THE UNIVERSITY OF NEWCASTLE

CONTROLLED ENTITIES

THE UNIVERSITY OF NEWCASTLE AUSTRALIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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THE UNIVERSITY OF NEWCASTLE

RESEARCH ASSOCIATES LIMITED (TUNRA)

ABN 97 000 710 074

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report on The University of Newcastle Research Associates Limited (the Company) for the financial year ended 31 December 2017.

The Company is a public company, limited by guarantee and incorporated in NSW, Australia.

Information on directors

The names of the Directors in office at any time during and since the end of financial year:

- Professor Kevin Hall (Chair)
- Professor Alan Broadfoot
- Mr Paul Dunn
- Ms Barbara Crossley, appointed 23 January 2018

Directors have been in office since the start of the financial year unless otherwise stated.

Principal activities

The principal activities of the Company during the financial year were the undertaking of research and consulting projects whilst continuing to focus on supporting research opportunities for both students and externally as a not-for-profit entity.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company amounted to $641,581 (2016: $596,385).

Review of operations

The Company's objectives are advancing research and research education through engaging with government and industry to provide research services that contribute further to the University of Newcastle's research and innovation aspirations. TUNRA provides a robust and responsive customer service environment supported by a flexible operating model that is capable of supporting additional opportunities for the University to leverage assets and resources and consider new services and new markets to deliver greater benefit to industry. The Company provides the University of Newcastle with a vehicle through which it can run and manage more complicated and higher risk projects including international projects. The Company will continue to leverage the University of Newcastle's capability in the provision of research services to consider new services and new markets to deliver greater value for industry. As a commercial entity, the Company has been making a direct and indirect financial contribution to the University.

Dividends paid or recommended

As a Company limited by guarantee, dividend payments are not permitted.

Objectives and strategies

The objective of the Company is to create value from knowledge transfer from the University of Newcastle to industry and government partners. The main strategies involve building internal resources to access intellectual property and research capabilities at the University and connecting these opportunities to target markets both in Australia and internationally.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Performance measures and key performance indicators

Performance is monitored based on key success measures which include researcher/academic engagement metrics balanced with key metrics. Key objectives include areas of financial performance, customer orientation, business effectiveness, employee development and health, safety and environment.

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report because inclusion of such information is likely to result in unreasonable prejudice to the Company.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Information on directors

The particulars of the qualifications, experience and special responsibilities of each Director are as follows:

Professor Kevin Hall (Chair)

Deputy Vice-Chancellor Research and Innovation (March 2014-current), University of Newcastle. B.Sc., Queen's University, Civil Engineering. M. Sc., Queens University, Civil Engineering, Ph.D., University of NSW, Civil Engineering. Vice President Research and External Partnerships, University of Guelph (2009 – current). Chair, Department of Civil Engineering, Queens University (2005-2008). Professor, Queen's University, Department of Civil Engineering (1996-2008). Associate Professor and NSERC University Research Fellow Queen's University, Department of Civil Engineering (1991-1996). Assistant Professor and NSERC University Research Fellow Queen's University, Department of Civil Engineering (1987-1991). Lecturer – NSW Institute of Technology (1985-1986). TUNRA Director since March 2014.

Professor Alan Broadfoot

Professor Alan Broadfoot, B.E. (Hons), M.E. Ph.D, FIEAust, MIEEE, RSNSW, graduate member of the Australian Institute of Company Directors, is the Executive Director of the Newcastle Institute for Energy and Resources (NIER) at the University of Newcastle and member of the NSW Innovation and Productivity Council. Past Managing Director and Chief Executive Officer of Ampcontrol, a leading international supplier of electrical and electronic products to the power, energy and mining sectors.

Mr Paul Dunn

Paul Dunn, B.Com. (Newcastle), FCPA, is the Chief Financial Officer of the University of Newcastle and joined the University after a 30-year career at BHP Billiton. Past Finance Lead on the 1SAP project in Singapore, Vice-President Finance at BHP Billiton Uranium Business, Vice-President Finance at BHP Billiton Olympic Dam in South Australia and Manager Finance at the Cannington mine in North Queensland.

Ms Barbara Crossley

Barbara Crossley, B. Natural Resources (Hons), graduate member of the Australian Institute of Company Directors, is the Managing Director of Umwelt (Australia) Pty Ltd and Director of Anditi Pty Ltd. Past Non-Executive Director of Hunter Water Corporation and temporary member of the NSW Planning and Assessment Commission.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Meetings of directors

The number of Directors' meetings held during the year and the number of meetings attended by each Director while holding office in the Company during the year were:

	Board Meetings	
	Attended	Held
K Hall	6	6
A Broadfoot	5	6
P Dunn	6	6

Indemnification and insurance of officers and auditors

During the year, the Company paid a premium for the Directors' and Officers' Liability insurance policy. This insurance policy provides cover for the Directors named in this report, the Company Secretary, Officers and former Directors and Officers of the Company. The contract prohibits the disclosure of the nature of the liability and the amount of the premium.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60 - 40 of the *Australian Charities and Non-for-Profit Commission (ACNC) Act 2012*, for the year ended 31 December 2017 has been received and can be found on page 35 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Professor Kevin Hall
Chair

Mr Paul Dunn
Director

Dated 21 March 2018

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Income from continuing operations			
Consultancy and contracts	2	**9,631,435**	10,179,593
Investment revenue	3	**47,952**	84,330
Other revenue		**109,636**	372,360
Other investment income	3	**51,321**	-
Total income from continuing operations		**9,840,344**	10,636,283
Expenses from continuing operations			
Employee related expenses	4	**4,215,643**	4,301,324
Depreciation and amortisation	5	**129,885**	134,271
Repairs and maintenance		**24,558**	137,944
Impairment of assets	6	**(66,000)**	(185,647)
Other expenses	7	**4,894,677**	5,652,006
Total expenses from continuing operations		**9,198,763**	10,039,898
Net result for the period		**641,581**	596,385
Net result attributable to members of the University of Newcastle Research Associates Limited		**641,581**	596,385

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

The above income statement should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Net result for the period		**641,581**	596,385
Items that will be reclassified to profit or loss:			
Gain / (loss) on value of available-for-sale financial assets, net of tax	16	**(9,330)**	227,505
Total other comprehensive income		**(9,330)**	227,505
Comprehensive result		**632,251**	823,890
Total comprehensive income attributable to members of the University of Newcastle Research Associates Limited		**632,251**	823,890

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

The above income statement should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,153,381**	3,986,244
Receivables	9	**3,437,419**	1,865,131
Total current assets		**4,590,800**	5,851,375
Non-current assets			
Other financial assets	10	**1,276,269**	1,683,485
Plant and equipment	11	**262,890**	273,553
Intangible assets	12	**77,284**	101,990
Total non-current assets		**1,616,443**	2,059,028
Total assets		**6,207,243**	7,910,403
LIABILITIES			
Current liabilities			
Trade and other payables	13	**1,390,595**	3,089,649
Employee benefit provisions	14	**932,843**	922,101
Other liabilities	15	**1,111,662**	1,699,398
Total current liabilities		**3,435,100**	5,711,148
Non-current liabilities			
Employee benefit provisions	14	**214,634**	273,997
Total liabilities		**3,649,734**	5,985,145
Net assets		**2,557,509**	1,925,258
EQUITY			
Reserves	16	**540,380**	549,710
Retained earnings	16	**2,017,129**	1,375,548
Total equity		**2,557,509**	1,925,258

