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1 PURPOSE

- 1.1 This policy outlines how revenue and income is managed at CQUniversity.
- 1.2 This policy forms part of the University's financial management practice manual, which contributes towards meeting the University's obligations under the [Financial and Performance Management Standard 2019](#) (Qld), by ensuring the existence of an effective revenue (and income) management system..

2 SCOPE

- 2.1 This policy applies to all forms of revenue and income recognised by the University.

3 POLICY STATEMENT

Recognition of revenue and income

- 3.1 The University will adhere to the Australian Accounting Standards and apply either [AASB 15 Revenue from Contracts with Customers](#) or [AASB 1058 Income of Non-for-Profit Entities](#), depending on the agreement attached to the receipt.
- 3.2 *Revenue* will be recognised in accordance with AASB 15 Revenue from Contracts with Customers. Revenue will only be recognised in the income statement when each performance obligation is met. Receipts in relation to unsatisfied performance obligation/s will be suspended on the statement of financial position under contract liabilities until such time as the performance obligation/s are met.
- 3.3 *Income* will be recognised in accordance with AASB 1058 Income of Non-for-Profit. Income is recognised in the statement of comprehensive income upon receipt.
- 3.4 Detailed guidance and examples on revenue recognition are outlined in the [Revenue Recognition StaffNet Page](#).

3.5 The University receives revenue and income from a number of sources and recognises this in the financial statements in accordance with the following broad principles. These principles are not applicable across the board, therefore it is a University requirement that receipts be considered on a case by case basis, with each contract evaluated individually to determine the applicable method and timing of revenue/income recognition.

Revenue Source	Accounting Standard Applied	Notations
Revenue from Commonwealth and State Government Grants (Non-Capital)	AASB 15 Revenue from Contracts with Customers	Generally, the timing of revenue recognition in the statement of comprehensive income is driven by the number of teaching weeks completed.
Revenue from Commonwealth and State Government Grants (Capital)	AASB 1058 Income of Non-for-Profit	Capital income is recognised in the statement of comprehensive income only when the asset is acquired or as the asset is constructed based on the percentage of completion method
Tuition fees and charges – full fee-paying students	AASB 15 Revenue from Contracts with Customers	Charges are raised upon enrolment for full fee-paying students, however revenue does not begin to be recognised until commencement of the relevant term or study period. The Student Management System periodically allocates revenue from unearned revenue to revenue according to the days earned for the relevant term at a point in time.
Consultancy activities and research projects	AASB 15 Revenue from Contracts with Customers	Receipts of consultancy activities are recognised upon fulfilment of each performance obligation to the customer. For more information, refer to the Paid Outside Work Procedure . When considering the timing of revenue recognition in relation to research contracts, the University will apply the “access to research findings test”. If applicable, revenue will be accounted for over time, otherwise revert to the standard applications. For information on research revenue refer to the Research Income Policy and Procedure .
Tuition fees and charges – Government assisted (HECS-HELP/FEE-HELP/SA-HELP/VET FEE-HELP/VET Student Loans)	AASB 15 Revenue from Contracts with Customers	Student revenue collected under Government assisted schemes is recognised in contract liabilities as unsatisfied performance obligations upon enrolment. The Student Management System periodically allocates revenue from unearned revenue according to the days earned for the relevant term at a point in time.
Sale of goods/publications	AASB 15 Revenue from Contracts with Customers	Revenue resulting from the sale of goods and/or publications is recognised when each performance obligation is met, typically upon delivery of goods to the customer.
Bequests and donations	AASB 1058 Income of Non-for-Profit	In general donation and bequests does not have sufficiently specific performance obligations attached and is therefore recognised in the statement of comprehensive income upon entitlement in accordance with AASB 1058.
Sponsorships	AASB 15 Revenue from Contracts with Customers	Sponsorships in most cases solicit funding in return for publicity of material value, resulting in a performance obligation. Revenue is recognised as revenue earned in the statement of comprehensive income when the performance obligations are met.
Royalties and commissions	AASB 15 Revenue from Contracts with Customers	It is customary for these revenue types to be quantified in arrears of the performance obligation being met. Therefore, the University will recognise royalties and commissions in the statement of comprehensive income immediately upon entitlement.

Scholarships	AASB 15 Revenue from Contracts with Customers	Scholarships are received by the University for the purpose of awarding to eligible students giving rise to performance obligations. The University recognises the revenue in the statement of comprehensive income once the scholarship is awarded to the student.
Sales of assets	AASB 15 Revenue from Contracts with Customers	Revenue from the sale of University assets is recognised when the University has met its performance obligations, typically when control of the asset is passed to the purchaser.
Investment income	AASB 9 Financial Instruments	Investment income fall outside the scope of AASB 15 and AASB 1058. This income is recognised as it accrues, based on the interest rate applicable to the asset
Other fees and charges (non-student)	AASB 15 Revenue from Contracts with Customers	Revenue is recognised when the performance obligations have been met. Except where the billing takes place in arrears, or the amount does not meet the conditions for materiality.

