THE UNIVERSITY OF NEWCASTLE

CONTROLLED ENTITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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THE UNIVERSITY OF NEWCASTLE

NEWCASTLE INNOVATION

ABN 97 000 710 074

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

NEWCASTLE INNOVATION

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors submit the financial statements of the Company for the year ended 31 December 2015 and the auditor's report thereon.

The Company is a public company, limited by guarantee and incorporated in NSW, Australia. The registered office and principal place of business is Newcastle Institute for Energy & Resources – NIER Block A, 70 Vale St, Shortland NSW 2307.

Directors

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

Glenn Thurston Turner (resigned 21 March 2016)
John James O'Brien (resigned 4 March 2016)
Professor Kevin Hall (Chair)
Dr Alan Broadfoot (appointed 15 December 2015)
Paul Dunn (appointed 15 December 2015)

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

Principal activities

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

Review of operations

On 31 October 2015 the Company transferred its business development activities, including its unlicenced intellectual property assets, by way of an in specie donation of $262,237 to the University of Newcastle. A cash donation of $3,347,124 was also made during the year to the University of Newcastle.

The Company reported a loss of $3,726,167 for the year (2014: loss of $104,854).

Objectives and strategies

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

Performance measures and key performance indicators

Performance is measured in relation to financial performance against budget for key business lines, and against measures such as the number of new intellectual property disclosures and research projects, and occupational health and safety standards.

Dividends

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

Likely developments and expected results of operations

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

NEWCASTLE INNOVATION

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Contributions on winding up

On 15 December 2015 Dr Alan Broadfoot and Mr Paul Dunn became members of the Company. At 31 December 2015 the Company had 5 members who were each required to contribute a maximum of $20 each (2014: 3 members).

Matters subsequent to the end of the financial year

No matters arose subsequent to the end of the financial year which significantly impact or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Information on directors

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

Glenn Thurston Turner (resigned 21 March 2016)

B Comm. FCPA. Director, Hunter Medical Research Institute. Newcastle Innovation Director since May 1995, Deputy Chairman since 2006.

John James O'Brien (resigned 4 March 2016)

B.V.Sc (Sydney). Managing Director of Jurox Pty Ltd. Past Chairman of the listed fashion group, Palmer Corporation (1994-2000). Past Chair of the Hunter Area Consultative Committee, Past Director of the National Basketball League representing Singapore, Director of Basketball Enterprises, Singapore and Director of the Hunter Founders Forum. Newcastle Innovation Limited Director since August 2007.

Professor Kevin Hall (Chair)

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

Dr Alan Broadfoot (appointed 15 December 2015)

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

Paul Dunn (appointed 15 December 2015)

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

NEWCASTLE INNOVATION

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Meetings of Directors

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

Board Meetings

	Number of Meetings Attended	Number of Meetings Held
GT Turner	1	1
JJ O'Brien	1	1
K Hall	1	1
A Broadfoot	1	1
P Dunn	1	1

Insurance of Officers

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 60 - 40 of the *Australian Charities and Non-for-Profit Commission (ACNC) Act 2012* is attached as part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s298(2) of the *Corporations Act 2001*.

Kevin Hall
Chair

Paul Dunn
Director

Dated 23 March 2016

NEWCASTLE INNOVATION

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Income from continuing operations			
Consultancies and contracts	2	**14,897,230**	16,756,909
Investment revenue	3	**348,890**	456,055
Gain on disposal of assets		**2,576**	4,717
Total income from continuing operations		**15,248,696**	17,217,681
Expenses from continuing operations			
Employee related expenses	4	**6,543,832**	9,864,393
Depreciation and amortisation	5	**263,824**	304,931
Repairs and maintenance		**81,397**	31,684
Impairment of assets	6/7	**630,450**	159,422
Net loss on disposal of plant and equipment		**908**	1,574
Donations	26	**3,629,611**	182
Other expenses	8	**7,824,841**	6,960,349
Total expenses from continuing operations		**18,974,863**	17,322,535
Net result for the year		**(3,726,167)**	(104,854)
Net result attributable to members of Newcastle Innovation Limited		**(3,726,167)**	(104,854)

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

NEWCASTLE INNOVATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $
Net result for the year	**(3,726,167)**	(104,854)
Items that may be reclassified to profit or loss		
Gain (loss) on value of available-for-sale financial assets, net of tax	**182,780**	7,075
Total	**182,780**	7,075
Total other comprehensive income for the year, net of tax	**182,780**	7,075
Total comprehensive income for the year	**(3,543,387)**	(97,779)
Total comprehensive income attributable to:		
Members of Newcastle Innovation Limited	**(3,543,387)**	(97,779)