The above income statement should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Reserves $	Retained earnings $	Total $
Balance at 1 January 2016	322,205	779,163	1,101,368
Net result	-	596,385	596,385
Gain on revaluation of available-for-sale financial assets	227,505	-	227,505
Total comprehensive income	227,505	596,385	823,890
Balance at 31 December 2016	549,710	1,375,548	1,925,258
Balance at 1 January 2017	549,710	1,375,548	1,925,258
Net result	-	641,581	641,581
Loss on revaluation of available-for-sale financial assets	(9,330)	-	(9,330)
Total comprehensive income	(9,330)	641,581	632,251
Balance at 31 December 2017	540,380	2,017,129	2,557,509

The above income statement should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**9,736,550**	10,932,829
Payments to suppliers and employees (inclusive of GST)		**(9,330,743)**	(12,615,251)
Interest received		**1,976**	125,351
GST paid		**(397,451)**	(432,048)
Net cash provided by / (used in) operating activities	23	**10,332**	(1,989,119)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of held to maturity investments		-	10,600,000
Proceeds from sale of available-for-sale financial assets		**51,321**	-
Repayments from related parties		**700,000**	-
Payments for purchase of plant and equipment		**(78,410)**	(6,400)
Loans to related parties		**(3,500,000)**	-
Payments for purchase of held to maturity investments		-	(8,100,000)
Payments for purchase of intellectual property		**(16,106)**	(30,705)
Net cash provided by / (used in) investing activities		**(2,843,195)**	2,462,895
Net increase / (decrease) in cash and cash equivalents		**(2,832,863)**	473,776
Cash and cash equivalents at beginning of the financial year		**3,986,244**	3,512,468
Cash and cash equivalents at end of the financial year	8	**1,153,381**	3,986,244

The above income statement should be read in conjunction with the accompanying notes.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Newcastle Research Associates Limited (the Company) is a registered company limited by guarantee and is a controlled entity of the University of Newcastle. The Company is a not for profit entity (as profit is not its principal objective) and it has one identified cash generating unit. The Company was established and has its domicile in Australia.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated.

The registered office and principal address of the Company is:

Newcastle Institute for Energy & Resources - NIER Block A
70 Vale Street
Shortland NSW 2307
Australia

(a) Basis of preparation

The general purpose financial statements are prepared on an accrual basis and comply with the Australian Accounting Standards which include the Australian Accounting Interpretations.

Additionally, the statements have been prepared in accordance with the following statutory requirements:

- *Public Finance and Audit Act 1983 (NSW)*
- *Public Finance and Audit Regulation 2015*
- *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012*

The Company is a not-for-profit entity and these statements have been prepared on that basis.

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 21 March 2018.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

The 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 Company's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- Provision for impairment of receivables: a provision is estimated when there is objective evidence that the Company will not be able to collect all amounts due according to the original forms of the receivables as outlined in note 1(f).
- Impairment of investments and other financial assets: the Company assesses at each reporting date whether there is effective evidence that a financial asset or group of financial assets is impaired as outlined in note 1(g).
- Employee benefits – long service leave: the liability for long service leave is measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date as outlined in note 1(n).
- Useful lives of plant and equipment: depreciation of plant and equipment is calculated over the assets estimated useful life as outlined in note 1(i).
- Useful lives of intangible assets: amortisation of intangible assets is calculated over the assets estimated useful life as outlined in note 1(k).
- Financial assets: management makes judgements in determining whether assets are classified as available-for-sale, held to maturity or other.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. In some cases this may not be probable until consideration is received or an uncertainty is removed. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Royalties, trademarks and licences

Revenue from royalties, trademarks and licences is recognised as income when earned.

(ii) Consultancy and research contracts

For contracts assessed as containing a reciprocal arrangement, revenue is recognised using the percentage of completion method, in accordance with AASB 118 *Revenue*. The stage of completion is measured by considering actual costs as a percentage of total forecast costs, or other suitable estimation technique.

Non-reciprocal consultancy and contract arrangements are accounted for in accordance with AASB 1004 *Contributions* and revenue is recognised at fair value when the Company obtains control of the right to receive the funds, it is probable that economic benefits will flow to the Company, and it can be reliably measured.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

(iii) Interest

Interest income is recognised as it is earned.

(iv) Other revenue

Other income represents miscellaneous income which is not derived from core operations and is recognised as income when earned.

(c) Income tax

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

(d) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Investments and other financial assets are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary security denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security (other than interest). The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount (other than interest) are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Fair value measurement

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

The Company 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 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). The quoted market price used for assets held by the Company is the most representative of fair value in the circumstances within the bid-ask spread.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Fair value measurement (continued)

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. 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), such as estimated discounted cash flows, 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 Company 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 and payables 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 Company for similar financial instruments.

(i) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company 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.

Depreciation on plant and equipment is calculated using the straight line method to allocate its cost, net of its residual values, over its estimated useful lives, as follows:

	2017	2016
Plant and equipment	3 - 7 years	3 - 7 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(j) Repairs and maintenance

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.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets

(i) Intellectual property

Expenditure on intellectual property, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other intellectual property expenditure is recognised in the income statement as an expense when it is incurred. Trademarks, patent and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intellectual property over their estimated useful lives, which vary from 2 to 10 years.

(ii) Computer software

Expenditure on software, being software that is not an integral part of the related hardware, is capitalised. Capitalised expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, to a maximum of 5 years.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days following the end of the month they are recognised.

(m) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave, accumulating sick leave and long service leave liabilities.

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) 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 Company 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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits. The expense and liability are recognised when the Company 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.

(o) Rounding of amounts

Amounts in the financial statements have been rounded off in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts have been rounded off to the nearest dollar.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Goods and services tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments are disclosed net of the amount of GST recoverable from or payable to tax authorities.

(q) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(r) New accounting standards and interpretations not yet mandatory or early adopted

Certain new accounting standards and Interpretations have been published that are not mandatory for 31 December 2017 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 (2014) *Financial instruments* (effective 1 January 2018)

AASB 9 amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 *Financial Instruments: Recognition and Measurement* have been eliminated. Under AASB 9, there are three categories of financial assets:

1. Amortised cost

2. Fair value through profit or loss

3. Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and

- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The impact of the new standard is still being assessed by the Company.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New accounting standards and interpretations not yet mandatory or early adopted (continued)

- AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019) and AASB 1058 *Income of Not-for-Profit Entities* (effective 1 January 2019)

AASB 15 is the new comprehensive standard for revenue and replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts.* Under the new standard revenue is recognised when control of a good or service transfers to a customer, replacing the current principle that revenue is related to the transfer of risks and rewards. Revenue will only be recognised when control over the goods or services is transferred to the customer, either over time or at a point in time.

AASB 15 will apply to contracts that are exchange transactions. AASB 1004 *Contributions* will be superseded by AASB 1058 *Income of Not-for-Profit Entities* and provide guidance to assist not-for-profit entities to apply AASB 15. Proposed amendments will allow both reciprocal and non-reciprocal revenue from contracts with customers to be accounted for under AASB 15 where certain conditions are attached.

The new standard will have a significant impact on revenue from contracts that are exchange transactions and span multiple reporting periods. Additional disclosures will be required to enable users to understand the amount, timing and judgments related to revenue recognition and related cash flows.

The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2017.