Accrued revenue

- 3.6 To ensure the accurate reflection of the activities of the reporting period in the University's financial statements and internal management reports, the University reports revenue on an accrual basis.
- 3.7 The necessary revenue accrual journals will be prepared and processed before the close of each reporting period to ensure that transactions are matched to the accounting period in which they are earned.
- 3.8 In preparing the accrual revenue journals, monies that have been received into the University's bank account but not yet receipted will be taken into account.

Revenue reversals

- 3.9 The University's recognised revenue will be reversed where it has been raised incorrectly or where previously expected benefits are no longer predicted to occur. Revenue reversals include fee reversals, but do not include fee waivers which are recorded as an expense for the purposes of the University operating statement.
- 3.10 Fee reversals may be generated by the Student Management System after enrolment updates initiated by the student.
- 3.11 The Manager Finance Operations will conduct an annual review of material credit notes and refunds. Fee reversals after census date are governed by the [Removal of Financial Liability Due to Special Circumstances Policy and Procedure](#).
- 3.12 Credit notes resulting in revenue reversals will be prepared and work flowed through the Finance Management System in accordance with the [Fee Waiver and Reversal Policy and Procedure](#).

Revenue write-offs

- 3.13 Revenue will be safeguarded from loss and not to be foregone, waived, remitted or written off except where authorised in accordance with the [Fee Waiver and Reversal Policy and Procedure](#).

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Chief Operating Officer and Deputy Director Financial Accounting and Operations are responsible for implementing, monitoring, reviewing and ensuring compliance with this policy.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.3 There are no additional reporting requirements.

Records management

- 4.4 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 4.5 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University's [glossary](#).

Terms and definitions

For the purposes of this policy, the definitions of fee waiver and fee reversal are as documented in the [Fee Waiver and Reversal Policy and Procedure](#).

Contract with the customer: agreement between two or more parties that creates enforceable rights and obligations. (Appendix A, AASB 15 Revenue form Contracts with Customers)

Contract asset: an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance). (Appendix A, AASB 15 Revenue form Contracts with Customers)

Contract liability: an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. (Appendix A, AASB 15 Revenue form Contracts with Customers)

Customer: a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. (Appendix A, AASB 15 Revenue form Contracts with Customers)

Income: receipts with no sufficiently specific performance obligations attached, typically received to further the cause of the University.

Materiality: a material revenue amount (and therefore recognised on the balance sheet initially) is when both of the below conditions are met:

- the goods and services tax (GST) exclusive revenue amount is greater than \$10,000, and
- the performance obligations are to be completed in a period of greater than three months.

Performance obligation: a promise in a contract to transfer to the customer either:

- a good or service that is distinct, or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(Appendix A, AASB 15 Revenue form Contracts with Customers)

Revenue: receipts linked to a legally enforceable contract with a customer containing sufficiently specific performance obligations.

Sufficiently specific performance obligation: judgement will need to be applied when assessing whether a performance obligation is 'sufficiently specific', taking into consideration any conditions specified in the contract or agreement (whether explicit or implied) regarding the promised goods or services. Here are some factors to take into consideration when assessing:

- the nature or type of the goods or services
- the cost or value of the goods or services
- the quantity of the goods or services, and
- the period over which the goods or services must be transferred.

6 RELATED LEGISLATION AND DOCUMENTS

[Australian Accounting Standards:](#)

- AAASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Non-for-Profit

[Fee Waiver and Reversal Policy and Procedure](#)

[Financial Accountability Act 2009](#) (Qld)

[Financial and Performance Management Standard 2019](#) (Qld)

[Financial Reporting Requirements for Queensland Government Agencies \(FRR\) 3B](#)

[Grants \(Government\) Policy](#)

[Losses Policy](#)

[Paid Outside Work Procedure](#)

[Research Income Policy and Procedure](#)

[Student Refund and Credit Balance Policy and Procedure](#)

[Suspense Policy](#)

7 FEEDBACK

7.1 Feedback about this document can be emailed to policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
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Administrator	Chief Operating Officer
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Notes	This document was formerly known as the Revenue Policy (FMPM) (last approved 29/06/2017). This document replaced and consolidated the User Charging Policy (FMPM) (approved 07/06/2022).