

Accounting Policies Policy: Appendix 1 Accounting Policies Register V2.0 Release date 5 August 2019

This Accounting Policies Register details the Accounting Policies currently adopted by the University and its controlled entities, in accordance with the Accounting Policies Policy.

General Principles	Accounting Policy Statement
Functional currency	<ul style="list-style-type: none"> The functional currency of the University and its controlled entities is the Australian dollar.
Historical cost convention	<ul style="list-style-type: none"> Financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment.
Foreign currency transactions and balances	<ul style="list-style-type: none"> Foreign currency transactions are translated into Australian currency at rates of exchange prevailing at the dates of the transactions. Foreign currency cash balances, as well as amounts receivable and amounts payable in foreign currency at the reporting date, are translated at the rates prevailing on that date, with exchange differences brought to account as exchange gains or losses in the income statement.
Income Tax Exemptions	<ul style="list-style-type: none"> Macquarie University and its subsidiaries have received an endorsement by the Australian Taxation Office to access the income tax exemption from 1st July 2000 under the Income Tax Assessment Act 1997, with the exception of Macquarie University Property Investment Company.
Goods and Services Tax (GST) [Int 1031]	<ul style="list-style-type: none"> Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the GST incurred is not recoverable from the Australian Taxation 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 with other receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.
Materiality [AASB 101]	Each material class of similar items shall be presented separately in the financial report.
Offsetting [AASB 101]	<ul style="list-style-type: none"> Assets and liabilities, and income and expenses, must not be offset unless required or permitted by an Australian Accounting Standard. The following offsets are permitted: <ul style="list-style-type: none"> gains and losses on the disposal of non-current assets, including investments and operating assets, are reported by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses

- expenditure related to a provision that reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) may be netted against the related reimbursement
- gains and losses arising from a group of similar transactions are reported on a net basis, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. Such gains and losses are, however, reported separately, if they are material.

Consistency [AASB 108]

The presentation and classification of items in the financial report shall be retained from one period to the next unless:

- it is apparent, following a significant change in the entity's operations or a review of its financial report, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB108 Accounting Policies, Changes in Accounting Estimates and Errors; or
- an Australian Accounting Standard requires a change in presentation.

Subsidiaries [AASB 127]

Definition

- Subsidiaries are all those entities over which the Group has control.
- The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Consolidation

- Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Group eliminations

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

Derecognition

- Loss of control of the subsidiary will result in derecognition of the assets and liabilities of the former subsidiary from the consolidated statement of financial position. Any investment retained in the former subsidiary is recognised and accounted for in accordance with the relevant Standards. The loss or gain associated with loss of control attributable to the former controlling interest is recognised.

Basis of consolidation
(AASB 10)

- The consolidated financial statements represent the financial statements of the parent entity, being Macquarie University and the assets, liabilities and results of all entities, it controlled in accordance with AASB 10 Consolidated Financial Statements at the end of

or during the financial year. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

- Transactions, balances and unrealised gains on transactions between Group entities are eliminated.

Revenue

Accounting Policy Statement

General policy statement regarding revenue (AASB 15 & AASB 1058)

- The Group adopted AASB 15 and AASB 1058 using the modified retrospective method of transition, with the initial application date of 1 January 2019. In accordance with the provisions of these standards, the Group will first consider whether AASB 15 applies to a transaction or part of a transaction.
- In assessing a contract with a customer, the following three elements must exist for an arrangement to fall within scope of AASB 15:
 - be enforceable, the agreement between two or more parties must create enforceable rights and obligations
 - contain performance obligations to transfers goods or services to another party that are sufficiently specific to enable determination of when the obligation has been satisfied and
 - not result in the goods or services specified being retained by Group i.e., the goods or services will be transferred to the customer or to other parties on behalf of the customer.
- Should all of the above not be satisfied, then any inflows related to the arrangement would not give rise to revenue from a contract with a customer and would not be in scope of AASB 15. If a transaction is not within scope of AASB 15, AASB 1058 applies unless the contract is within the scope of another standard.