- AASB 16 *Leases*, issued February 2016 (effective 1 January 2019)

Under AASB 16, lessees will not be required to classify leases as either operating leases or finance leases. All leases will be presented in the financial statements as either leased assets (right-of-use) or with property, plant and equipment by recognising the present value of future lease payments. Interaction with AASB 13 *Fair Value Measurement* will require that assets received at significantly less than fair value, such as peppercorn leases, are recognised at fair value. Corresponding income will be recognised in accordance with AASB 15 or AASB 1058 as outlined above.

Lessor accounting requirements will be substantially consistent with the predecessor standard, AASB 117 *Leases.*

The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2017.

(s) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2 CONSULTANCY AND CONTRACTS

	2017 $	2016 $
Industry research	**8,366,182**	9,625,475
Royalties	**898,641**	360,079
Consultancy	**366,612**	194,039
Total consultancy and contracts	**9,631,435**	10,179,593

3 INVESTMENT REVENUE AND OTHER INVESTMENT INCOME

	2017 $	2016 $
Investment revenue		
Interest	**47,952**	84,330
Total investment revenue	**47,952**	84,330
Other investment income		
Net gain / (loss) on disposal of available-for-sale investments	**51,321**	-
Total other investment income	**51,321**	-

4 EMPLOYEE RELATED EXPENSES

	2017 $	2016 $
Salaries	**3,230,156**	3,335,230
Superannuation	**329,703**	319,919
Payroll tax	**229,555**	208,282
Worker's compensation	**4,526**	-
Long service leave	**118,194**	122,818
Annual leave	**303,509**	315,075
Total employee related expenses	**4,215,643**	4,301,324

5 DEPRECIATION AND AMORTISATION

	2017 $	2016 $
Depreciation		
Plant and equipment	**89,073**	118,464
Amortisation		
Intangibles	**40,812**	15,807
Total depreciation and amortisation	**129,885**	134,271

6 IMPAIRMENT OF ASSETS

	2017 $	2016 $
Trade receivables	**(66,000)**	(185,647)
Total impairment of assets	**(66,000)**	(185,647)

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7 OTHER EXPENSES

	2017	2016
	$	$
Advertising, marketing and promotions	**37,434**	24,685
General consumables	**447,335**	592,508
Insurance	**102,787**	90,408
Minor equipment	**291,210**	741,649
Operating lease rental	**-**	930
Professional services	**2,581,320**	2,958,812
Scholarships, grants and prizes	**22,606**	34,281
Service fees	**500,000**	500,000
Telecommunications	**33,393**	37,993
Travel, staff development and entertainment	**367,323**	357,876
Other expenses	**511,269**	312,864
Total other expenses	**4,894,677**	5,652,006

8 CASH AND CASH EQUIVALENTS

	2017	2016
Cash at bank and on hand	**1,153,381**	3,906,244
Short-term deposits at call	**-**	80,000
Total cash and cash equivalents	**1,153,381**	3,986,244

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

	2017	2016
Balances as above	**1,153,381**	3,986,244
Balance per statement of cash flows	**1,153,381**	3,986,244

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 0.10% and 0.15% (2016: 0.15% and 0.50%).

(c) Deposits at call

There were no deposits at call during the year ended 31 December 2017. Floating interest rates for 2016 were between 1.05% and 1.90%.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9 RECEIVABLES

	2017 $	2016 $
Current		
Trade receivables	**1,995,029**	1,891,322
Less: Provision for impaired receivables	**(11,481)**	(77,481)
	1,983,548	1,813,841
Prepayments	**61,849**	51,290
Related party receivables	**1,392,022**	-
Total current receivables	**3,437,419**	1,865,131

As at 31 December 2017, current receivables of $600,671 (2016: $459,650) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2017	2016
Less than 3 months	**287,943**	167,664
3 to 6 months	**299,471**	220,000
6 to 12 months	**-**	12,515
Over 12 months	**13,257**	59,471
Total past due but not impaired current receivables	**600,671**	459,650

(a) Impaired receivables

As at 31 December 2017, current receivables of the Company with a nominal value of $11,481 (2016: $77,481) were impaired. The amount of the provision was $11,481 (2016: $77,481). The individually impaired receivables mainly relate to those debtors that are in unexpectedly difficult economic situations.

The ageing of these receivables is as follows:

	2017	2016
Over 12 months	**11,481**	77,481
Total current impaired receivables	**11,481**	77,481

Movements in the provision for impaired receivables are as follows:

	2017	2016
At 1 January	**77,481**	462,964
Provision for impairment recognised during the year	**-**	69,138
Receivables written off during the year as uncollectible	**-**	(199,836)
Unused amount reversed	**(66,000)**	(254,785)
At 31 December	**11,481**	77,481

The creation and release of the provision for impaired receivables has been included in 'impairment of assets' in the income statement. 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 are not past due. Based on credit history, it is expected that these amounts will be received when due.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10 OTHER FINANCIAL ASSETS

	2017 $	2016 $
Non-current		
Available-for-sale	**1,276,269**	1,683,485
Total non-current other financial assets	**1,276,269**	1,683,485

(a) Investments held on behalf of third parties

Included as part of available-for-sale financial assets is $703,006 (2016: $1,100,892) of investments held by the Company on behalf of third parties. A current liability of $703,006 (2016: $1,100,892) relating to these investments has been recognised as part of trade and other payables. Refer to note 13.

11 PLANT AND EQUIPMENT

	Capital Works in Progress $	Plant and equipment $	Total $
At 1 January 2016			
Cost	-	925,420	925,420
Accumulated depreciation and impairment	-	(539,803)	(539,803)
Net book amount	-	385,617	385,617
Year ended 31 December 2016			
Opening net book amount	-	385,617	385,617
Additions	6,400	-	6,400
Transfers	2,184	(2,184)	-
Depreciation charge	-	(118,464)	(118,464)
Closing net book amount	8,584	264,969	273,553
At 31 December 2016			
Cost	8,584	899,257	907,841
Accumulated depreciation and impairment	-	(634,288)	(634,288)
Net book amount	8,584	264,969	273,553
Year ended 31 December 2017			
Opening net book amount	**8,584**	**264,969**	**273,553**
Additions	**78,410**	**-**	**78,410**
Transfers	**(78,410)**	**78,410**	**-**
Depreciation charge	**-**	**(89,073)**	**(89,073)**
Closing net book amount	**8,584**	**254,306**	**262,890**
At 31 December 2017			
Cost	**8,584**	**977,667**	**986,251**
Accumulated depreciation and impairment	**-**	**(723,361)**	**(723,361)**
Net book amount	**8,584**	**254,306**	**262,890**

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12 INTANGIBLE ASSETS

	Computer software $	Intellectual property $	Total $
At 1 January 2016			
Cost	76,963	607,039	684,002
Accumulated amortisation and impairment	(76,963)	(519,947)	(596,910)
Net book amount	-	87,092	87,092
Year ended 31 December 2016			
Opening net book amount	-	87,092	87,092
Additions	-	30,705	30,705
Amortisation	-	(15,807)	(15,807)
Closing net book amount	-	101,990	101,990
At 31 December 2016			
Cost	76,963	637,744	714,707
Accumulated amortisation and impairment	(76,963)	(535,754)	(612,717)
Net book amount	-	101,990	101,990
Year ended 31 December 2017			
Opening net book amount	-	**101,990**	**101,990**
Additions	-	**16,106**	**16,106**
Amortisation	-	**(40,812)**	**(40,812)**
Closing net book amount	-	**77,284**	**77,284**
At 31 December 2017			
Cost	**63,063**	**567,093**	**630,156**
Accumulated amortisation and impairment	**(63,063)**	**(489,809)**	**(552,872)**
Net book amount	-	**77,284**	**77,284**

13 TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade payables	**646,125**	1,188,046
Related party payables	-	767,764
Investments held on behalf of third parties	**703,006**	1,100,892
Other payables	**41,464**	32,947
Total current trade and other payables	**1,390,595**	3,089,649

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14 PROVISIONS

	2017 $	2016 $
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	**298,671**	297,154
Long service leave	**104,230**	44,199
	402,901	341,353
Current provisions expected to be settled after more than 12 months		
Employee benefits		
Annual leave	**148,135**	162,896
Long service leave	**381,807**	417,852
	529,942	580,748
Total current provisions	**932,843**	922,101
Non-current provisions		
Employee benefits		
Long service leave	**214,634**	273,997
Total non-current provisions	**214,634**	273,997
Total provisions	1,147,477	1,196,098

Provision for annual leave

This provision is for outstanding annual leave liabilities that employees have not yet taken. It is assumed the majority of leave will be taken in the next 12 months. The measurement and recognition criteria relating to employee benefits has been included in note 1 to this report.

