 December 2019. The present value of the defined benefit obligations has been calculated to be \$72.3 million (2018: \$67.8 million).

The actuary estimates that, as at 31 December 2019, using AASB 119 Employee Benefits assumptions there is an unfunded liability of \$68.1 million (2018: \$64.0 million). This represents an increase in liability of \$4.1 million since 31 December 2018.

The Commonwealth Government has agreed to provide assistance under Division 41-10 Item 6 of the Higher Education Support Act 2003 to meet the additional costs in respect of State Government emerging cost schemes, where costs are in excess of funding provided. The accounting methodology employed in these financial statements is in accordance with "Financial Statement Guidelines for Australian Higher Education Providers for 2019 Reporting Period" provided by the Department of Education. The accounting treatment employed is also consistent with the approach taken by other Australian Universities. Accordingly, total assets of \$72.3 million have been recorded as a "Deferred government superannuation contribution" which offsets the current and non-current liability for the State Government Superannuation Schemes recorded as "Defined Benefit Obligation".

Maturity Profile

The weighted average duration of the defined benefit obligation is 11.31 years (2018: 11.74 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined Benefit obligation 31 December 2019	4,543	4,515	13,233	63,863	86,154
Defined Benefit obligation 31 December 2018	4,512	4,419	13,266	67,678	89,875

Plan Assets

The analysis by each major asset category as a percentage of the fair value of the total plan assets at the balance sheet date is as follows:

	30 June 2019 (%)		30 June 2018 (%)	
	Active Market	Non-Active Market	Active Market	Non-Active Market
Australian Equities	22.5	-	26.5	-
International Equities	28.8	-	27.1	-
Property	2.8	14.4	2.4	13.9
Diversified Strategies Growth	-	16.6	0.7	13.2
Diversified Strategies Income	13.4	-	14.4	-
Inflation Linked Securities	0.0	-	0.7	0.2
Cash	1.5	-	0.9	-
Total	69.0	31.0	72.7	27.3

24. Superannuation Schemes – continued

(d) State Government Superannuation Schemes - continued

Reconciliation of the present value of the defined benefit obligation

	2019	2018
	\$000	\$000
Reconciliation of the Net Defined Benefit Liability/(Asset)		
Present value of defined benefit obligation at start of year	67,766	67,208
Current service costs	36	53
Interest cost	1,572	1,821
Actuarial (gains) / losses		
(a) Impact of changes in financial assumptions	7,002	2,605
(b) Experience items	110	24
Benefits and expenses paid	(4,167)	(3,945)
Present value of defined benefit obligations at end of year	<u>72,319</u>	<u>67,766</u>

Reconciliation of the fair value of the defined benefit plan assets

Fair value of Scheme assets at start of year	3,748	3,683
Interest income	90	101
Actual return on Scheme assets less interest income	420	(43)
Employer contributions	4,172	3,951
Benefits and expenses paid	(4,166)	(3,944)
Fair value of Scheme assets at end of year	<u>4,264</u>	<u>3,748</u>

Net Liability

Defined Benefit obligation	72,319	67,766
Fair value of scheme assets	(4,264)	(3,748)
Defined benefit fund net liability	<u>68,055</u>	<u>64,018</u>

Movement in Net Liability

Net superannuation liability/(asset) at start of year	64,018	63,524
Defined Benefit cost	1,518	1,772
Remeasurements	6,691	2,673
Employer contributions	(4,172)	(3,951)
Net superannuation liability/(asset) at end of year	<u>68,055</u>	<u>64,018</u>

24. Superannuation Schemes – continued

(d) State Government Superannuation Schemes - continued

Summary	Consolidated		University	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Deferred Government Superannuation Contribution				
Current asset	4,500	4,500	4,500	4,500
Non-current asset	67,819	63,266	67,819	63,266
	72,319	67,766	72,319	67,766
Defined Benefit Obligation				
Current liability	4,500	4,500	4,500	4,500
Non-current liability	67,819	63,266	67,819	63,266
	72,319	67,766	72,319	67,766

Major economic assumptions

The following major assumptions have been made in assessing the defined benefit superannuation liabilities as at balance date:

	2019	2018
Discount rate	1.4%	2.4%
Salary increase	4.0%	4.0%
Long term inflation	2.5%	2.5%
Expected return on plan assets	1.4%	2.4%

Sensitivity Analysis

The defined benefit obligation as at 31 December 2019 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to salary increase rate sensitivity.

Scenario E and F relate to sensitivities on pension increase assumptions.

Scenario A: Discount Rate Plus 0.5%

Scenario B: Discount Rate Less 0.5%

Scenario C: Salary Increase Rate Plus 0.5%

Scenario D: Salary Increase Rate Less 0.5%

Scenario E: Pension Increase Rate Plus 0.5%

Scenario F: Pension Increase Rate Less 0.5%

	Base Case	A	B	C
Present value of defined benefit obligation (\$'000)	72,319			
Defined benefit obligation (\$'000)		68,780	76,161	72,366
Change in Defined benefit obligation (%)		-4.9%	5.3%	0.1%

	Base Case	D	E	F
Present value of defined benefit obligation (\$'000)	72,319			
Defined benefit obligation (\$'000)		72,275	76,242	68,673
Change in Defined benefit obligation (%)		-0.1%	5.4%	-5.0%

24. Superannuation Schemes – continued

(e) Contributions	Note	2019 \$000	2018 \$000
The total employer contributions were:			
UniSuper Defined Benefit Division (UniSuper Defined Contribution Plan) or Accumulation Super 2		41,111	40,415
Accumulation Super 1		20,537	19,787
Super SA		52	52
State Government Superannuation Schemes (3%)		5	5
The University of Adelaide Superannuation Scheme A 1985 Plan No 2		13	34
Self-managed funds		80	93
		<u>61,798</u>	<u>60,386</u>

25. Disaggregation Information

The University predominantly operates in the field of higher education in Australia. Its primary activities are teaching and research. Income generated overseas from teaching and research activities is not so significant as to warrant disaggregation information disclosure.