AASB 15 Revenue from Contracts with Customers

- AASB 15 is based on a core principle that requires the Group to recognise revenue in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Revenue excludes the amount collected on behalf of third parties and may include certain fixed amounts, variable amounts or both.
- Variable consideration (e.g. returns, trade allowances and rebates) is only included in the transaction price if it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- Revenue recognition under AASB 15 involves the following five steps:
 1. Identify the contract with a customer
 2. Identify the separate performance obligations in the contract
 3. Determine the transaction price
 4. Allocate the transaction price to the separate performance obligations
 5. Recognise revenue when or as each performance obligation is satisfied
- The Group recognise revenue when or as the Group transfers promised goods or services to a customer.

A 'transfer' occurs when the customer obtains control of the good or service. A customer would obtain control of an asset when it can direct the use of, and obtain substantially all the remaining benefits from an asset.

Indicators that control has passed include that the customer has:

- (i) a present obligation to pay
 - (ii) physical possession of the asset(s)
 - (iii) legal title
 - (iv) risks and rewards of ownership
 - (v) accepted the asset(s).
- The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly, such as by:
 - (i) using the asset to produce goods or provide services (including public services)
 - (ii) using the asset to enhance the value of other assets
 - (iii) using the asset to settle liabilities or reduce expenses
 - (iv) selling or exchanging the asset
 - (v) pledging the asset to secure a debt liability
 - (vi) holding the asset
 - When evaluating whether a customer obtains control of an asset, the Group considers any agreement to repurchase the asset transferred to the customer, or a component of that asset.
 - The Group determines, at contract inception, whether each separate performance obligation will be satisfied (and therefore control will be transferred to the customer) over time or at a specific point in time. If it is determined that the Group does not satisfy a performance obligation over time, the performance obligation is deemed to be satisfied at a point in time.
 - The Group satisfies a performance obligation and recognises revenue over time when one of the following three criteria is met:
 - (i) the customer simultaneously receives and consumes the economic benefits provided by the Group's performance
 - (ii) The Group creates or enhances an asset controlled by the customer
 - (iii) The Group's performance does not create an asset for which the Group has an alternative use; and the Group has an enforceable right to payment for performance completed to date.
 - For each performance obligation that is satisfied over time, revenue is recognised by measuring progress towards completion of that performance obligation based on either:
 - Output methods: these include appraisals of results, milestones reached, units produced, and units delivered; or
 - Input methods: these include resources consumed, labour hours expended, costs incurred, time lapsed.
 - For each separate performance obligation, the same input or output method of assessing progress to date is required to be used. The same method is also required to be applied consistently to similar performance obligations and in similar circumstances.

AASB 1058 Income for Not for Profit Entities

- The Group applies AASB 1058 for transactions where the consideration to acquire an asset is significantly less than the fair value of the asset, principally to enable the Group to further its objectives (including transfers to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group i.e. capital grants).
- Examples of transactions where the consideration provided to acquire an asset is significantly less than the fair value of the asset principally to enable the Group to further its objectives are:
 - cash and other assets received from grants, bequests or donations
 - receipts of appropriations by government departments and other public sector entities
 - receipts of taxes, rates or fines and
 - assets purchased for nominal or low values.
- Where an asset is acquired for consideration that is significantly less than fair value but that difference is not principally related to furthering the Group's objectives, the transaction is not within the scope of AASB1058 (e.g. assets acquired in distress sales and trade discounts)
- When assessing whether the reason why the Group could acquire an asset for consideration that is significantly less than the fair value of the asset was principally to enable the Group to further its objectives, the Group considers whether another entity could have obtained the asset under the same terms and conditions.
- If those terms and conditions are generally not available to other entities of the same class/nature, it is more likely that the difference between the consideration for the asset and the fair value of the asset acquired is principally for enabling the Group to further its objectives.
- The timing of income recognition depends on whether a transaction gives rise to a performance obligation, liability or contribution by owners.
- The Group then considers the relevant accounting standard that applies to the other side of the entry (i.e 'related amounts'). The other side of the entry could be, for example:
 - contributions by owners (AASB 1004 Contributions)
 - revenue or a contract liability (AASB15 Revenue from Contracts with Customers)
 - a lease liability (AASB16 Leases)
 - a financial instrument (AASB 9 Financial Instruments) or
 - a provision (AASB137 Provisions, Contingent Liabilities and Contingent Assets).
- The difference (if any) between the consideration transferred for the asset and the fair value of the asset received after recording any 'related amounts' is recognised as income immediately in profit or loss.