Provision for long service leave

This provision is for outstanding long service leave liabilities that employees have not yet taken. The calculation of the present value of future cash flows in respect of long service leave being taken has been based on historical data provided by the Company.

15 OTHER LIABILITIES

	2017 $	2016 $
Current		
Income received in advance	**1,111,662**	1,699,398
Total current other liabilities	**1,111,662**	1,699,398

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16 RESERVES AND RETAINED EARNINGS

(a) Reserves

	2017 $	2016 $
Available-for-sale investments revaluation	**540,380**	549,710
Total reserves	**540,380**	549,710

Movements

Available-for-sale investments revaluation		
Balance 1 January	**549,710**	322,205
Revaluation increment / (decrement)	**(9,330)**	227,505
Balance 31 December	**540,380**	549,710

Movements in retained earnings

Retained earnings at 1 January	**1,375,548**	779,163
Net result for the period	**641,581**	596,385
Retained earnings at 31 December	**2,017,129**	1,375,548

(b) Nature and purpose of reserves

Available-for-sale investment revaluation: changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in note 1 and accumulated in a separate reserve within equity. Amounts are reclassified to the income statement when the associated assets are sold or impaired.

The company is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the constitution of the company, members of the company undertake to contribute an amount limited to $20 per member in the event of the winding up of the company and are not entitled to distributions of dividends or repayment of capital.

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

The following persons were members of the board of the Company during the financial year:

Professor Kevin Hall
Professor Alan Broadfoot
Mr Paul Dunn

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

17 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company during the financial year:

Malcolm John Coble, General Manager (resigned 15 January 2018)

(c) Remuneration of key management personnel

Board members receive remuneration for their services to the Company, details of amounts paid in the current and prior years are as follows:

	2017 Number	2016 Number
Remuneration of Board members		
Nil	3	5

Certain key management personnel receive remuneration for their services to the Company details of amounts paid in the current and prior year are as follows:

	2017	2016
Remuneration of other key management personnel		
$110,000 to $119,999	-	1
$220,000 to $229,999	1	-
	1	1

(d) Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	205,757	107,024
Post-employment benefits	19,547	10,167
Total key management personnel compensation	225,304	117,191

18 REMUNERATION OF AUDITORS

During the year, the following fees were paid or are payable for services provided by the auditor of the Company:

	2017	2016
Audit of the financial statements		
Audit Office of NSW	46,000	45,950
Total paid for audit	46,000	45,950

19 CONTINGENCIES AND COMMITMENTS

In the opinion of the Directors, the Company did not have any contingent assets, contingent liabilities or commitments at 31 December 2017 (2016: Nil).

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20 RELATED PARTIES

(a) Parent entities

The ultimate parent entity is The University of Newcastle by virtue of its sole membership of the Company.

(b) Key management personnel

Disclosures relating to directors and specified executives are set out in note 17.

(c) Associates

Interests in associates are set out in note 21.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2017 $	2016 $
i) Parent entity:		
Sale of goods and services:		
Consultancy and contracts	**305,898**	499,514
Purchase of goods and services:		
Service fees	**500,000**	500,000
Consultancy, consumables and others	**931,781**	1,303,374
Other transactions:		
Interest income	**46,188**	-
ii) Associates:		
Sale of goods and services:		
Consultancy and contracts	**1,174,500**	2,190,000

(e) Loans to / (from) related parties

	2017	2016
i) Parent entity:		
Beginning of the year	**(767,764)**	(2,647,029)
Loans advanced	**(1,410,202)**	(1,430,898)
Payments	**3,530,000**	3,310,163
Interest received	**39,988**	-
End of year	**1,392,022**	(767,764)

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20 RELATED PARTIES (CONTINUED)

(f) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2017 $	2016 $
Current receivables (sale of goods and services)		
Parent entity	**216,305**	54,373
Current receivables (other transactions)		
Parent entity	**6,200**	-
Total current receivables	**222,505**	54,373
Current payables (purchase of goods and services)		
Parent entity	-	376,798
Current payables (investments held on behalf of)		
Parent entity	**342,585**	529,995
Total current payables	**342,585**	906,793

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(g) Terms and conditions

All transactions with related parties occurred on the basis of normal commercial terms and conditions.

21 INTERESTS IN ASSOCIATES

Set out below are the Company's interests in associates.

At 31 December 2017, the Company held 30% of the ordinary share capital of Mineral Carbonation International Pty Limited ('MCi'), a company incorporated in Australia. The Company's shareholding entitles it to 30% of the voting rights.

The investment has been accounted for using the equity method based on the unaudited management accounts of MCi for the financial year ended 30 June 2017. The investment is not material to the Company's operating results.

Name of entity	Principal place of business	Measurement method	Ownership interest/voting rights held by the Group		Carrying amount	
			2017 %	2016 %	2017 $	2016 $
Mineral Carbonation International Pty Limited[1]	Australia	Equity method	**30.00**	30.00	**3,005**	1,701

22 EVENTS OCCURRING AFTER REPORTING DATE

The Directors have not noted any events since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23 RECONCILIATION OF NET RESULT AFTER INCOME TAX TO NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES

	2017	2016
	$	$
Net result for the period	**641,581**	596,385
Depreciation and amortisation	**129,885**	134,271
Net (gain) / loss on disposal of available-for-sale investments	**(51,321)**	-
(Increase) / decrease in receivables	**(103,706)**	1,443,489
(Increase) / decrease in other assets	**(76,559)**	(382,822)
Increase / (decrease) in trade and other payables	**(67,806)**	(1,139,410)
Increase / (decrease) in related party payables	**640,214**	(1,879,265)
Increase / (decrease) in other operating liabilities	**(1,053,336)**	(891,322)
Increase / (decrease) in provisions	**(48,620)**	129,555
Net cash provided by / (used in) operating activities	**10,332**	(1,989,119)

24 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and ageing analysis for credit risk.

Risk management is carried out under guidance provided by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

As the Company does not operate internationally the risk is minimal. The Company makes small, infrequent transactions in foreign currencies which do not pose a significant financial risk.

(ii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified on the statement of financial position as available-for-sale financial assets. The majority of the Company's equity investments are publicly listed on the Australian Stock Exchange. The risk is managed by management obtaining regular updates from the companies in which the Company holds equity. The Company provides sensitivity analysis information for its available-for-sale investments, using historically based share prices collected over a 4 year period. The available-for-sale investments are not designated at fair value through profit or loss and therefore any change in unit price impacts directly on equity (rather than profit). A reasonably possible change is based on the percentage change in share price multiplied by the number of shares held at 31 December each year. The Company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents and held to maturity investments. At 31 December 2017, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ± $11,534 (2016: ± $39,862).