26. Auditors' Remuneration

	Consolidated		University	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000

During the year, the following fees were paid for services provided by the auditors of the University and its Controlled Entities.

Audit of the Financial Statements

Fees paid to South Australian Auditor-General	316	308	316	308
Other auditors of controlled entities	52	58	-	-
	<u>368</u>	<u>366</u>	<u>316</u>	<u>308</u>

Other audit and assurance services

Other auditors of controlled entities	5	6	-	-
	<u>373</u>	<u>372</u>	<u>316</u>	<u>308</u>

Amounts paid or payable for other audit and assurance services relate to the provision of accounting services.

27. The University Council Members and Senior Management

(a) Names of the University Council Members and Senior Management

University Council Members

Ex officio	Rathjen AO, Professor Peter	
	Scarce AC CSC RAN (Rtd), Rear Admiral The Hon Kevin Williams, Professor John	term ended 31/12/2019
	Branson AC QC, The Hon Catherine Hill, Mr David	re-appointed 1/1/2019
Appointed	Finlay, Ms Janet	appointed 5/2/2019
	Locher, Ms Christine	re-appointed 1/5/2019
	Presser, Ms Kathryn	re-appointed 1/6/2019
Elected Staff	Abell, Professor Andrew	re-elected 6/3/2019
	Coleman, Mr Lachlan	re-elected 6/3/2019
Elected Graduates	Andrew, Dr Martin	
Students	Kennewell, Mr Patrick	elected 10/4/2019
	Matthews, Dr Richard	
	Reschke, Mr Michael	ceased 1/2/2019

University Senior Management

Beaumont, Dr Nicole	
Brooks, Professor Mike	
Burt, Professor Alastair	ceased 1/3/2019
Cromar, Professor Nancy	ceased 2/7/2019
Davis, Ms Inga	
Deegan, Ms Virginia	
Falkner, Professor Katrina	commenced 28/10/2019
Jones, Professor Keith	
Kile, Professor Benjamin	commenced 8/10/2019
Levy, Professor Phillipa	
Liebelt, Professor Michael	
Lindsay, Professor Noel	ceased 1/2/2019
Lines, Mr Bruce	
Middelberg, Professor Anton	
Mitchell, Mr Tony	
Quester, Professor Pascale	
Rathjen AO, Professor Peter	
Rodda, Dr Stephen	commenced 1/4/2019
Ryan, Ms Elysia	
Shaw, Professor Jennifer	
Williams, Professor John	
Wright, Ms Bev	
Zannettino, Professor Andrew	commenced 4/3/2019, ceased 4/10/2019

2019 2018
\$000 \$000

27. The University Council Members and Senior Management - continued

(b) Remuneration of the University Council Members and Senior Management

University Council Members

Total remuneration paid to members of Council, or members of its standing committees for the financial year in their role as councillor or members of those committees, is shown below in their relevant bands. Some members of Council are employees of the University or were contractors of the University, and as such receive remuneration in the course of their employment with the University.

	\$	\$	Number	Number
	NIL		13	19
	30,000	- 44,999	-	1
	45,000	- 59,999	1	-
			<u>14</u>	<u>20</u>

The University paid the travel and accommodation costs of some University Council Members to enable attendance at Council meetings during the year. All costs were incurred on normal commercial terms.

University Senior Management

Short-term employee benefits	7,114	6,878
Other long-term benefits	1,047	1,001
Termination benefits	52	382
Total senior management personnel compensation	<u>8,213</u>	<u>8,261</u>

	\$	\$	Number	Number
	145,000	- 159,999	1	2
	205,000	- 219,999	1	-
	220,000	- 234,999	1	1
	235,000	- 249,999	-	1
	265,000	- 279,999	-	1
	280,000	- 294,999	1	-
	310,000	- 324,999	1	-
	325,000	- 339,999	1	3
	340,000	- 354,999	2	1
	355,000	- 369,999	1	1
	370,000	- 384,999	2	1
	385,000	- 399,999	-	1
	400,000	- 414,999	1	1
	415,000	- 429,999	2	2
	445,000	- 459,999	1	-
	535,000	- 549,999	1	1
	550,000	- 564,999	1	1
	565,000	- 579,999	-	1
	580,000	- 594,999	1	-
	595,000	- 609,999	-	1
	1,045,000	- 1,059,999	-	1
	1,090,000	- 1,104,999	1	-
			<u>19</u>	<u>20</u>

The Department of Education and Training Guidelines specify that senior management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the whole University, directly or indirectly, including any director (whether executive or otherwise) of the University.

Remuneration is based upon the total remuneration package which includes employer and employee (pre tax) superannuation contributions and termination payments, due and receivable, by senior managers from the University while holding a University senior management position. Only senior managers with remuneration in excess of one hundred and thirty thousand have been included in salary bands.

