PART 3
FINANCIALS

Ourimba Campus, Central Coast

2021 FINANCIAL OVERVIEW

OVERVIEW OF THE YEAR

Through 2021, via the execution of the Enabling Change program and non-salary cost saving measures, the University has continued to manage the financial challenges brought about by COVID-19. While 2021 brought further declines in international student fees and only a partial recovery in other fees and charges compared to 2020, strong investment returns and unspent grant funds drove a positive year end result.

The net result reported for the Group is a surplus of $185.3m which is $179.4m more than 2020. The key driver of the surplus were strong investment returns which were mostly unrealised at the end of the year. Investment income for 2021 was $151.2m compared to $31.7m in 2020. The receipt of shares in IDP Education from Education Australia Ltd generated $86.1m of income for the year. The University's investment income includes $31.9m in unrealised gains from its managed funds investments, in addition to $23.3m in income distributions. Federal government funding also increased in 2021 to $610.4m (2020: $546.0m) including $25.0m of additional stimulus funding for the Research Support Program.

As in 2020, our international student revenues and student accommodation fees continued to be adversely affected by COVID-19. In addition to these challenges, the University also undertook a University-wide change program with the aim of aligning the University's organisational structure with the Looking Ahead strategy and prioritising responsible management of financial resources. The cost of the Enabling Change program in 2021 was $24.4m.

While managing these challenges, the University has continued to closely manage expenditure throughout 2021, with total expenditure for the Group decreasing by $25.9m to $775.8m.

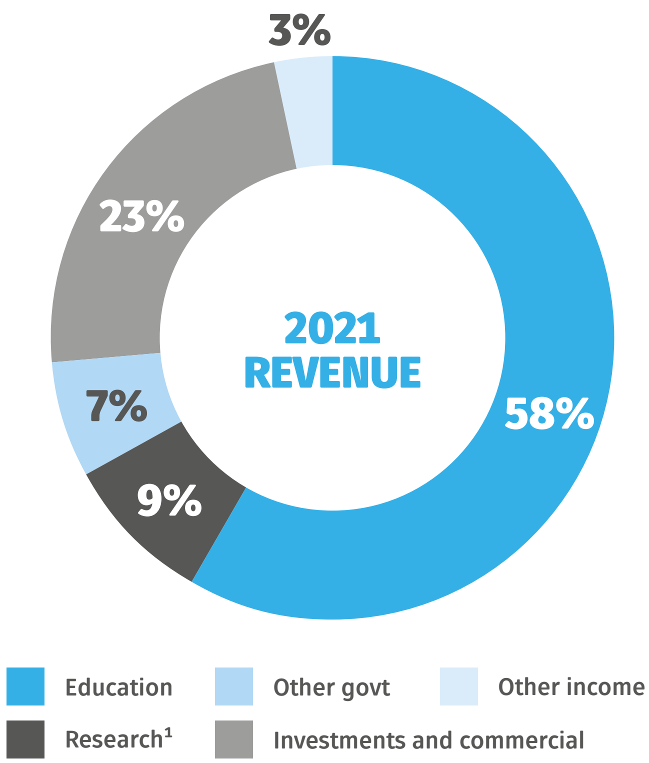
The 2021 Financial Statement includes accounting treatment changes to the recognition of Software-as-a-Service assets due to changes in guidance to apply existing Australian Accounting Standards. These changes included adjustments to retained earnings of $3.9m for 2020 capital expenditure and $5.2m for intangible assets expensed in 2021.

Ms Paula Johnston was the Chief Financial Officer throughout the year.

FINANCIAL OUTCOMES

Unless stated otherwise, references to the 'Group' in this section indicate the Consolidated Group's results in the financial statements starting on page 52. The Group includes the University of Newcastle (parent entity) and its controlled entities, Newcastle Australia Institute of Higher Education Pty Lte (formerly UON Singapore Pty Lte), The University of Newcastle Research Associates Ltd (TUNRA), NUservices Pty Ltd and Newcastle University Sport (NUsport) which became a controlled entity of the University on 25 May 2021.

In 2021 the Group result showed an increase of 19.0% in total Group income, (2020: decrease of 4.4%) primarily due to investment income recognised by the University. The controlled entities TUNRA and NAIHE reported strong surpluses due to new and expanding commercial projects and growing student numbers respectively. NUservices reported a surplus following



financial support provided by the University while NUsport reported a deficit. Both NUservices and NUsport were significantly impacted by COVID-19 restrictions in place during 2021.

Employee related expenses for the Group decreased 3.6% in 2021 (2020: increase of 8.3%) as the University reported employee expense reductions of $19.7m while costs increased for controlled entities where operations grew.

Total non-salary expenses in the University decreased by 2.8% in 2021 (2020: decrease of 4.8%) as a result of maintained operational tightening enacted in 2020 in response to the pandemic. This included strict controls on travel and recruitment of new roles across the University. The University continued to incur higher costs in other areas to ensure the support of students, the delivery of programs and mitigation of COVID-19 risks to students and staff.

Operating cash flows of the University Group in 2021 were $148.3m, up from $76.0m reported in 2020. This increase was largely the result of additional federal government funding of $64.4m, additional receipts from students and other customers and decreases in payments to suppliers and employees.

Investing cash flows of the University Group in 2021 were ($144.4m), an increase from ($75.6m) reported in 2020. Net cash for financial assets was ($34.5m) as the University invested additional funds in 2021, compared to a net inward cashflow of $50.0m in 2020. The investing cashflows represent managed fund and fixed interest investments with the majority of investment income in 2021 remaining unrealised as of 31 December. Capital expenditure on

1 Research income reported in accordance with Australian Accounting Standards differs from HERDC reported research income and the actual value of research grants awarded, but not recognised as income, during the year.

property, plant and equipment by the group was $110.0m in 2021, lower than the $125.9m reported in 2020. 2021 expenditure reflects the continued program of works across the University's campuses including the delivery of the BioResearch and Q Buildings, other campus refurbishments and various IT projects.

TABLE 1: FINANCIAL RESULTS AND BUDGET (UNIVERSITY ONLY)

	2021 $M ACTUAL	2021 $M BUDGET	2020 $M ACTUAL	2020 $M BUDGET
INCOME FROM CONTINUING OPERATIONS				
Australian government financial assistance	559.3	534.8	511.9	479.4
State and local government financial assistance	16.0	23.3	20.8	17.8
HECS-HELP (Student payments)	6.0	6.2	5.9	5.6
Fees and charges	136.2	167.9	151.9	197.3
Investment revenue	151.2	20.4	31.7	25.2
Royalties, trademarks and licences	0.5	0.5	0.7	0.0
Consultancy and contracts	52.0	55.8	43.6	65.8
Other revenue	23.5	21.1	28.4	19.3
Other investment income	0.0	0.0	0.0	0.0
Total income from continuing operations	944.7	829.9	794.9	810.3
EXPENSES FROM CONTINUING OPERATIONS				
Employee related expenses	(453.2)	(459.6)	(472.9)	(457.5)
Depreciation and amortisation	(63.4)	(66.3)	(61.7)	(56.9)
Repairs and maintenance	(31.8)	(30.7)	(32.0)	(32.4)
Borrowing costs	(0.2)	(0.2)	(0.1)	0.0
Impairment of assets	(1.4)	0.0	(1.5)	(0.5)
Loss on disposal of assets	0.0	0.0	(4.5)	0.0
Deferred superannuation expense	(0.3)	0.0	(1.1)	0.0
Other expenses	(211.4)	(251.4)	(215.2)	(237.1)
Total expenses from continuing operations	(761.7)	(808.2)	(789.1)	(784.4)
Net result before income tax	183.0	21.7	5.9	25.9

Results may be subject to rounding discrepancies

TABLE 2: 2021 CONSOLIDATED RESULTS

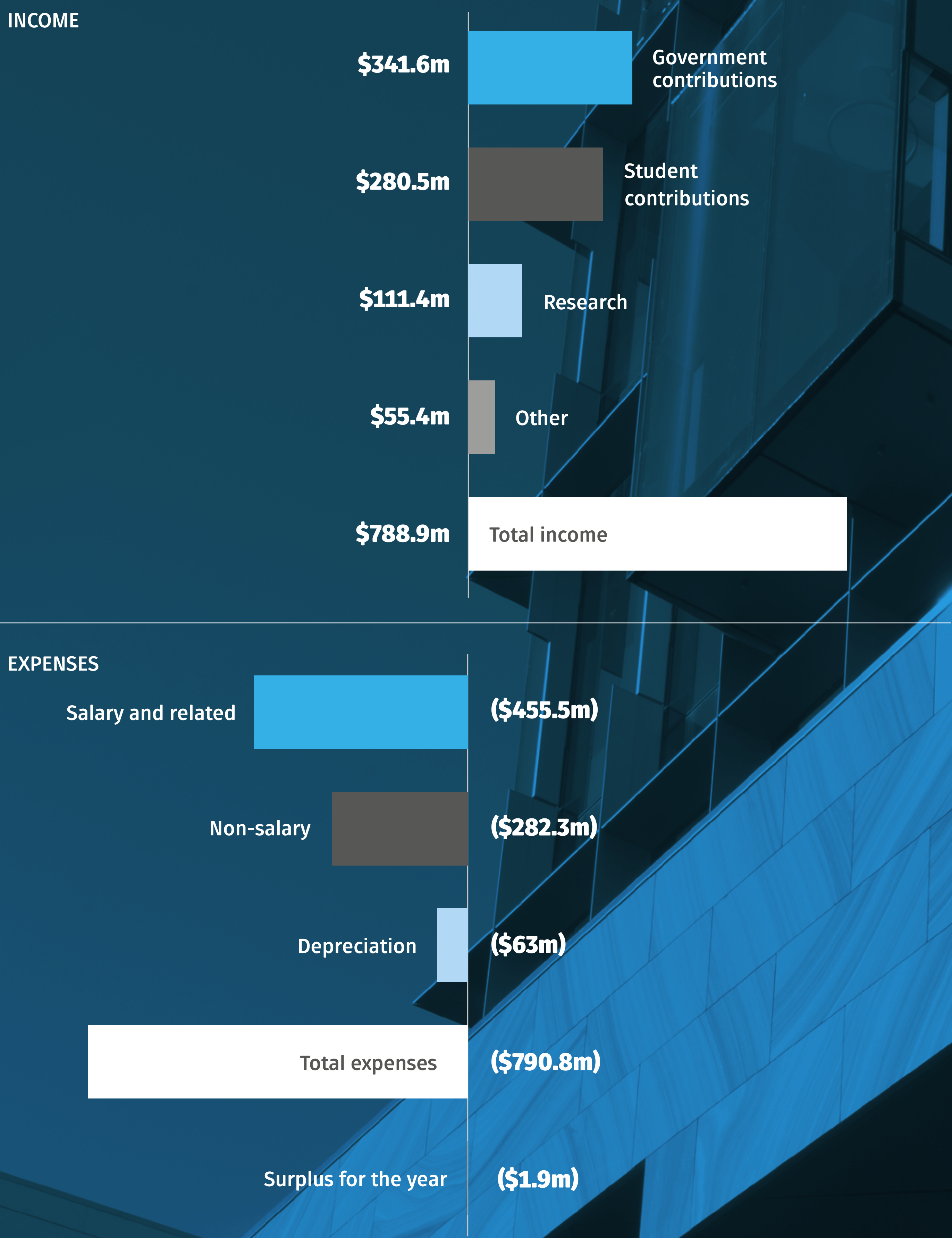
	INCOME $M	EXPENSES $M	NET SURPLUS (DEFICIT) $M	BUDGET NET SURPLUS (DEFICIT) $M
University of Newcastle	944.7	(761.8)	182.9	21.7
TUNRA	9.5	(8.5)	1.0	0.5
Newcastle Australia Institute of Higher Education	9.0	(7.1)	1.9	0.2
NUservices	2.1	(1.5)	0.6	0.1
NUsport	4.3	(4.9)	(0.6)	(0.7)
Consolidation adjustments	(7.9)	7.9	0.0	0.0
Consolidated entity	961.7	(775.9)	185.8	21.8

Please refer to note 24 of the financial statements for details of the University's subsidiaries.

Note 1: Research income reported in accordance with Australian Accounting Standards differs from HERDC reported research income and the actual value of research grants awarded, but not recognised as income, during the year.
Note 2: The 2020 budget provided above was the first and only budget approved by the University's Council for the year.

2022 BUDGET

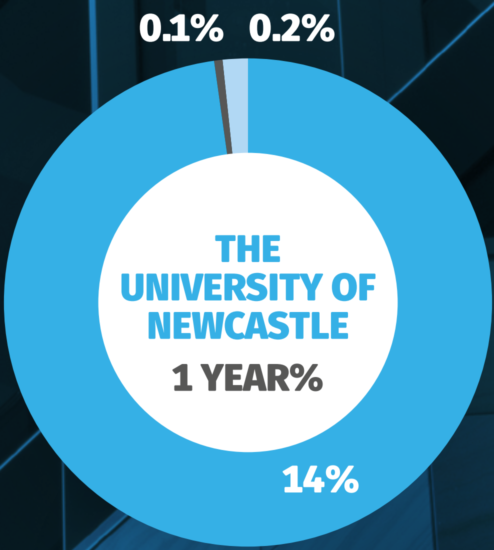
SUMMARY 2022 BUDGETED FINANCIAL PERFORMANCE (UNIVERSITY ONLY)

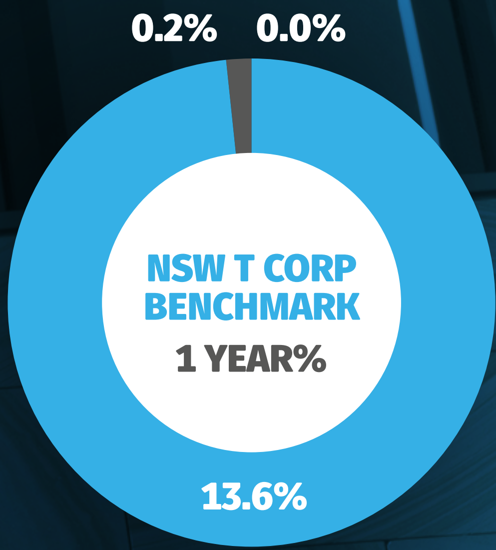


INVESTMENT PERFORMANCE

Performance for 2021 is shown in the graphs below:

INVESTMENT PERFORMANCE ACHIEVED COMPARED TO NSW TREASURY CORPORATION BENCHMARKS (UNIVERSITY ONLY)





Source University treasury records and NSW TCorpIM Fund performance provided by Mercer Consulting

LIABILITY MANAGEMENT PERFORMANCE

The University did not have any external bank borrowings at 31 December 2021. Lease liabilities of $4.3m (2020: 4.6m) recognised on the Balance Sheet relate to building and motor vehicle leases held by the University.

ACCOUNTS PAYABLE PERFORMANCE

There were no significant events that affected payment performance in 2021. The University continued making internal process improvements to improve accounts payable performance in 2021, with continued use of Robotic Process Automations to assist with streamlining processes. There were no instances where penalty interest was paid in 2021.

TABLE 3: ACCOUNTS PAYABLE PERFORMANCE IN 2021 (UNIVERSITY ONLY)

ACCOUNTS PAYABLE AT:	31 MARCH $M	30 JUNE $M	30 SEPTEMBER $M	31 DECEMBER $M
Not overdue	7.5	9.6	7.2	8.6
Under 30 days	2.7	1.1	0.0	0.7
Between 30 to 60 days	0.0	0.0	0.0	0.1
Between 60 to 90 days	0.0	0.0	0.0	0.0
More than 90 days overdue	0.0	0.2	0.0	0.0
Total	10.2	10.9	7.2	9.4
Please refer to note 24 of the financial statements for details of the University's subsidiaries.				
Invoices paid on time	Q1 31 March	Q2 30 June	Q3 30 September	Q4 31 December
	%	%	%	%
Actual based on volume	67%	71%	70%	79%
Actual based on value	81%	78%	83%	84%
Target	67%	67%	67%	67%
	$m	$m	$m	$m
Actual value paid	72.8	57.6	64.2	87.2
Total amount paid	90.2	74.1	77.8	104.3

Results may be subject to rounding discrepancies

FINANCIAL POSITION

The Group's financial position has grown through 2021 with net assets of $1.64 billion as at 31 December 2021 (2020: $1.43 billion), the result of investment performance and re-valuation of land building and infrastructure assets. The University continues to have no external borrowings and minor lease liabilities.

The low current ratio of the University has been maintained and is caused by the strategic allocation of investments to a Long-Term Pool and their classification as non-current assets. A significant portion of funds within the Long-Term Pool, disclosed in the University's non-current assets are invested in highly liquid assets, with exposure to higher investment returns. Most of these assets are considered by management to supplement the balances defined as current in the financial report for cash management purposes.

The Group's investments totalled $625.6m at the end of 2021 compared with $519.3m in the prior year. The Group recognised an unrealised investment gain of $31.8m for the year ended 31 December 2021 for its managed funds due to a strong market performance. Excluding investment revaluations, the net result in 2021 was a $34.4m surplus compared with a ($5.6m) deficit in the prior year. Realised investment income in 2021 was $35.9m, up from $13.1m in 2020. The increase in realised investment income in 2021 is largely due to significant distributions from the University's managed funds investments.

In 2021 the University received an in-specie distribution of shares in IDP Education (IDP) through its investment in Education Australia Ltd (EAL). The University records its long-term strategic investment in Education Australia Ltd at fair value through Other Comprehensive Income. Following the distribution, the revaluation of Education Australia Ltd resulted in an unrealised loss of $49.0m as at December 2021 (2020: $10.4m gain). The downward valuation is linked to transfer of EALs main value, its shareholding in IDP Education, to its investors, of which the University is one of 38. The value of IDP shares held by the University a at 31 December 2021 was $63.4m.

The annual independent valuation of land, buildings and infrastructure assets resulted in a net increment of $68.7m (2020: $33.9m increment) which was recorded in the asset revaluation reserve. The increase in 2021 represents increases in construction costs which impact the valuation of the majority of the University's building and infrastructure assets.

MOVEMENT IN WAGES

The movement in wages reflects the close management of recruitment processes in 2021 because of the ongoing pandemic, the University's Enabling Change program and normal increases associated with enterprise agreement salary increases negotiated in 2018 and increments due to promotions and movement through the Higher Education Worker Levels (HEWL). Total employee related expenditure for the University was $453.2m in 2021, down from $472.9m in 2020.

The University also incurred expenses related to the finalisation of the casual payroll remediation work commenced in 2020.

OVERSEAS TRAVEL

The COVID-19 pandemic continued to restrict University travel throughout 2021. The total expenditure on international travel was $0.2m in 2021 (2020: $1.1m). This includes the cost of airfares, accommodation, and other transport costs.

LAND DISPOSAL

The University did not dispose of any land in excess of $5.0m during 2021.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

During 2021, the University provided $25,500 in grant funding to local non-government community organisations (2020: $73,500).

ACCOUNTS RECEIVABLE PERFORMANCE

Total trade receivables, including allowance for expected credit losses, for the University were $41.6m in 2021, up from $23.7m in 2020. Student debtors increased $1.9m for

TABLE 4: FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

NAME OF RECIPIENT ORGANISATION	PROGRAM AREA AS PER BUDGET	NATURE AND PURPOSE OF THE PROJECT INCLUDING AIMS AND TARGET CLIENTS	2020 GRANT AMOUNT
Newcastle Afoot	The Big Picture Fest	Sponsorship of the Big Picture Fest, supporting world class international artists to paint murals alongside local talent on some of Newcastle's largest buildings.	20,000
Newcastle Writers Festival	Sponsorship 2020-2022	The Newcastle Writers Festival is one of the largest regional literary festivals in Australia	18,000
Awabakal Ltd	NAIDOC Sponsorship 2021	Awabakal Ltd is a community-focused and leading Aboriginal organisation in NSW	9,090
Central Coast Industry Connect	Academic Division	Raise the profile of the University within the region and support the organisation's events to create growth opportunities in the manufacturing industry .	5,000
Total			52,090

the year to $5.0m as at 31 December 2021. During 2021 the University continued to work closely with students and other debtors impacted by the ongoing pandemic, enabling flexible payment arrangements where required. Write-offs for the year increased to $1.0m from $0.5m in 2020 and the total allowance for expected credit losses increased modestly from $1.0m to $1.3m.

RESPONSIBLE INVESTMENT

In 2018 the University updated its investment policy to strengthen its approach to responsible investment, including the consideration of environmental, social and governance (ESG) issues within its portfolios. The new strategy included the implementation of the UN's Sustainable Development Goals, supported by the University's investment portfolio manager, Mercer, to monitor performance against these goals. Mercer is a founding signatory to the Principles for Responsible Investment (PRI) and recognised as a global and local leader in responsible investing.