	Principal Vs Agent
	<ul style="list-style-type: none"> An entity would be a principal to the contract if it controls a promised good or service before transferring to the customer. The gross amount received as consideration would be recognized as revenue. If the entity's promise is to arrange for the promised good or services, then it would be acting as an agent. The fee or commission the entity is entitled to receive would be recognized as revenue.
Contributions and grants received from State and Commonwealth governments [AASB 15 & AASB 1058]	<ul style="list-style-type: none"> Grant or funding agreements that satisfy the 'enforceable agreement' and 'sufficiently specific performance obligations' criteria are accounted for under AASB 15. For grants that are assessed as not in the scope of AASB 15, revenue will be recognised in accordance with AASB 1058.
Student Fees, charges and student HELP payments [AASB 15]	<ul style="list-style-type: none"> Fees and charges relate to the provision of tuition and other related services and are recognised in accordance with AASB 15 as revenue over time based on the number of calendar days over a teaching period of specific courses. Fees and charges relating to courses to be held in future periods (or portion thereof) are treated as unearned revenue as these are received in advance of the University satisfying its performance obligations. Conversely, fees and charges relating to debtors are recognised as revenue in the period when the performance obligation has been satisfied. If a customer pays consideration before the University transfers goods or services to the customer, unearned revenue is recognised when the payment is made or the payment is due (whichever is earlier). Unearned revenue balances are recognised as revenue when the University delivers the courses or renders the services under contract.
Interest [AASB 9]	<ul style="list-style-type: none"> For all financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in net investment income in the income statement.
Dividend revenue [AASB 15]	<ul style="list-style-type: none"> Revenue is recognised when (a) the Group's right to receive the payment is established, which is generally when shareholders approve the dividend, (b) it is probable that the economic benefits associated with the dividend will flow to the entity; and (c) the amount of the dividend can be measured reliably.
Contract research and consultancy revenue [AASB 15 & AASB 1058]	<ul style="list-style-type: none"> Contract and consultancy revenue that satisfy the 'enforceable agreement' and 'sufficiently specific performance obligations' criteria are accounted for under AASB 15. For contracts that are assessed as not in the scope of AASB 15, revenue will be recognised in accordance with AASB 1058.

<p>Other Revenue [AASB 15]</p>	<ul style="list-style-type: none"> • Other Revenue includes income from on-campus non-academic services including food, childcare, retail, hotel and sports facilities. • The Group considers the revenue recognition criteria under AASB 15 and AASB 1058. Generally, the revenue recognition for these revenue streams will be recognised at a point in time when the Group transfers control of the good or service to the customer.
<p>Royalties, trademarks and licences [AASB 15]</p>	<ul style="list-style-type: none"> • The Group recognises royalties received in exchange for licences of intellectual property (distinct or predominant) at the later of when: <ul style="list-style-type: none"> (a) The subsequent sale or usage occurs, and (b) The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (or partially satisfied). <p>When the license is not the predominant item, the royalty income represents variable consideration which needs to be estimated (and constrained), and would then be allocated to each performance condition (including the license) based on relative standalone selling prices. The revenue allocated to each performance condition would then be recognised at a point in time or over time depending on when control of the good or service (i.e. the performance obligation identified) is transferred to the customer.</p>
<p>Rental income [AASB 16] Lessor Accounting</p>	<ul style="list-style-type: none"> • When the Group acts as a lessor, it determines at inception whether each lease is a finance lease or an operating lease. • To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers indicators such as whether the lease is for the major part of the economic life of the asset. • When the Group is an intermediate lessor in a sub-lease, it accounts for its interests in the head lease and the sub-lease separately. The Group assesses the lease classification as a lessor in the sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the short-term lease exemption as described in the policy where the Group is a lessee, then the sub-lease is classified as an operating lease. • The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income. • Where the lease is classified as a finance lease, the Group recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. Subsequently, the Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease • When a contract includes lease and non-lease components, the Group applies AASB 15 (Revenue from Contract with customers) and AASB 1058 (Income of Not for Profit Entities) to allocate the consideration under the contract to each component.