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and other price risk.

		Interest rate risk				Other price risk			
		-1%		+1%		-15%		+15%	
	Carrying amount	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$
31 December 2017									
Financial assets									
Cash and cash equivalents	1,153,381	(11,534)	(11,534)	11,534	11,534	-	-	-	-
Available-for-sale financial assets	573,263	-	-	-	-	-	(85,989)	-	85,989
Total increase / (decrease)		(11,534)	(11,534)	11,534	11,534	-	(85,989)	-	85,989
31 December 2016									
Financial assets									
Cash and cash equivalents	3,986,244	(39,862)	(39,862)	39,862	39,862	-	-	-	-
Available-for-sale financial assets	582,593	-	-	-	-	-	(87,389)	-	87,389
Total increase / (decrease)		(39,862)	(39,862)	39,862	39,862	-	(87,389)	-	87,389

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' are accepted. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The carrying amount of financial assets (as contained in the table in note 25(a)) represents the Company's maximum exposure to credit risk. No collateral is held by the Company.

(c) Liquidity risk

The Company maintains sufficient liquid assets to meet its short term obligations. Sufficient cash reserves are kept in the Company's 24 hour access account. These cash accounts are reviewed regularly by management to ensure all payments can be made when they fall due.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The following tables summarise the maturity of the Company's financial liabilities:

	Weighted average effective int. rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	<1 year	1-5 years	>5 years
				$ Interest rate exposure			$ Maturity dates	
31 December 2017								
Financial liabilities								
Payables	-	1,322,222	-	-	1,322,222	1,322,222	-	-
		1,322,222	-	-	**1,322,222**	**1,322,222**	-	-
31 December 2016								
Financial liabilities								
Payables	-	3,025,567	-	-	3,025,567	3,025,567	-	-
		3,025,567	-	-	**3,025,567**	**3,025,567**	-	-

25 FAIR VALUE MEASUREMENT

(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 balance date are:

	Note	Carrying amount 2017 $	Carrying amount 2016 $	Fair value 2017 $	Fair value 2016 $
Financial assets					
Other financial assets	10	**1,276,269**	1,683,485	**1,276,269**	1,683,485
Total financial assets		**1,276,269**	1,683,485	**1,276,269**	1,683,485
Financial liabilities					
Investments held on behalf of third parties	13	**703,006**	1,100,892	**703,006**	1,100,892
Total financial liabilities		**703,006**	1,100,892	**703,006**	1,100,892

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

25 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value measurements (continued)

The Company measures and recognises available-for-sale financial assets at fair value on a recurring basis.

(b) Fair value hierarchy

The Company 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 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 (unobservable inputs).

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2017.

Fair value measurements at 31 December 2017

	Note	Total $	Level 1 $	Level 2 $	Level 3 $
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets	10				
Equity securities		1,276,269	1,268,692	-	7,577
Total financial assets		1,276,269	1,268,692	-	7,577
Financial liabilities					
Investments held on behalf of third parties	13	703,006	703,006	-	-
Total liabilities		703,006	703,006	-	-

Fair value measurements at 31 December 2016

	Note	Total $	Level 1 $	Level 2 $	Level 3 $
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets	10				
Equity securities		1,683,485	1,679,388	-	4,097
Total financial assets		1,683,485	1,679,388	-	4,097
Financial liabilities					
Investments held on behalf of third parties	13	1,100,892	1,100,892	-	-
Total liabilities		1,100,892	1,100,892	-	-

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

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

25 FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value hierarchy (continued)

(ii) Disclosed fair values

The Company has a number of assets and liabilities which are not measured at fair value, but for which the fair values are disclosed in the notes.

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 available-for-sale investments disclosed in note 10 were determined by reference to published price quotations in an active market (level 1).

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

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
DIRECTORS DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017

1. The financial statements:

   a. comply with the Australian Accounting Standards which include the Australian Accounting Interpretations;

   b. comply with the *Public Finance and Audit Act 1983 (NSW)*, and the *Public Finance and Audit Regulation 2015*; and

   c. give a true and fair view of the financial position as at 31 December 2017 and financial performance for the year ended on that date of the Company.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* and are signed in accordance with subsection 60.15(2) of the Act.

4. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.41C of the *Public Finance and Audit Act 1983 (NSW)*.

Professor Kevin Hall	Mr Paul Dunn
Chair	**Director**

Dated 21 March 2018

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors

The University of Newcastle Research Associates Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of The University of Newcastle Research Associates Limited for the year ended 31 December 2017, I declare, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Margaret Crawford
Auditor-General of New South Wales

16 March 2018
SYDNEY

THE UNIVERSITY OF NEWCASTLE

UON SINGAPORE PTE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PREPARED UNDER THE PUBLIC FINANCE AND AUDIT ACT 1983, IN AUSTRALIA

UON SINGAPORE
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Income from continuing operations			
Fees and charges	2	**5,941,285**	6,441,365
Investment revenue	3	**-**	158
Consultancy and contracts	4	**7,558**	52,734
Other revenue		**167,595**	83,517
Total income from continuing operations		**6,116,438**	6,577,774
Expenses from continuing operations			
Employee related expenses	5	**3,527,391**	3,454,414
Depreciation	6	**1,088**	-
Repairs and maintenance	7	**50,030**	11,204
Other expenses	8	**3,341,042**	3,500,775
Total expenses from continuing operations		**6,919,551**	6,966,393
Net result before income tax		**(803,113)**	(388,619)
Income tax expense	9	**16,060**	(30,731)
Net result after income tax for the period		**(787,053)**	(419,350)
Net result attributable to:			
members of UON Singapore Pte Ltd		**(787,053)**	(419,350)

The above statement of income should be read in conjunction with the accompanying notes.

UON SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Net result after income tax for the period		**(787,053)**	(419,350)
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations	15	**(8,786)**	(54,945)
Total other comprehensive income, net of tax		**(8,786)**	(54,945)
Comprehensive result		**(795,839)**	(474,295)
Total comprehensive income attributable to members of UON Singapore Pte Ltd		**(795,839)**	(474,295)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

UON SINGAPORE

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**3,753,952**	4,516,015
Receivables	11	**131,947**	85,162
Total current assets		**3,885,899**	4,601,177
Non-current assets			
Plant and equipment	12	**47,555**	-
Total non-current assets		**47,555**	-
Total assets		**3,933,454**	4,601,177
LIABILITIES			
Current liabilities			
Trade and other payables	13	**1,341,916**	1,191,888
Employee benefit provisions	14	**48,483**	70,395
Total current liabilities		**1,390,399**	1,262,283
Total liabilities		**1,390,399**	1,262,283
Net assets		**2,543,055**	3,338,894
EQUITY			
Issued capital	23	**86,036**	86,036
Reserves	15	**1,022,134**	1,030,920
Retained earnings	15	**1,434,885**	2,221,938
		2,543,055	3,338,894
Total equity		**2,543,055**	3,338,894

The above statement of financial position should be read in conjunction with the accompanying notes.