The four key focus areas established in 2018 were to:

1. Improve the University's ESG score
2. Reduce the carbon footprint of the University's investment portfolio
3. Divest from fossil fuel companies that aren't demonstrating a transition to a low carbon economy
4. Increase investments aligned with the UN Sustainable Development Goals.

As of the end of 2021, the University has met or exceeded each of its ESG goals (as highlighted below) as it continues to align its investment portfolio with its ESG investment approach.

1. **Improve the University's ESG score**

In the last year the University's ESG score was 1.78, and improvement of 9.7% on the prior year and over 30% better than the University's benchmark.

2. **Reduce the carbon footprint of the University's investment portfolio**

In the four years the University's goals have been in place, the carbon footprint of its listed shares portfolio, as measured by weighted average carbon intensity (WACI), has decreased over 30% and as at 30 June 2021 is 29.2% below the composite benchmark.

3. **Divest from fossil fuel companies that aren't demonstrating a transition to a low carbon economy**

The University's listed equity portfolio does not have any fossil fuel holdings faced with acute low carbon transition risk.

4. **Increase investments aligned with the UN Sustainable Development Goals.**

The University invests in a Socially Responsible Global Shares fund, of which 70% is invested with managers that specifically target sustainability themes where the investments are typically aligned with the United Nations Sustainable Development Goals (UN SDGs). In June 2021 the University mapped its portfolio to the UN SDGs and the result was 27% (2020: 22%) of the University's portfolio (listed equity and direct property) is aligned to one or more of the SDGs.

The above are important achievements for the University and represent the focus of sustainability as a value in the *Looking Ahead Strategic Plan 2020-2025*.

The University, over the course of the FY 2020/2021, utilised proxy votes through the fund manager to vote at 99% (1,916 votes) of eligible shareholder meetings in Australia and 98% (44,365 votes) of overseas meetings. Mercer's full voting record is available online.

The University continues to work with Mercer to identify areas of further development in improving its ESG investment approach.

SUBSIDIARIES

NUSERVICES PTY LTD

NUservices Pty Ltd was established in May 2020 to undertake a range of services of a commercial nature that support the provision of vibrant campus environments for the benefit of students, staff and the community. Services include retail, food and beverage, venue management and hire, University merchandise and a post office.

While campuses were significantly impacted by COVID-19 in 2021, NUservices continued to offer many services to students and staff on campus.

2021 Achievements:

- Mrs Sarah Sylvester was appointed as General Manager to develop and oversight operations
- Operations were expanded to include venue hire
- Strong focus on improving operating procedures and reducing costs
- Communications were improved to grow awareness of services
- An updated Business Plan was prepared for 2022 based on return to full campus activity levels
- Local Connections continued to develop and provide fresh locally sourced dishes at affordable prices. Local Connections also continued to employ University of Newcastle students, contributing to the University's strategic focus on life-ready graduates

NUservices also assisted the University to manage COVID-19 impacts including support for students housed in on-campus accommodation.

THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES LIMITED (TUNRA)

The University of Newcastle Research Associates Limited (TUNRA) completed another successful year of commercial operation as part of the Research and Innovation Division. TUNRA operates as a wholly owned Controlled Entity of the University of Newcastle and acts as an important interface between Academia and Industry.

TUNRA represents an important piece in the University's overall strategy of leveraging current capability and assets coupled with a long history of service excellence and industry engagement to deliver an expanded range of services to customers both in Australia and overseas.

The focus for the business for 2021 was on the continued sustainability of the TUNRA Bulk Solids (TBS) business unit, as well as continuing to support two key TUNRA hosted major research projects. The two major projects being run by TUNRA, with research partners being ImmVirx and MCi, both had significant outcomes in 2021.

Despite the challenging economic conditions that 2021 presented, and in addition to the general disruption associated with a global pandemic, TUNRA recorded a very successful year. TUNRA conducted projects for over 150 industry partners, both in Australia and overseas, throughout 2021.

2021 Achievements:

- A continued focus on operational excellence and governance structure to support the commercial research activities. During 2021 TUNRA's policy framework was reviewed, as well as annual reviews of risk and compliance registers
- Strong performance of the TBS business unit that consolidated the success seen in recent years. The main commercial research services that TBS offer are flow property testing and characterisation, and engineering design services. The main sector TBS operates in is mining, with Clients such as BHP Iron Ore, Rio Tinto, Roy Hill Mining and Glencore.
- Aligned to the educational mandate of the business, TUNRA continued its commitment to the delivery of industry short courses. Early 2021 allowed a resumption of face-to-face courses before it was necessary to resume the online courses developed in 2020. The courses and workshops are conducted as a means of educating industry based on the research developments of the University and traditionally have had a global audience. The online activities included multi-day courses, half day master classes, and shorter workshops and webinars
- One of the two main TUNRA hosted projects, being funded by Mineral Carbonation International (MCi), secured a $14.6M grant in June 2021 under the inaugural Federal Government Carbon Capture, Use and Storage Fund which is backed by an additional $14.62 million in in-kind contributions provided by MCi and its industry partners. The grant is to design and commission a demonstration plant of their technology. In addition, the MCi team won the global Clean Energy Startup Pitch Battle from a field of 2700 competitors, announced at the Climate change conference in Glasgow (COP26) during November 2021
- The other main TUNRA hosted project, being funded by ImmVirX Pty Ltd, also had success during 2021 as they were able to raise $25M in capital. This has allowed increased research activity with TUNRA with the research targeting a range of cancer cell types
- Both direct and indirect research support to the University was provided throughout 2021. TUNRA increased its PhD scholarship support in 2021 to now directly fund three PhD scholarships and is looking to increase this again in 2022. TUNRA also provided undergraduate scholarships in 2021 allowing students the opportunity for work integrated learning. Indirect contributions include HERDC funding attributed to the research activities of TUNRA, as well as technical support offered to various research groups across the University

2022 Activities:

- The TUNRA business plan in 2022 will be delivered in support of the University's Looking Ahead Strategic Plan 2020-2025 and the Research and Innovation Division corporate plan
- TUNRA will increase the research support provided to the University. The focus for TUNRA will be on directly supporting additional PhD scholarships as well as undergraduate scholarship opportunities to support work-integrated learning
- Increase the engagement across the University to further leverage the University's assets and resources, in line with strategy, to enhance the engagement with businesses and community The focus for 2022 will be on diversification of TUNRA, with the diversification opportunities being aligned to the strengths of the University
- Invest in capital programs that act to support the purpose of TUNRA, being research and research education. Capital support will be aligned to the needs of the TUNRA business and will be market driven
- Facilitating a robust and responsive customer-centric environment supported by a flexible operating model. TUNRA is externally facing and will continue to provide a pathway for commercial engagements for University researchers
- Continue to make, as a controlled entity, a direct and indirect contribution to the University

NEWCASTLE AUSTRALIA INSTITUTE OF HIGHER EDUCATION (NAIHE)

Celebrated as one of Asia's most advanced education, research and innovation hubs, Singapore has been known as the ideal location for the delivery of world class education programs in the region. The University of Newcastle has offered its programs in Singapore since 2002.

Newcastle Australia Institute of Higher Education (NAIHE, formerly known as UON Singapore) was established as a wholly owned entity of the University in 2006 and in partnership with local institutions, continues to grow its program offering for local and international students. We undertake research with organisations and institutions in the Singapore and across the globe to deliver innovative solutions to industry challenges.

NAIHE is the University's international footprint of the University in the Asia region, as well as a hub and a gateway for the Asia Pacific region which allow us to pursue educational opportunities and to work with research institutes, industry and businesses in Singapore and the ASEAN region, to create the University global presence. In partnership with highly respected local institutes and government, we have graduated over 6,000 graduates from 39 countries.

2021 Achievements:

Despite the ongoing COVID-19 pandemic and closed borders, NAIHE continued working with its partners to deliver the best online learning experience through the re-design of teaching approaches and research activities.

Some of our key highlights include:

- UON Singapore Pte Ltd was officially renamed as Newcastle Australia Institute of Higher Education Pte Ltd (NAIHE) with effect from 1 June 2021

- NAIHE moved to the iconic National Library Building in November 2021
- NAIHE was privileged to establish a partnership agreement with India's prestigious public management institution, Indian Institute of Management Shillong (IIM Shillong). The partnership began with a Post Graduate Programme for executives in September 2021, with a focus on Sustainability Issues in the Emerging Economies, featuring two of our lecturers: Associate Professor Kavitha Palaniappan and Professor Julia Connell
- The University of Newcastle was one of the sponsors for the second International Conference on Environmental Science and Applications (ICESA'21) and the second International Conference on Civil Engineering Fundamentals and Applications (ICCEFA'21). Five papers were presented at the conferences, and Dr Charles Lee and A/Prof Kavitha Palaniappan were also members of the Scientific Committee
- We are proud to be a research-intensive university. Our world-class researchers continued to attract funding from national and international funding bodies as well as industry and community partnerships. We are pleased to announce that 5 of NAIHE's Small Research Projects have been successfully approved for 2022, worth a total of S$50,000
- A new Board Member, Dr Lee Kwok Cheong, was appointed in 2021. Dr Cheong previously had distinguished careers with the Singapore Institute of Management Holdings and Singapore Institute of Management.

2022 Activities:

The University of Newcastle officially opened its new campus and office at the Singapore National Library Building on 16 February 2022. The new campus will be the University's hub in the Asia Pacific region. The campus was officially opened by the University of Newcastle's alumnus Dr Khaw Boon Wan, Chairman of SPH Media Trust, the Australian High Commissioner His Excellency William Hodgman, and University of Newcastle Vice-Chancellor and President, Professor Alex Zelinsky AO.

With the new premises at the National Library Building, NAIHE will be introducing post-graduate programs in the areas of Business Psychology, Information Technology, Health Economics and Management and Policy, Data Science and Special and Inclusive Education, thereby aiming to play an essential role in the Asia Pacific region representing the parent University.

Some of our key highlights include:

- NAIHE's application to register as a Private Education Institution (PEI) was approved by the Committee for Private Education (CPE), Singapore. The registration period is from 23 March 2022 to 22 March 2024
- Good progress has been made with modelling the six programs that will form the PEI. The six PEI programs are as follows:
  - Master of Business Psychology (MBP)
  - Master of Health Economics, Management and Policy (MHEMP)
  - Master of Special and Inclusive Education (MSIE)
  - Master of Information Technology (MIT)
  - Master of Data Science (MDS)
  - Master of Mental Health Nursing (MMHN)
- The MBP, MHEMP, MSIE and MIT will welcome the first intake of students in September 2022
- NAIHE is in discussions with BCA Academy for Agreement Renewal that will expire in July 2022
- NAIHE is aiming to collaborate with SIM-Global and jointly develop a model for teaching of a two-year degree to Singaporean polytechnic students. This will allow students to graduate with a Bachelor of Biomedical Science after two years of study. The program will be taught in Singapore by staff recruited and paid by NAIHE. The School of Biomedical Science and Pharmacy will provide administrative and quality assurance support. NAIHE expects to accept applications in October 2022 and enrol 30 students in February 2023
- NAIHE expects to accept applications in late 2022 for the Executive Master of Business Administration (EMBA) and we would be starting to offer the EMBA program with our existing partner PSB Academy from Trimester 1, 2023.

NUSPORT

Newcastle University Sport (NUsport) was established in 2001 and supports the health and wellbeing of the students and staff of the University along with the broader community. The company manages and operates NUsport At The Forum Sports and Aquatic Centre at Callaghan and NUsport At The Forum Health and Wellness Centre at Harbourside in Newcastle's Honeysuckle precinct. NUsport delivers fitness, sport and well-being programs and activities with a focus on enhancing student and member experience through the provision of first-class services and facilities.

NUsport administers the University of Newcastle's Elite Athlete Program and twenty-four University affiliated sporting Clubs which enables students, staff and the community to participate in a vibrant sporting environment and contributes to the strong sporting culture at the University and across the region.

2021 Achievements:

- Becoming a Controlled Entity. NUsport members voted at the AGM held on 25 May 2021 for NUsport to become a controlled entity of the University of Newcastle. This vote approved a revised Constitution which saw the University become the sole member of NUsport. There were three key Governance documents which included a Service Level Agreement incorporating guaranteed capital funding from the University for a ten-year period, a 15-year lease extension over the Callaghan facilities until 2038 and a Statement of Principles between both entities. NUsport has adopted the University's Governance Framework for Controlled Entities
- New Board Constituted. A new Board was formed following the move to a controlled entity which consists of seven Directors, of which one is a student
- Strategic Planning Workshop. Conducted by the newly formed NUsport Board on 16 November 2021 to review NUsport's Moving Ahead Strategic Plan under the new governance structure and new agreements with the University. Key areas of focus included delivering on a more robust vision, a greater alignment with the University's strategic plan and NUsport's future ten-year capital planning priorities

- Rebranding Strategy. NUsport, supported by University funding, has completed a rebranding review and rollout in line with branding requirements as a controlled entity of the University and to better strengthen the connection between the three brands (University of Newcastle, NUsport and The Forum)
- Re-opening of the Upgraded Aquatic Centre. The University upgraded the Aquatic Centre at a cost of $7.8m which has provided NUsport with a first-class Olympic size pool with the capability of holding Local, National and International events. The Aquatic Centre reopened on 7 June 2021 after being closed for 12 months
- Impact of COVID-19 on Operations. Both NUsport At The Forum facilities closed on 5 August 2021 for a nine-week period due to enforceable Public Health Orders resulting from the surge in positive COVID-19 cases in the region. The closure significantly impacted on NUsport's operations and financial position due to the significant reduction in membership, programs, visitation, and participation. Post reopening in October 2021, members of NUsport At The Forum have been slow to return due to the high infection transmission rates of COVID-19 in the local area and the requirement to be fully vaccinated. As more than 65 per cent of NUsport At The Forum members are University students and staff, the University campus closures and move to on-line learning and University staff and businesses working from home have also significantly impacted on membership and visitations

Other activities for 2021 are below:

- NUsport employs many University of Newcastle students which resulted in staff shortages due to this demographic's increased exposure to COVID-19 and delays in receiving vaccination
- Membership of 2,632 individual NUsport At The Forum gym members. Student members account for 1,588 (60 per cednt of membership)
- Aquatics and Swim Academy participation remained strong with 736 Learn to Swim Participants and 248 in Squad members for a total participation in main programs of 984.
- Fitness Passport members of 5,181
- Support for 46 University students competing in UniSport National events. Preparation and planning were undertaken for an additional 240 students (21 teams) to attend multiple events at the UniSport Nationals in the Gold Coast but were cancelled due to COVID-19 restrictions
- Support for 24 University affiliated Clubs with 1,823 members, 1380 being University of Newcastle students
- 122 verified student athletes in the University of Newcastle Elite Athlete Program
- Social Sport competitions that improve campus life for 948 participants in Semester 1 and 956 participants in Semester 2 (despite COVID-19 restrictions)
- The Board conducted a Safety Audit on 13 April 2021
- A notable safety improvement in 2021 was the installation of 5 security cameras in the refurbished Aquatic Centre
- Mental Health First Aid training was put in place for all frontline staff and managers
- EAP Online Support programs were provided to all staff
- Approval for an outdoor gym to be built alongside the NUsport At The Forum Sports and Aquatic Centre at Callaghan
- NUsport' s organisational redesign continues in line with the organisation's strategic planning
- NUsport employs a significant number of students contributing to the University's goals of life-ready graduates. NUsport had a Work Integrated Learning student from the Newcastle Business School working with the Sports Programs team on event management
- NSW Health Public Health Order vaccination requirements for Gyms and Indoor Recreation precluded unvaccinated members and staff from returning to the facilities which resulted in reduced operating hours and a reduction of programs and activities delivered
- The Aquatic Centre, a primary source of income, was closed for five months of 2021 for refurbishment and closed again for a nine-week period due to COVID-19 NSW Public Health Orders which significantly impacted Aquatic income for the year
- The loss of key commercial contracts of Newcastle Jets and reduced Newcastle Knights activity also negatively affected Facility Hire Income
- Comprehensive COVID safety plans were developed to enable the organisation to provide a safe environment for all customers, employees and visitors to The Forum facilities. NUsport's COVID safety plans were updated regularly to support the changing obligation under NSW Public Health Orders and ongoing alignment with the University of Newcastle policies and procedures

2022 Activities:

- Budget based on returning to 2019 revenue targets after 2 years of disruption
- Rebuild and redesign the organisation driven by future business strategies to effectively manage resources and respond to the evolving market post COVID-19
- Provide student programs and participation to add value to campus life and the student experience including NUsport Clubs, UniSport MyWay program, Intervarsity and Elite Athlete programs
- Future Capital Planning to deliver on NUsport's strategic priority of "Spaces and Places" in the development of sporting facilities and further expansion of the sporting precinct. The key objective is to reimagine, rebuild and renew NUsport's sporting assets with a key priority to provide first class, vibrant safe and accessible facilities
- Outdoor gym at Callaghan with fitness circuit and programs which will promote the University, activate the Callaghan campus, enhance the student and member experience and provide community engagement
- Swimming NSW and NSWIS training hub for Elite athletes
- Strategic Partnership with Hunter and Central Coast Academies of Sport
- Reactivation of NUsport At The Forum Harbourside including Open Day, corporate engagement and diversifying programs
- Fitness Passport promotion with the University
- Ourimbah Pop Up Gym to provide fitness facilities, programs and activities to enhance the student experience and increase campus activation on the Ourimbah campus

THE UNIVERSITY OF NEWCASTLE

AUDITED FINANCIAL STATEMENTS

ABN 15 736 576 735

FOR THE YEAR ENDED 31 DECEMBER 2021

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
		2021	Restated 2020	2021	Restated 2020
	Note	$'000	$'000	$'000	$'000
Revenue and income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3.1	**396,515**	337,598	**396,515**	337,598
HELP - Australian Government payments	3.1	**162,841**	174,294	**162,841**	174,294
State and Local Government financial assistance	3.2	**15,977**	20,814	**15,977**	20,814
HECS-HELP - student payments		**5,952**	5,872	**5,952**	5,872
Fees and charges	3.3	**144,930**	159,906	**135,905**	151,907
Investment income	4	**151,238**	31,715	**151,185**	31,711
Royalties, trademarks and licences	3.4	**660**	1,345	**545**	747
Consultancy and contracts	3.5	**60,216**	50,826	**52,020**	43,541
Other revenue	3.6	**23,044**	25,492	**23,491**	28,440
Total revenue and income from continuing operations		**961,373**	807,862	**944,431**	794,924
Expenses from continuing operations					
Employee related expenses	5	**464,497**	482,010	**453,580**	472,907
Depreciation and amortisation	6	**64,198**	61,457	**63,435**	61,037
Repairs and maintenance	7	**31,996**	32,114	**31,740**	32,010
Borrowing costs	8	**101**	104	**157**	111
Impairment of assets	9	**1,468**	1,651	**1,422**	1,532
Loss on disposal of assets		**20**	4,555	**23**	4,521
Deferred superannuation expense	5	**320**	1,099	**320**	1,099
Other expenses	10	**213,254**	218,733	**211,442**	217,197
Total expenses from continuing operations		**775,854**	801,723	**762,119**	790,414
Net result before income tax from continuing operations		**185,519**	6,139	**182,312**	4,510
Income tax expense		**249**	(23)	**51**	-
Net result after income tax for the period		**185,270**	6,162	**182,261**	4,510
Net result attributable to:					
Members of the University of Newcastle		**185,270**	6,162	**182,261**	4,510
Total		**185,270**	6,162	**182,261**	4,510

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
		2021	Restated 2020	2021	Restated 2020
	Note	$'000	$'000	$'000	$'000
Net result after income tax for the period		**185,270**	6,162	**182,261**	4,510
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations		**130**	(405)	**-**	-
Total		**130**	(405)	**-**	-
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of land and buildings, net of tax	14	**68,743**	1,486	**47,215**	1,489
Net actuarial gain/(loss) recognised in respect of defined benefit plans	31	**1,318**	432	**1,318**	432
Gain/(loss) on revaluation of other financial assets through comprehensive income		**(49,038)**	10,368	**(49,039)**	10,368
Total		**21,023**	12,286	**(506)**	12,289
Total other comprehensive income		**21,153**	11,881	**(506)**	12,289
Comprehensive result		**206,423**	18,043	**181,755**	16,799
Total comprehensive income attributable to:					
Members of the University of Newcastle		**206,423**	18,043	**181,755**	16,799
Total		**206,423**	18,043	**181,755**	16,799