Donations and Bequest (AASB 1058)	<ul style="list-style-type: none"> The Group will recognise donation income and bequests in accordance with AASB 1058. The difference (if any) between the consideration transferred for the asset and the fair value of the asset received after recording any 'related amounts' is recognised as income immediately.
Medical Services Revenue (AASB 15)	<ul style="list-style-type: none"> Revenue is recognised when the entity satisfies the performance obligations i.e. patient services have been provided. Service charges revenue is recognised at a point in time and are based on the price specified in contracts and at point of sale, net of discounts and returns at time of sale.
Distribution from Controlled Entities [AASB 15 & AASB 1004]	<ul style="list-style-type: none"> Distributions from controlled entities to the University are recognized in the Income Statement of each entity when the right to receive the dividend or distribution by the University is established.
Expenses	Accounting Policy Statement
Borrowing costs [AASB 123]	<ul style="list-style-type: none"> Recognized as expenses in the period in which they are incurred, except where they are incurred for the construction of a qualifying asset. In such instances, borrowing costs are capitalised during the period of time that is required to complete and prepare the asset for its intended use.
Operating leases and rental expenses [AASB 16]	<ul style="list-style-type: none"> Payments made under leases not in scope for AASB 16 Leases (such as short term or low value assets) are charged to the income statement on a straight-line basis, over the period of the lease, taking into account any lease incentives received from the lessor and known minimum rental increases over the term of the lease. Lessee lease assets and liabilities reflect the timing differential between cash payments and rental expense recognition over the life of the lease.
Super contributions [AASB 119]	<ul style="list-style-type: none"> Contributions to the superannuation funds are recognised as an expense as they become payable.
Repairs and maintenance costs [AASB 116]	<ul style="list-style-type: none"> Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.
Medical consumables	<ul style="list-style-type: none"> Medical consumables are shown on the face of the Income Statement. Medical consumables are recognised as expenses as incurred.
Scholarship and grants	<ul style="list-style-type: none"> Scholarship and grants are shown on the face of the Income Statement. Scholarship and grants are recognised as expenses as incurred.

Assets	Accounting Policy Statement
Cash and cash equivalents [AASB 107]	<p><u>Definition</u></p> <p>Cash and cash equivalents comprise:</p> <ul style="list-style-type: none"> • cash on hand; • deposits held at call with financial institutions; and • other short-term and highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Trade receivables [AASB 9]	<p><u>Recognition</u></p> <ul style="list-style-type: none"> • Trade receivables will be recognized in the Statement of Financial Position when the University becomes party to the contractual provisions of the instrument. • Trade receivables will be initially valued at their Transaction Price., being the amount of consideration to which the University expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). <p><u>Subsequent Measurement</u></p> <ul style="list-style-type: none"> • After initial recognition, trade receivables will be measured at amortized cost. <p><u>Assessment for impairment</u></p> <ul style="list-style-type: none"> • Trade receivables will be assessment for impairment using a “simplified approach” forward-looking Lifetime Expected Credit Loss (ECL) model. • A provision matrix will be used to calculate the lifetime expected credit loss. Where relevant, trade receivables will be grouped into appropriate customer segments with similar loss patterns (e.g. by geography, product type, customer characteristic). • Default rates will be derived from the University’s own historical credit loss experience, adjusted for forward looking information. Both default rates and forward-looking information will be formally updated and reviewed at each reporting date. • Assessments for impairment will be made as a minimum at each reporting date. • Changes in impairment will be recognized in the Income Statement. <p><u>Asset write-off</u></p> <ul style="list-style-type: none"> • Debts which are known to be uncollectable are written off, in accordance with the Delegations Register.