UON SINGAPORE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Issued capital $	Retained earnings $	Foreign currency translation reserve $	Total $
Balance at 1 January 2016		86,036	2,641,288	1,085,865	3,813,189
Net result		-	(419,350)	-	(419,350)
Gain/(loss) on foreign exchange		-	-	(54,945)	(54,945)
Total comprehensive income		-	(419,350)	(54,945)	(474,295)
Balance at 31 December 2016	15, 23	86,036	2,221,938	1,030,920	3,338,894
Balance at 1 January 2017		**86,036**	**2,221,938**	**1,030,920**	**3,338,894**
Net result		**-**	**(787,053)**	**-**	**(787,053)**
Gain/(loss) on foreign exchange		**-**	**-**	**(8,786)**	**(8,786)**
Total comprehensive income		**-**	**(787,053)**	**(8,786)**	**(795,839)**
Balance at 31 December 2017	15, 23	**86,036**	**1,434,886**	**1,022,134**	**2,543,056**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

UON SINGAPORE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from student fees and other customers		**6,504,351**	7,028,784
Payments to suppliers and employees (inclusive of GST)		**(6,946,438)**	(6,665,265)
Interest received		-	342
Income taxes paid		**16,060**	(130,240)
GST paid		**(291,868)**	(531,958)
Net cash provided by / (used in) operating activities	22	**(717,895)**	(298,337)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		**724**	-
Payments for plant and equipment		**(41,494)**	-
Proceeds from sale of financial asset		-	29,930
Net cash provided by / (used in) investing activities		**(40,770)**	29,930
Net cash increase (decrease) in cash and cash equivalents		**(758,665)**	(268,407)
Cash and cash equivalents at the beginning of financial year		**4,516,015**	4,845,581
Effects of exchange rate changes on cash and cash equivalents		**(3,398)**	(61,159)
Cash and cash equivalents at the end of financial year	10	**3,753,952**	4,516,015

The above statement of cash flows should be read in conjunction with the accompanying notes.

UON SINGAPORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UON Singapore Pte Ltd ('the Company') is a company limited by shares incorporated in Singapore. It is a controlled entity of the University of Newcastle.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The amounts presented are in Australian Dollars. The Company is a for profit entity that was established and has its domicile in Singapore. The financial statements are prepared in Australia to meet the reporting obligations under the *Public Finance and Audit Act 1983*.

The principal place of business of UON Singapore Pte Ltd is:

6 Temasek Boulevard
#10-02/03, Suntec Tower 4
Singapore 038986

The principal activities of the Company are creating, developing and delivering educational programs in business, management and related fields on behalf of the University of Newcastle.

(a) Basis of preparation

The annual general purpose financial statements of UON Singapore Pte Ltd, have been prepared on an accrual basis and comply with the Australian Accounting Standards.

Additionally the statements have been prepared in accordance with following statutory requirements:

- *Public Finance and Audit Act 1983 (NSW)*
- *Public Finance and Audit Regulations 2015*

UON Singapore Pte Ltd complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Date of authorisation for issue

The financial statements were authorised for issue by the members of UON Singapore Pte Ltd on 21 March 2018.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The 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 UON Singapore Pte Ltd's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment (Singaporean) in which the entity operates ('the functional currency').

The Company's financial statements are presented in Australian dollars, which is the University of Newcastle's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Qualifying cash flow hedges and qualifying net investment hedges in a foreign operation shall be accounted for by recognising the portion of the gain or loss determined to be an effective hedge in other comprehensive income and the ineffective portion in profit or loss.

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in profit or loss, translation gains or losses are also recognised in profit or loss.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. In some cases this may not be probable until consideration is received or an uncertainty is removed. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income (or portion thereof) is treated as income in advance in liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(ii) Investment revenue

Revenue on investments is recognised when earned.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

(iii) Consultancy and contracts

For contracts assessed as containing a reciprocal arrangement, revenue is recognised using the percentage of completion method, in accordance with AASB 118 *Revenue*. The stage of completion is measured by considering actual costs as a percentage of total forecast costs, or other suitable estimation technique.

Non-reciprocal consultancy and contract arrangements are accounted for in accordance with AASB 1004 *Contributions* and revenue is recognised at fair value when the Company obtains control of the right to receive the funds, it is probable that economic benefits will flow to the Company, and it can be reliably measured.

(iv) Other revenue

Other income represents miscellaneous income which is not derived from core operations and is recognised as income when earned.

(d) Income tax

The Company is subject to income tax under Singaporean Legislation.

The income tax expense or revenue for the period is the tax payable/receivable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided if material to the Company, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities relating to the same taxation authority are offset when there is a legally enforceable right to offset current tax assets and liabilities and they are intended to be either settled on a net basis, or the asset is to be realised and the liability settled simultaneously. Current and deferred tax balances attributable to amounts recognised outside profit or loss are also recognised outside profit or loss.

The Company is exempt from income tax in Australia.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

Assets are reviewed for impairment whenever 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(h) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Investments and other financial assets are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments and other financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary security denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security (other than interest). The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount other than interest are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(i) Fair value measurement

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

The Company 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 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). The quoted market price used for assets held by the Company is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each 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), such as estimated discounted cash flows, 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 Company 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 and payables 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 Company for similar financial instruments.

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include gains or losses that were recognised in other comprehensive income on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(j) Plant and equipment (continued)

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 Company 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.

Depreciation on plant and equipment is calculated using the straight line method to allocate its cost, net of its residual values, over its estimated useful lives, as follows:

	2017	2016
Plant and equipment	2 - 10 years	2 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(k) Repairs and maintenance

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.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days following the end of the month they are recognised.

(m) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. 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.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave, accumulating sick leave and long service leave liabilities.

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) 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 Company 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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits. The expense and liability are recognised when the Company 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.

(o) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar.

(p) Goods and services tax (GST) in Singapore

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Goods and services tax (GST) in Singapore (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

There are no transactions in Australia requiring GST reporting to the Australian Taxation Office.

(q) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods. UON Singapore Pte Ltd has elected not to early adopt any of these standards. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 (2014) *Financial instruments* (effective 1 January 2018)

AASB 9 amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 *Financial Instruments: Recognition and Measurement* have been eliminated. Under AASB 9, there are three categories of financial assets:

1. Amortised cost
2. Fair value through profit or loss
3. Fair value through other comprehensive income.

AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

The Company does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when this standard is adopted.

- AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019)

AASB 15 is the new comprehensive standard for revenue and replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts*. Under the new standard revenue is recognised when control of a good or service transfers to a customer, replacing the current principle that revenue is related to the transfer of risks and rewards. Revenue will only be recognised when control over the goods or services is transferred to the customer, either over time or at a point in time.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New accounting standards and interpretations (continued)

AASB 15 will apply to contracts that are exchange transactions. AASB 1004 *Contributions* will be superseded by AASB 1058 *Income of Not-for-Profit-Entities* and provide guidance to assist not-for-profit entities to apply AASB 15. Proposed amendments will allow both reciprocal and non-reciprocal revenue from contracts with customers to be accounted for under AASB 15 where certain conditions are attached.

The new standard will have a significant impact on revenue from contracts that are exchange transactions and span multiple reporting periods. Additional disclosures will be required to enable users to understand the amount, timing and judgments related to revenue recognition and related cash flows.

The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2017.

- AASB 16 *Leases*, issued February 2016 (effective 1 January 2019)

Under AASB 16, lessees will not be required to classify leases as either operating leases or finance leases. All leases will be presented in the financial statements as either leased assets (right-of-use) or with property, plant and equipment by recognising the present value of future lease payments. Interaction with AASB 13 *Fair Value Measurement* will require that assets received at significantly less than fair value, such as peppercorn leases, are recognised at fair value. Corresponding income will be recognised in accordance with AASB 15 or AASB 1058 as outlined above.