28. Financial Instruments

(a) Interest Rate Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into interest rate swaps, futures contracts, interest rate options and other forms of agreements to manage cash flow risks associated with the interest rates on investments that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

The Consolidated Entity has entered into forward start interest rate swaps to manage its interest rate exposures on borrowings for its North Terrace Development Strategy. Further details are contained in Note 9.

		Floating	Fixed Maturity Dates					Non-	Total	
		Interest	Less	1-2	2-3	3-4	4-5	5+	Interest	
		Rate	than 1	years	years	years	years	years	Bearing	
			year							
	Note	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2019										
Financial Assets										
Cash & Cash Equivalents	6	37,441	-	-	-	-	-	-	394	37,835
Receivables	7	-	-	-	-	-	-	-	35,268	35,268
Other Financial Assets	8, 11	-	33,276	-	-	-	-	-	390,514	423,790
		37,441	33,276	-	-	-	-	-	426,176	496,893
Financial Liabilities										
Derivative Financial Instruments	9	-	-	-	-	-	-	-	12,972	12,972
Payables	14	-	-	-	-	-	-	-	87,530	87,530
Borrowings	15	-	34,995	14,922	14,710	13,221	8,861	34,791	10	121,510
		-	34,995	14,922	14,710	13,221	8,861	34,791	100,512	222,012

28. Financial Instruments - continued

		Floating	Fixed Maturity Dates					Non-	Total	
		Interest	Less	1-2	2-3	3-4	4-5	5+	Interest	
		Rate	than 1	years	years	years	years	years	Bearing	
			year							
Note		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2018										
Financial Assets										
Cash & Cash Equivalents	6	37,780	-	-	-	-	-	-	308	38,088
Receivables	7	-	-	-	-	-	-	-	25,161	25,161
Other Financial Assets	8, 11	-	15,000	-	-	-	-	-	327,064	342,064
		<u>37,780</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,533</u>	<u>405,313</u>
Financial Liabilities										
Derivative Financial Instruments	9	-	-	-	-	-	-	-	11,728	11,728
Payables	14	-	-	-	-	-	-	-	81,734	81,734
Borrowings	15	-	5,000	7,500	7,500	7,500	5,250	44,750	10	77,510
		<u>-</u>	<u>5,000</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>5,250</u>	<u>44,750</u>	<u>93,472</u>	<u>170,972</u>

28. Financial Instruments - continued

(b) Foreign Exchange Risk

The Consolidated Entity has placed its investments in a portfolio managed by independent investment managers. The fund managers may enter into forward foreign currency exchange contracts to hedge overseas fixed interest securities and a portion of overseas equities. The terms of the hedge contracts are usually less than three months.

The Consolidated Entity has entered into foreign currency swaps to manage foreign currency exposures on capital expenditure and library subscriptions. Further details are contained in Note 3(m).

(c) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted.

(i) On Statement of Financial Position financial instruments

The credit risk on financial assets recognised in the Statement of Financial Position is the carrying amount of those assets, net of any allowances for losses.

The credit risk relating to receivables is limited as it consists of a large number of customers across different industries and sectors, including a significant amount owing from Government customers with minimal credit risk. The credit risk relating to cash holdings and investments is limited as the counterparties are banks and investment managers with high credit ratings assigned by international credit-rating agencies.

(ii) Off Statement of Financial Position financial instruments

The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

(d) Liquidity Risk

Liquidity risk is managed through maintaining a minimum level of readily accessible funds, by continuously monitoring forecast and actual cash flows, in line with the University's Liquidity Risk Management Policy.

(e) Fair Values of Financial Assets and Financial Liabilities

Fair values of financial assets and financial liabilities are determined by the Consolidated Entity on the following basis:

(i) On Statement of Financial Position financial instruments

The Consolidated Entity has placed its investments in a portfolio managed by independent managers. Listed shares and equities included within these investments are traded in an organised financial market by the fund managers. The Consolidated Entity values these investments at current market value.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

Bank term deposits, accounts receivable, accounts payable and bank loans are carried at nominal value which approximates fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

(ii) Off Statement of Financial Position financial instruments

The reporting entity and its controlled entities do not possess or trade any off Statement of Financial Position financial instruments.

29. Fair Value Measurements

(a) Fair value measurements

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

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

The carrying amounts and aggregate fair values of financial assets and liabilities at the end of the reporting period are:

		Carrying Amount		Fair Value	
		2019	2018	2019	2018
		\$000	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents	6	37,835	38,088	37,835	38,088
Receivables	7	35,268	25,161	35,268	25,161
Investments using the equity method	11	116	266	116	266
Other financial assets at amortised cost	8	33,276	16,222	33,276	16,222
Other financial assets at fair value through profit or loss	8	330,096	287,681	330,096	287,681
Investments in equity instruments designated at fair value through other comprehensive income	8	60,302	37,895	60,302	37,895
Total financial assets		496,893	405,313	496,893	405,313
Financial liabilities					
Payables	14	87,530	81,734	87,530	81,734
Borrowings	15	121,510	77,510	121,510	77,510
Derivative Financial Instruments	9	12,972	11,728	12,972	11,728
Total financial liabilities		222,012	170,972	222,012	170,972

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Investments in equity instruments designated at fair value through other comprehensive income
- Investments using the equity method
- Derivative financial instruments
- Other financial assets
- Land and buildings
- Library collection
- Works of art
- Borrowings

The Consolidated Entity has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair value hierarchy

The Consolidated Entity categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement.

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)

29. Fair Value Measurements - continued

(i) Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2019.