<p>Finance Leases – University as lessor [AASB 16]</p>	<p><u>Definition</u></p> <ul style="list-style-type: none"> Leases are classified as finance leases when substantially all the risks and rewards of use of the land have been transferred to the lessee at inception of the lease. <p><u>Recognition</u></p> <ul style="list-style-type: none"> Finance leases are recognised at the lease’s inception at the lower of fair value of the leased asset and the present value of future minimum lease payments. The corresponding rent receivables, net of finance income, are included in receivables. Each lease receipt is allocated between the receivable and finance lease income.
<p>Inventories (Stock) [AASB 102]</p>	<p><u>Definition:</u> Inventories are assets:</p> <ul style="list-style-type: none"> held for sale in the ordinary course of business; or in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. <p><u>Valuation</u></p> <ul style="list-style-type: none"> Inventories are valued at the lower of cost and net realizable value, defined as: <ul style="list-style-type: none"> cost: all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition net realizable value: the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
<p>Equity investment in subsidiaries</p>	<p><u>Classification</u> Equity investments in subsidiaries are recognised at fair value and changes in the fair value of this asset class are reflected in the Statement of Other Comprehensive Income.</p>
<p>Other financial assets [AASB 9]</p>	<p><u>Classification</u> The Group classifies its investments in the following categories at initial recognition of the asset:</p> <p>1. <i>Financial assets at amortised cost</i></p> <ul style="list-style-type: none"> A financial asset is measured at amortised cost net of any impairment loss when the main objective of holding the asset is: <ul style="list-style-type: none"> to collect contractual cash flows on specific dates and those cash flows are generally in the form of principal and/or interest, Financial assets at amortised costs are assessed for evidence of impairment at the end of each reporting period. The Group holds the following asset classes at amortized cost: investments in associates, trade receivables, loans.

2. *Financial assets at fair value through profit or loss*

- A financial asset which does not meet the criteria of being measured at amortized cost is measured at fair value through profit or loss.
- The exception is where management has made irrevocable election to measure a non-trading equity investment at fair value through the Statement of Other Comprehensive Income (refer below).
- The Group has elected to measure the following asset classes at fair value through profit or loss: non-trading third party equity investments.

3. *Financial assets at fair value through other comprehensive income*

- A non-trading equity investment can be measured at fair value through other comprehensive income if the Group irrevocably elects on recognition of the asset to recognize changes in the fair value of the instrument in Other Comprehensive Income.
- The Group has irrevocably elected to hold the following non-trading equity investments at fair value through Other Comprehensive Income: equity investments in subsidiaries.

Fair value measurements
[AASB 13]

Those assets and liabilities which are measured at fair value can be grouped into into a hierarchy based on the level of inputs used in measurements.

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included 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

Valuation techniques used to derive level 2 and level 3 fair values for major assets and liabilities are listed below

Instrument	Level	Valuation Technique
Borrowings – corporate bonds	1	<ul style="list-style-type: none"> • based on observable price quotations at the reporting date.
Listed equity instruments	1	<ul style="list-style-type: none"> • based on quoted prices (unadjusted) in active markets for identical assets