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
		2021	Restated 2020	2021	Restated 2020
	Note	$'000	$'000	$'000	$'000
Assets					
Current assets					
Cash and cash equivalents	11	**35,757**	33,673	**26,021**	29,378
Trade and other receivables	12	**84,813**	71,775	**84,012**	70,705
Inventories		**247**	198	**60**	157
Other financial assets	13	**82,128**	74,250	**80,828**	72,778
Non-current assets held for sale		**106**	44	**-**	-
Total current assets		**203,051**	179,940	**190,921**	173,018
Non-current assets					
Receivables	12	**395,254**	426,808	**395,112**	426,713
Other financial assets	13	**543,511**	445,056	**543,610**	445,147
Property, plant and equipment	14	**1,234,615**	1,106,102	**1,204,677**	1,105,660
Intangible assets	15	**23,105**	31,517	**23,105**	31,517
Total non-current assets		**2,196,485**	2,009,483	**2,166,504**	2,009,037
Total assets		**2,399,536**	2,189,423	**2,357,425**	2,182,055
Liabilities					
Current liabilities					
Trade and other payables	16	**179,965**	161,417	**181,512**	163,391
Borrowings	17	**1,674**	2,663	**1,093**	2,380
Provisions	18	**111,634**	117,482	**109,497**	115,974
Other liabilities	19	**21,665**	10,049	**21,462**	10,073
Total current liabilities		**314,938**	291,611	**313,564**	291,818
Non-current liabilities					
Provisions	18	**436,114**	469,644	**435,917**	469,413
Borrowings	17	**8,449**	1,325	**6,685**	1,321
Total non-current liabilities		**444,563**	470,969	**442,602**	470,734
Total liabilities		**759,501**	762,580	**756,166**	762,552
Net assets		**1,640,035**	1,426,843	**1,601,259**	1,419,503
Equity					
Reserves	27	**537,624**	516,471	**515,070**	515,575
Retained earnings	27	**1,102,411**	910,372	**1,086,189**	903,928
Total equity		**1,640,035**	1,426,843	**1,601,259**	1,419,503

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated	
2021	**Reserves**	**Retained Earnings**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 January 2021	**516,471**	**910,372**	**1,426,843**
Retrospective changes[1]	**-**	**-**	**-**
Balance as restated	**516,471**	**910,372**	**1,426,843**
Net result	**-**	**185,270**	**185,270**
Gain/(loss) on revaluation of land and buildings, net of tax	**68,743**	**-**	**68,743**
Gain/(loss) on financial assets at fair value through OCI	**(49,038)**	**-**	**(49,038)**
Gain/(loss) on foreign exchange	**130**	**-**	**130**
Retained earnings transferred in from NUsport	**-**	**6,769**	**6,769**
Remeasurements of Defined Benefit Plans	**1,318**	**-**	**1,318**
Total comprehensive income	**21,153**	**192,039**	**213,192**
Balance at 31 December 2021	**537,624**	**1,102,411**	**1,640,035**

		Consolidated	
2020	**Reserves**	**Retained Earnings**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 January 2020	504,590	907,626	1,412,216
Retrospective changes[1]	-	(3,896)	(3,896)
Balance as restated at 1 January 2020	504,590	903,730	1,408,320
Net result	-	6,162	6,162
Gain/(loss) on revaluation of land and buildings, net of tax	1,966	-	1,966
Gain/(loss) on financial assets at fair value through OCI	10,368	-	10,368
Gain/(loss) on foreign exchange	(405)	-	(405)
Transfers from reserves	(480)	480	-
Remeasurements of Defined Benefit Plans	432	-	432
Total comprehensive income	11,881	6,642	18,523
Balance at 31 December 2020	516,471	910,372	1,426,843

1 The retrospective changes relate to initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) in relation to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. Refer note 1(j) for further information.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

2021	Reserves	Parent Retained Earnings	Total
	$'000	$'000	$'000
Balance at 1 January 2021	**515,575**	**903,928**	**1,419,503**
Retrospective changes[1]	**-**	**-**	**-**
Balance as restated	**515,575**	**903,928**	**1,419,503**
Net result	**-**	**182,261**	**182,261**
Gain/(loss) on revaluation of land and buildings, net of tax	**47,215**	**-**	**47,215**
Gain/(loss) on financial assets at fair value through OCI	**(49,038)**	**-**	**(49,038)**
Transfers from reserves	**-**	**-**	**-**
Remeasurements of Defined Benefit Plans	**1,318**	**-**	**1,318**
Total comprehensive income	**(505)**	**182,261**	**181,756**
Balance at 31 December 2021	**515,070**	**1,086,189**	**1,601,259**

2020	Reserves	Parent Retained Earnings	Total
	$'000	$'000	$'000
Balance at 1 January 2020	503,286	902,834	1,406,120
Retrospective changes[1]	-	(3,896)	(3,896)
Balance as restated at 1 January 2020	503,286	898,938	1,402,224
Net result	-	4,510	4,510
Gain/(loss) on revaluation of land and buildings, net of tax	1,968	-	1,968
Gain/(loss) on financial assets at fair value through OCI	10,369	-	10,369
Transfers from reserves	(480)	480	-
Remeasurements of Defined Benefit Plans	432	-	432
Total comprehensive income	12,289	4,990	17,279
Balance at 31 December 2020	515,575	903,928	1,419,503

1 The retrospective changes relate to initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) in relation to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. Refer note 1(j) for further information.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Australian Government grants		**610,431**	546,013	**610,431**	546,013
OS- HELP (net)		**-**	6,397	**-**	6,398
State Government grants		**16,390**	23,474	**16,390**	23,474
HECS-HELP - student payments		**5,952**	5,872	**5,952**	5,872
Receipts from student fees and other customers		**266,149**	251,822	**247,239**	238,759
Payments to suppliers and employees (inclusive of GST)		**(769,387)**	(780,719)	**(755,505)**	(769,634)
Dividends and donations received		**5,260**	3,880	**5,260**	3,880
Interest received		**232**	349	**227**	340
Interest paid		**(98)**	(105)	**(67)**	(95)
GST recovered / (paid)		**17,447**	23,474	**18,598**	24,523
Lease payments for short-term and low-value leases		**(4,109)**	(4,479)	**(4,080)**	(4,444)
Net cash provided by / (used in) operating activities	26	**148,267**	75,978	**144,445**	75,086
Cash flows from investing activities					
Proceeds from sales of property, plant and equipment, intangibles and other long-term assets		**8**	230	**5**	227
Payments to acquire property, plant and equipment, intangibles and other long-term assets		**(109,983)**	(125,879)	**(109,460)**	(125,829)
Proceeds from sale of financial assets		**225,697**	70,167	**224,200**	68,638
Payments for financial assets		**(260,200)**	(20,167)	**(260,200)**	(17,000)
Proceeds from repayments of interest bearing loans		**95**	90	**95**	90
Net cash provided by / (used in) investing activities		**(144,383)**	(75,559)	**(145,360)**	(73,874)
Cash flows from financing activities					
Proceeds from borrowings		**-**	-	**-**	-
Repayment of borrowings		**(158)**	-	**-**	-
Repayment of lease liabilities		**(2,818)**	(3,040)	**(2,442)**	(2,670)
Net cash provided by / (used in) financing activities		**(2,976)**	(3,040)	**(2,442)**	(2,670)
Net increase / (decrease) in cash and cash equivalents		**908**	(2,621)	**(3,357)**	(1,458)
Cash and cash equivalents at the beginning of year		**33,673**	36,514	**29,378**	30,836
Cash transferred in from NUsport		**956**	-	**-**	-
Effects of exchange rate changes on cash and cash equivalents		**220**	(220)	**-**	-
Cash and cash equivalents at end of financial year	11	**35,757**	33,673	**26,021**	29,378

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies

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 financial statements include separate statements for the University of Newcastle as the parent entity and the consolidated entity consisting of the University of Newcastle and its subsidiaries.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the University of Newcastle and its subsidiaries ('The Group'). They have been prepared on an accrual basis and comply with the Australian Accounting Standards (AAS) and other authoritative pronouncements of the AAS Board.

The Group applies Tier 1 reporting requirements.

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

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Government Sector Finance Act 2018*
- Government Sector Finance Regulation 2018

The University of Newcastle is a not-for-profit entity and these statements have been prepared on that basis. Some of the AAS requirements for not-for-profit entities are inconsistent with the International Financial Reposting Standards (IFRS) requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the Council of the University of Newcastle on 22 April 2022.

Historical cost convention and reporting basis

These financial statements have been prepared under the historical cost convention, except for debt and equity financial assets that have been measured at fair value either through other comprehensive income or profit or loss, and certain classes of property, plant and equipment.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to actual results differing from these assumptions and judgements. Detailed information about each of these estimates and judgements are included within other notes.

- Fair value of financial assets (refer to Note 13)
- Impairment of financial assets (refer to Note 13)
- Employee benefits - Long service leave provision (refer to Note 18)
- Employee benefits - Defined benefit plans obligation (refer to Notes 18 and 31)
- Useful lives of property, plant and equipment (refer to Note 14)
- Fair value of property, plant and equipment (refer to Note 14)

Key judgements

Management has not made any judgement in the process of applying accounting policies that would have a significant impact on the amounts disclosed in the financial report other than the normal operational judgements affecting depreciation, impairment, revaluation of assets and calculation of employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University of Newcastle ("parent entity") as at 31 December 2021 and the results of all subsidiaries for the year then ended. The University of Newcastle and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method or the equity method, and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity’s income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

Gains or losses resulting from 'upstream' and 'downstream' transactions, involving assets that do not constitute a business, are recognised in the parent's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Gains or losses resulting from the contribution of non-monetary assets in exchange for an equity interest are accounted for in the same method.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Joint Ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity. Details relating to the joint venture entities are set out in Note 23.

(c) Comparative Amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year. These reclassifications had no effect on the reported results of operations.

(d) Income Taxation

The University of Newcastle, The University of Newcastle Research Associates Ltd, Newcastle University Sport and NUservices Pty. Ltd. do not provide for Australian income tax as it is exempt under the provisions of Division 50 of the *Income Tax Assessment Act 1997* (ITAA). Newcastle Australia Institute of Higher Education Pte Ltd is subject to income tax under Singaporean Legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(e) Website costs

Costs in relation to websites controlled by the parent or subsidiary arising from development are recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in AASB138.21 for recognition and initial measurement, the parent or subsidiary can satisfy the requirements in AASB138.57. When these criteria cannot be satisfied, all expenditure on developing such a website are recognised as an expense when incurred. Expenditure on start–up activities is recognised as an expense when incurred.

(f) 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.

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.

(g) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(h) Rounding of Amounts

Amounts have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(i) Initial application of AAS

AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2 was applicable from 1 January 2021 and has been applied retrospectively. Restatement of prior periods was not required but permitted only if such restatement is possible without the use of hindsight. The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that AAS may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting. The implementation of the Interest Rate Benchmark Reform has no material effect on the Group's financial statements or risk management strategies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(j) Initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) Agenda Decisions

Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS IC published an agenda decision relating to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. As a result, the Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements.

Impact of change in accounting policy

For the current year, $5.0m (pre-tax) of costs that would previously have been capitalised (under the previous policy) were expensed. Cash outflows of $5.0m were included in payments to suppliers and employees in the Statement of Cash Flows that previously would have been included as payments to acquire intangible assets.

The change in policy has been retrospectively applied and comparative financial information has been restated, as follows:

Impact on the statement of financial position increase/(decrease)

	Consolidated				Parent entity			
1 January 2020	**Ref adjustments**	**IFRS IC agenda decision**	**Previous AAS**	**Increase/ (Decrease)**	**Ref adjustments**	**IFRS IC agenda decision**	**Previous AAS**	**Increase/ (Decrease)**
		$'000	**$'000**	**$'000**		**$'000**	**$'000**	**$'000**
Assets								
Intangible assets	15	28,303	32,198	(3,895)	15	28,302	32,198	(3,896)
Total assets	**15**	**28,303**	**32,198**	**(3,895)**	**15**	**28,302**	**32,198**	**(3,896)**
Net assets	**27**	**903,731**	**907,626**	**(3,895)**	**27**	**898,938**	**902,834**	**(3,896)**
Equity	-	-	-	-	-	-	-	-
Retained earnings	27	903,731	907,626	(3,895)	27	898,938	902,834	(3,896)
Total equity	**27**	**903,731**	**907,626**	**(3,895)**	**27**	**898,938**	**902,834**	**(3,896)**
31 December 2020								
Assets								
Intangible assets	15	31,517	36,764	(5,247)	15	31,517	36,764	(5,247)
Total assets	**15**	**31,517**	**36,764**	**(5,247)**	**15**	**31,517**	**36,764**	**(5,247)**
Net assets	**27**	**6,162**	**7,513**	**(1,351)**	**27**	**4,510**	**5,861**	**(1,351)**
Equity	-	-	-	-	-	-	-	-
Retained earnings	27	6,162	7,513	(1,351)	27	4,510	5,861	(1,351)
Total equity	**27**	**6,162**	**7,513**	**(1,351)**	**27**	**4,510**	**5,861**	**(1,351)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(j) Initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) Agenda Decisions (continued)

Impact on the income statement increase/(decrease)

	Consolidated				Parent			
	Ref adjustments	IFRS IC agenda decision $'000	Previous AAS $'000	Increase/ (decrease) $'000	Ref adjustments	IFRS IC agenda decision $'000	Previous AAS $'000	Increase/ (decrease) $'000
For year ended 31 December 2020								
IT related expense	10	26,294	24,284	2,010	10	25,950	23,940	2,010
Depreciation	6	9,399	10,058	(659)	6	9,398	10,057	(659)
Net result for the period		**35,693**	**34,342**	**1,351**		**35,348**	**33,997**	**1,351**
Total comprehensive result		**35,693**	**34,342**	**1,351**		**35,348**	**33,997**	**1,351**

Impact on the statement of cash flows increase/(decrease)

	Consolidated				Parent			
	Ref adjustments	IFRS IC agenda decision $'000	Previous AAS $'000	Increase/ (decrease) $'000	Ref adjustments	IFRS IC agenda decision $'000	Previous AAS $'000	Increase/ (decrease) $'000
31 December 2020								
Payments to suppliers and employees	Statement of Cash Flows	(780,719)	(778,709)	2,010	Statement of Cash Flows	(769,634)	(767,624)	2,010
Net cash provided by (used in) operating activities		**(780,719)**	**(778,709)**	**2,010**	**-**	**(769,634)**	**(767,624)**	**2,010**
Payments to acquire intangible assets	Statement of Cash Flows	(125,879)	(127,889)	(2,010)	Statement of Cash Flows	(125,829)	(127,839)	(2,010)
Net cash provided by (used in) investing activities		**(125,879)**	**(127,889)**	**(2,010)**	**-**	**(125,829)**	**(127,839)**	**(2,010)**

Refer to Note 15 Intangibles Assets for further disclosures on Software-as-a-Service arrangements (SaaS)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(k) New accounting standards and interpretations issued but not yet effective

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The Group has elected not to early adopt any of these standards. The Group's assessment of the impact of these new standards and interpretations is set out below:

Standard	Application Date	Implications
AASB 17 and AASB 2020-5 Insurance Contracts and Amendments to Australian Accounting Standards – Insurance Contracts	1 January 2023	AASB 17 *Insurance Contracts* is a new standard replacing the existing AASB17 Insurance Contracts and AASB 4 Insurance Contracts which requires disclosure of relevant information related to an entity's insurance contracts with the aim of improving the information available to users of financial statements to assess the effect insurance contracts have on the financial position of an entity. The Group has assessed its current insurance contracts in line with the standard and has not identified any material impact from this new standard. AASB 2020-5 is an amendment to the existing standard AASB 17 Insurance, effective from 1 January 2021 and is designed to cover the period until 1 January 2023 when the new standard becomes applicable. The amendments simplify some requirements and clarify disclosure requirements. The Group has assessed its current insurance contracts in line with the standard and has not identified any material impact from this new standard.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	AASB 2014-10 is an amendment to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and requires changes to the disclosure of investments in associates and joint ventures and how an entity reports their investment. The Group has assessed these changes and has not identified any material impact from this new standard.
AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2022	AASB 2017-5 is an amendment to the date of application for changes to AASB 10 and AASB 128 first outlined in AASB 2014-10, delaying the application date from 1 January 2018 to 1 January 2022.
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	AASB 2021-2 includes amendments to several AAS (AASB 7, 101, 108, 134) to clarify and identify the information that entities should disclose relating to accounting policies, estimates and materiality. The Group has considered the requirements of this amendment against its existing application and disclosure of accounting policies and estimates and has not identified any material impact from the amendments.
AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021	AASB 2021-3 is an extension to the application period of the concession added to AASB 16 *Leases* for COVID-19 related rent concessions. This amendment has no material impact on the Group's accounting treatment for leases.
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	AASB 2021-5 is amendment to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 112 *Income Taxes* to clarify and outline requirements for deferred tax accounting related to leases and other transactions. The Group has minimal exposure to deferred tax assets and as such has not identified any material impact from this new standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Summary of Significant Accounting Policies (continued)

(I) COVID-19 Impacts

The COVID-19 pandemic, first declared by the World Health Organisation (WHO) on 11 March 2020, has continued to disrupt local and global economies throughout 2021.

The Group's operations and revenue streams have continued to be affected by the pandemic. Throughout 2021 the Group has continued to work to minimise the revenue impact of COVID-19, providing ongoing support to students and customers impacted by public health orders and restrictions of movement enacted by governments.

The Group recognised the impact of COVID-19 on some customers to meet their payment obligations in 2021 and maintained flexible payment options as required. The Group has further considered the ongoing pandemic and the uncertainty created in preparing its financial statements, including the impact on its 'Critical accounting estimates' and 'Key judgments' noted above.

Specific considerations include:

- Impairment of receivables arising from expected credit losses as compared to prior years. Further detail is outlined in Note 9.
- Impairment and fair value of Property Plant and Equipment (including right-of-use assets) and Intangible Assets. Further detail is outlined in Notes 14 and 15, respectively.
- Measurement of defined benefit obligations and changes in key actuarial assumptions. The impact of changes in actuarial assumptions is shown in Note 31.
- Changes to Financial risk management. Further details of changes are outlined in Note 29.

Given the evolving nature of COVID-19, changes to estimates may need to be made in the measurement of the Group's assets and liabilities in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Disaggregated Information

(i) Geographical [Consolidated Entity]

	Revenue and income from transactions*		Results		Assets**	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Australia	**952,511**	799,118	**181,137**	2,095	**2,393,034**	2,186,683
Singapore	**8,862**	8,744	**4,133**	4,067	**6,502**	2,740
Total	**961,373**	807,862	**185,270**	6,162	**2,399,536**	2,189,423

*Includes Revenue from Contracts with Customers in scope of AASB15 and Income of not-for-profit Entities in scope of AASB1058.

** 2020 Assets amounts represent restated amounts following IFRC IC agenda decision adjustments. For further details refer to Note 1(j)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Revenue and Income

3.1 Australian Government Financial Assistance including Australian Government Loan Programs (HELP)

		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
(a) Commonwealth Grant Schemes and Other Grants					
Commonwealth Grants Scheme#1		**242,985**	220,486	**242,985**	220,486
National Institutes Funding		**-**	-	**-**	-
Learned Academies		**-**	-	**-**	-
Indigenous, Regional and Low SES Attainment Fund		**11,023**	11,008	**11,023**	11,008
National Priorities and Industry Linkage Fund		**7,000**	-	**7,000**	-
Higher Education Disability Support Program#2		**125**	127	**125**	127
Indigenous Student Success Program#3		**3,673**	3,583	**3,673**	3,583
Other		**2,112**	1,722	**2,112**	1,722
Total Commonwealth Grants Scheme and Other Grants	32(a)	**266,918**	236,926	**266,918**	236,926
(b) Higher Education Loan Programs					
HECS-HELP		**134,167**	146,986	**134,167**	146,986
FEE-HELP		**23,015**	21,852	**23,015**	21,852
SA-HELP payments		**5,659**	5,456	**5,659**	5,456
Total Higher Education Loan Programs	32(b)	**162,841**	174,294	**162,841**	174,294
(c) EDUCATION Research					
Research Training Program		**25,841**	25,195	**25,841**	25,195
Research Support Program		**48,365**	23,147	**48,365**	23,147
Total EDUCATION Research Grants	32(c)	**74,206**	48,342	**74,206**	48,342
(d) Other Capital Funding					
Other Capital Funding		**-**	1,006	**-**	1,006
Total Other Capital Funding	32(e)	**-**	1,006	**-**	1,006
(e) Australian Research Council					
Discovery		**6,486**	7,443	**6,486**	7,443
Linkages#4		**1,138**	1,235	**1,138**	1,235
Networks and Centres		**997**	233	**997**	233
Total Australian Research Council	32(f)	**8,621**	8,911	**8,621**	8,911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.1 Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (continued)

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
(f) Other Australian Government Financial Assistance				
Non-capital				
Other Commonwealth Research Grant	**17,942**	13,975	**17,942**	13,975
Other Commonwealth Non-Research Grant	**11,332**	11,267	**11,332**	11,267
National Health and Medical Research Council	**17,496**	17,171	**17,496**	17,171
Total other Australian Government financial assistance	**46,770**	42,413	**46,770**	42,413
Total Australian Government financial assistance	**559,356**	511,892	**559,356**	511,892

#1 Includes the basic CGS grant amount, Medical Student Loading, Transition Fund loading, Allocated Places and Non Designated Courses.