Lessor accounting requirements will be substantially consistent with the predecessor standard, AASB 117 *Leases*.

The new standard will significantly increase leased assets and financial liabilities recorded in the statement of financial position. Additional disclosures will be required to enable users to understand the amount and timing related to the recognition of leases, impact on the profit and loss and related cash flows.

The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2017.

(s) Adoption of new and revised accounting standards

The Company has adopted all standards which are effective for the first time for the financial year beginning 1 January 2017. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2 FEES AND CHARGES

	2017 $	2016 $
Course fees and charges		
Fee-paying Singapore students	**5,932,376**	6,435,262
Course and conference fees	**8,909**	6,103
Total course fees and charges	**5,941,285**	6,441,365

3 INVESTMENT REVENUE

	2017 $	2016 $
Interest	-	158
Total investment revenue	-	158

4 CONSULTANCY AND CONTRACTS

	2017 $	2016 $
Other contract revenue	**7,558**	52,734
Total consultancy and contracts	**7,558**	52,734

5 EMPLOYEE RELATED EXPENSES

	2017 $	2016 $
Academic		
Salaries	**2,580,031**	2,567,460
Contribution to funded superannuation	**63,845**	85,627
Annual leave	**103,458**	130,110
Total academic	**2,747,334**	2,783,197
Professional		
Salaries	**653,761**	560,114
Contribution to funded superannuation	**81,449**	72,250
Annual leave	**44,847**	38,853
Total professional	**780,057**	671,217
Total employee related expenses	**3,527,391**	3,454,414

6 DEPRECIATION

	2017 $	2016 $
Depreciation		
Plant and equipment	**1,088**	-
Total depreciation	**1,088**	-

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

7 REPAIRS AND MAINTENANCE

	2017 $	2016 $
Repairs and maintenance - general	**10,772**	10,931
Buildings	**39,258**	273
Total repairs and maintenance	**50,030**	11,204

8 OTHER EXPENSES

	2017 $	2016 $
Advertising, marketing and promotions	**38,517**	58,994
General consumables	**25,596**	115,544
Insurance	**20,552**	22,926
Minor equipment	**44,954**	22,546
Operating lease rental	**9,013**	14,830
Professional services	**110,193**	107,028
Scholarships, grants and prizes	**61,460**	148,160
Rent	**282,018**	320,369
Telecommunications	**14,771**	12,739
Travel, staff development and entertainment	**105,837**	167,717
Utilities	**5,046**	8,580
Service fees (to Parent entity)	**2,462,612**	2,418,392
Other expenses	**160,473**	82,950
Total other expenses	**3,341,042**	3,500,775

9 INCOME TAX

	2017 $	2016 $
(a) Income tax expense		
Adjustments for current tax of prior periods	**(16,060)**	30,731
	(16,060)	30,731
Income tax expense is attributable:		
Net result from continuing operations	**(16,060)**	30,731
Aggregate income tax expense	**(16,060)**	30,731
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Net result from continuing operations before income tax expense	**(803,113)**	(388,619)
Tax at the Singaporean tax rate of 17% (2016: 17%)	**(136,529)**	(66,065)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income	**136,529**	66,065
Adjustment for current tax of prior periods	**(16,060)**	30,731
Income tax expense from continuing operations	**(16,060)**	30,731

Deferred tax assets / (liabilities) have not been recognised in the statement of financial position in respect of deductible temporary differences as they are not material to the financial statements.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

10 CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash at bank and on hand	3,753,952	4,516,015
Total cash and cash equivalents	**3,753,952**	4,516,015

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balances as above	3,753,952	4,516,015
Balance per statement of cash flows	**3,753,952**	4,516,015

(b) Cash at bank and on hand

Cash on hand is non-interest bearing.

11 RECEIVABLES

Current		
Trade receivables	13,183	-
Student fees	-	14,630
Prepayments	32,334	10,758
Other receivables	86,430	59,774
Total current receivables	**131,947**	85,162

As at 31 December 2017 there were no past due or impaired receivables (2016: $14,630). Past due but not impaired current receivables for 2016 relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

3 to 6 months	-	14,630
Total past due but not impaired current receivables	-	14,630

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

12 PLANT AND EQUIPMENT

	Plant and equipment $	Total $
At 1 January 2016		
Cost	70,568	70,568
Accumulated depreciation	(70,568)	(70,568)
Net book amount	-	-
Year ended 31 December 2016		
Opening net book amount	-	-
Additions	-	-
Assets disposals	-	-
Depreciation charge	-	-
Closing net book amount	-	-
At 31 December 2016		
Cost	70,568	70,568
Accumulated depreciation	(70,568)	(70,568)
Net book amount	-	-
Year ended 31 December 2017		
Opening net book amount	-	-
Additions	**48,643**	**48,643**
Assets disposals	-	-
Depreciation charge	**(1,088)**	**(1,088)**
Closing net book amount	**47,555**	**47,555**
At 31 December 2017		
Cost	**56,515**	**56,515**
Accumulated depreciation	**(8,960)**	**(8,960)**
Net book amount	**47,555**	**47,555**

13 TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade payables	**446,967**	354,121
Related party payables	**790,960**	815,184
Other payables	**103,989**	22,583
Total current trade and other payables	**1,341,916**	1,191,888

(a) Foreign currency risk

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2017	2016
Australian Dollars	**790,960**	815,184
Singaporean Dollars	**550,956**	376,704
	1,341,916	1,191,888

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Foreign currency risk (continued)

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 24.

14 PROVISIONS

	2017 $	2016 $
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	**48,483**	70,395
Total current provisions	**48,483**	70,395

Provision for annual leave

This provision is for outstanding annual leave liabilities that employees have not yet taken. It is assumed the majority of leave will be taken in the next 12 months. The measurement and recognition criteria relating to employee benefits has been included in note 1(n) to this report.

15 RESERVES AND RETAINED EARNINGS

	2017 $	2016 $
(a) Reserves		
Foreign currency translation reserve	**1,022,134**	1,030,920
Total reserves	**1,022,134**	1,030,920
(b) Movements in reserves		
Foreign currency translation reserve		
Balance 1 January	**1,030,920**	1,085,865
Currency translation differences arising during the year	**(8,786)**	(54,945)
Balance 31 December	**1,022,134**	1,030,920
(c) Movements in retained earnings		
Retained earnings at 1 January	**2,221,938**	2,641,288
Net result for the period	**(787,053)**	(419,350)
Retained earnings at 31 December	**1,434,885**	2,221,938

(d) Nature and purpose of reserves

Foreign currency translation reserve – exchange differences arising on translation of the Singaporean dollar financial statements into Australian dollars are taken into foreign currency translation reserve.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

16 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of UON Singapore Pte Ltd during the financial year:

(i) Chair and Board of directors

Professor Amir Mahmood (Director, Chief Executive Officer)
Professor Mark Jones (Chair)
Mr Michael Grenville Gray (Director)
Mr Tay Buan Huat Peter (Director)
Ms Sandra Davie D/O Periasamy (Director)
Mr Tao Yeoh Chi (Director)

(b) Remuneration of board members and executive officers

	2017 Number	2016 Number
Remuneration of board members		
Nil	**1**	2
$1 to $9,999	**4**	4
$450,000 to $459,999	**1**	1
	6	7
Remuneration of executive officers		
$450,000 to $459,999	**1**	1

Remuneration bands for the Chief Executive Officer appear in both tables above as this position is a member of both the Board and an executive officer.