Unlisted third-party equity instruments	2	<ul style="list-style-type: none"> assessed annually by an independent expert valuer using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.
Equity investment in subsidiary	2	<ul style="list-style-type: none"> revalued annually by modelling the discounted cash flows expected to be available to the equity holders of the subsidiary over a five-year period and including a terminal value inputs include a 5 year-plan approved by the Board of the subsidiary, to which management apply a number of conservative judgements based on the actual history of performance against plan by the subsidiary. a discount rate is selected based on the weighted average cost of capital of comparable organisations in the sector in which the subsidiary operates.
Off-campus buildings and land. Tenanted on-campus buildings	2	<ul style="list-style-type: none"> assessed annually by an independent expert valuer. observable market transactions or market information is used when available (Sales Comparison Approach and Income Capitalisation Approach). These assets are located in established and relatively liquid markets. revaluation adjustments may be made during the year, if there are significant changes in either expected use or duration of use for assets in these classes
On-campus non-tenanted buildings and infrastructure	3	<ul style="list-style-type: none"> assessed annually by an independent expert valuer. as market information is not observable, other valuation techniques (including discounted replacement value) are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. revaluation adjustments may be made during the year, if there are significant changes in either expected use or duration of use for assets in these classes
Land	2	<ul style="list-style-type: none"> assessed annually by an independent expert valuer. significant inputs include the Macquarie University Concept Plan (a statutory document approved by the Minister for Planning), which details specific consent for levels of commercial and academic gross floor area, height and floorspace ratios, permitted volumes of student accommodation and permitted infrastructure assets
Library Special Collections	3	<ul style="list-style-type: none"> revalued every three years by an independent expert valuer. the collections are classified as Level 3 due to the limited number of external observable inputs.
Works of Art	3	<ul style="list-style-type: none"> revalued every three years by an independent external valuer, on the basis of market value for existing use.

	Land	2	<ul style="list-style-type: none"> the collection is classified as Level 3 due to the limited number of external observable inputs. assessed annually by an independent expert valuer. Significant inputs include existing zoning rights, specific planned uses for each precinct of Campus Land (as described in the government approved Concept Plan), specific floor space maximums for several precincts, and market sale evidence. Discounts have been applied to reflect restricted use and the large land parcel size.
Property, plant and equipment (PPE) [AASB 116]	<p><u>Definition</u> Property, plant and equipment are tangible items that:</p> <ul style="list-style-type: none"> are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. <p><u>Capitalisation thresholds, collective assets and subsequent costs</u></p> <ul style="list-style-type: none"> Acquisitions and additions of non-current assets are capitalised if the value is more than \$5,000. Where individual items are less than these amounts but the purchase total is collectively greater than the capitalisation limit, the collective total may be capitalised. These additions are recorded at cost in the year of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. <p><u>Measurements by asset class</u> All PPE asset classes are measured at fair value, using the methodologies described in the Fair Valuation Measurement section of this Register, except for the following classes, which are measured at depreciated historic cost:</p> <ul style="list-style-type: none"> Plant and Equipment, Leasehold Improvements. Library General and Construction in Progress. There is no material difference between the fair value and the carrying value of these assets. <p><u>Purpose of property ownership</u> All property held by the University is held for strategic purposes. In accordance with <i>AASB 140 Investment Properties</i> (para Aus 9.1) buildings are therefore accounted for under AASB 116 rather than AASB 140.</p> <p><u>Fair value revaluation adjustments</u></p>		

- Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the carrying amount is adjusted to the revalued amount of the asset.
- Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in equity under the heading of Asset Revaluation Reserve. Decreases that reverse previous increases of the same asset class are recognised in other comprehensive income, to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the income statement.

Depreciation

- Property, plant and equipment are depreciated only when they are completed and ready for use. Depreciation is calculated on a straight-line basis, net of an asset's residual value, over its expected useful life. Standard applicable rates by asset type are:
 - Construction in progress N/A
 - Land N/A
 - Buildings: – ~~per valuers report~~ 10 – 60 years
 - Plant and equipment 3 - 10 years
 - Leasehold improvements Term of lease
 - Library Collections General 5 years
 - Library Collections Special N/A
 - Works of Art N/A
 - Infrastructure ~~21 years~~ 10 – 60 years

Asset residual values and useful lives

- Reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset held at depreciated historic cost is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets
[AASB 138]

Recognition

- Patents: recorded at cost and amortised over their useful life.
- IT software which is purchased or developed: recorded at historical cost and amortised over its useful life.
- Digital library collections: capitalised when the license includes perpetual access rights to the information purchased. Such assets are recorded at historical cost and amortised over their useful life.