#2 Higher Education Disability Support Program includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training

#3 Indigenous Student Success Program replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

#4 ARC Linkage Infrastructure, Equipment and Facilities grants are reported in (d) Other capital funding.

Accounting Policy

Revenue from grants, including research grants is recognised within the scope of AASB 15 *Revenue from Contracts with Customers* when there is an enforceable arrangement with the grantor and 'sufficiently specific' performance obligations exist within the funding arrangement. Under these circumstances, revenue is recognised when the Group satisfies the performance obligation by transferring the promised services, such as research services, data, detailed findings or the availability of access to the funding body or designated third party.

Depending on the nature of the promise, the Group either recognises revenue at a point in time when the promise is delivered (e.g. when the detailed findings are provided) or recognises revenue over time as the service is performed (e.g. as the funder obtains control of the intellectual property as it is created). Generally, research contract revenue is recognised over time using an input methodology, based on expenditure incurred to date for the project.

Income from grants without sufficiently specific performance obligations within the scope of AASB 1058 *Income for Not-for-profit Entities* is generally recognised when the entity has an unconditional right to receive the granted assets (e.g. cash).

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised and measured in accordance with the above disclosure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.2 State and Local Government Financial Assistance

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-capital				
State Government contributions	**1,902**	1,628	**1,902**	1,628
State and Local Government research grants	**13,003**	16,431	**13,003**	16,431
Total Non-capital	**14,905**	18,059	**14,905**	18,059
Capital				
State Government capital contributions	**1,072**	2,755	**1,072**	2,755
Total capital	**1,072**	2,755	**1,072**	2,755
Total State and Local Government Financial Assistance	**15,977**	20,814	**15,977**	20,814

Accounting Policy

Contributions and grants from State and Local Governments are recognised within the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income for Not-for-profit Entities* depending on the existence of performance obligations within the funding arrangement, consistent with application for Australian Government funding.

In cases where the transaction includes a transfer to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income in the income statement as it satisfies its obligations under the transfer.

A transfer of a financial asset to enable the Group to acquire or construct a recognisable non-financial asset for its own use is one that:

(i) requires the Group to use that financial asset to acquire or construct a non-financial asset to identified specifications

(ii) does not require the Group to transfer the non-financial asset to the transferor or other parties and

(iii) occurs under an enforceable agreement

For each obligation, the Group determines whether the obligation would be satisfied over time or at a point in time, depending on the nature and obligations of the funding agreement. If the Group does not satisfy an obligation over time, the obligation would be satisfied at a point in time. For an obligation that is satisfied over time (not at a point in time) the Group is required to measure its progress towards complete satisfaction of the obligation at the end of each reporting period.

The Group applies the requirements of AASB9 *Financial Instruments* when accounting for the financial asset (e.g. cash) received. The acquisition or construction of the non-financial asset is accounted for separately to the transfer of the financial asset, in accordance with other Standards.

The above applies for transfers that meet the criteria to be considered as 'transfers to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group'.

A key criterion is that the non-financial asset to be constructed or acquired by the Group needs to be permitted to be recognised by another standard (e.g. the construction of a building under AASB116 *Property, Plant and Equipment* or intangible asset under AASB138 *Intangible Assets*).

If the non-financial asset is not permitted to be recognised by another standard (e.g. research activities which cannot be recognised as an asset in accordance with AASB138 *Intangible Assets*), the Group is not permitted to apply the capital grant accounting. Instead, the Group would revert back to the general income recognition requirements (under AASB1058.9 *Income for Not-for-profit Entities*) which is to recognise the difference between the initial carrying amount of the asset and any 'related amounts' immediately as income in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.3 Fees and Charges

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Course Fees and Charges					
Fee-paying onshore overseas students		**90,479**	111,963	**90,479**	111,963
Fee-paying offshore overseas students		**12,017**	9,632	**3,283**	1,746
Fee-paying domestic postgraduate students		**21,666**	20,417	**21,666**	20,417
Fee-paying domestic undergraduate students		**83**	147	**83**	147
Fee-paying domestic non-award students		**493**	436	**493**	436
Course and conference fees		**797**	744	**460**	644
Total Course Fees and Charges		**125,535**	143,339	**116,464**	135,353
Other Non-Course Fees and Charges					
Student services and amenities fees from students	32 (i)	**1,825**	1,686	**1,825**	1,686
Library fines		**321**	197	**321**	197
Parking fines and fees		**1,621**	2,583	**1,681**	2,585
Student accommodation		**14,315**	10,923	**14,315**	10,923
Other services		**1,313**	1,178	**1,299**	1,163
Total Other Fees and Charges		**19,395**	16,567	**19,441**	16,554
Total Fees and Charges		**144,930**	159,906	**135,905**	151,907

Accounting Policy

Fees and charges are recognised as income over time when the course is delivered to students or at a point in time when a fee is related to services provided immediately or non-refundable. When the courses or other services have been paid in advance by students or customers or the Group has received government funding in advance, the Group recognises a contract liability until the services are delivered. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

3.4 Royalties, Trademarks and Licences

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Royalties, trademarks and licences	**660**	1,345	**545**	747
Total royalties, trademarks and licences	**660**	1,345	**545**	747

3.5 Consultancy and Contracts

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Contract research				
Consultancy	**3,808**	2,886	**3,414**	2,649
Other contract revenue	**19,335**	14,702	**19,335**	14,702
Co-operative research centre	**4,330**	5,389	**4,330**	5,389
Hunter Medical Research Institute	**9,997**	8,434	**9,997**	8,434
Industry research	**22,746**	19,415	**14,944**	12,367
Total contract research	**56,408**	47,940	**48,606**	40,892
Total consultancy and contracts	**60,216**	50,826	**52,020**	43,541

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.5 Consultancy and Contracts (continued)

Accounting Policy

Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*, using the method most appropriate based on the nature of the contract. The stage of completion is measured by considering actual costs as a percentage of total forecast costs, or other suitable estimate techniques.

Where contract arrangements meet conditions set out by AASB 1058 *Income for Not-for-profit Entities*, revenue is recognised at fair value when the Group obtains control of the right to receive the funds, it is probable that economic benefits will flow to the Group, and it can be reliably measured.

3.6 Other Revenue and Income

	Consolidated		Parent	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Other revenue				
Donations and bequests	**8,506**	6,621	**8,565**	6,687
Other revenue	**595**	1,129	**117**	415
Sales, memberships and tickets	**3,591**	2,400	**2,479**	2,389
Rebates and commissions from external parties	**3,153**	2,190	**2,233**	2,190
Insurance recoveries	**159**	1,666	**122**	1,663
Rental revenue	**1,263**	948	**658**	948
Sponsorship	**1,142**	1,504	**1,208**	1,501
Other related party revenue	**-**	-	**3,583**	3,646
Cost recoveries	**4,635**	9,034	**4,526**	9,001
Total other revenue	**23,044**	25,492	**23,491**	28,440

Accounting Policy

Other revenue is accounted for in accordance with AASB 15 *Revenue from Contracts with Customers* where enforceable arrangements with the customer exist. This includes sale of goods and other revenue. AASB 1058 *Income for Not-for-profit Entities* is applied for other revenue where suitable enforcement arrangements are not in existence. In these instances, the Group generally recognises revenue when there is an unconditional right to receive the funds (e.g. cash). This includes donations and bequests as well as some other revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.7 Revenue and Income Streams from Continuing Operations

Consolidated

	Sources of Funding								2021	
Revenue and Income Streams	**Higher Education Loan Program ("HELP")**	**Student fees**	**Australian Government financial assistance**	**State and Local Government financial assistance**	**Commercial arrangements**	**Donations, including corporate sponsorship**	**Bequest**	**Others**	**Total Revenue from contracts with customers**	**Total Income of not-for-profit entities**
Course fees and charges										
Domestic students undergraduate	134,209	83	-	-	-	-	-	-	**134,292**	-
Onshore overseas students undergraduate	-	39,644	-	-	-	-	-	-	**39,644**	-
Offshore overseas students undergraduate	-	8,400	-	-	-	-	-	-	**8,400**	-
Domestic students postgraduate	22,973	21,666	-	-	-	-	-	-	**44,639**	-
Onshore overseas students postgraduate	-	49,128	-	-	-	-	-	-	**49,128**	-
Offshore overseas students postgraduate	-	3,563	-	-	-	-	-	-	**3,563**	-
Others (e.g.non-award)	-	2,275	-	-	236	-	-	-	**2,511**	-
Total course fees and charges	**157,182**	**124,759**	**-**	**-**	**236**	**-**	**-**	**-**	**282,177**	**-**
Research										
Research goods and services [AASB15]	-	-	40,997	9,541	34,933	-	-	3,035	**88,506**	-
Research income [AASB1058]	-	-	77,268	3,462	-	-	-	18,818	**-**	**99,548**
Total research	**-**	**-**	**118,265**	**13,003**	**34,933**	**-**	**-**	**21,853**	**88,506**	**99,548**
Recurrent government grants	-	-	278,250	1,902	-	-	-	-	**251,259**	**28,893**
Non-course fees and charges										
Parking fees	-	-	-	-	1,681	-	-	-	**1,681**	-
Student services and amenities fees	5,659	1,825	-	-	-	-	-	-	**7,484**	-
Student accommodation	-	-	-	-	14,315	-	-	-	**14,315**	-
Other	-	-	-	-	2,080	-	-	-	**2,080**	-
Total non-course fees and charges	**5,659**	**1,825**	**-**	**-**	**18,076**	**-**	**-**	**-**	**25,560**	**-**
Capital Government grants	-	-	-	1,072	-	-	-	-	**-**	**1,072**
Royalties	-	-	-	-	1,180	-	-	-	**1,180**	-
Licences	-	-	-	-	295	-	-	-	**295**	-
Other [AASB15]	-	-	-	-	16,045	-	-	-	**16,045**	-
Other [AASB1058]	-	-	-	-	-	8,161	1,487	-	**-**	**9,648**
Total other	**-**	**-**	**-**	**-**	**16,045**	**8,161**	**1,487**	**-**	**16,045**	**9,648**
Total revenue from contracts with customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**665,022**	**-**
Total income of not-for-profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**139,161**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.7 Revenue and Income Streams from Continuing Operations (continued)

Consolidated

	Sources of Funding								2020	
Revenue and Income Streams	**Higher Education Loan Program ("HELP")**	**Student fees**	**Australian Government financial assistance**	**State and Local Government financial assistance**	**Commercial arrangements**	**Donations, including corporate sponsorship**	**Bequest**	**Others**	**Total Revenue from contracts with customers**	**Total Income of not-for-profit entities**
Course fees and charges										
Domestic students undergraduate	146,989	147	-	-	-	-	-	-	147,136	-
Onshore overseas students undergraduate	-	56,646	-	-	-	-	-	-	56,646	-
Offshore overseas students undergraduate	-	7,778	-	-	-	-	-	-	7,778	-
Domestic students postgraduate	21,849	20,417	-	-	-	-	-	-	42,266	-
Onshore overseas students postgraduate	-	50,741	-	-	-	-	-	-	50,741	-
Offshore overseas students postgraduate	-	1,842	-	-	-	-	-	-	1,842	-
Others (e.g.non-award)	-	5,691	-	-	-	-	-	-	5,691	-
Total course fees and charges	168,838	143,262	-	-	-	-	-	-	312,100	-
Research										
Research goods and services [AASB15]	-	-	37,823	11,058	28,266		-	3,576	80,723	-
Research income [AASB1058]	-	-	50,576	5,373	-		-	16,096	-	72,045
Total research	-	-	88,399	16,431	28,266	-	-	19,672	80,723	72,045
Recurrent government grants	-	-	248,193	1,628	-	-	-	-	240,947	8,874
Non-course fees and charges										
Parking fees	-	-	-	-	2,298	-	-	-	2,298	-
Student services and amenities fees	5,456	1,686	-	-	-	-	-	-	7,142	-
Student accommodation	-	-	-	-	10,923	-	-	-	10,923	-
Other	-	-	-	-	1,647	-	-	-	1,647	-
Total non-course fees and charges	5,456	1,686	-	-	14,868	-	-	-	22,010	-
Capital Government grants	-	-	1,006	2,755	-	-	-	-	-	3,761
Royalties	-	-	-	-	994	-	-	-	994	-
Licences	-	-	-	-	352	-	-	-	352	-
Other [AASB15]	-	-	-	-	19,731	-	-	-	19,731	-
Other [AASB1058]	-	-	-	-	-	7,667	460	611	-	8,738
Total other	-	-	-	-	19,731	7,667	460	611	19,731	8,738
Total revenue from contracts with customers	-	-	-	-	-	-	-	-	676,857	-
Total income of not-for-profit	-	-	-	-	-	-	-	-	-	93,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.7 Revenue and Income Streams from Continuing Operations (continued)

Parent

	Sources of Funding								2021	
Revenue and Income Streams	**Higher Education Loan Program ("HELP")**	**Student fees**	**Australian Government financial assistance**	**State and Local Government financial assistance**	**Commercial arrangements**	**Donations, including corporate sponsorship**	**Bequest**	**Others**	**Total Revenue from contracts with customers**	**Total Income of not-for-profit entities**
Course fees and charges										
Domestic students undergraduate	134,209	83	-	-	-	-	-	-	**134,292**	-
Onshore overseas students undergraduate	-	39,644	-	-	-	-	-	-	**39,644**	-
Offshore overseas students undergraduate	-	1,228	-	-	-	-	-	-	**1,228**	-
Domestic students postgraduate	22,973	21,666	-	-	-	-	-	-	**44,639**	-
Onshore overseas students postgraduate	-	49,128	-	-	-	-	-	-	**49,128**	-
Offshore overseas students postgraduate	-	2,001	-	-	-	-	-	-	**2,001**	-
Others (e.g.non-award)	-	2,254	-	-	-	-	-	-	**2,254**	-
Total course fees and charges	157,182	116,004	-	-	-	-	-	-	**273,186**	-
Research										
Research goods and services [AASB15]	-	-	40,997	9,541	26,753	-	-	3,035	**80,326**	-
Research income [AASB1058]	-	-	77,268	3,462		-	-	18,818	-	**99,548**
Total research	-	-	118,265	13,003	26,753	-	-	21,853	**80,326**	**99,548**
Recurrent government grants			278,250	1,902	-	-	-	-	**251,259**	**28,893**
Non-course fees and charges										
Parking fees	-		-	-	1,681	-	-	-	**1,681**	-
Student services and amenities fees	5,659	1,825	-	-	-	-	-	-	**7,484**	-
Student accommodation	-		-	-	14,315	-	-	-	**14,315**	-
Other	-		-	-	2,080	-	-	-	**2,080**	-
Total non-course fees and charges	5,659	1,825	-	-	18,076	-	-	-	**25,560**	-
Capital Government grants	-	-	-	1,072	-	-	-	-	-	**1,072**
Royalties	-	-	-	-	250	-	-	-	**250**	-
Licences	-	-	-	-	295	-	-	-	**295**	-
Other	-	-	-	-	-	-	-	-	-	-
Other [AASB15]	-	-	-	-	17,132			-	**17,132**	-
Other [AASB1058]	-	-	-	-	-	8,286	1,487	-	-	**9,773**
Total other	-	-	-	-	17,132	8,286	1,487	-	**17,132**	**9,773**
Total revenue from contracts with customers	-	-	-	-	-	-	-	-	**648,008**	-
Total income of not-for-profit	-	-	-	-	-	-	-	-	-	**139,286**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.7 Revenue and Income Streams from Continuing Operations (continued)

Parent

	Sources of Funding							2020	
Revenue and Income Streams	**Higher Education Loan Program ("HELP")**	**Student fees**	**Australian Government financial assistance**	**State and Local Government financial assistance**	**Commercial arrangements**	**Donations, including corporate sponsorship**	**Bequest**	**Others**	**Total Revenue from contracts with customers**	**Total Income of not-for-profit entities**
Course fees and charges										
Domestic students undergraduate	146,989	147	-	-	-	-	-	-	147,136	-
Onshore overseas students undergraduate	-	56,646	-	-	-	-	-	-	56,646	-
Offshore overseas students undergraduate	-	673	-	-	-	-	-	-	673	-
Domestic students postgraduate	21,849	20,417	-	-	-	-	-	-	42,266	-
Onshore overseas students postgraduate	-	50,741	-	-	-	-	-	-	50,741	-
Offshore overseas students postgraduate	-	1,061	-	-	-	-	-	-	1,061	-
Others (e.g.non-award)	-	5,669	-	-	-	-	-	-	5,669	-
Total course fees and charges	168,838	135,354	-	-	-	-	-	-	304,192	-
Research										
Research goods and services [AASB15]	-	-	37,823	11,058	21,219		-	3,576	73,676	-
Research income [AASB1058]	-	-	50,576	5,373	-		-	16,096	-	72,045
Total research	-	-	88,399	16,431	21,219	-	-	19,672	73,676	72,045
Recurrent government grants			248,193	1,628	-	-	-	-	240,947	8,874
Non-course fees and charges										
Parking fees	-	-	-	-	2,298	-	-	-	2,298	-
Student services and amenities fees	5,456	1,686	-	-	-	-	-	-	7,142	-
Student accommodation	-	-	-	-	10,923	-	-	-	10,923	-
Other	-	-	-	-	1,647	-	-	-	1,647	-
Total non-course fees and charges	5,456	1,686	-	-	14,868	-	-	-	22,010	-
Capital Government grants	-	-	1,006	2,755	-	-	-	-	-	3,761
Royalties	-	-	-	-	395	-	-	-	395	-
Licences	-	-	-	-	352	-	-	-	352	-
Other	-	-	-	-	-	-	-	-	-	-
Other [AASB15]	-	-	-	-	22,901	-	-	-	22,901	-
Other [AASB1058]	-	-	-	-	-	7,728	460	-	-	8,188
Total other	-	-	-	-	22,901	7,728	460	-	22,901	8,188
Total revenue from contracts with customers	-	-	-	-	-	-	-	-	664,473	-
Total income of not-for-profit	-	-	-	-	-	-	-	-	-	92,868

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3.8 Reconciliation of Revenue and Income

	Note	Consolidated 2021 $'000	Parent 2021 $'000
Total Australian Government financial assistance including Australian Government loan programs (HELP)	3.1	**559,356**	**559,356**
Total State and Local Government financial assistance	3.2	**15,977**	**15,977**
Total Fees and charges	3.3	**144,930**	**135,905**
Total Royalties, trademarks and licences	3.4	**660**	**545**
Total Consultancy and contract fees	3.5	**60,216**	**52,020**
Total Other revenue and income	3.6	**23,044**	**23,491**
Total		**804,183**	**787,294**
Total Revenue from contracts with customers as per AASB15	3.7	**665,022**	**648,008**
Total Income of not-for-profit as per AASB1058	3.7	**139,161**	**139,286**
Total Revenue and Income from continuing operations		**804,183**	**787,294**

4. Investment Income

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Interest income	**196**	244	**192**	234
Total Interest	**196**	244	**192**	234
Dividends and Distributions				
Other financial assets at fair value through profit and loss	**24,477**	12,840	**24,477**	12,840
Other financial assets at fair value through other comprehensive income	**83,377**	5,543	**83,377**	5,543
Total dividends and distributions	**107,854**	18,383	**107,854**	18,383
Other investment gains/(losses)				
Net gains/(losses) arising on other financial assets designated at fair value through profit and loss	**43,188**	13,088	**43,139**	13,094
Total other investment gains/(losses)	**43,188**	13,088	**43,139**	13,094
Total investment revenue and other investment income	**151,238**	31,715	**151,185**	31,711

Accounting Policy

Interest

For all financial instruments measured at amortised cost through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in net investment income in the income statement.

Dividends and distributions

Revenue is recognised when (a) the Group's right to receive the payment is established, which is generally when shareholders approve the dividend, (b) it is probable that the economic benefits associated with the dividend will flow to the entity; and (c) the amount of the dividend can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Employee Related Expenses

		Consolidated		Parent	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Academic					
Salaries		**168,976**	182,447	**166,691**	179,823
Contributions to superannuation and pension schemes					
Contributions to funded schemes		**26,724**	26,750	**26,513**	26,511
Contributions to unfunded schemes		**661**	500	**661**	500
Payroll tax		**9,751**	10,753	**9,751**	10,753
Worker's compensation		**1,264**	1,211	**1,264**	1,211
Long service leave		**10,530**	10,258	**10,530**	10,258
Annual leave		**13,431**	12,978	**13,354**	12,906
Other		**22,459**	6,373	**22,459**	6,373
Total academic		**253,796**	251,270	**251,223**	248,335
Non-academic					
Salaries		**155,086**	163,507	**148,355**	159,020
Contributions to superannuation and pension schemes					
Contributions to funded schemes		**24,980**	25,079	**24,222**	24,277
Contributions to unfunded schemes		**792**	583	**792**	583
Payroll tax		**9,714**	11,184	**9,434**	10,815
Worker's compensation		**1,220**	1,162	**1,165**	1,141
Long service leave		**2,151**	3,725	**2,059**	3,592
Annual leave		**4,740**	15,696	**4,315**	15,315
Other		**12,018**	9,804	**12,015**	9,829
Total non-academic		**210,701**	230,740	**202,357**	224,572
Total employee related expenses		**464,497**	482,010	**453,580**	472,907
Deferred superannuation expense	31	**320**	1,099	**320**	1,099
Total employee related expenses, including government employee benefits for superannuation		**464,817**	483,109	**453,900**	474,006

Accounting Policy

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Past service costs are recognised in profit or loss at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the entity recognises related restructuring costs or termination benefits.

