

UNSW Accounting Procedure	
Linked UNSW Policy	Revenue Recognition
Responsible Officer	Director, Corporate Finance and Advisory Services and Shared Services
Contact Officer	Senior Group Statutory Reporting Manager, Corporate Finance and Advisory Services
Review	Every year
Effective Date	31 December 2013

1. Objective

This procedure outlines the process to account for research grant revenue at a departmental level (i.e. Faculties, Schools & Divisions) in NS Financials in compliance with AIFRS.

2. Basis of Accrual

In line with the accounting policy, revenue is recognised when the amount can be reliably measured and it is probable that the future economic benefits will flow to the University and the specific criteria have been met.

The University's research grants are accrued according to the following categories: Cost recovery, Schedule Driven, Milestone Driven, or based on the terms of the contract with the various granting bodies.

The revenue for cost recovery and milestone driven contracts are recognised upon receipt of the grant, whereas revenue from schedule driven contracts are deferred or accrued, as the stage of completion cannot be measured reliably.

This procedure does not cover ARC and NHMRC grants as they are treated as contributions, and hence no accrual or deferral adjustments have to be made.

3. Accounting procedure

3.1 NS Financials: Invoicing by Research Finance

All invoices raised by Research Finance are coded, at a business unit level based on the nature of the research grant (warranted by the reporting requirements and HERDC specifications).

3.2 InfoEd/NS Financials: Accounting Treatment of Research Grant Revenue

Upon creation of a research project in the InfoEd system, the Grants Management Office (GMO) determines the nature of the contract for each individual research grant. This process is interfaced directly into NS Financials.

Research Finance will review all research contracts on a regular basis to ensure accuracy of the nature of the contract and determine if the project created has any derivatives impact due to foreign currency.

Corporate Finance review on a monthly basis, a group of newly created research contracts in the InfoEd database. Any findings that require review and consultation are communicated to Research Finance and GMO.

Below is the information on the accounting treatment for each type of contract:

Nature of contract	Existing balance in the project => SURPLUS	Existing balance in the project => DEFICIT	Accounting treatment
Cost recovery	n/a	n/a	Recognise revenue on receipt
Milestone driven	n/a	n/a	Recognise revenue on receipt
Schedule driven	✓		Defer recognition of revenue
Schedule driven		✓	Accrue as receivable

3.3 Corporate Finance & Advisory Services (CFAS): Research Revenue defer/accrue adjustment

CFAS runs the Nvision report 'PROJSTATL' at the end of the month for all external research projects (Scope: RES_EXT). This report provides a listing of all ongoing research projects in NSFinancials with information on life-to-date amounts for revenue and actual expenses.

The following are excluded in the monthly defer/accrue adjustment:

1. Inactive research projects.
2. ARC, NHMRC and non-research projects.
3. Milestone driven and Cost recovery projects CFAS uses the InfoEd report and NSF query (FUP_Project_Contract_Type) to identify each research project's contract type.
4. Research Projects' current proposal status other than 'Successful Under Management' in the InfoEd report.
5. Project balances with less than \$100.

The net surplus/deficits are calculated for the remaining projects after excluding the above items.

The 'surplus' is determined if the revenue received to date is greater than the actual expense and will be "deferred". The 'deficit' is determined if the revenue received to date is less than the actual expense and will be "Accrued". The University measures the stage of completion for schedule driven contracts according to the GAAP matching principle, where expenses are matched with revenues.

The research revenue deferrals/accruals are recorded at a business unit level, through various revenue accounts as stated in section 3.1. Revenue account codes are determined through the fund types of the research project which align with HERDC reporting.

The research revenue being deferred is recognised as income in advance and the accrued revenue is recognised as accrued income.

4. Operational aspects

The below monitoring and management of research projects are the responsibility of business units through researchers, GMO and Research Finance.

4.1 Monitoring project completion

Business units should monitor their existing projects, and ensure that the correct status is recorded in the InfoEd database and NS Financials.

4.2 Monitoring active projects with a deficit balance

It is the responsibility of the GMO and Research Finance to monitor projects with deficit balances and ensure prompt invoicing for all projects especially for those that are milestone driven.

4.3 Transfer of surplus money in completed projects

Refer procedure on 'Research Grants – Administration & Accounting Procedures.

4.4 Project Inactivation on completion and treatment of existing balances in such projects

Refer procedure on 'Research Grants – Administration & Accounting Procedures.