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

NEWCASTLE INNOVATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**3,512,468**	1,598,138
Trade and other receivables	10	**2,925,798**	4,192,558
Other financial assets	11	**2,500,000**	10,200,000
Total current assets		**8,938,266**	15,990,696
Non-current assets			
Other financial assets	11	**974,440**	452,491
Plant and equipment	12	**385,616**	310,288
Intangible assets	13	**87,092**	464,504
Total non-current assets		**1,447,148**	1,227,283
Total assets		**10,385,414**	17,217,979
LIABILITIES			
Current liabilities			
Trade and other payables	14	**4,516,678**	6,856,530
Provisions	15	**868,099**	1,844,261
Other liabilities	16	**3,200,825**	3,585,433
Total current liabilities		**8,585,602**	12,286,224
Non-current liabilities			
Trade and other payables	14	**500,000**	-
Provisions	15	**198,444**	287,000
Total non-current liabilities		**698,444**	287,000
Total liabilities		**9,284,046**	12,573,224
Net assets		**1,101,368**	4,644,755
EQUITY			
Reserves	17	**322,205**	139,425
Retained earnings	17	**779,163**	4,505,330
Total equity		**1,101,368**	4,644,755

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

NEWCASTLE INNOVATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Reserves $	Retained Earnings $	Total $
Balance at 1 January 2014		132,350	4,610,184	4,742,534
Net result		-	(104,854)	(104,854)
Gain on revaluation of available-for-sale financial assets		7,075	-	7,075
Total		7,075	-	7,075
Total other comprehensive income		-	-	-
Total comprehensive income		7,075	(104,854)	(97,779)
Balance at 31 December 2014		139,425	4,505,330	4,644,755
Balance at 1 January 2015		139,425	4,505,330	4,644,755
Net result		-	(3,726,167)	(3,726,167)
Gain on revaluation of available-for-sale financial assets		182,780	-	182,780
Total		182,780	-	182,780
Total other comprehensive income		-	-	-
Total comprehensive income		182,780	(3,726,167)	(3,543,387)
Balance at 31 December 2015	17	**322,205**	**779,163**	**1,101,368**

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

NEWCASTLE INNOVATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		**16,543,951**	17,137,264
Payments to suppliers and employees (inclusive of GST)		**(18,953,034)**	(18,031,125)
Donation paid	26	**(3,347,124)**	-
Interest received		**524,667**	456,055
Net cash used in operating activities	23	**(5,231,540)**	(437,806)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**50,909**	4,717
Proceeds from redemption of held to maturity investments		**21,600,000**	10,200,000
Payments for purchase of plant and equipment		**(248,094)**	(96,903)
Payments for purchase of available-for-sale financial assets		**-**	(2,146)
Payments for purchase of held to maturity investments		**(13,900,000)**	(8,200,000)
Payments for purchase of intellectual property		**(356,945)**	(384,844)
Net cash provided by investing activities		**7,145,870**	1,520,824
Net increase in cash and cash equivalents held		**1,914,330**	1,083,018
Cash and cash equivalents at beginning of year		**1,598,138**	515,120
Cash and cash equivalents at end of financial year	9	**3,512,468**	1,598,138

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal activities of the Company are to undertake research and consulting projects.

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.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the Company. They have been prepared on an accrual basis in accordance with Australian Accounting Standards.

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

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

The Company is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the IFRS requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the members of the Company on 23 March 2016.

Historical cost convention

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

- Donation to the University of Newcastle - On 31 October 2015, by way of an in specie donation, the Company transferred its business development activities, including its unlicensed intellectual property assets, to the University of Newcastle. A total donation of $3,609,361, comprising cash of $3,347,124 and $262,237 in specie was made during the year to the University of Newcastle as outlined in note 26.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

(a) Basis of preparation (continued)

- Provision for impairment of receivables – a provision is estimated when there is objective evidence that the Company will not be able to collect all amounts due according to the original forms of the receivables as outlined in note 1(f).

- Impairment of investments and other financial assets – the Company assesses at each reporting date whether there is effective evidence that a financial asset or group of financial assets is impaired as outlined in note 1(g).

- Employee benefits – long service leave – the liability for long service leave is measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date as outlined in note 1 (n)(ii).

- Useful lives of plant and equipment – depreciation of plant and equipment is calculated over the assets estimated useful life as outlined in note 1(i).

- Useful lives of intangible assets – amortisation of intangible assets is calculated over the assets estimated useful life as outlined in note 1(k).

- Financial assets – management makes judgements in determining whether assets are classified as available-for-sale, held to maturity or other.

(b) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Consultancies and research contracts

Revenue from consultancies and research contracts is recognised in the period in which the consultancy or research is provided, except to the extent that revenue relates to consultancy or research to be undertaken in future periods. Such revenue is treated as income in advance in liabilities. Revenue derived from certain consulting activities in which the Company does not take significant risk in the outcomes will not be included as principal revenue of the Company.

(ii) Interest

Interest income is recognised as it accrues.

