As per the financial statements, the University recorded a consolidated surplus of $108.7m for 2020. This compares to a consolidated surplus of $127.8m in 2019.

While the financial statements reflect a true and fair view of the financial position of the University and its consolidated entities in accordance with the applicable accounting standards, the University believes that the more relevant financial result is the underlying consolidated EBITDA (earnings before interest, tax, depreciation and amortisation). This represents the total funding available for debt servicing, major capital projects, and operational property, plant and equipment.

A breakdown of the items adjusted for as part of the underlying consolidated EBITDA is contained in the table at right.

University finances

Underlying EBITDA

The underlying consolidated EBITDA moved from a surplus of $256.3m in 2019 to a surplus of $246.9m in 2020. While the surplus of the 2 years was similar, both revenue and expenditure were affected due to COVID-19.

Underlying income

The University’s underlying consolidated income decreased by $13.6m (or 0.6 per cent). This can be attributed to:

- An increase in the combined funding through the Commonwealth Grant Scheme (CGS), the Higher Education Loan Program (HELP), and HELP student contributions of $78m (or 1.5 per cent). The number of Commonwealth-funded students fell by 11 per cent from 25,624 EFTSL in 2019 to 25,338 in 2020.
- A decrease in course fees and charges of $28.2m (or 4.0 per cent). The number of full-fee paying domestic and international students fell by 2.6 per cent from 17,095 EFTSL in 2019 to 16,662 in 2020.
- An increase in research block grant funding of $1.2m (or 0.7 per cent) as the University’s share of total research funding across higher education providers remained steady.
- An increase in tied research, scholarship and other major project revenue of $2.4m (or 1 per cent). As the underlying result does not recognise such revenue until it is expended, this rise is due to a related increase in expenditure.
- An increase in investment revenue of $15.5m. This gain relates to an increase in the fair value of investments (excluding the portion related to endowments) during the year and proceeds from the sale of investments held by the University’s commercialisation entity, UniQuest.
- An increase in scholarship and donation revenue (excluding endowments) of $8.7m (or 24.0 per cent).
- A decrease in royalty and licence fee revenue of $7.7m (or 9.8 per cent) largely due to a reduction in Gardasil royalties during the year.
- A decrease in the remaining revenue categories of $15.5m (or 8.3 per cent) largely due to COVID-19-related factors and government restrictions which reduced on-campus activity. Specific areas where revenue declined included student accommodation, parking fees, gym and sport fees, field trips and activities, conference registrations, executive education, Customs House dining, and contract work.

Underlying expenditure

The University’s underlying consolidated expenditure decreased by $4.2m (or 0.2 per cent). This can be attributed to:

- An increase in employee expenses of $13.5m (or 17.2 per cent) due to COVID-19-related factors and government restrictions which reduced on-campus activity. Specific areas where expenditure declined included staff development and entertainment, catering, library, and general administration.
- An increase in tied research, scholarship and other major project expenses of $2.4m (or 1 per cent). As the underlying result does not reflect such expenses until they are paid, this rise is due to a related increase in expenditure.
- An increase in non-employee expenditure on tied research, scholarship and other major project income of $2.2m (or 1.2 per cent).
- A decrease in non-research travel, staff development and entertainment expenses of $3.9m (or 8.4 per cent) due to COVID-19-related travel and driving restrictions.
- A decrease in repairs and maintenance expenses of $3.6m (or 17.2 per cent) due to a deferral of certain projects given the decline in total revenue.
- A decrease in the remaining expenditure categories of $18.6m (or 8.7 per cent). Much of this relates to the reduced on-campus activity with a reduction in expenses includes commission payments, consultants and professional fees, consumables, motor vehicle costs, trading purchases, electricity, printing and stationery, and advertising and promotion.

Capital expenditure

The University has continued to invest in major infrastructure. The total amount capitalised on property, plant and equipment, and intangibles during 2020 was $192.0m (2019: $311.7m).

Major capital projects in 2020 included the construction of a new chemical engineering building, student residences building and teaching building, and the development of a new Human Capital Management System.