Fair Value measurements at 31 December 2019		2019	Level 1	Level 2	Level 3
	Note	\$'000	\$'000	\$'000	\$'000
Financial assets					
Other financial assets at amortised cost	8	33,276	33,276	-	-
Other financial assets at fair value through profit or loss	8	330,096	-	330,096	-
Investments in equity instruments designated at fair value through other comprehensive income	8	60,302	-	-	60,302
Investments using the equity method	11	116	-	-	116
Total recurring financial assets		423,790	33,276	330,096	60,418
Non-financial assets					
Library collection	12	9,904	-	-	9,904
Other land and buildings	12	355,856	-	342,913	12,943
Trust land and buildings	12	1,086,887	-	6,406	1,080,481
Works of art	12	8,542	-	8,542	-
Total recurring non-financial assets		1,461,189	-	357,861	1,103,328
Financial liabilities					
Borrowings	15	121,510	-	121,510	-
Derivative financial instruments	9	12,972	-	12,972	-
Total liabilities		134,482	-	134,482	-
Fair Value measurements at 31 December 2018					
Recurring fair value measurements					
	Note	2018	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Other financial assets at amortised cost	8	16,222	16,222	-	-
Other financial assets at fair value through profit or loss	8	287,681	-	287,681	-
Investments in equity instruments designated at fair value through other comprehensive income	8	37,895	-	-	37,895
Investments using the equity method	11	266	-	-	266
Total financial assets		342,064	16,222	287,681	38,161
Non-financial assets					
Library collection	12	10,815	-	-	10,815
Other land and buildings	12	342,731	-	342,731	-
Trust land and buildings	12	968,933	-	-	968,933
Works of art	12	8,524	-	8,524	-
Total non-financial assets		1,331,003	-	351,255	979,748
Financial liabilities					
Borrowings	15	77,510	-	77,510	-
Derivatives financial instruments	9	11,728	-	11,728	-
Total financial liabilities		89,238	-	89,238	-

29. Fair Value Measurements - continued

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

For transfers in and out of level 3 measurements see (d) below.

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of the reporting period (level 1). This is the most representative of fair value in the circumstances.

The fair values of other financial assets (term deposits) that are disclosed in note 8 were determined by reference to published price quotations in an active market (level 1).

The carrying value less impairment provision of trade receivables is a reasonable approximation of the fair value due to the short-term nature of trade receivables.

The fair value of non-current borrowings disclosed in note 15 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2019, the borrowing rates were determined to be between 1.8% and 2.1%, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

(c) Valuation techniques used to derive level 2 and level 3 fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and investments using the equity method.

The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and investments using the equity method explained in (d) below.

29. Fair Value Measurements - continued

(d) Fair value measurements using significant unobservable inputs (level 3)

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

Level 3 Fair Value Measurements 2019

	Trust Land and Buildings \$'000	Other Land and Buildings \$'000	Investments Using the Equity Method \$'000	Unlisted Equity Investments \$'000	Library Collection \$'000	Total \$'000
Opening balance	968,933	-	266	37,895	10,815	1,017,909
Acquisitions	29,027	11,297	-	615	441	41,380
Disposals	-	-	-	-	-	-
Recognised in Net operating result	(22,224)	(167)	-	-	(1,352)	(23,743)
Recognised in other comprehensive income	104,745	1,813	(150)	21,792	-	128,200
Closing balance	1,080,481	12,943	116	60,302	9,904	1,163,746

Level 3 Fair Value Measurements 2018

Opening balance	952,385	-	1,460	27,851	11,960	993,656
Effect of adoption of new accounting standards	-	-	-	1,152	-	1,152
Restated balance as at 1 January 2018	952,385	-	1,460	29,003	11,960	994,808
Acquisitions	37,097	-	-	180	198	37,475
Disposals	-	-	(11)	(577)	(14)	(602)
Recognised in Net operating result	(20,549)	-	-	-	(1,329)	(21,878)
Reclassification to unlisted equity investments	-	-	(1,178)	-	-	(1,178)
Recognised in other comprehensive income	-	-	(5)	9,289	-	9,284
Closing balance	968,933	-	266	37,895	10,815	1,017,909

(i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between levels 2 and 3 during the year. There were no changes in valuation techniques during the year.

29. Fair Value Measurements - continued

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair value at 31 Dec 2019 \$'000	Un-observable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investments using the equity method	116	Earnings growth factor	2.0% - 3.0% (2.5%)	Increased earnings growth factor of 1% would increase fair value by \$1,200; lower growth factor of 1% would decrease fair value by \$1,200.
Unlisted Equity Investments	60,302	Earnings growth factor	2.0% - 3.0% (2.5%)	Increased earnings growth factor of 1% would increase fair value by \$603,000; lower growth factor of 1% would decrease fair value by \$603,000.
Library Collection	9,904	Price of bound books	4.0% - 5.0% (4.5%)	The higher the price of bound books, the higher the fair value, with a 1% increase increasing the library collection value by \$99,000. A decrease of 1% will decrease the fair value by \$99,000.

(iii) Valuation processes

The Finance and Procurement Branch of the Consolidated Entity includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

The Consolidated Entity engages external, independent and qualified valuers to determine the fair value of the other land and buildings at least every three years. As at 31 December 2019, the fair values of the land and buildings were determined by AssetVal Pty Ltd.

Trust buildings have been valued using the depreciated replacement cost (DRC) method, where DRC is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of the already consumed or expired service potential / estimated remaining useful life of the asset.