(i) Short-term obligations

When an employee has rendered service to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) as an expense unless another AASB requires or permits the inclusion of the benefits in the cost of an asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Employee Related Expenses (continued)

Accounting Policy (continued)

(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 and long service leave liabilities.

They are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 is 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 Group 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 Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within 12 months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before 12 months after the end of the reporting period are discounted to present value. All employees of the Group are entitled to benefits on retirement, disability or death from the Group's Superannuation plan. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions. A significant portion of the employees of the parent entity are members of the defined contribution section of the Group's plan.

6. Depreciation and Amortisation

	Consolidated		Parent	
	2021	Restated 2020	2021	Restated 2020
	$'000	$'000	$'000	$'000
Depreciation				
Buildings and infrastructure	**33,170**	28,763	**33,031**	28,763
Plant and equipment	**16,616**	19,989	**16,564**	19,922
Right-of-use asset	**3,377**	3,306	**2,805**	2,954
Total depreciation	**53,163**	52,058	**52,400**	51,639
Amortisation				
Intangibles	**11,035**	9,399	**11,035**	9,398
Total amortisation	**11,035**	9,399	**11,035**	9,398
Total depreciation and amortisation	**64,198**	61,457	**63,435**	61,037

Note that consolidated depreciation does not tie into Note 14 due to NUsport depreciation expenditure being reflected for 7 months above. Note 14 includes NUsport depreciation for 12 months to reconcile PPE balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. Depreciation and Amortisation (continued)

Accounting Policy

Property, Plant and Equipment

Land, artworks and rare books are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Depreciable assets	2021	2020
Buildings and infrastructure	20 - 60 years	20 - 60 years
Plant and Equipment	2 - 10 years	2 - 10 years

The asset's 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.

Right of use assets (under AASB16 *Leases*) and leasehold improvements are depreciated/amortised over the shorter of the lease term and the useful life of the asset.

Intangible assets

Amortisation has been included within the depreciation and amortisation line. The following useful lives are applied for intangible assets with finite useful lives:

Amortised assets	2021	2020
Intellectual property	2 - 20 years	2 - 20 years
Computer software	1 - 5 years	1 - 5 years

7. Repairs and Maintenance

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Repair and maintenance – general	**24,164**	26,913	**23,918**	26,819
Buildings	**7,832**	5,201	**7,822**	5,191
Total repairs and maintenance	**31,996**	32,114	**31,740**	32,010

Accounting Policy

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 carrying amount of those parts that are replaced is derecognised and the cost of the replacing part is capitalised if the recognition criteria are met. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

8. Borrowing Costs

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense on lease liabilities	**101**	104	**67**	95
Borrowing costs	**-**	-	**90**	16
Total Borrowing Costs	**101**	104	**157**	111

Accounting Policy

Finance charges in respect of finance leases, to the extent that they are regarded as an adjustment to interest costs are included in the definition of borrowing costs.

For Interest expense on lease liabilities, please refer to Note 17.1 which details the policy for lease accounting where the Group is a lessee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

9. Impairment of Assets

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade and receivables	**1,312**	890	**1,266**	771
Intangibles	**156**	761	**156**	761
Total impairment of assets	**1,468**	1,651	**1,422**	1,532

Accounting Policy

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 group's of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The ongoing COVID-19 pandemic has continued to cause increased uncertainty and potential for the impairment of assets. As a result, the Group has considered and tested its key assumptions related to the impairment of assets.

For further information on accounting policies of impairment of financial assets and the impact of COVID-19, refer to Note 12, Trade and Other Receivables and Note 13 Other Financial Assets.

10. Other Expenses

	Consolidated		Parent	
	2021	Restated 2020	2021	Restated 2020
	$'000	$'000	$'000	$'000
Advertising, marketing and promotional expenses	**6,685**	5,955	**6,581**	5,911
Consumables	**27,377**	27,381	**26,977**	27,050
Donations	**5**	1	**5**	1
Insurance	**4,166**	2,764	**4,040**	2,645
Minor equipment (inc. IT related expenses)	**31,056**	26,294	**30,426**	25,950
Operating lease rental	**4,100**	4,456	**4,080**	4,444
Professional services	**52,256**	54,330	**51,357**	53,786
Scholarships, grants and prizes	**50,731**	54,953	**51,828**	55,138
Telecommunications	**3,466**	4,710	**3,428**	4,685
Travel, staff development and entertainment	**10,734**	9,869	**10,532**	9,741
Utilities	**6,627**	7,010	**6,568**	7,006
Other expenses	**16,051**	21,010	**15,620**	20,840
Total other expenses	**213,254**	218,733	**211,442**	217,197

Accounting Policy

Other expenses are recognised as expenses as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

11. Cash and Cash Equivalents

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**35,757**	33,673	**26,021**	29,378
Short-term deposits at call	**-**	-	**-**	-
Restricted cash[(a)]	**-**	-	**-**	-
Total cash and cash equivalents	**35,757**	33,673	**26,021**	29,378

The above figures are included as cash and cash equivalents in the Statement of Cash Flows.

(a) Restricted cash

As at 31 December 2021 the Group had no restricted cash amounts. Refer to Note 13 for restricted amounts of other financial assets held by the Group.

Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 0.00% and 0.10% (2020: 0.10% and 0.75%).

Accounting Policy

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, 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.

12. Trade and Other Receivables

		Consolidated		Parent	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current					
Trade receivables		**38,367**	22,802	**37,791**	21,664
Student fees		**5,049**	3,063	**5,049**	3,063
Less: allowance for expected credit losses		**(1,329)**	(1,138)	**(1,260)**	(1,003)
		42,087	24,727	**41,580**	23,724
Prepayments		**25,991**	24,684	**25,789**	24,469
Related party receivables		**-**	-	**952**	1,268
Other receivables		**7,401**	15,018	**7,423**	15,058
Contract asset		**9,334**	7,346	**8,268**	6,186
Total current receivables		**84,813**	71,775	**84,012**	70,705
Non-current					
Deferred government benefit for superannuation	31	**393,413**	421,321	**393,413**	421,321
Other receivables		**1,841**	5,487	**1,699**	5,392
Total non-current receivables		**395,254**	426,808	**395,112**	426,713
Total receivables		**480,067**	498,583	**479,124**	497,418

Accounting Policy

Classification and measurement

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost. Trade receivables are generally due for settlement within 30 days of the date of invoice. The carrying value less provision for impairment is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

12. Trade and Other Receivables (continued)

Accounting Policy (continued)

Impairment

For trade receivables and contract assets the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The ongoing COVID-19 pandemic has resulted in significant changes to the economy, government, and regulatory environment and to the ability of the Group to serve some customers, such as international students. The Group has considered these ongoing changes and uncertainty and the impact of these events on the modelling of expected credit losses which are the subject of higher scrutiny during this period. As a result of the uncertainty and weaker forward-looking macroeconomic assessment, expected credit losses have increased in 2021.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At 1 January	**1,138**	777	**1,003**	758
Provision for expected credit losses	**1,329**	1,138	**1,260**	1,003
Write-off	**(1,121)**	(529)	**(1,009)**	(526)
Unused amount reversed	**(17)**	(248)	**6**	(232)
At 31 December	**1,329**	1,138	**1,260**	1,003

The information about the credit exposures are disclosed in Note 29 Financial Risk Management.

Revenue and Income Streams, while information about the credit exposures are disclosed in Note 29 Financial Risk Management.

13. Other Financial Assets

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Other financial asset at fair value through the profit and loss	**49,828**	72,778	**49,828**	72,778
Other financial asset at amortised cost	**32,300**	1,472	**31,000**	-
Total current other financial assets	**82,128**	74,250	**80,828**	72,778
Non-Current				
Other financial assets at fair value through other comprehensive income	**1,053**	50,092	**1,053**	50,092
Other financial assets at fair value through profit and loss	**542,458**	394,964	**542,557**	395,055
Total non-current other financial assets	**543,511**	445,056	**543,610**	445,147
Total other financial assets	**625,639**	519,306	**624,438**	517,925

Changes in fair values of other financial assets at fair value through profit or loss are recorded in investment income in the income statement (Note 4).

(a) Equity instruments elected to be at fair value through other comprehensive income

Equity investments at designated fair value through other comprehensive income include shares in Education Australia Ltd. (EAL). Dividends received/receivable from EAL are recorded in investment income (Note 4) in the income statement and during the year amounted to $5.3 million. There were no disposals of other financial assets through other comprehensive income during the year.

During the year, EAL issued an in-specie distribution of IDP Education Limited (IEL) shares to its shareholders, with the University receiving shares in the amount of $53.1m as part of the special dividend. The University has designated IEL shares as fair value through profit and loss. EAL equity investments continue to be designated as fair value through other comprehensive income.

Franking credits related to the dividends above are recognised in investment income (Note 4) and as at 31 December 2021 were a receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

13. Other Financial Assets (continued)

Accounting Policy

Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Restricted other financial assets

As at 31 December 2021, the Group held financial assets subject to restrictions of $92.9 million (2020: $89.1 million). These amounts relate to donations and bequests from donors for the purpose of funding scholarships, prizes, foundations and endowments and funds required to meet the cost of the Group’s liability under superannuation schemes.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Other financial assets at amortised costs
- Other financial assets at fair value through other comprehensive income
- Other financial assets at fair value through profit or loss

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

13. Other Financial Assets (continued)

Accounting Policy (continued)

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as investment income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as investment income in the income statement when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

13. Other Financial Assets (continued)

Accounting Policy (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, Plant and Equipment

Parent	Capital Works in Progress $'000	Land $'000	Buildings $'000	Plant & Equipment $'000	Artwork and Libraries $'000	Infrastructure $'000	Total Owned Assets $'000	Right of Use Assets $'000	Total $'000
As at 1 January 2020									
- Cost	82,556	-	13,831	150,296	2,928	549	250,160	-	250,160
- Valuation	-	77,336	762,782	-	-	70,029	910,147	13,674	923,821
Accumulated depreciation and impairment	-	-	(12,430)	(99,318)	-	(1,512)	(113,260)	(2,730)	(115,990)
Net book amount	82,556	77,336	764,183	50,978	2,928	69,066	1,047,047	10,944	1,057,991
Year ended 31 December 2020									
Opening net book amount	82,556	77,336	764,183	50,978	2,928	69,066	1,047,047	10,944	1,057,991
Additions	86,778	830	317	18,172	22	28	106,147	162	106,309
Disposals	-	-	(340)	(4,456)	(317)	-	(5,113)	(205)	(5,318)
Transfers	(75,179)	537	54,750	10,146	-	9,746	-	-	-
Revaluation increment/(decrement)	-	-	31,860	-	-	1,991	33,851	-	33,851
Re-Measurement of lease liability	-	-	-	-	-	-	-	(3,921)	(3,921)
Depreciation charge	-	-	(25,222)	(19,922)	-	(3,541)	(48,685)	(2,954)	(51,639)
Impairment charge	-	-	(31,613)	-	-	-	(31,613)	-	(31,613)
Closing net book amount	94,155	78,703	793,935	54,918	2,633	77,290	1,101,634	4,026	1,105,660
As at 31 December 2020									
- Cost	94,155	1,172	22,427	165,036	2,633	5,804	291,227	-	291,227
- Valuation	-	77,531	819,354	-	-	73,543	970,428	6,994	977,422
Accumulated depreciation and impairment	-	-	(47,846)	(110,118)	-	(2,057)	(160,021)	(2,968)	(162,989)
Net book amount	94,155	78,703	793,935	54,918	2,633	77,290	1,101,634	4,026	1,105,660
Year ended 31 December 2021									
Opening net book amount	**94,155**	**78,703**	**793,935**	**54,918**	**2,633**	**77,290**	**1,101,634**	**4,026**	**1,105,660**
Additions	**61,977**	**-**	**-**	**14,150**	**17**	**-**	**76,144**	**24,035**	**100,179**
Disposals	**-**	**-**	**-**	**(94)**	**-**	**-**	**(94)**	**-**	**(94)**
Transfers	**(83,021)**	**874**	**67,039**	**693**	**-**	**14,415**	**(0)**	**-**	**(0)**
Revaluation increment/(decrement)	**-**	**2,713**	**58,384**	**-**	**-**	**7,642**	**68,739**	**(1,160)**	**67,579**
Re-measurement of lease liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,280**	**5,280**
Depreciation charge	**-**	**-**	**(28,571)**	**(16,564)**	**-**	**(4,460)**	**(49,595)**	**(2,805)**	**(52,400)**
Impairment charge	**-**	**-**	**(20,869)**	**-**	**-**	**(657)**	**(21,526)**	**-**	**(21,526)**
Closing net book amount	**73,111**	**82,290**	**869,918**	**53,103**	**2,650**	**94,230**	**1,175,302**	**29,376**	**1,204,678**
As at 31 December 2021									
Cost	**73,111**	**242**	**6,979**	**165,789**	**2,650**	**4,805**	**253,576**	**-**	**253,576**
Fair value	**-**	**82,048**	**929,116**	**-**	**-**	**91,650**	**1,102,814**	**30,447**	**1,133,261**
Accumulated depreciation and impairment	**-**	**-**	**(66,177)**	**(112,686)**	**-**	**(2,225)**	**(181,088)**	**(1,071)**	**(182,159)**
Net book amount	**73,111**	**82,290**	**869,918**	**53,103**	**2,650**	**94,230**	**1,175,301**	**29,376**	**1,204,677**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, Plant and Equipment (continued)

Consolidated	Capital Works in Progress $'000	Land $'000	Buildings $'000	Plant & Equipment $'000	Artwork and Libraries $'000	Infrastructure $'000	Total $'000	Right of Use Assets $'000	Total $'000
As at 1 January 2020									
- Cost	82,586	-	13,831	151,332	2,928	549	251,226	-	251,226
- Valuation	-	77,336	762,782	-	-	70,029	910,147	14,657	924,804
Accumulated depreciation and impairment	-	-	(12,430)	(100,165)	-	(1,512)	(114,107)	(3,077)	(117,184)
Net book amount	82,586	77,336	764,183	51,167	2,928	69,066	1,047,266	11,580	1,058,846
Year ended 31 December 2020									
Opening net book amount	82,586	77,336	764,183	51,167	2,928	69,066	1,047,266	11,580	1,058,846
Additions	86,800	830	317	18,200	22	28	106,197	175	106,372
Disposals	-	-	(340)	(4,493)	(317)	-	(5,150)	(205)	(5,355)
Transfers	(75,209)	537	54,750	10,176	-	9,746	-	-	-
Revaluation increment/(decrement)	-	-	31,860	-	-	1,991	33,851	-	33,851
Re-Measurement of lease liability	-	-	-	-	-	-	-	(3,918)	(3,918)
Depreciation charge	-	-	(25,222)	(19,989)	-	(3,541)	(48,752)	(3,306)	(52,058)
Impairment charge	-	-	(31,613)	-	-	-	(31,613)	-	(31,613)
Effect of foreign currency translation	-	-	-	(1)	-	-	(1)	(22)	(23)
Closing net book amount	94,177	78,703	793,935	55,060	2,633	77,290	1,101,798	4,304	1,106,102
As at 31 December 2020									
- Cost	94,177	1,172	22,427	165,968	2,633	5,804	292,181	-	292,181
- Valuation	-	77,531	819,354	-	-	73,543	970,428	7,600	978,028
Accumulated depreciation and impairment	-	-	(47,846)	(110,908)	-	(2,057)	(160,811)	(3,296)	(164,107)
Net book amount	94,177	78,703	793,935	55,060	2,633	77,290	1,101,798	4,304	1,106,102
Year ended 31 December 2021									
Opening net book amount	**94,177**	**78,703**	**793,935**	**55,060**	**2,633**	**77,290**	**1,101,798**	**4,304**	**1,106,102**
Addition	**62,111**	**-**	**4,311**	**15,849**	**17**	**-**	**82,288**	**28,066**	**110,354**
Disposal	**-**	**-**	**-**	**(94)**	**-**	**-**	**(94)**	**-**	**(94)**
Transfers	**(83,021)**	**874**	**67,039**	**693**	**-**	**14,415**	**-**	**-**	**-**
Revaluation increment/(decrement)	**-**	**2,713**	**58,385**	**-**	**-**	**7,643**	**68,741**	**(1,160)**	**67,581**
Re-measurement of lease liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,289**	**5,289**
Depreciation charge	**-**	**-**	**(28,912)**	**(17,862)**	**-**	**(4,460)**	**(51,234)**	**(3,391)**	**(54,625)**
Impairment charge	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of foreign currency translation	**-**	**-**	**-**	**1**	**-**	**-**	**1**	**7**	**8**
Closing net book amount	**73,267**	**82,290**	**894,758**	**53,647**	**2,650**	**94,888**	**1,201,500**	**33,115**	**1,234,615**
As at 31 December 2021									
Cost	**73,267**	**242**	**11,290**	**168,421**	**2,650**	**4,806**	**260,676**	**4,647**	**265,323**
Fair value	**-**	**82,048**	**929,116**	**-**	**-**	**91,650**	**1,102,814**	**30,448**	**1,133,262**
Accumulated depreciation	**-**	**-**	**(45,648)**	**(114,774)**	**-**	**(1,568)**	**(161,990)**	**(1,980)**	**(163,970)**
Net book amount	**73,267**	**82,290**	**894,758**	**53,647**	**2,650**	**94,888**	**1,201,500**	**33,115**	**1,234,615**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, Plant and Equipment (continued)

(a) Valuations of Land and Buildings

The University's land and buildings were revalued at 31 August 2021 by independent valuers CBRE Valuations Pty Limited. Valuations for land were made on the basis of sales evidence and is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and seller in an arm's length transaction, after proper marketing and where the parties have acted knowledgeably, prudently and without compulsion. Buildings and infrastructure, which are of a specialised educational nature and rarely sold in the open market, were valued using industry construction rates adjusted for estimated useful lives and proprietary data of the valuation expert.

The University's building and infrastructure assets were further adjusted for updated revalued amounts at 1 December 2021 following updated information for industry construction rates updated during the second half of the year.

The revaluation increments have been credited to an asset revaluation reserve in equity.

(b) Non-current Assets Classified as Held for Sale

At 31 December 2021, no property, plant and equipment assets were classified as held for sale (2020: $0.0 million). Non-current assets held for sale are carried at the lower of the carrying amount or the fair value less costs to sell.

Accounting Policy

Land, buildings and infrastructure are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and infrastructure. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the carrying amount is adjusted to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the income statement.

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.

Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Impairment of Assets

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2021 the Group identified the potential impairment impact that the ongoing COVID-19 pandemic may have on its property, plant and equipment. As a result, the Group has considered impairment indicators of property, plant and equipment. The valuation of land, buildings and infrastructure has considered the impact of the ongoing pandemic on the land values and fair value assumptions used to value buildings and infrastructure. In addition to valuations, the Group has reviewed the useful life of building and infrastructure assets and changes in use as a result of COVID-19. Plant and equipment items were considered in light of changes applied by the Group in managing the pandemic, including the method for delivery of education services and the use of plant and equipment in the delivery of those services.

The University impaired assets leased to its controlled entity NUsport following the extension of a peppercorn lease for these assets. The value of the impairment as at 31 December 2021 was $21.5m.

Refer to Note 15 for details of impairment recognised by the Group in 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, Plant and Equipment (continued)

Right-of-use assets **Buildings**	**Consolidated**		**Parent**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**4,214**	11,098	**3,944**	10,462
Additions of right-of-use assets	**26,446**	162	**24,035**	162
Depreciation charge	**(2,752)**	(3,079)	**(2,733)**	(2,732)
Re-measurement of lease liability	**5,281**	(3,945)	**5,280**	(3,948)
Other movements	**(1,160)**	(22)	**(1,160)**	-
At 31 December	**32,029**	4,214	**29,366**	3,944

Right-of-use assets **Equipment**	**Consolidated**		**Parent**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**90**	482	**82**	482
Additions of right-of-use assets	**1,620**	13	**-**	-
Depreciation charge	**(639)**	(227)	**(72)**	(222)
Re-measurement of lease liability	**8**	27	**-**	27
Other movements	**7**	(205)	**-**	(205)
At 31 December	**1,086**	90	**10**	82

Concessionary leases

The Group has elected to measure the following leases right-of-use assets at initial recognition at cost in accordance with AASB16.23–25. The balance of right-of-use assets are not illustrated as they are not material to the Group.