Reconciliation of operating result (Income Statement in Published Financials) to underlying EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Consolidated $’000</th>
<th>Consolidated $’000</th>
<th>Variance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating result before income tax as per University’s published financial statements^1</td>
<td>108,735</td>
<td>127,780</td>
<td>(19,045)</td>
</tr>
<tr>
<td>Income tied to major capital projects^2</td>
<td>(33)</td>
<td>(1,199)</td>
<td>1,166</td>
</tr>
<tr>
<td>Fair value gain on TRI Investment</td>
<td>643</td>
<td>613</td>
<td>30</td>
</tr>
<tr>
<td>Endowed donations to be held in perpetuity^2</td>
<td>(12,274)</td>
<td>(15,921)</td>
<td>3,647</td>
</tr>
<tr>
<td>Unspent investment portfolio losses/(gains)^2</td>
<td>(25,742)</td>
<td>(50,185)</td>
<td>24,442</td>
</tr>
<tr>
<td>UNDERLYING OPERATING RESULT BEFORE INCOME TAX</td>
<td>61,326</td>
<td>61,088</td>
<td>240</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>105,415</td>
<td>174,781</td>
<td>(79,366)</td>
</tr>
<tr>
<td>Loss/(gain) on disposal of property, plant and equipment</td>
<td>8,975</td>
<td>16,637</td>
<td>(7,662)</td>
</tr>
<tr>
<td>Donated assets</td>
<td>(129)</td>
<td>(104)</td>
<td>25</td>
</tr>
<tr>
<td>Interest revenue (excluding interest tied to external funding)</td>
<td>(4,717)</td>
<td>(10,611)</td>
<td>5,894</td>
</tr>
<tr>
<td>Internal expense</td>
<td>15,881</td>
<td>14,945</td>
<td>936</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>28</td>
<td>(2)</td>
<td>30</td>
</tr>
<tr>
<td>UNDERLYING EBITDA</td>
<td>246,860</td>
<td>256,334</td>
<td>(9,474)</td>
</tr>
</tbody>
</table>

^1 This is the net operating result of the consolidated entity as per the University’s statutory financial statements.
^2 This category represents funding provided by governments and other sources for specific major capital projects. This funding is not available for the general operating expenditure of the University.
^3 The majority of funds invested in the long-term managed investment portfolio are restricted funds set aside for endowed donations and bequests earmarked for purposes specified by the donor. Such donations are not available for the general operating expenditure of the University but are the unspent increase/decrease in the fair value of the portfolio related to these endowments and bequests.
**Annual Financial statements**

for The University of Queensland and Controlled Entities for the year ended 31 December 2020

---

**UQ Investment Fund Performance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Return Of Portfolio</th>
<th>Average CPF plus 6%</th>
<th>Above/Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return over past year</td>
<td>15.90%</td>
<td>6.90%</td>
<td>4.59%</td>
</tr>
<tr>
<td>Return over past 3 years</td>
<td>15.01%</td>
<td>7.11%</td>
<td>4.44%</td>
</tr>
<tr>
<td>Return over past 5 years</td>
<td>14.41%</td>
<td>7.53%</td>
<td>5.98%</td>
</tr>
<tr>
<td>Return over past 7 years</td>
<td>13.34%</td>
<td>7.42%</td>
<td>5.92%</td>
</tr>
</tbody>
</table>

**UQ Socially Responsible Investment Green Fund Performance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Return Of Portfolio</th>
<th>Average CPF plus 6%</th>
<th>Above/Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return over past year</td>
<td>8.87%</td>
<td>6.90%</td>
<td>(2.09)%</td>
</tr>
<tr>
<td>Return over past 3 years</td>
<td>8.87%</td>
<td>7.17%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

---

**Financial Statements**

**Income statements**

**Statements of Comprehensive Income**

**Statements of Financial Position**

**Statements of Changes in Equity**

**Statements of Cash Flows**

**Notes to the Financial Statements**

**Accounting Policies**

**Revenue**

**Australian Government financial assistance**

**State and local government financial assistance**

**HECS-HELP student payments**

**Fees and charges**

**Royalties, trademarks and licences**

**Consultancy and contracts**

**Other revenue and other income**

**Investment revenue and income**

---

**Expenses**

**Employee-related expenses**

**Impairment of assets**

**Other expenses**

**Remuneration of Auditors**

---

**Notes**

**Cash and cash equivalents**

**Receivables and contract assets**

**Other financial assets**

**Investments accounted for using the equity method**

**Property, plant and equipment**

**Intangible assets**

**Liabilities**

**Trade and other payables**

**Borrowings**

**Provisions**

**Other liabilities**

**Equity**

**Reserves**

**Disclosure Notes**

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

**Commitments**

**Related parties**

**Commitments**

**Provisions**

**Contingencies**

**Conting engagements**

**Controlled entities**

**Key management personnel disclosures**

**Financial risk management**

**Fair value measurements**

**Events occurring after the reporting date**

**Acquisition of Australian Government financial assistance**

**Management Certificate**

**Independent Auditor’s Report**