Land and other buildings have been valued using the direct comparison approach, which determines the current value of an asset by reference to recent comparable transactions involving the sale of similar assets. Adjustments are subsequently made for specific attributes including, but not limited to, size, topography, zoning and restrictions of use for Trust land to determine the value of the subject property.

30. Investments in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 3(b).

Controlled Entity	Holding		Investment at Fair Value		Investment at Cost		Contribution to Operating Result	
	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	\$000	\$000	\$000	\$000	\$000	\$000
The Adelaide Research & Innovation Investment Trust	100	100	197	209	-	-	(12)	(67)
ACN 008 123 466 Pty Ltd	100	100	-	-	50	50	(37)	(44)
Adelaide Unicare Pty Ltd	100	100	10,864	11,373	-	-	(1,801)	(24)
Australian Advanced Materials Manufacturing Pty Ltd	100	100	2	3	-	-	(1)	3
Australian Centre for Plant Functional Genomics Pty Ltd	100	100	149	203	-	-	(54)	6
Martindale Holdings Pty Ltd as trustee for:								
· JS Davies Estate	83	83	-	-	-	-	-	-
· Roseworthy Farm	100	100	2,021	1,816	-	-	282	162
National Wine Centre Pty Ltd	100	100	1,173	1,002	-	-	171	9
Roseworthy Piggery Pty Ltd	-	-	-	-	-	-	-	-
The Women's and Children's Health Research Institute	-	-	-	-	-	-	-	-
			14,406	14,606	50	50	(1,452)	45

All of the above controlled entities are incorporated in Australia.

Controlled Entity	Principal Activities
The Adelaide Research & Innovation Investment Trust	The University commercial arm that connects the community with a network of University of Adelaide researchers for purpose of research, development and innovation. The connection extends to commercialisation of the research developed. The Adelaide Research & Innovation Investment Trust continues to operate to complete existing commercial contracts, with a view to dissolution of the entity at the expiry of those existing contracts.
ACN 008 123 466 Pty Ltd	Non-operating entity previously Reformed Pty Ltd. Shares transferred to the University during 2016 from The Adelaide Research & Innovation Investment Trust.
Adelaide Unicare Pty Ltd	Manages the activities and operations of medical practices to provide placements for the teaching of medical students from the University of Adelaide. The practices provide quality general medical care to students, staff and the public.
Australian Advanced Materials Manufacturing Pty Ltd	Established to provide an advanced 3D printing facility operating as a metal additive manufacturing centre available on a commercial basis. The University of Adelaide acquired the shares in Australian Advanced Materials Manufacturing Pty Ltd on 8 May 2018.
Australian Centre for Plant Functional Genomics Pty Ltd	Responsible for the development of world-class capability in plant genomic research and its application for economic and social benefit to Australia. The Australian Centre for Plant Functional Genomics Pty Ltd became a controlled entity of the University effective 15 May 2017 and continues to operate to complete existing commercial contracts, with a view to deregistration of the company at the expiry of those existing contracts.
Martindale Holdings Pty Ltd as trustee for:	Trustee Company for the following:
· JS Davies Estate	Established to operate farming properties that were bequeathed to the University of Adelaide and Prince Alfred College. This venture is no longer operating.
· Roseworthy Farm	Manages the broadacre farm operations at the University Roseworthy Campus.
National Wine Centre Pty Ltd	Operates the National Wine Centre complex undertaking banquets, events, conference space & wine tourism, and other catering operations as directed by the University of Adelaide.
Roseworthy Piggery Pty Ltd	Established to manage the piggery located on the Roseworthy Campus. Effective 25 October 2017, the net assets and operations of the Roseworthy Piggery Pty Ltd were transferred to the University of Adelaide and the Roseworthy Piggery Pty Ltd was deregistered on 20 April 2018.
The Women's and Children's Health Research Institute	Medical research institute investing in research towards improving the health of women and children, focussed on maternal and child nutrition, diseases of the blood and immune system and the development and repair of the digestive system, skull and skin. Effective 15 December 2017, the investment assets of The Women's and Children's Health Research Institute were donated to the University and the Women's and Children's Health Research Institute was deregistered on 21 June 2018.

31. Related Parties

(a) Parent entity

The ultimate parent entity within the group is the University of Adelaide.

(b) Controlled entities

Investments in controlled entities are detailed in Note 30.

(c) Council members and senior management

Disclosures relating to the University Council Members and Senior Management are detailed in Note 27.

(d) Councillor and senior management related transactions

Certain councillors and senior management are members of incorporated and unincorporated associations that are an integral part of the University. Transactions between these bodies, the University council members and senior management, in respect of services provided to council members and senior management, are trivial in nature.

Certain council members and senior management hold positions and interests in entities that provide goods and services to the University and its subsidiaries. The provision of these goods and services is on normal trading terms.

A review of identified related party transactions found that they were immaterial within the context of the University of Adelaide's financial statements. Further, all identified related party transactions occurred on terms and conditions similar to those applying to third party entities, and also occurred during the course of the University delivering on its objectives.

(e) Outstanding balances

A review of identified outstanding balances to or from related parties found that they were immaterial within the context of the University of Adelaide's financial statements. No provision for impaired receivables has been raised in relation to any outstanding balances due from related parties.

(f) Students at The University of Adelaide

From time to time, Council members will have members of their immediate family who are students at the University. Unless specifically stated within the financial statements, such students are subject to the same fee structure and scholarships as any other students. This also applies to members of Council who are enrolled as students.