Buildings	**Permitted Use**	**Lease Term (Year)**	**Annual Rent ($)**
Tamworth Base Hospital	Conduct of a University Department of Rural Health (UDRH) and for purposes reasonably incidental thereto to the satisfaction of the Minister and Secretary including the hosting of corporate functions and events	25	1
Ray Watt Oval & Pavilion	Open space purposes and games of sport	50	1
Flathead Lane, West Ballina	Field test facility for geotechnical research	7	1
University of Newcastle Central Coast Clinical School and Central Coast Research Institute	Medical teaching and research	40	-

Accounting Policy

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether:

a. The contract involves the use of an identified asset – The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.

b. The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, Plant and Equipment (continued)

Accounting Policy (continued)

c. The customer has the right to direct the use of the asset throughout the period of use – The customer is considered to have the right to direct the use of the asset only if either:

i. The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or

ii. The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Accounting for leases – the Group as lessee

In contracts where The Group is a lessee, The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied.

Right-of-use assets

Right-of-use assets are initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A right-of-use asset associated with land and buildings is subsequently measured at cost. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

15. Intangible Assets

Restated Parent	Restated Computer Software $'000	Restated Intellectual Property $'000	Restated Work in Progress $'000	Total $'000
As at 1 January 2020				
Cost	28,616	1,954	17,131	47,701
Accumulated depreciation and impairment	(18,806)	(594)	-	(19,400)
Net book amount	9,810	1,360	17,131	28,301
Year ended 31 December 2020				
Opening net book amount	9,810	1,360	17,131	28,301
Additions	-	560	12,794	13,354
Disposal	-	21	-	21
Transfers	24,652	-	(24,652)	-
Amortisation charge	(9,141)	(257)	-	(9,398)
Impairment charge	(80)	(301)	(380)	(761)
Closing net book amount	25,241	1,383	4,893	31,518
As at 31 December 2020				
Cost	50,913	2,017	4,893	57,823
Accumulated depreciation and impairment	(25,671)	(634)	-	(26,305)
Net book amount	25,242	1,383	4,893	31,518
Year ended 31 December 2021				
Opening net book amount	**25,242**	**1,383**	**4,893**	**31,518**
Additions	**-**	**315**	**2,400**	**2,715**
Disposal	**(6)**	**-**	**-**	**(6)**
Transfers	**4,630**	**-**	**(4,630)**	**-**
Amortisation charge	**(10,737)**	**(298)**	**-**	**(11,035)**
Impairment charge	**(5)**	**(82)**	**-**	**(87)**
Closing net book amount	**19,124**	**1,318**	**2,663**	**23,105**
As at 31 December 2021				
Cost	**46,647**	**2,226**	**2,663**	**51,536**
Accumulated depreciation and impairment	**(27,523)**	**(908)**	**-**	**(28,431)**
Net book amount	**19,124**	**1,318**	**2,663**	**23,105**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

15. Intangible Assets (continued)

Restated Consolidated	**Restated Computer Software $'000**	**Restated Intellectual Property $'000**	**Restated Work in Progress $'000**	**Total $'000**
As at 1 January 2020				
Cost	28,616	2,341	17,131	48,088
Accumulated amortisation and impairment	(18,806)	(980)	-	(19,786)
Net book amount	9,810	1,361	17,131	28,302
Year ended 31 December 2020				
Opening net book amount	9,810	1,361	17,131	28,302
Additions	-	560	12,794	13,354
Disposals		21	-	21
Transfers	24,652	-	(24,652)	-
Amortisation	(9,141)	(258)	-	(9,399)
Impairment	(80)	(301)	(380)	(761)
Closing net book amount	25,241	1,383	4,893	31,517
As at 31 December 2020				
Cost	50,976	2,404	4,893	58,273
Accumulated amortisation and impairment	(25,735)	(1,021)	-	(26,756)
Net book amount	25,241	1,383	4,893	31,517
Year ended 31 December 2021				
Opening net book amount	**25,241**	**1,383**	**4,893**	**31,517**
Addition	**-**	**315**	**2,400**	**2,715**
Disposals	**(6)**	**-**	**-**	**(6)**
Transfers	**4,630**	**-**	**(4,630)**	**-**
Amortisation	**(10,737)**	**(298)**	**-**	**(11,035)**
Impairment	**(5)**	**(81)**	**-**	**(86)**
Closing net book amount	**19,123**	**1,319**	**2,663**	**23,105**
As at 31 December 2021				
Cost	**46,710**	**2,611**	**2,663**	**51,984**
Accumulated amortisation and impairment	**(27,587)**	**(1,292)**	**-**	**(28,879)**
Net book amount	**19,123**	**1,319**	**2,663**	**23,105**

Accounting Policy

Intangible assets internally generated and acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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. 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, which varies from 2 to 20 years.

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 3 years.

Internally-generated software is capitalised only when the amounts are greater than the Group's capitalisation threshold and they satisfy the conditions for capitalisation. Internal-use software is recognised at cost and amortised over the useful life of up to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

15. Intangible Assets (continued)

Disposal

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research

Expenditure on research activities is recognised in the income statement as an expense when it is incurred.

Development

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate; technical feasibility, intention to complete, future economic benefits can be realised and the expenditure can be reliably measure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

Impairment Tests and Key Assumptions

The Group undertakes annual assessment of impairment for intangible assets in line with ASSB 136 *Impairment of Assets*. In addition, the Group has continued to apply additional tests to consider the ongoing impact of COVID-19 on the use and value of intangible assets. The results impairment testing have informed impairment calculations and the overall amount of intangible asset impairment for the year.

The Group has recognised impairment of a small number of intangible assets in 2021, as follows:

- IP Assets – the University determined that a number of patents were abandoned in 2021. A total impairment of $0.1m has been recognised.
- IT Software – the University identified several IT Software assets which were no longer in use in 2021. A total impairment of less than $0.1m has been recognised.

Software-as-a-Service arrangements

SaaS arrangements are arrangements in which the Group does not control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are capitalised as a prepayment and are recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life. In the process of applying the Group's accounting policy on configuration and customisation of costs incurred in implementing SaaS arrangements, management has made following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining whether cloud computing arrangements contain a software licence intangible asset

The Group evaluates cloud computing arrangements to determine if it provides a resource that the Group can control. The Group determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty.
- It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

Capitalisation of configuration and customisation costs in SaaS arrangements

Where the Group incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance current on-premise software or provide code that can be used by the Group in other arrangements, the Group applies judgement to assess

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

15. Intangible Assets (continued)

Accounting Policy (continued)

whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB138. For the year ended 31 December 2021, $0.0 million (2020: $0.0 million) of costs incurred in implementing SaaS arrangements were recognised as intangible assets.

16. Trade and Other Payables

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Unsecured liabilities				
OS-HELP liability to Australian Government	**8,403**	8,410	**8,403**	8,410
Trade payables	**63,832**	61,999	**61,588**	61,179
Related party payables	**-**	-	**4,240**	3,372
Contract liability	**102,775**	85,920	**102,711**	85,453
Other payables	**4,955**	5,088	**4,570**	4,977
Total current trade and other payables	**179,965**	161,417	**181,512**	163,391

Accounting Policy

Trade and other payments represent liabilities for unpaid goods and services provided to the Group as at the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Where a customer makes payment in advance of the Group transferring goods or services, a contract liability is recognised. Contract liabilities are recognised as revenue when services required by the contract have been performed.

Foreign currency risk

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Australian Dollars	**178,252**	160,538	**180,689**	163,103
Euros	**110**	13	**110**	13
Great British Pounds	**101**	18	**101**	18
Singaporean Dollars	**992**	591	**-**	-
US Dollars	**315**	137	**315**	137
Hong Kong Dollars	**2**	-	**2**	-
	179,772	161,297	**181,217**	163,271

For additional information regarding analysis of the sensitivity of trade and other payables to foreign currency risk: Note 29. Financial Risk Management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

17. Borrowings

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Lease liability				
Lease - current	**1,674**	2,663	**1,093**	2,380
Lease - non-current	**8,449**	1,325	**6,685**	1,321
Total lease	**10,123**	3,988	**7,778**	3,701

Unrestricted access was available at reporting date to the following lines of credit:

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Credit card facilities				
Total facilities	**10,100**	10,100	**10,000**	10,000
Used at balance date	**(954)**	(893)	**(929)**	(850)
Unused at balance date	**9,146**	9,207	**9,071**	9,150
Bank overdraft facilities				
Total facilities	**10,000**	10,000	**10,000**	10,000
Unused at balance date	**10,000**	10,000	**10,000**	10,000

Accounting Policy

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

17.1 UON as Lessee

Amounts recognised in the income statement	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest on lease liabilities	**101**	104	**67**	95
Variable lease payments not included in the measurement of leases	**-**	(4)	**-**	(4)
Expenses relating to short-term leases	**118**	76	**57**	9
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	**4,098**	4,452	**4,080**	4,444
	4,317	4,628	**4,204**	4,544

Maturity analysis - undiscounted contractual cash flows	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Less than one year	**2,837**	6,142	**2,369**	5,833
One to five years	**6,462**	3,743	**5,706**	3,700
More than five years	**-**	-	**-**	-
Total undiscounted contractual cash flows	**9,299**	9,885	**8,075**	9,533
Current	**1,729**	2,663	**1,093**	2,380
Non-current	**7,474**	1,325	**6,685**	1,321
Lease liabilities recognised in the statement of financial position	**9,203**	3,988	**7,778**	3,701

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

17.1. UON as Lessee (continued)

Accounting Policy

Lease liabilities – The Group as lessee

Policy on assessment of whether a contract is, or contains, a lease is detailed in Note 14.

Lease liability

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used. Lease payments included in the measurement of lease liabilities comprise:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI);

- Amounts expected to be payable by the lessee under residual value guarantees;

- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the income statement. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

Right-of-use assets are presented within Note 14 and lease liabilities are presented as borrowings in Note 17.

Nature of leasing activities

The Group's leasing activities include buildings, plant and equipment as well as motor vehicles.

Buildings – The Group leases buildings to support its operations. Lease terms vary between fixed and variable (on account of CPI) depending on the individual arrangements with landlords.

Plant and Equipment – The Group leases electronic equipment including computers and printers, typically with fixed lease payment terms.

Motor Vehicles – The Group leases motor vehicles to support its operations, typically with fixed lease payment terms.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is $10,000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18. Provisions

		Consolidated		Parent	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Current provisions expected to be settled within 12 months					
Employee benefits					
Annual leave		**24,341**	24,193	**23,663**	23,779
Long service leave		**15,075**	22,155	**14,879**	22,035
Contract severance		**2,295**	2,269	**2,295**	2,269
Defined benefit obligation	31	**2,052**	2,078	**2,052**	2,078
Other employee provisions		**1,019**	1,104	**345**	595
Redundancy		**8,484**	6,741	**8,448**	6,708
		53,266	58,540	**51,682**	57,464
Current provisions expected to be settled after more than 12 months					
Employee benefits					
Annual leave		**5,801**	5,862	**5,603**	5,731
Long service leave		**52,567**	53,080	**52,212**	52,779
Employment on-costs provisions		**-**	-	**-**	-
		58,368	58,942	**57,815**	58,510
Total current provisions		**111,634**	117,482	**109,497**	115,974
Non-current provisions					
Employee benefits					
Long service leave		**15,720**	16,802	**15,523**	16,571
Provision for employee benefits		**26,981**	30,361	**26,981**	30,361
Defined benefit obligation		**393,413**	421,321	**393,413**	421,321
Non-employee provisions					
Make good provision		**-**	1,160	**-**	1,160
Total non-current provisions		**436,114**	469,644	**435,917**	469,413
Total provisions		**547,748**	587,126	**545,414**	585,387

Accounting Policy

Provisions for redundancies and legal claims are recognised when: the Group 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.

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 not recognized for future operating losses

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 pre-tax 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.

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18. Provisions (continued)

Accounting Policy (continued)

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before twelve 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.

(iv) Retirement benefit obligations

All employees of the Group are entitled to benefits on retirement, disability or death from the Groups superannuation plan. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Groups legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution and defined benefit section of the Groups plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised in profit or loss at the earlier of the following dates

(a) when the plan amendment or curtailment occurs

(b) when the entity recognises related restructuring costs or termination benefits.

Contributions to the defined contribution section of Groups superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

(v) 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 Group 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 AASB137 that involves the payment of termination benefits. The expense and liability are recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

19. Other Liabilities

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Income received in advance	**21,665**	10,049	**21,462**	10,073
Total current other liabilities	**21,665**	10,049	**21,462**	10,073

20. Key Management Personnel Disclosures

(a) Names of Responsible Persons and Executive Officers

The following persons were responsible persons and executive officers of the Group during the financial year:

Mr P.E. (Paul) Jeans
Professor Alex Zelinsky AO
Professor Victoria Haskins
Mr Robert Kennedy AM
Mr John Bowers
Mr Doug Dean AM
Ms Stephanie Fahey
Ms Jann Gardner
Ms Michelle McPherson
Ms Julie Phillips
Associate Professor Brendan Boyle
Natalie Downing
Mr Lucas Dowling – appointed 1/01/2021
Conjoint Professor Geoff Lilliss – resigned 30/08/2021
Dr Eileen Doyle – resigned 16/06/2021
Mr Kevin Young – appointed 1/09/2021
Professor Jennifer Martin – resigned 6/06/2021, appointed 18/10/2021
Mr Shane James – appointed 13/12/2021
Mr Sean Gordon – appointed 13/12/2021

(b) Other Key Management Personnel

The following persons were members of the Executive Committee of the University of Newcastle and as such had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year:

Professor Alex Zelinsky AO
Professor Mark Hoffman
Professor Kent Anderson – appointed 7/06/2021
Professor Elizabeth Sullivan
Professor Victoria Haskins
Mr David Toll
Ms Paula Johnston
Ms Dianne Allen
Mr Martin Sainsbury
Professor Lee Smith
Professor Zee Upton – appointed 19/04/2021
Professor John Fischetti
Mr Nathan Towney
Professor Jennifer Milam – appointed 18/10/2021
Professor Mike Bowyer – appointed 18/10/2021
Professor Tony Travaglione – resigned 6/06/2021
Professor Janet Nelson – resigned 20/05/2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

20. Key Management Personnel Disclosures (continued)

(c) Remuneration of Board Members and Executives

	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
Remuneration of council members				
Nil to $9,999	**6**	4	**6**	4
$10,000 to $19,999	**6**	7	**6**	7
$20,000 to $29,999	**1**	-	**1**	-
$40,000 to $49,999	**1**	1	**1**	1
$60,000 to $69,999	**-**	1	**-**	1
$80,000 to $89,999	**-**	1	**-**	1
$90,000 to $99,999	**-**	2	**-**	2
$170,000 to $179,999	**1**	-	**1**	-
$180,000 to $189,999	**1**	-	**1**	-
$200,000 to $209,999	**1**	1	**1**	1
$220,000 to $229,999	**1**	1	**1**	1
$860,000 to $869,999	**1**	1	**1**	1
	19	19	**19**	19
Remuneration of executive officers				
$50,000 to $59,999	**1**	-	**1**	-
$60,000 to $69,999	**-**	1	**-**	1
$70,000 to $79,999	**1**	-	**1**	-
$130,000 to $139,999	**-**	1	**-**	1
$190,000 to $199,999	**1**	-	**1**	-
$220,000 to $229,999	**1**	-	**1**	-
$260,000 to $269,999	**1**	-	**1**	-
$290,000 to $299,999	**1**	-	**1**	-
$300,000 to $309,999	**2**	1	**2**	1
$320,000 to $329,999	**1**	-	**1**	-
$370,000 to $379,999	**-**	2	**-**	2
$380,000 to $389,999	**2**	-	**2**	-
$390,000 to $399,999	**-**	2	**-**	2
$400,000 to $409,999	**-**	1	**-**	1
$430,000 to $439,999	**1**	2	**1**	2
$440,000 to $449,999	**-**	1	**-**	1
$450,000 to $459,999	**-**	1	**-**	1
$460,000 to $469,999	**-**	1	**-**	1
$470,000 to $479,999	**1**	-	**1**	-
$490,000 to $499,999	**2**	-	**2**	-
$510,000 to $519,999	**-**	1	**-**	1
$580,000 to $589,999	**-**	1	**-**	1
$620,000 to $629,999	**1**	-	**1**	-
$860,000 to $869,999	**1**	1	**1**	1
	17	16	**17**	16

Remuneration bands for the Vice-Chancellor and President of Academic Senate appear in both tables in Note 20(c) as these positions are members of both Council and Executive Committee.

(d) Key Management Personnel Compensation

	Consolidated 2021 $'000	Consolidated 2020 $'000	Parent 2021 $'000	Parent 2020 $'000
Short-term employee benefits	**5,790**	6,196	**5,790**	6,196
Post-employment benefits	**894**	975	**894**	975
Termination benefits	**283**	451	**283**	451
Total key management personnel compensation	**6,967**	7,622	**6,967**	7,622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

21. Remuneration of Auditors

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Audit the Financial Statements				
Audit Office of NSW	**396,300**	354,275	**283,500**	278,000
BDO Singapore	**12,000**	10,508	**-**	-
Total paid for audit	**408,300**	364,783	**283,500**	278,000

During the year the following fees were paid for services provided by the auditors of the Parent Entity, its related practices and non-related audit firms:

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Other services				
DFK Crosbie	**-**	10,300	**-**	10,300
Bentleys MRI	**4,400**	880	**4,400**	880
Bishop Collins	**46,300**		**46,300**	
Brain & Poulter	**-**	11,447	**-**	11,447
Total paid for other services	**50,700**	22,627	**50,700**	22,627

Other services provided by DFK Crosbie include the audit of the Higher Education Research Data Collection (HERDC) return.

Bentleys MRI and Bishop Collins provide audit services for funding acquittals.

Brain & Poulter provide food and beverage audit and review services.

22. 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 cash and cash equivalents and 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. Similarly, the carrying value of trade and other payables is also expected to approximate fair value.

The carrying amounts and aggregate fair values of financial assets and liabilities at balance date are:

		Carrying Amount		Fair Value	
		2021	2020	2021	2020
Consolidated	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Other financial assets at fair value through other comprehensive income	13	**1,053**	50,092	**1,053**	50,092
Other financial assets at fair value through profit or loss	13	**592,286**	467,742	**592,385**	467,742
Other financial assets at amortised costs	13	**32,300**	1,472	**31,000**	1,472
Total		**625,639**	519,306	**624,438**	519,306

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss
- financial assets at fair value through other comprehensive income
- land, buildings and infrastructure

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FOR THE YEAR ENDED 31 DECEMBER 2021

22. Fair Value Measurement (continued)

For additional information regarding the non-current borrowings: Note 17. Borrowings

(b) Fair Value Hierarchy

The Group 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 2021.

Fair value measurements at 31 December 2021

		2021	Level 1	Level 2	Level 3
Consolidated	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Recurring fair value measurements					
Financial assets					
Other financial assets at fair value through other comprehensive income	13	**1,053**	**-**	**1,053**	**-**
Other financial assets at fair value through profit and loss	13	**592,385**	**-**	**592,385**	**-**
Other financial assets at amortised costs	13	**31,000**	**-**	**31,000**	**-**
Total financial assets		**624,438**	**-**	**624,438**	**-**
Non-financial assets					
Land and buildings					
Land	14	**82,048**	**-**	**82,048**	**-**
Buildings	14	**929,116**	**-**	**1,622**	**927,494**
Infrastructure	14	**91,650**	**-**	**-**	**91,650**
Total non-financial assets		**1,102,814**	**-**	**83,670**	**1,019,144**

Fair value measurements at 31 December 2020

		2020	Level 1	Level 2	Level 3
Consolidated	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Recurring fair value measurements					
Financial assets					
Other financial assets at fair value through other comprehensive income	13	50,092	-	50,092	-
Other financial assets at fair value through profit and loss	13	467,742	-	467,742	-
Other financial assets at amortised costs		1,472		1,472	
Total financial assets		**519,306**	**-**	**519,306**	**-**
Non-financial assets					
Land and buildings					
Land	14	77,531	-	77,531	-
Buildings	14	819,354	-	1,522	817,832
Infrastructure	14	73,543	-	-	73,543
Total non-financial assets		**970,428**	**-**	**79,053**	**891,375**

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

There were no transfers between levels 2 and 3 for recurring fair value measurements during the year:

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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FOR THE YEAR ENDED 31 DECEMBER 2021

22. Fair Value Measurement (continued)

(c) Valuation Techniques Used to Derive Level 2 and Level 3 Fair Values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for buildings and infrastructure which are explained below:

Buildings and infrastructure (classified as property, plant and equipment) are assessed at least every three years. At the end of each reporting period, the Group updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Group determines the property's value within a range of reasonable fair value estimates.