Amortisation

- Amortisation is calculated on a straight-line basis over the assets' estimated useful lives, which are reviewed regularly. Standard applicable rates by asset type are:
 - Patents 20 years
 - IT software 3-10 years
 - Digital library collections 10 years

Impairment

- Intangible assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable.
- An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, being the higher of the asset's fair value less costs of disposal, and its value in use.

Right of use Asset
(AASB 16)
Lessee Accounting

Assessment of whether a contract is, or contains, a lease

- At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
- The Group assesses whether:
 - The contract involves the use of an identified asset – The asset may be explicitly or implicitly specified in the contract. Capacity portion of larger assets is considered as an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.
 - The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
 - The customer has the right to direct the use of the asset throughout the period of use – The customer is considered to have the right to direct the use of the asset only if either: The customer has the right to direct to direct how and for what purpose the identified asset is used throughout the period of use or the relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.
- In contracts where the Group is a lessee and the lease is deemed in scope of AASB 16, the Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

	<p>Right-of-use asset</p> <ul style="list-style-type: none"> • A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. • The useful lives of right-of-use assets for depreciation purposes is the shorter of the useful life of the asset and the lease term. • The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. • Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. • The Group will record and maintain the right of use asset in the Fixed Asset Register for those entities that maintain such a register in their accounting system. • The Group will apply the practical expedients in AASB 16 and will not recognize right of use assets for leases with a lease term of less than 12 months or leases with low value assets (value of asset when new is less than \$ 10,000). Management will further assess if a right of use asset is immaterial to the financial statements of the entity on case by case basis. • AASB 2018-8 amends AASB 16 to permit not for profit entities to recognize the right of use asset for concessionary leases (leases with significantly below market rates) at cost or at fair value. The Group has elected to recognize right of use asset under concessionary leases on a cost basis. • The Group will apply AASB 136 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.
<p>Liabilities</p>	<p>Accounting Policy Statement</p>
<p>Trade Payables</p>	<p><u>Recognition</u></p> <ul style="list-style-type: none"> • Trade Payables are recognised when the University becomes obliged to make future payments as a result of purchases or other obligations. <p><u>Measurement</u></p> <ul style="list-style-type: none"> • At original cost, which is not materially different to amortised cost due to the short-term nature of liabilities. • The amounts are unsecured and are usually paid within 30 days of recognition.
<p>Borrowings [AASB132.43,47, AASB7.21, AASB139.39, 41]</p>	<p><u>Initial recognition:</u></p> <ul style="list-style-type: none"> • Borrowing are recognised at fair value, net of transaction costs incurred. <p><u>Subsequent measurement:</u></p> <ul style="list-style-type: none"> • At amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

	<p><u>Fees</u></p> <ul style="list-style-type: none"> Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. <p><u>Classification</u></p> <ul style="list-style-type: none"> Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after date of the statement of financial position and does not expect to settle the liability for at least 12 months after the date of statement of financial position. <p><u>De-recognition:</u></p> <ul style="list-style-type: none"> Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.
<p>Employee benefits [AASB 119]</p>	<p><u>Short-term obligations</u></p> <ul style="list-style-type: none"> Liabilities for short-term employee benefits including wages and salaries are measured at the amount expected to be paid when the liability is settled. If it is expected that these liabilities will be settled wholly within twelve months of the reporting period, they are recognised in the Trade and Other Payables note. <p><u>Long-term obligations</u></p> <ul style="list-style-type: none"> The liabilities for long-term benefits such as annual leave and long service leave are recognised in current provisions for employee benefits if: <ul style="list-style-type: none"> it is expected to be settled wholly within twelve months of the reporting period and there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Such liabilities are recognised as non-current if either of the above criteria do not apply. Long term liabilities are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The long service leave liability has been recognised according to an actuarial assessment performed in accordance with AASB 119 Employee Benefits.