(g) Employees of The University of Adelaide

From time to time, Council members will have members of their immediate family who are employees of the University. Unless specifically stated within the financial statements, such employees are subject to the same remuneration structures as any other employees.

The following information being Note 32 to Note 37 has been prepared in accordance with the Department of Education reporting guidelines.

32. Income Statement for the Year Ended 31 December 2019

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
REVENUE FROM CONTINUING OPERATIONS					
Australian Government financial assistance	33(f)	497,041	504,470	497,041	504,470
State and Local Government financial assistance	35	21,277	20,393	20,785	19,912
HECS-HELP - Student Payments	4	8,862	9,930	8,862	9,930
Fees and charges	36	301,536	268,135	301,115	267,737
Investment income		47,843	13,708	47,871	14,009
Royalties, trademarks and licenses	4	4,595	6,027	4,595	6,027
Consultancy and contracts	37	57,104	61,644	57,050	60,643
Net gain on disposal of assets	4	-	497	-	-
Other revenue		52,980	48,633	34,461	32,374
Total revenue from continuing operations		991,238	933,437	971,780	915,102
EXPENSES FROM CONTINUING OPERATIONS					
Salaries and related expenses	5	543,545	516,752	534,368	507,361
Depreciation and amortisation	5	76,603	62,912	76,211	62,491
Buildings and grounds	5	53,633	65,465	52,542	64,461
Bad and doubtful debts	5	856	132	856	132
Finance costs	5	6,367	4,960	6,367	4,960
Net unrealised loss on endowment fund investments designated as fair valued through profit or loss	5	-	14,753	-	14,753
Scholarships, grants and prizes		41,528	43,692	41,528	43,692
Non-capitalised equipment	5	10,298	11,187	10,298	11,187
Advertising, marketing and promotional expenses		7,469	5,831	7,239	5,638
Net losses on disposal of assets	5	1,354	-	1,354	169
Write down of land to recoverable amount	5	-	3,300	-	3,300
Other expenses		209,067	208,743	198,980	200,781
Total expenses from continuing operations		950,720	937,727	929,743	918,925
Net operating result for the year		40,518	(4,290)	42,037	(3,823)

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
33. Australian Government Financial Assistance					
(a) Education - Commonwealth Grants Scheme and Other Education Grants					
	34(a)				
Commonwealth Grants Scheme		168,793	165,933	168,793	165,933
Teaching Hospitals Grant		1,081	1,069	1,081	1,069
Indigenous Student Success Program		-	1,200	-	1,200
Higher Education Participation and Partnership Program		2,481	2,563	2,481	2,563
Disability Support Program		37	43	37	43
		172,392	170,808	172,392	170,808
(b) Higher Education Loan Programmes					
	34(b)				
HECS-HELP		108,666	105,464	108,666	105,464
FEE-HELP		9,828	10,427	9,828	10,427
SA-HELP		3,296	3,225	3,296	3,225
		121,790	119,116	121,790	119,116
(c) Department of Education and Research					
	34(c)				
Research Training Programs		46,229	46,899	46,229	46,899
Research Support Program		39,133	41,261	39,133	41,261
		85,362	88,160	85,362	88,160
(d) Other Capital Funding					
	34(d)				
Linkage Infrastructure, Equipment and Facilities grant		1,466	1,225	1,466	1,225
		1,466	1,225	1,466	1,225
(e) Australian Research Council					
(i) Discovery					
	34(e)				
Projects		9,116	9,870	9,116	9,870
Fellowships		7,713	8,031	7,713	8,031
Indigenous Researchers Development		344	450	344	450
		17,173	18,351	17,173	18,351
(ii) Linkages					
	34(e)				
Projects		2,089	2,256	2,089	2,256
Industrial Transformation Research Program		1,751	2,267	1,751	2,267
		3,840	4,523	3,840	4,523
(iii) Networks and Centres					
	34(e)				
Centres		1,782	3,610	1,782	3,610
		1,782	3,610	1,782	3,610
Total ARC		22,795	26,484	22,795	26,484

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
33. Australian Government Financial Assistance - continued					
(f) Other Australian Government financial assistance received:					
Non-Capital					
Attorney General's Department		302	519	302	519
Australian Centre for International Agricultural Research		1,911	3,631	1,911	3,631
Australian Renewable Energy Agency		1,262	2,187	1,262	2,187
CSIRO		606	1,039	606	1,039
Defence, Science and Technology Organisation		4,672	4,929	4,672	4,929
Department of Agriculture and Water Resources		7,157	7,910	7,157	7,910
Department of Communications and Arts		200	297	200	297
Department of Defence		2,459	2,038	2,459	2,038
Department of Education and Training		8,490	10,365	8,490	10,365
Department of the Environment and Energy		272	89	272	89
Department of Families, Housing, Community Services and Indigenous Affairs		2,023	475	2,023	475
Department of Foreign Affairs and Trade		2,151	301	2,151	301
Department of Health		13,182	12,736	13,182	12,736
Department of the Prime Minister and Cabinet		1,242	-	1,242	-
Department of Industry, Innovation and Science		1,944	1,624	1,944	1,624
Department of Veterans' Affairs		84	1,658	84	1,658
Grains Research & Development Corporation		15,213	18,000	15,213	18,000
National Health & Medical Research Council		28,089	30,591	28,089	30,591
Other		1,977	288	1,977	288
		93,236	98,677	93,236	98,677
Reconciliation					
Australian Government grants		375,251	385,354	375,251	385,354
Higher Education Loan Programmes		121,790	119,116	121,790	119,116
		497,041	504,470	497,041	504,470
(g) Australian Government grants received - cash basis					
CGS and Other Education Grants	34(a)	172,461	171,002	172,461	171,002
Higher Education Loan Programmes	34(b)	122,324	120,532	122,324	120,532
Education Research	34(c)	85,362	88,160	85,362	88,160
Other Capital Funding	34(d)	1,638	1,225	1,638	1,225
ARC Grants - Discovery	34(e)	17,371	18,351	17,371	18,351
ARC Grants - Linkages	34(e)	4,083	4,523	4,083	4,523
ARC Grants - Networks and Centres	34(e)	3,679	3,610	3,679	3,610
Other Australian Government Grants		100,711	97,229	100,711	97,229
		507,629	504,632	507,629	504,632
OS-Help (Net)	34(f)	(205)	(70)	(205)	(70)
Higher Education Superannuation	34(f)	3,907	3,818	3,907	3,818
		511,331	508,380	511,331	508,380