(c) Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	**456,289**	466,178
Total key management personnel compensation	**456,289**	466,178

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

17 REMUNERATION OF AUDITORS

During the year, the following fees were paid or are payable for services provided by the auditors of the Company.

	2017 $	2016 $
Audit the financial statements		
Audit Office of NSW - audit of Australian financial statements	**24,200**	23,650
BDO Singapore - audit of Singaporean financial statements	**-**	1,997
PwC Singapore - audit of Singaporean financial statements	**43,502**	43,826
Total paid for audit	**67,702**	69,473

18 CONTINGENCIES

In the opinion of the Directors, UON Singapore Pte Ltd did not have any contingent assets or contingent liabilities at 31 December 2017 (2016: Nil).

19 COMMITMENTS

(a) Lease commitments

(i) Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017	2016
Within one year	**356,694**	188,207
Between one year and five years	**434,343**	49,911
Total future minimum lease payments	**791,037**	238,118

20 RELATED PARTIES

(a) Parent entity

The ultimate parent entity is The University of Newcastle by virtue of its full ownership of the Company's issued share capital.

(b) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in note 16.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

20 RELATED PARTIES (CONTINUED)

(c) Transactions with related parties

The following transactions occurred with related parties:

	2017 $	2016 $
(i) The University of Newcastle		
Sale of goods and services:		
Grants (included in other revenue)	**60,082**	-
Purchase of goods and services:		
Service fees	**2,462,612**	2,418,392

(d) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current payables		
The University of Newcastle	**790,960**	815,184
Total current payables	**790,960**	815,184

(e) Terms and conditions

All transactions with related parties were conducted under normal terms and conditions.

21 EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

22 RECONCILIATION OF NET RESULT AFTER INCOME TAX TO NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES

	Note	2017 $	2016 $
Net result for the period		**(787,053)**	(419,350)
Depreciation and amortisation	6	**1,088**	-
Net (gain) / loss on sale of non-current assets		**(724)**	-
Net exchange differences		**(5,773)**	7,231
Changes in operating assets and liabilities:			
(Increase) / decrease in receivables		**1,446**	(14,630)
(Increase) / decrease in other receivables		**(48,232)**	8,701
Increase / (decrease) in trade and other payables		**69,784**	66,051
Increase (decrease) in related party payables		**(24,224)**	331,046
Increase / (decrease) in other operating liabilities		**97,705**	(159,812)
Increase / (decrease) in provision for income taxes payable		-	(99,116)
Increase / (decrease) in other provisions		**(21,912)**	(18,458)
Net cash provided by / (used in) operating activities		**(717,895)**	(298,337)

23 ISSUED CAPITAL

(a) Issued capital

	2017	2016
2 fully paid ordinary shares	**86,036**	86,036

In accordance with the constitution of the company, Ordinary shares which are 100% owned by the University of Newcastle participate in dividends and the proceeds on winding up of the Company.

The company is incorporated and domiciled in Singapore.

(b) Capital management

The key objectives of the Company when managing capital is to ensure the entity continues as a going concern and to maintain an optimal structure for sustainable growth.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares. The company does not have external borrowings.

(c) Dividends

No dividends were paid during the year ended 31 December 2017 (2016: Nil).

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

24 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out under the direction of the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Singapore and Australian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has set up a policy to manage their foreign exchange risk against their functional currency.

At 31 December 2017, had the Australian dollar moved by 10% against the Singapore dollar with all other variables held constant, post tax profit for the year would have changed by ±$79,096 (2016: ±$81,518), mainly as a result of foreign exchange gains/losses on translation of Singapore dollar denominated trade and related party payables.

(ii) Price risk

The Company does not have any investments in equity securities and as such is not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents. At 31 December 2017, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ±$37,540 (2016: ±$45,160), mainly as a result of higher/lower interest income from cash and cash equivalents.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

The following tables summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

		Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
	Carrying amount	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$	$	$	$	$	$	$	$	$
31 December 2017									
Financial assets									
Cash and cash equivalents	**3,753,952**	**(37,540)**	**(37,540)**	**37,540**	**37,540**	-	-	-	-
Financial liabilities									
Related party payables (denominated in $AUD)	**790,960**	-	-	-	-	**(79,096)**	**(79,096)**	**79,096**	**79,096**
Total increase / (decrease)		**(37,540)**	**(37,540)**	**37,540**	**37,540**	**(79,096)**	**(79,096)**	**79,096**	**79,096**
31 December 2016									
Financial assets									
Cash and cash equivalents	4,516,015	(45,160)	(45,160)	45,160	45,160	-	-	-	-
Financial liabilities									
Related party payables (denominated in $AUD)	815,184	-	-	-	-	(81,518)	(81,518)	81,518	81,518
Total increase / (decrease)		(45,160)	(45,160)	45,160	45,160	(81,518)	(81,518)	81,518	81,518

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' are accepted. Trade receivables consist of student fees revenue and ongoing credit evaluation is performed on the financial condition of accounts receivable.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses the Board aims at maintaining flexibility in funding by keeping sufficient cash reserves on hand.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The following tables summarise the maturity of the Company's financial liabilities:

	Weighted average effective int. rate	Nominal amount	Interest rate exposure $ Fixed interest rate	Variable interest rate	Non-interest bearing	Maturity dates $ <1 year	1-5 years	>5 years
31 December 2017								
Financial liabilities								
Trade and other payables	-	450,239	-	-	450,239	450,239	-	-
Related party payables	-	790,960	-	-	790,960	790,960	-	-
		1,241,199	-	-	1,241,199	1,241,199	-	-
31 December 2016								
Financial liabilities								
Trade and other payables	-	356,350	-	-	356,350	356,350	-	-
Related party payables	-	815,184	-	-	815,184	815,184	-	-
		1,171,534	-	-	1,171,534	1,171,534	-	-

25 FAIR VALUE MEASUREMENT

(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 balance date are:

		Carrying amount		Fair value	
Financial liabilities					
Trade and other payables	13	1,341,916	1,191,888	1,341,916	1,191,888
Total financial liabilities		1,341,916	1,191,888	1,341,916	1,191,888

(b) Fair value hierarchy

(i) Disclosed fair values

The Company has a number of assets and liabilities which are not measured at fair value, but for which the fair values are disclosed in the notes.

UON SINGAPORE

DIRECTORS DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of the Company declare that:

1. The financial statements and notes:

   a. comply with Australian Accounting Standards which include the Australian Accounting Interpretations ;

   b. comply with the *Public Finance and Audit Act 1983 (NSW)*, and the *Public Finance and Audit Regulation 2015*; and

   c. give a true and fair view of the financial position as at 31 December 2017 and financial performance for the year ended on that date of the Company.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.41C of the *Public Finance and Audit Act, 1983 (NSW)*.

Professor Mark Jones
Chair

Professor Amir Mahmood
Director

Dated 21 March 2018

UON SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

UON Singapore Pte Ltd

To Members of the New South Wales Parliament and Members of UON Singapore Pte Ltd

Opinion

I have audited the accompanying financial statements of UON Singapore Pte Ltd (the Company), which comprise the Statement of Financial Position as at 31 December 2017, the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company, as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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UON SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors' Responsibilities for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Company will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

James Sugumar

James Sugumar
Director, Financial Audit Services

4 April 2018
SYDNEY

THE UNIVERSITY OF
NEWCASTLE
AUSTRALIA