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 expense and liability are recognised when the Group 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.
- Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within 12 months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before 12 months after the end of the reporting period are discounted to present value.

Employee Benefits - Unfunded Defined Benefit Superannuation Liabilities

- The University contributes to three closed state pension schemes within the State Authorities Superannuation Trustee Corporation, namely the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS), which are subject to reimbursement arrangements under the Higher Education Support Act 2003 in the proportion of 78:22 from the Commonwealth and the State Governments respectively.
- These schemes are defined benefit schemes, providing defined lump sum benefits based on years of service and final average salary.
- A liability in respect of these plans is recognised in the Balance Sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.
- Remeasurement gains and losses and past service costs are not recognised in the Income Statement or Statement of Comprehensive Income, due to the government reimbursement arrangements noted above. Instead, a debtor is shown on the Balance Sheet, to the same value of the corresponding liability noted above, reflecting the funds owing from the Federal and State Governments to cover the unfunded element of the three schemes.

	<p><u>UniSuper</u></p> <ul style="list-style-type: none"> • The University contributes to UniSuper Defined Benefit Plan ('UniSuper') for academic staff appointed since 1 March 1988 and all other staff from 1 July 1991. The UniSuper is a post-employment defined contribution plan into which the University pays fixed contributions. • The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of Clause 34 of the UniSuper Trust Deed, a defined contribution plan under Accounting Standard AASB 119. UniSuper is not considered to be controlled by the University and therefore the excess/shortfall of assets over accrued benefits has not been included in the University's accounts.
<p>Other Provisions [AASB 137]</p>	<p><u>Recognition</u></p> <ul style="list-style-type: none"> • Provisions are recognised when: <ul style="list-style-type: none"> ○ the Group has a present legal or constructive obligation as a result of past events, and; ○ it is probable that an outflow of resources will be required to settle the obligation, and; ○ the amount can be reliably estimated. • Provisions are not recognised for future operating losses. • Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. <p><u>Measurement</u></p> <ul style="list-style-type: none"> • Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. • The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. • The increase in the provision due to the passage of time is recognised as a finance cost.
<p>Lease Liabilities Lessee Accounting (AASB 16)</p>	<ul style="list-style-type: none"> • The lease liability is initially recognized at the commencement day and measured at an amount equal to the present value of the lease payments during the lease term that are not yet paid. • Lease payments includes fixed payments (less lease incentives receivable), variable lease payments linked to indexes/rates, residual value guarantees, termination costs. • After the commencement date, the lessee shall measure the lease liability by increasing the carrying amount to reflect the interest on lease liability, reducing the carrying amount to reflect payments made and re measuring it to reflect reassessment or lease modifications.
<p>Unearned Revenue (AASB 15)</p>	<ul style="list-style-type: none"> • Unearned revenue represents the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services

to the customer, unearned revenue is recognised when the payment is made or the payment is due (whichever is earlier). Unearned revenues are recognised as revenue when the Group performs under the contract.

**Financial Liability
(AASB 9)**

- A financial liability is the obligation to transfer funds to an external third party (e.g. students in receipt of scholarships or research partners under Multi Institutional Arrangements) as per the terms and conditions of the contract. These are funds that have been received but do not meet the criteria for recognition as revenue and is therefore a liability.
- A financial liability is recorded when the Group receives consideration on behalf of the identified recipient and is extinguished as the funds are transferred to the identified recipients.

NOTES

Contact Officer	Director – Financial Control and Treasury
Implementation Officer	Director – Financial Control and Treasury
Approval Authority / Authorities	In accordance with the Accounting Policies Policy
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Documents Superseded by this Policy	Accounting Policies Policy: Appendix 1 Accounting Policies Register V1.0 Release date 3 December 2018
Amendment History	5 August 2019 – updates for the implementation of revenue and lease accounting standard and minor refinements of existing policies.