34. Acquittal of Australian Government Financial Assistance

(a) Education - Commonwealth Grants Scheme and Other Education Grants

Parent Entity (University) Only

	Notes	Commonwealth Grants Scheme		Teaching Hospitals Grant		Indigenous Student Success Program		Higher Education Participation Program		Disability Support Program	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period		168,885	166,127	1,081	1,069	-	1,200	2,458	2,563	37	43
Net adjustments		(92)	(194)	-	-	-	-	23	-	-	-
Revenue for the period	33(a)	168,793	165,933	1,081	1,069	-	1,200	2,481	2,563	37	43
Surplus/(Deficit) from the previous year		-	-	-	-	174	81	-	-	-	6
Total revenue including accrued revenue		168,793	165,933	1,081	1,069	174	1,281	2,481	2,563	37	49
Less expenses including accrued expenses		168,793	165,933	1,081	1,069	-	1,107	2,481	2,563	37	49
Surplus/(Deficit) for the reporting period		-	-	-	-	174	174	-	-	-	-

34. Acquittal of Australian Government Financial Assistance - continued

(a) Education - Commonwealth Grants Scheme and Other Education Grants

Parent Entity (University) Only

	Notes	Promotion of Excellence in Learning & Teaching Program		Reward Funding Program		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	-	-	-	-	172,461	171,002
Net adjustments			-		-	(69)	(194)
Revenue for the period	33(a)	-	-	-	-	172,392	170,808
Surplus/(Deficit) from the previous year		74	549	-	463	248	1,099
Total revenue including accrued revenue		74	549	-	463	172,640	171,907
Less expenses including accrued expenses		74	475		463	172,466	171,659
Surplus/(Deficit) for the reporting period		-	74	-	-	174	248

34. Acquittal of Australian Government Financial Assistance - continued

(b) Higher Education Loan Programmes

Parent Entity (University) Only

	Notes	HECS-HELP		FEE-HELP		SA-HELP		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Cash Payable/(Receivable) at beginning of year		(259)	(1,805)	(95)	34	2	3	(352)	(1,768)
Financial assistance received in cash during the reporting period	33(g)	109,357	107,010	9,671	10,298	3,296	3,224	122,324	120,532
Cash available for period		109,098	105,205	9,576	10,332	3,298	3,227	121,972	118,764
Revenue earned	33(b)	108,666	105,464	9,828	10,427	3,296	3,225	121,790	119,116
Cash Payable/(Receivable) at end of year		432	(259)	(252)	(95)	2	2	182	(352)

34. Acquittal of Australian Government Financial Assistance - continued

(c) Department of Education and Research

Parent Entity (University) Only

	Notes	Research Training Program		Research Support Program		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	46,229	46,899	39,133	41,261	85,362	88,160
Net adjustments		-	-	-	-	-	-
Revenue for the period	33(c)	46,229	46,899	39,133	41,261	85,362	88,160
Surplus/(Deficit) from the previous year		-	-	-	-	-	-
Total revenue including accrued revenue		46,229	46,899	39,133	41,261	85,362	88,160
Less expenses including accrued expenses		46,229	46,899	39,133	41,261	85,362	88,160
Surplus/(Deficit) for the reporting period		-	-	-	-	-	-

Total Higher Education Provider Research Training Program expenditure

	Total domestic students \$000	Total overseas students \$000	Total students \$000
Research Training Program Fees offsets	32,105	1,502	33,607
Research Training Program Fees Stipends	12,585	-	12,585
Research Training Program Fees Allowances	37	-	37
Total for all types of support	44,727	1,502	46,229

34. Acquittal of Australian Government Financial Assistance - continued

(d) Other Capital Funding

Parent Entity (University) Only

	Notes	Teaching and Learning Capital Fund		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	1,638	1,225	1,638	1,225
Net adjustments		(172)	-	(172)	-
Revenue for the period	33(d)	1,466	1,225	1,466	1,225
Surplus/(Deficit) from the previous year		565	999	565	999
Total revenue including accrued revenue		2,031	2,224	2,031	2,224
Less expenses including accrued expenses		1,002	1,659	1,002	1,659
Surplus/(Deficit) for the reporting period		1,029	565	1,029	565