The best evidence of fair values is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources, including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- discounted cash flow projections based on reliable estimates of future cash flows.
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3 except for vacant land, while buildings are split between both level 2 and level 3.

(d) Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

The following table is a reconciliation of level 3 items for the periods ended 31 December 2021 and 2020.

Consolidated			
Level 3 Fair Value	**Infrastructure**	**Buildings**	**Total**
Measurement 2021	**$'000**	**$'000**	**$'000**
Opening balance	**73,543**	**817,832**	**891,375**
Depreciation	**10,464**	**51,277**	**61,741**
Recognised in other comprehensive income	**7,642**	**58,385**	**66,027**
Closing balance	**91,649**	**927,494**	**1,019,143**

Consolidated			
Level 3 Fair Value	**Infrastructure**	**Buildings**	**Total**
Measurement 2020	**$'000**	**$'000**	**$'000**
Opening balance	70,029	761,260	831,289
Depreciation	1,523	24,712	26,235
Recognised in other comprehensive income	1,991	31,860	33,851
Closing balance	**73,543**	**817,832**	**891,375**

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22. Fair Value Measurement (continued)

(e) Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Consolidated Description	Fair value at 31 December 2021 $'000	Unobservable inputs*	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Buildings	927,494	Remaining useful life	+/- 5%	Increase term of useful life by 5% would increase fair value by $40.9 million. Decrease term of useful life by 5% would decrease fair value by $40.9 million
Infrastructure	91,649	Remaining useful life	+/- 5%	Increase term of useful life by 5% would increase fair value by $3.7 million. Decrease term of useful life by 5% would decrease fair value by $3.7 million

*There was no significant inter-relationship between unobservable inputs that materially affects fair value.

Accounting Policy

Fair Value

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

The Group 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 equity investments) 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 Group 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 is determined using valuation techniques. The Group 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 Group 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 Group for similar financial instruments.

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FOR THE YEAR ENDED 31 DECEMBER 2021

23. Interests in Other Entities

(a) Subsidiaries

The Group's principal subsidiaries at 31 December 2021 are set out below in accordance with the accounting policy described in Note 1(b). The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Ownership interest 2021 %	2020 %
The University of Newcastle Research Associates Ltd	Australia	**100.00**	100.00
NUServices Pty Ltd	Australia	**100.00**	100.00
Newcastle University Sport (NUsport)	Australia	**100.00**	0.00
Newcastle Australia Institute of Higher Education	Singapore	**100.00**	100.00

(i) Significant restrictions

Cash and short-term deposits held in Singapore are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from Singapore, other than through normal dividends.

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is $6.3 million (2020: $3.5 million).

(b) Interests in associates

Set out below are the associates of the Group as at 31 December 2021. The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Measurement method	Ownership interest/voting rights held by the Group		Carrying amount	
			2021	2020	2021	2020
			%	%	$'000	$'000
Hunter Medical Research Institute	Australia	Equity Method	**25.00**	27.27	**-**	-
NUSport	Australia	Equity Method	**-**	27.00	**-**	-
ResTech	Australia	Equity Method	**30.00**	30.00	**232**	226

Hunter Medical Research Institute is a company limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly, the carrying amount has been equity accounted at nil value and as such no financial information has been disclosed. Hunter Medical Research Institute has a 31 December reporting period.

NUSport became a controlled entity of the University following amendments to its constitution on 25 May 2021 and as at 31 December 2021 is a subsidiary of the University. The results for the entity have been consolidated with the Group for the relevant period.

ResTech Pty Limited is an associate acquired in 2007. For the purposes of the University's financial statements, the University's equity interest is based on the unaudited financial statements for the year ended 30 June 2021.

(c) Interests in joint ventures

Set out below are the joint ventures of the Group as at 31 December 2021. The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Measurement method	Ownership interest/voting rights held by the Group		Carrying amount	
			2021	2020	2021	2020
			%	%	$'000	$'000
NUW Alliance Co Pty Ltd	Australia	Equity Method	**25.00**	33.33	**-**	-

Operational activity for NUW CO Pty Ltd is still to commence following establishment on 2 May 2019 by the original members of the NUW Alliance (University of New South Wales, University of Newcastle and University of Wollongong). In 2021 Western Sydney University became an equity member of the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

24. Related Parties

(a) Parent entity

The ultimate parent entity within the Group is The University of Newcastle.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key Management Personnel

Disclosures relating to Council members and executive officers are set out in Note 20.

(d) Transactions with Related Parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
i) Subsidiaries				
Sale of goods and services				
Service fees	**-**	-	**2,947**	3,118
Consultancy, consumables and others	**-**	-	**1,093**	766
Other revenue	**-**	-	**400**	131
Other transactions				
Interest income			**5**	-
Purchase of goods				
Other expenses	**-**	-	**859**	670
Other transactions				
Interest expense	**-**	-	**90**	16
Financial assistance provided			**1,186**	-
ii) Associates				
Sale of goods and services				
Consultancy and contracts	**9,500**	8,730	**9,500**	8,730
Other revenue	**1,083**	1,033	**1,083**	1,033
Purchase of goods				
Other expenses	**6,609**	6,972	**6,609**	6,968
Other transactions				
Interest income	**5**	15	**5**	15
iii) Joint Ventures				
Other transactions				
Contributions	**420**	632	**420**	632

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FOR THE YEAR ENDED 31 DECEMBER 2021

24. Related Parties (continued)

(e) Loans to/from related parties

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Loans to/ (from) subsidiaries				
Beginning of the year	**-**	-	**(2,104)**	(1,071)
Reclassification from associates	**-**	-	**158**	-
Loan advanced	**-**	-	**3,750**	4,179
Loan repayment received	**-**	-	**(4,866)**	(5,187)
Loans written off	**-**	-	**(350)**	-
Interest charged	**-**	-	**(3)**	(25)
Interest received	**-**	-	**5**	-
End of year	**-**	-	**(3,410)**	(2,104)
Loans to / (from) associates				
Beginning of the year	**197**	287	**197**	287
Loan repayments received	**(44)**	(105)	**(44)**	(105)
Interest received	**5**	15	**5**	15
Reclassification to subsidiaries	**(158)**	-	**(158)**	-
End of year	**-**	197	**-**	197

No expected credit losses (impairment) 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.

(f) Outstanding Balances

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

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current receivables (sale of goods and services)				
Subsidiaries	**-**	-	**386**	80
Associates	**113**	230	**113**	230
Current receivables (Investments held)				
Subsidiaries	**-**	-	**13**	5
Total current receivables	**113**	230	**512**	315
Current payables (purchase of goods and services)				
Subsidiaries	**-**	-	**212**	74
Associates	**171**	173	**171**	173
Current payables (other transactions)				
Subsidiaries	**-**	-	**106**	83
Total current payables	**171**	173	**489**	330

No provisions for impairment 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 of Outstanding Balances

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

25. Contingencies

Contingent liabilities

(i) Bank Guarantee

The Group has $2.7 million bank guarantees predominantly being security for a rental bond which expires on 31 May 2027 (2020: $2.7 million).

(ii) Support of NUservices Pty Ltd

On 25 October 2021 the University committed to provide financial support to NUservices Pty Ltd in 2022 to ensure that the company has sufficient cash to pay all financial obligations as and when they fall due. The current commitment of support extends until 31 December 2022.

(iii) Workers Compensation

The University holds a Loss Prevention & Recovery based Workers Compensation Insurance Policy with Employers Mutual Limited. As at 31 December 2021 the contingent liability for potential problem claims for the years 2018 to 2021 is estimated to be $1.6 million (2020: $1.4 million).

(iv) Combustible Cladding

In 2021 the University identified a number of buildings with combustible cladding installed. The University is working to replace this cladding and is working with relevant Council's where required and due to this a contingent liability may exist but the costs for the required work cannot be determined.

Contingent assets

At 31 December 2021, the Group had no contingent assets (2020: Nil).

Accounting Policy

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group or

(b) a present obligation that arises from past events but is not recognised because:

i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or

ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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26. Reconciliation of Net Result After Income Tax to Net Cash Provided by / (used in) Operating Activities

	Consolidated 2021 $'000	Consolidated Restated 2020 $'000	Parent 2021 $'000	Parent Restated 2020 $'000
Net result for the period	**185,270**	6,162	**182,261**	4,510
Depreciation and amortisation	**64,198**	61,457	**63,435**	61,037
Impairment on intangibles assets	**156**	761	**156**	761
Net (gain) / loss on sale of property, plant and equipment	**20**	4,554	**23**	4,521
Net exchange differences	**(90)**	(19)	**-**	
Net (gain) / loss disposal of financial assets	**(43,139)**	(13,095)	**(43,139)**	(13,095)
Distributions reinvested	**(76,414)**	(11,362)	**(76,414)**	(11,362)
Fair value losses (gains) on other financial assets at fair value through the income statement	**(49)**	6	**-**	-
Changes in assets and liabilities associated with operating activities				
(Increase) / Decrease in trade debtors	**(16,765)**	724	**(17,856)**	1,194
(Increase) / Decrease in other receivables	**35,806**	21,937	**35,834**	21,910
(Increase) / Decrease in related party receivables	**-**	-	**316**	(238)
(Increase) / Decrease in inventories	**(12)**	(19)	**97**	22
Increase / (decrease) in deferred tax asset	**22**	-	**-**	
Increase / (Decrease) in trade creditors	**565**	(6,808)	**409**	(6,282)
Increase / (Decrease) in other operating liabilities	**38,345**	27,031	**38,428**	26,463
Increase / (Decrease) in provision for income taxes payable	**180**	13	**-**	-
Increase / (Decrease) in related party payables	**-**		**868**	1,271
Increase / (Decrease) in other provisions	**(39,826)**	(15,364)	**(39,973)**	(15,625)
Net cash provided by / (used in) operating activities	**148,267**	75,978	**144,445**	75,087

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27. Reserves and Retained Earnings

(a) Reserves

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Reserves				
Property, plant and equipment revaluation surplus	**530,626**	461,883	**509,100**	461,885
Foreign currency translation surplus	**1,028**	898	**-**	-
Defined benefit actuarial assumptions reserves	**4,927**	3,609	**4,927**	3,609
FVOCI reserve	**1,043**	50,081	**1,043**	50,081
Total reserve	**537,624**	516,471	**515,070**	515,575

Movements		Consolidated		Parent	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
Foreign currency translation surplus					
Balance 1 January		**898**	1,303	**-**	-
Currency translation differences arising during the year		**130**	(405)	**-**	-
Balance 31 December		**1,028**	898	**-**	-
Property, plant and equipment revaluation surplus					
Balance 1 January		**461,883**	460,397	**461,884**	460,397
Revaluation increment/(decrement)	14	**68,743**	1,966	**47,215**	1,967
Transfer to retained earnings		**-**	(480)		(480)
Balance 31 December		**530,626**	461,883	**509,099**	461,884
Defined benefit actuarial remeasurements					
Balance 1 January		**3,609**	3,177	**3,609**	3,177
Revaluation increment/(decrement)		**1,318**	432	**1,318**	432
Balance 31 December		**4,927**	3,609	**4,927**	3,609
FVOCI reserve					
Balance 1 January		**50,081**	39,713	**50,082**	39,713
Revaluation increment/(decrement)		**(49,038)**	10,368	**(49,038)**	10,369
Balance 31 December		**1,043**	50,081	**1,044**	50,082
Total reserves		**537,624**	516,471	**515,070**	515,575

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FOR THE YEAR ENDED 31 DECEMBER 2021

27. Reserves and Retained Earnings (continued)

(a) Reserves (continued)

Movements in retained earnings were as follows:

	Consolidated		Parent	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Retained earnings at 1 January	**910,372**	903,730	**903,928**	898,938
Net result for the period	**185,270**	6,162	**182,261**	4,510
Reclassification on adoption of AASB 15	**-**	-	**-**	-
Retained earnings transferred in from NUsport	**6,769**	-	**-**	-
Transfer from reserves	**-**	480	**-**	480
Retained earnings at end of the financial year	**1,102,411**	910,372	**1,086,189**	903,928

(b) Nature and purpose of reserves

Foreign currency translation surplus: exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

Fair Value of Other Comprehensive Income (FVOCI) reserve: changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as fair value through other comprehensive income, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Property, plant and equipment revaluation: used to record increments and decrements on the revaluation of property, plant and equipment. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Defined benefit actuarial remeasurements: actuarial remeasurements arising on valuation of the pension are recognised in other comprehensive income and accumulated in a separate reserve within equity.

28. Events Occurring After the Reporting Date

In 2022 the University's Council approved the partial sale of some of the University's listed shareholding. As at 31 December 2021 these shares were considered non-current Other Financial Assets. Given the approval, the University now considers this portion of shares as held for sale. As at 31 December 2021 the value of the shareholding now approved for sale was $31.7m.

29. Financial Risk Management

The Group'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 Group'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 Group. The Group 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, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is conducted by Mercer, the Group's investment manager, under policies approved by the University Council. Mercer identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The University Council provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Group has considered the impact of the COVID-19 pandemic on the financial risks to its operations and reflected its assessment within the risks detailed below.

(a) Market Risk

(i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Singapore and US dollars.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial Risk Management (continued)

(a) Market Risk (continued)

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

The Group's treasury risk management position is not to hedge the cash flows at present, because the amount of exposure has been determined to be immaterial in terms of the possible impact on the income statement or total equity.

(ii) Price Risk

The Group and the parent entity are exposed to price risk arising from financial assets on the statement of financial position. Neither the Group nor the parent entity is exposed to commodity price risk.

To manage its price risk arising from other financial assets, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.

(iii) Cash Flow and Fair Value Interest Rate Risk

At 31 December 2021, the Group has no long-term borrowings, it is only subject to cash flow and interest rate risk on its cash and cash equivalents.

(iv) Summarised Sensitivity Analysis

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

31 December 2021	Carrying Amount	Interest Rate Risk				Foreign Exchange Risk				Other Price Risk			
		-1%		+1%		-15%		+15%		-20%		+20%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets													
Cash and Cash Equivalents - at bank	**35,757**	**(358)**	**(358)**	**358**	**358**	**(1,022)**	**(1,022)**	**1,022**	**1,022**	**-**	**-**	**-**	**-**
Receivables	**480,067**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets	**625,639**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(125,128)**	**(125,128)**	**125,128**	**125,128**
Financial Liabilities													
Payables	**179,965**	**-**	**-**	**-**	**-**	**(79)**	**(79)**	**79**	**79**	**-**	**-**	**-**	**-**
Total increase / (decrease)		**(358)**	**(358)**	**358**	**358**	**(1,101)**	**(1,101)**	**1,101**	**1,101**	**(125,128)**	**(125,128)**	**125,128**	**125,128**

31 December 2020	Restated Carrying Amount	Interest Rate Risk				Foreign Exchange Risk				Other Price Risk			
		-1%		+1%		-15%		+15%		-20%		+20%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets													
Cash and Cash Equivalents - at bank	33,673	(337)	(337)	337	337	(521)	(521)	521	521	-	-	-	-
Receivables	498,583	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets	519,306	-	-	-	-	-	-	-	-	(103,861)	(103,861)	103,861	103,861
Financial Liabilities													
Payables	161,417	-	-	-	-	(26)	(26)	25	25	-	-	-	-
Total increase / (decrease)		(337)	(337)	337	337	(547)	(547)	546	546	(103,861)	(103,861)	103,861	103,861

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial Risk Management (continued)

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the Group maintains a credit risk framework and sets credit exposure limits based on external credit ratings to manage credit risk (2020: limited to BBB+). If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. Fees from students are settled in cash or using major credit cards, generally on or prior to census date, mitigating credit risk, unless otherwise arranged on a case-by-case basis.

The carrying amount of financial assets (as contained in the table in subnote 22(a) represents the Group's maximum exposure to credit risk.

Receivables

Credit risk is managed at group level subject to the Group's established policy, procedures and controls relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and enforcement activity is not considered economically feasible. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Group evaluates the concentration of risk with respect to trade receivables as low. Set out below is the information about the credit risk exposure on the Group's receivables using an expected credit loss matrix:

				Trade receivables			
				Days past due			
31 December 2021	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
	$	$	$	$	$	$	$
UON - General Debtors							
Expected credit loss rate	0.11%	0.28%	0.71%	1.42%	2.35%	55.61%	
Cross carrying amount - trade receivables	2,918,547	1,020,448	594,418	203,257	567,079	159,127	5,462,876
Loss allowance	3,196	2,841	4,218	2,880	13,341	88,483	114,959
UON - Student Debtors							
Expected credit loss rate	0.25%	3.57%	9.51%	16.02%	87.53%	-	
Cross carrying amount - trade receivables	2,725,397	39,142	53,684	214,290	1,253,435	-	4,285,948
Loss allowance	6,765	1,398	5,108	34,339	1,097,082	-	1,144,691
TUNRA - Trade Debtors							
Expected credit loss rate	0.51%	0.89%	-	11.75%	74.25%	95.92%	
Cross carrying amount - trade receivables	363,083	123,314	-	90,000	12,650	48,519	637,566
Loss allowance	1,856	1,093	-	10,576	9,392	46,539	69,456
Total loss allowance							1,329,106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

29. Financial Risk Management (continued)

(b) Credit Risk (continued)

	Trade receivables						
	Days past due						
31 December 2020	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
	$	$	$	$	$	$	$
UON - General Debtors							
Expected credit loss rate	0.15%	0.38%	1.25%	2.84%	9.60%	7.67%	
Cross carrying amount - trade receivables	10,182,444	1,863,070	795,350	320,494	481,100	815	13,643,273
Loss allowance	15,079	7,165	9,966	9,090	46,199	63	87,562
UON - Student Debtors							
Expected credit loss rate	0.10%	2.28%	7.66%	11.41%	75.68%	-	
Cross carrying amount - trade receivables	1,429,359	21,723	64,240	409,544	1,138,151	-	3,063,017
Loss allowance	1,498	495	4,921	46,716	861,338	-	914,968
TUNRA - Trade Debtors							
Expected credit loss rate	0.01%	0.02%	0.07%	0.34%	0.92%	46.00%	
Cross carrying amount - trade receivables	579,792	238,242	20,934	14,410	9,075	293,912	1,156,365
Loss allowance	78	44	15	49	84	135,188	135,458
Total loss allowance							1,137,988

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Council on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate credit facilities to meet obligations when they fall due. At the end of the reporting period the Group held cash of $35.8 million and had available a facility of $10.0 million to manage liquidity risk. Management regularly monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

For details of the Group's financing arrangements unused at balance date refer to Note 17.

The Group's financial liabilities are trade and other payables which were $179.8 million at year end (2020: $161.4 million). All liabilities are non-interest bearing and have a maturity date of less than 12 months.

30. Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Property, plant and equipment				
Within one year	**21,523**	46,402	**21,523**	46,402
Total property, plant and equipment	**21,523**	46,402	**21,523**	46,402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans

(a) Fund Specific Disclosure

The University of Newcastle incurs an obligation for deferred contributions which become payable on and after retirement of staff in respect of the following defined benefit schemes:

- NSW State Superannuation Scheme (SSS)
- NSW State Authorities Superannuation Scheme (SASS)
- NSW State Authorities Non-Contributory Superannuation Scheme (SANCS)
- Pension entitlements arising from the former University of Newcastle Staff Superannuation Scheme

The University expects to make a contribution of $0.5 million (2020: $0.8 million) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation is 9.7 years (2020: 10.2 years). The expected maturity analysis of undiscounted benefit payments is as follows:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Defined benefit obligations - 31 December 2021	**27,302**	**26,178**	**73,228**	**297,674**	**424,382**
Defined benefit obligations - 31 December 2020	28,425	27,405	76,918	335,026	467,774
Pension benefit obligations - 31 December 2021	**2,062**	**2,154**	**5,960**	**18,998**	**29,174**
Pension benefit obligations - 31 December 2020	2,107	2,210	6,221	20,634	31,172

(b) Categories of Plan Assets

The analysis of the plan assets at the end of the reporting period is as follows:

	2021 % Active Market	2020 % Active Market
Australian equities	**18.54**	19.89
International equities	**35.47**	32.30
Australian fixed interest	**1.65**	1.93
International fixed interest	**3.92**	4.61
Property	**6.34**	8.27
Short-term securities	**14.26**	9.48
Alternatives	**19.82**	23.52
Total	**100.00**	100.00

The principle assumptions used for the purposes of the actuarial valuations were as follows (expressed as weighted averages):

	2021 %	2020 %
Discount rate(s)	**1.68**	0.97
Expected rate(s) of CPI increase	**2.50**	1.00
Expected rate(s) of salary increase	**2.74**	1.70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

(c) Actuarial Assumptions and Sensitivity

The sensitivity of the defined benefit obligation to change in the significant assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	**Decrease in assumption**
Discount rate	0.50%	Decrease by 4.77%	Increase by 5.19%
Salary growth rate	0.50%	Decrease by 0.10%	Increase by 0.11%
CPI increase	0.50%	Decrease by 4.97%	Increase by 5.36%

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in the preparation of the sensitivity analysis did not change compared to the prior period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

(d) Statement of Financial Position Amounts

Amounts recognised in the statement of financial position - 2021	$'000 Pension	$'000 SANCS	$'000 SSS	$'000 SASS	$'000 Total
Liabilities					
Provision for deferred government benefits for superannuation	-	(606)	380,727	13,292	393,413
Provision for pension entitlements	25,061	-	-	-	25,061
add: On-costs on pension entitlements	3,972	-	-	-	3,972
Total liabilities recognised in the statement of financial position	29,033	(606)	380,727	13,292	422,446
Assets					
Receivable for deferred government benefit for superannuation	-	(606)	380,727	13,292	393,413
Total assets recognised in the statement of financial position	-	(606)	380,727	13,292	393,413
Net liability recognised in the statement of financial position	29,033	-	-	-	29,033

Net liability reconciliation - 2021	$'000 Pension	$'000 SANCS	$'000 SSS	$'000 SASS	$'000 Total
Defined benefit obligation	25,061	2,851	401,930	26,635	456,477
Fair value of plan assets	-	(3,457)	(21,203)	(13,344)	(38,004)
Net liability	25,061	(606)	380,727	13,291	418,473

Present value of obligation - 2021	$'000 Pension	$'000 SANCS	$'000 SSS	$'000 SASS	$'000 Total
Opening defined benefit obligation	28,123	4,655	425,205	36,091	494,074
Current service cost		155	-	393	548
Interest expense	320	40	4,006	324	4,690
	28,443	4,850	429,211	36,808	499,312
Remeasurements					
Actuarial losses / (gains) arising from changes in financial assumptions	1,318	(70)	(13,758)	(469)	(12,979)
Experience (gains) / losses	-	(331)	11,330	1,268	12,267
	1,318	(401)	(2,428)	799	(712)
Contributions from plan participants	-	-	-	-	-
Payments from plan					
Benefits paid	2,064	(1,796)	(21,097)	(11,550)	(32,379)
Taxes, premiums and expenses paid	-	153	(1,141)	(71)	(1,059)
	2,064	(1,643)	(22,238)	(11,621)	(33,438)
Closing defined benefit obligation	31,825	2,806	404,545	25,986	465,162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

(d) Statement of Financial Position Amounts (continued)

	$'000	$'000	$'000	$'000	$'000
Present value of plan assets - 2021	**Pension**	**SANCS**	**SSS**	**SASS**	**Total**
Opening fair value of plan assets	-	4,359	17,052	23,218	44,629
Interest (income)	-	41	173	199	413
	-	4,400	17,225	23,417	45,042
Remeasurements					
Return on plan assets, excluding amounts included in net interest expense	-	(40)	2	1,211	1,173
Contributions					
Employers	-	739	26,164	40	26,943
Plan participants	-	-	50	296	346
	-	739	26,214	336	27,289
Payments from plan					
Benefits paid	-	(1,796)	(21,097)	(11,550)	(34,443)
Taxes, premiums and expenses paid	-	153	(1,141)	(71)	(1,059)
	-	(1,643)	(22,238)	(11,621)	(35,502)
Closing defined benefit obligation	-	3,456	21,203	13,343	38,002

	$'000	$'000	$'000	$'000	$'000
Amounts recognised in the statement of financial position - 2020	**Pension**	**SANCS**	**SSS**	**SASS**	**Total**
Liabilities					
Provision for deferred government benefits for superannuation	-	295	408,152	12,873	421,320
Provision for pension entitlements	28,123	-	-	-	28,123
Add: On-costs on pension entitlements	4,317	-	-	-	4,317
Total liabilities recognised in the statement of financial position	32,440	295	408,152	12,873	453,760
Assets					
Receivable for deferred government benefit for superannuation	-	295	408,152	12,873	421,320
Total assets recognised in the statement of financial position	-	295	408,152	12,873	421,320
Net liability recognised in the statement of financial position	32,440	-	-	-	32,440

	$'000	$'000	$'000	$'000	$'000
Net liability reconciliation - 2020	**Pension**	**SANCS**	**SSS**	**SASS**	**Total**
Defined benefit obligation	28,123	4,655	425,205	36,091	494,074
Fair value of plan assets	-	(4,359)	(17,052)	(23,218)	(44,629)
Net liability	28,123	296	408,153	12,873	449,445

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

(d) Statement of Financial Position Amounts (continued)

	$'000	$'000	$'000	$'000	$'000
Present value of obligation - 2020	**Pension**	**SANCS**	**SSS**	**SASS**	**Total**
Opening defined benefit obligation	29,548	5,925	451,529	40,466	527,468
Current service cost	-	191	-	663	854
Interest expense	1,099	72	6,015	514	7,700
	30,647	6,188	457,544	41,643	536,022
Remeasurements					
Actuarial losses / (gains) arising from changes in financial assumptions	(432)	(99)	3,555	(406)	2,618
Experience (gains) / losses	-	(1,816)	(11,031)	1,859	(10,988)
	(432)	(1,915)	(7,476)	1,453	(8,370)
Contributions from plan participants	-	-	138	367	505
Payments from plan					
Benefits paid	(2,092)	(1,080)	(22,169)	(7,542)	(32,883)
Taxes, premiums and expenses paid	-	1,462	(2,833)	172	(1,199)
	(2,092)	382	(25,002)	(7,370)	(34,082)
Closing defined benefit obligation	28,123	4,655	425,204	36,093	494,075

	$'000	$'000	$'000	$'000	$'000
Present value of plan assets - 2020	**Pension**	**SANCS**	**SSS**	**SASS**	**Total**
Opening fair value of plan assets	-	2,853	16,726	29,727	49,306
Interest (income)	-	38	230	367	635
	-	2,891	16,956	30,094	49,941
Remeasurements					
Return on plan assets, excluding amounts included in net interest expense	-	(27)	(119)	44	(102)
Contributions					
Employers	-	1,113	25,079	83	26,275
Plan participants	-	-	138	367	505
	-	1,113	25,217	450	26,780
Payments from plan					
Benefits paid	-	(1,080)	(22,169)	(7,542)	(30,791)
Taxes, premiums and expenses paid	-	1,462	(2,833)	172	(1,199)
	-	382	(25,002)	(7,370)	(31,990)
Closing defined benefit obligation	-	4,359	17,052	23,218	44,629

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

(e) Amounts Recognised in Other Statements

Amounts recognised in the Income Statement - 2021

The amounts recognised in the income statement are restricted to the pension scheme in accordance with the accounting policy detailed below. The amounts are included in the Income Statement.

		$'000	$'000	$'000	$'000	$'000
	Note	Pension	SANCS	SSS	SASS	Total
Interest cost		**320**	**-**	**-**	**-**	**320**
Total expense recognised in the Income Statement	5	**320**	**-**	**-**	**-**	**320**

Amounts recognised in other comprehensive income - 2021

The amounts recognised in the statement of comprehensive income are restricted to the pension scheme in accordance with the accounting policy detailed below. The amounts are included in reserves (Note 20).

		$'000	$'000	$'000	$'000	$'000
	Note	Pension	SANCS	SSS	SASS	Total
Remeasurements						
Actuarial losses / (gains) arising from changes in financial assumptions		**(1,318)**	**-**	**-**	**-**	**(1,318)**
Total amounts recognised in the Statement of Comprehensive Income		**(1,318)**	**-**	**-**	**-**	**(1,318)**

Amounts recognised in the Income Statement - 2020

The amounts recognised in the income statement are restricted to the pension scheme in accordance with the accounting policy detailed below. The amounts are included in the Income Statement.

		$'000	$'000	$'000	$'000	$'000
	Note	Pension	SANCS	SSS	SASS	Total
Interest cost		1,099	-	-	-	1,099
Total expense recognised in the Income Statement	5	1,099	-	-	-	1,099

Amounts recognised in other comprehensive income - 2020

The amounts recognised in the statement of comprehensive income are restricted to the pension scheme in accordance with the accounting policy detailed below. The amounts are included in reserves (Note 20).

		$'000	$'000	$'000	$'000	$'000
	Note	Pension	SANCS	SSS	SASS	Total
Remeasurements						
Actuarial losses (gains) arising from changes in financial assumptions		(432)	-	-	-	(432)
Total amounts recognised in the Statement of Comprehensive Income		(432)	-	-	-	(432)

Accounting Policy

Retirement benefit obligations

All employees of the University are entitled to benefits on retirement, disability or death from the University's superannuation plan. The University has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from University companies and the University's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the University's plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

31. Defined Benefit Plans (continued)

Accounting Policy (continued)

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised in profit or loss immediately.

Contributions to the defined contribution section of the University's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Deferred government benefit for superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education (Education), the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the income statement and the statement of financial position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the statement of financial position under Provisions have been determined by the University's external actuaries and relate to SSS, SASS and SANCS on an emerging cost basis.

Deferred government benefits for superannuation are the amounts recognised as reimbursement rights as they are the amounts expected to be received from the Australian Government for the emerging costs of the superannuation funds for the life of the liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

32. Acquittal of Australian Government Financial Assistance

(a) Education - CGS and Other Education Grants

		Commonwealth Grants Scheme#1		Indigenous Student Success#2		Indigenous, Regional and Low-SES Attainment Fund#3		National Priorities and Industry Linkage Fund	
		2021	2020	2021	2020	2021	2020	2021	2020
Parent Entity (University) Only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		**250,796**	220,474	**3,669**	3,591	**11,021**	10,728	**7,000**	
Net adjustments		**(7,811)**	12	**4**	(8)	**2**	280	**-**	
Revenue and income for the period	3.1(a)	**242,985**	220,486	**3,673**	3,583	**11,023**	11,008	**7,000**	-
Surplus / (deficit) from the previous year		**-**	-	**216**	489	**334**	346	**-**	
Total revenue and income including accrued revenue		**242,985**	220,486	**3,889**	4,072	**11,357**	11,354	**7,000**	-
Less expenses including accrued expenses		**(242,985)**	(220,486)	**(3,362)**	(3,856)	**(11,164)**	(11,020)	**(7,000)**	
Surplus / (deficit) for reporting period		**-**	-	**527**	216	**193**	334	**-**	-

		Promotion of Excellence in Learning and Teaching		Higher Education Disability Support Program #4		Other		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Parent Entity (University) Only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		**-**	-	**125**	127	**2,500**	500	**275,111**	235,420
Net adjustments		**-**	-	**-**	-	**(388)**	1,222	**(8,193)**	1,506
Revenue and income for the period	3.1(a)	**-**	-	**125**	127	**2,112**	1,722	**266,918**	236,926
Surplus / (deficit) from the previous year		**38**	74	**16**		**-**	-	**603**	909
Total revenue and income including accrued revenue		**38**	74	**141**	127	**2,112**	1,722	**267,521**	237,835
Less expenses including accrued expenses		**(37)**	(36)	**(141)**	(111)	**(2,112)**	(1,722)	**(266,800)**	(237,232)
Surplus / (deficit) for reporting period		**1**	38	**(0)**	16	**-**	-	**721**	603

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS - Medical Student Loading, Allocated Places, Non Designated Courses and CGS – Special Advances from Future Years.

#2 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

#3 Includes the Higher Education Participation and Partnership Program, regional loading and enabling loading.

#4 Higher Education Disability Support Program includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

32. Acquittal of Australian Government Financial Assistance (continued)

(b) Higher Education Loan Programs (excl OS-HELP)

		HECS-HELP (Australian Government Payments Only)		FEE- HELP		SA-HELP		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Parent Entity (University) Only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash payable / (receivable) at the beginning of year		**(6,484)**	280	**(2,473)**	(401)	**121**	5	**(8,836)**	(116)
Financial assistance received in cash during the reporting period		**139,534**	140,222	**25,351**	19,780	**5,889**	5,572	**170,774**	165,574
Cash available for period		**133,050**	140,502	**22,878**	19,379	**6,010**	5,577	**161,938**	165,458
Revenue earned	3.1(b)	**134,167**	146,986	**23,015**	21,852	**5,659**	5,456	**162,841**	174,294
Cash payable / (receivable) at the end of year		**(1,117)**	(6,484)	**(137)**	(2,473)	**351**	121	**(903)**	(8,836)

VET Student Loan Program is not required to be acquitted here.

(c) Department of Education Research

		Research Training Program		Research Support Program		Total	
		2021	2020	2021	2020	2021	2020
Parent Entity (University) Only	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		**25,841**	25,195	**48,365**	23,147	**74,206**	48,342
Revenue for the period	3.1(c)	**25,841**	25,195	**48,365**	23,147	**74,206**	48,342
Surplus / (deficit) from the previous year		**3,956**	1,743	**-**	-	**3,956**	1,743
Total revenue including accrued revenue		**29,797**	26,938	**48,365**	23,147	**78,162**	50,085
Less expenses including accrued expenses		**(22,388)**	(22,982)	**(48,365)**	(23,147)	**(70,753)**	(46,129)
Surplus / (deficit) for reporting period		**7,409**	3,956	**-**	-	**7,409**	3,956

(d) Total Higher Education Provider Research Training Program Expenditure[#5]

	Total Domestic Students	Total Overseas Students
Training Program Expenditure	**$'000**	**$'000**
Research Training Program Fee Offsets	**13,025**	**224**
Research Training Program Stipends	**7,678**	**117**
Research Training Program Allowances	**1,345**	**-**
Total for all types of support[#6]	**22,048**	**341**

#5 Please refer to the Commonwealth Scholarship Guidelines for expenditure definitions for the Research Training Program.

#6 The total for all types of support domestic and overseas students is expected to match the Research Training Program expenses, including accrued expenses of $22.39 million (Note 32(c)) in respect to the 2021 year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

32. Acquittal of Australian Government Financial Assistance (continued)

(e) Other Capital Funding

		Other Capital Funding		Total	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Parent Entity (University) Only	**Note**				
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		**183**	1,160	**183**	1,160
Net accrual adjustments		**(183)**	(154)	**(183)**	(154)
Revenue for the period	3.1(d)	**-**	1,006	**-**	1,006
Surplus / (deficit) from the previous year		**27**	27	**27**	27
Total revenue including accrued revenue		**27**	1,033	**27**	1,033
Less expenses including accrued expenses		**-**	(1,006)	**-**	(1,006)
Cash surplus / (deficit) for the reporting period		**27**	27	**27**	27

(f) Australian Research Council Grants

		Discovery		Linkages[#8]		Networks and Centres		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Parent Entity (University) Only	**Note**								
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		**8,625**	8,376	**1,887**	1,726	**5,182**	5,090	**15,694**	15,192
Net accrual adjustments		**(2,139)**	(933)	**(749)**	(491)	**(4,185)**	(4,857)	**(7,073)**	(6,281)
Revenue for the period	3.1(e)	**6,486**	7,443	**1,138**	1,235	**997**	233	**8,621**	8,911
Total revenue including accrued revenue		**6,486**	7,443	**1,138**	1,235	**997**	233	**8,621**	8,911
Less expenses including accrued expenses		**(6,486)**	(7,443)	**(1,138)**	(1,235)	**(997)**	(233)	**(8,621)**	(8,911)
Surplus / (deficit) for reporting period		**-**	-	**-**	-	**-**	-	**-**	-

#8 ARC Linkage Infrastructure, Equipment and Facilities grants should be reported in (32e) Other Capital Funding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

32. Acquittal of Australian Government Financial Assistance (continued)

(g) OS-Help

		2021	2020
		$'000	$'000
Parent Entity (University) Only	**Note**		
Cash received during the reporting period		**-**	6,814
Cash spent during the reporting period		**(7)**	(418)
Net cash received		**(7)**	6,396
Cash surplus / (deficit) from the previous period		**8,410**	2,014
Cash surplus / (deficit) for the reporting period	16	**8,403**	8,410

(h) Higher Education Superannuation Program

	2021	2020
	$'000	$'000
Cash received during the reporting period (total cash received from the Australian Government only for the program)	**20,206**	19,561
University contribution in respect of current employees	**-**	-
Cash surplus / (deficit) from the previous period		-
Contributions to specified defined benefits funds	**(20,206)**	(19,561)
Cash surplus / (deficit) this period	**-**	-

(i) Student Services and Amenities Fee

		2021	2020
		$'000	$'000
Parent Entity (University) Only	**Note**		
Unspent / (overspent) revenue from previous period		**1,199**	872
SA-HELP revenue earned	3.1(b)	**5,659**	5,456
Student Services Fees direct from students	3.3	**1,825**	1,686
Total revenue expendable in period		**8,683**	8,014
Student Services expenses in period		**(6,052)**	(6,815)
Unspent / (overspent) Student Services revenue		**2,631**	1,199

#9 An error in 2019 expenditure reporting resulted in 2020 opening unspent funding being overstated by $1.6 million. The 2020 unspent revenue amount has been updated for this error.

STATEMENT BY MEMBERS OF COUNCIL

In accordance with a resolution of the members of Council under s. 16 of the *University of Newcastle Act 1989* (NSW) and pursuant to section 7.6 (4) of the *Government Sector Finance Act 2018*, we state that to the best of our knowledge and belief:

(a) The attached general purpose financial statements present fairly the financial position of the University and consolidated entity as at 31 December 2021, and the financial performance and cash flows for the year ended on that date.

(b) The financial statements have been prepared in accordance with the provisions of the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2018 and the *Higher Education Support Act 2003* (Cwth) (Financial Statement Guidelines).

(c) The financial statements have been prepared in accordance with the Australian Accounting Standards, AASB Interpretations and other mandatory professional reporting requirements.

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

(e) There are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due.

(f) The amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

(g) The University of Newcastle charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003 (Cwth)* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

On behalf of the Council of The University of Newcastle.

Mr Paul Jeans
Chancellor

Mr John Bowers
Chair Finance Committee

Dated the 22nd day of April 2022.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The University of Newcastle

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of The University of Newcastle (the University), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, 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 of the University and the consolidated entity and the Statement by Members of Council. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act) and the Government Sector Finance Regulation 2018
- presents fairly, the financial position, financial performance and cash flows of the University and the consolidated entity.

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 University and the consolidated entity 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 (including Independence Standards)' (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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the matter
Fair value measurement of property, plant and equipment	
At 31 December 2021, the University reported $1.2 billion in property, plant and equipment. The last comprehensive valuation of land, buildings and infrastructure was performed during the year ended 31 December 2018. In 2021, the University performed its annual impairment assessment and also engaged an independent valuer to assess if there had been a material change in the fair value of its land, buildings and infrastructure. The closing balance of property, plant and equipment includes a net increment of $68.7 million. I considered this to be a key audit matter because of the: • significance of property, plant and equipment to the University's financial position and the specialised nature of the assets • judgement and complexities associated with assessing impairment indicators and recoverable amounts of assets under AASB 136 'Impairment of Assets' and the application of AASB 13 'Fair Value Measurement' • use of significant assumptions required to estimate fair value. Further information on the fair value measurement is included in Note 14 'Property, Plant and Equipment'.	Key audit procedures included the following: • assessed the competence, capability and objectivity of management's independent valuer • assessed the accuracy and completeness of assets included in the revaluation • assessed the appropriateness of the methodology used and key assumptions and judgements adopted, including the indices provided by management's independent valuer and material changes to useful lives • assessed management's impairment assessment and where asset impairment indicators existed, reviewed management's estimate of its recoverable amount • reviewed the reconciliation of the valuation report to the reported financial statement balances • assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.
Valuation of defined benefit superannuation and long service leave liabilities	
At 31 December 2021, the University reported: • defined benefit superannuation liabilities totalling $395.5 million • employee long service leave liabilities totalling $83.4 million. I considered this to be a key audit matter because: • the defined benefit superannuation and long service leave liabilities are financially significant to the University's financial position • there is a risk that the data used in the defined benefit superannuation and long service leave liability valuation models (the models) is not accurate and/or complete • the underlying models used to value the liabilities are complex due to a high level of judgement and estimation involved in the valuation assumptions, including discount rates, salary inflation and other assumptions	Key audit procedures included the following: • assessed the key controls supporting the data used in the models and assessed the completeness and accuracy of the data used in the models • obtained management's actuarial reports and year-end adjustments, and in relation to defined benefit superannuation liabilities engaged a qualified actuary ('auditor's expert') to: – assess the qualifications, competence and objectivity of management's independent experts – assess the appropriateness of the models – confirm the reasonableness of key assumptions used – assess the reasonableness of the reported liability value

INDEPENDENT AUDITOR'S REPORT

University Council's Responsibilities for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2021 Reporting Period', issued by the Australian Government Department of Education, pursuant to *the Higher Education Support Act 2003* and the *Australian Research Council Act 2001*. The Council's responsibilities also includes such internal control as the Council determines 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 Council is responsible for assessing the ability of the University and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

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/ar5.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the University 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.

Nirupama Mani

Nirupama Mani
Director, Financial Audit