34. Acquittal of Australian Government Financial Assistance - continued

(e) Australian Research Council Grants - Discovery

Parent Entity (University) Only

	Notes	Projects		Fellowships		Indigenous Researchers Development		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	10,790	9,870	6,449	8,031	132	450	17,371	18,351
Net adjustments		(1,674)	-	1,264	-	212	-	(198)	-
Revenue for the period	33(e)	9,116	9,870	7,713	8,031	344	450	17,173	18,351
Surplus/(Deficit) from the previous year		8,151	7,844	8,468	9,154	318	166	16,937	17,164
Total revenue including accrued revenue		17,267	17,714	16,181	17,185	662	616	34,110	35,515
Less expenses including accrued expenses		9,307	9,563	6,956	8,717	352	298	16,615	18,578
Surplus/(Deficit) for the reporting period		7,960	8,151	9,225	8,468	310	318	17,495	16,937

34. Acquittal of Australian Government Financial Assistance - continued

(e) Australian Research Council Grants - Linkages

Parent Entity (University) Only

	Notes	Projects		Industrial Transformation Research Program		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	1,534	2,256	2,549	2,267	4,083	4,523
Net adjustments		555	-	(798)	-	(243)	-
Revenue for the period	33(e)	2,089	2,256	1,751	2,267	3,840	4,523
Surplus/(Deficit) from the previous year		1,453	1,865	3,586	3,739	5,039	5,604
Total revenue including accrued revenue		3,542	4,121	5,337	6,006	8,879	10,127
Less expenses including accrued expenses		2,168	2,668	1,922	2,420	4,090	5,088
Surplus/(Deficit) for the reporting period		1,374	1,453	3,415	3,586	4,789	5,039

34. Acquittal of Australian Government Financial Assistance - continued

(e) Australian Research Council Grants - Networks and Centres

Parent Entity (University) Only

	Notes	Centres		Total	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
Financial assistance received in cash during the reporting period	33(g)	3,679	3,610	3,679	3,610
Net adjustments		(1,897)	-	(1,897)	-
Revenue for the period	33(e)	1,782	3,610	1,782	3,610
Surplus/(Deficit) from the previous year		1,375	257	1,375	257
Total revenue including accrued revenue		3,157	3,867	3,157	3,867
Less expenses including accrued expenses		2,118	2,492	2,118	2,492
Surplus/(Deficit) for the reporting period		1,039	1,375	1,039	1,375

34. Acquittal of Australian Government Financial Assistance - continued

(f) Other Australian Government Financial Assistance

OS HELP			
	Notes	2019 \$000	2018 \$000
Cash received during the reporting period		5,707	6,414
Cash spent during the reporting period		5,912	6,484
Net Cash received	33(g)	(205)	(70)
Surplus/(Deficit) from the previous year		(305)	(235)
Surplus/(Deficit) for the reporting period		(510)	(305)

Higher Education Superannuation			
	Notes	2019 \$000	2018 \$000
Cash received during the reporting period		3,907	3,818
University contribution in respect of current employees		-	-
Cash available	33(g)	3,907	3,818
Surplus/(Deficit) from the previous year		195	261
Cash available for current period		4,102	4,079
Contributions to specified defined benefit funds		4,065	3,884
Surplus/(Deficit) for the reporting period		37	195

Student Services and Amenities Fee			
	Notes	2019 \$000	2018 \$000
Unspent/(overspent) revenue from previous period		6,738	6,508
SA-HELP Revenue earned	33(b)	3,296	3,225
Student Services Fees direct from Students	36	3,333	3,386
Total revenue expendable in period		13,367	13,119
Student Services expenses during period		6,617	6,381
Unspent/(overspent) Student Services Revenue		6,750	6,738

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
35. State and Local Government Financial Assistance					
(a) South Australian Government and Local Government financial assistance					
Non-Capital					
Attorney-General's Department		276	249	276	249
Central Adelaide Local Health Network		4,889	6,346	4,889	6,346
Department of Treasury and Finance		218	356	218	356
Department of Health and Wellbeing		2,641	1,811	2,641	1,811
Department for Environment, Water and Natural Resources		2,097	1,886	2,097	1,886
Department for Planning, Transport and Infrastructure		273	965	273	965
Department of Primary Industries and Regions		1,183	696	1,183	696
Department for Innovation and Skills		3,740	3,169	3,740	3,169
Department of the Premier and Cabinet		893	171	893	171
Motor Accident Commission		1	767	1	767
Northern Adelaide Local Health Network		985	1,101	985	1,101
SafeWork SA		112	199	112	199
Southern Yorke Peninsula Health Service		492	481	-	-
Other		1,791	992	1,791	992
Total South Australian Government and Local Government financial assistance		19,591	19,189	19,099	18,708
(b) Other State Government and Local Government financial assistance		1,686	1,204	1,686	1,204
Total State and Local Government financial assistance	32	21,277	20,393	20,785	19,912

	Note	Consolidated		University	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
36. Fees and Charges					
Course fees and charges					
Student fee income	4	270,191	238,209	270,191	238,209
Non-course fees and charges					
Student services and amenities fees	4	3,333	3,386	3,333	3,386
Library charges and fines	4	184	295	184	295
Application management and late fees	4	6,747	5,832	6,747	5,832
Parking fees	4	2,210	2,157	2,210	2,157
Rental charges/accommodation fees	4	10,230	10,231	9,809	9,833
Recharge of costs to other organisations	4	599	469	599	469
Other		8,042	7,556	8,042	7,556
		301,536	268,135	301,115	267,737
37. Consultancy and Contract Revenue					
Consultancy	4	9,066	7,720	9,066	7,720
Contract research		48,038	53,924	47,984	52,923
		57,104	61,644	57,050	60,643