(c) Income tax

The Company is exempt from income tax under subdivision 50-B of the Income Tax Assessment Act 1997.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of assets

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

(e) Cash and cash equivalents

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

(f) Trade receivables

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

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

(g) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

(ii) Loans and receivables (continued)

reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Initial recognition and derecognition

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

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

Subsequent measurement

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

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

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 Company 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.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

Impairment (continued)

profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Fair value measurement

The fair value of financial assets and financial liabilities must be measured for recognition and measurement or for disclosure purposes. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (Level 1). The quoted market price used for assets held by the Company is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter-derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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 or 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 reporting date. The level in the fair value hierarchy shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Company considers market participants use of, or purchase of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(i) Plant and equipment

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

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

The useful life of asset classes is:

	2015	2014
Equipment and vehicles	3 - 5 years	3 – 5 years

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Plant and equipment (continued)

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

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

(j) Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

(k) Intangible assets

(i) Intellectual property

Expenditure on intellectual property, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other intellectual property expenditure is recognised in the income statement as an expense incurred.

Capitalised expenditure is stated at cost less accumulated amortisation. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3-10 years.

(ii) Software

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

(l) Trade and other payables

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

(m) Provisions

Provisions for legal claims and service warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve 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 paid or payable.

(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 twelve months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of *AASB137 Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits. The expense and liability are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

(o) Comparative amounts

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

(p) Rounding of amounts

All amounts appearing in the financial report have been rounded to the nearest dollar. The Company is of a kind referred to in Class order 98/0100 as amended by Class order 04/667, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report.

(q) 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.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2015 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 (2014) *Financial instruments*, was issued on 17 December 2014 (effective 1 January 2018).

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

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

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

  - Classification and measurement of financial liabilities; and
  - Derecognition requirements for financial assets and liabilities.

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

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

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* (effective 1 January 2016)

  This standard amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to:

  - establish the principle that the basis of depreciation and amortisation is the expected pattern of consumption of the future economic benefits of an asset
  - clarify it is not appropriate to use revenue-based methods to calculate depreciation of assets
  - clarify that it is not appropriate to use revenue-based methods to measure the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

  There is no significant impact expected upon adoption of these amendments.

- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (effective 1 January 2017)

  The objective of this standard is to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The standard also makes related amendments to AASB 10 *Consolidated Financial Statements* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

  The objective of AASB 124 *Related Party Disclosures* is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit and loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

  There is no significant impact expected upon adoption of this standard.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

- AASB 15 *Revenue from contracts with customers* (effective 1 January 2018)

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

  AASB 15 will apply to contracts that are exchange transactions. AASB 1004 *Contributions* will continue to apply to contracts that are non-exchange transactions.

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

  The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2015. Management are currently assessing and quantifying the impact thereof.

(s) New, revised or amending Accounting Standards and Interpretations adopted

The Company has applied all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2 CONSULTANCIES AND CONTRACTS

	2015 $	2014 $
Consultancies and research contracts income	**14,897,230**	16,756,909
Total consultancies and contracts	**14,897,230**	16,756,909

3 INVESTMENT REVENUE

	2015 $	2014 $
Interest	**348,890**	456,055
Total investment revenue	**348,890**	456,055

4 EMPLOYEE RELATED EXPENSES

	2015 $	2014 $
Salaries	**5,092,072**	7,491,146
Superannuation	**519,445**	698,668
Payroll tax	**333,911**	460,404
Workers compensation	**46,918**	288,591
Long service leave	**133,676**	193,630
Annual leave	**417,810**	731,954
Total employee related expenses	**6,543,832**	9,864,393

5 DEPRECIATION AND AMORTISATION

	2015 $	2014 $
Depreciation		
Equipment and vehicles	**123,523**	148,207
Total depreciation	**123,523**	148,207
Amortisation		
Intangibles	**140,301**	156,724
Total amortisation	**140,301**	156,724
Total depreciation and amortisation	**263,824**	304,931

6 IMPAIRMENT OF ASSETS

	2015 $	2014 $
Impairment losses – financial assets		
Trade and other receivables	**482,249**	25,565
Total impairment of financial assets	**482,249**	25,565

7 IMPAIRMENT OF INTANGIBLE ASSETS

	2015 $	2014 $
Impairment losses – intangible assets		
Intangible assets	**148,201**	133,857
Total impairment of intangible assets	**148,201**	133,857

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

8 OTHER EXPENSES

	2015 $	2014 $
Advertising, marketing and promotions	**75,026**	52,468
General consumables	**588,793**	448,025
Insurances	**105,595**	110,560
Minor equipment	**762,671**	484,648
Operating lease rental	**2,005**	2,866
Professional services	**5,085,774**	4,968,205
Scholarships, grants and prizes	**55,685**	154,688
Telecommunications	**54,030**	61,169
Travel, staff development and entertainment	**956,177**	600,066
Other expenses	**139,085**	77,654
Total other expenses	**7,824,841**	6,960,349

9 CASH AND CASH EQUIVALENTS

Current		
Cash at bank and on hand	**562,468**	98,138
Short-term deposits at call	**2,950,000**	1,500,000
Total cash and cash equivalents	**3,512,468**	1,598,138

(a) Reconciliation to cash and cash equivalents at the end of the year in the statement of cash flows

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

Cash and cash equivalents	**3,512,468**	1,598,138
Balance as per cash flow statement	**3,512,468**	1,598,138

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 1.90% and 2.40% (2014: 2.40% and 2.40%).

10 TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	**2,399,011**	3,000,655
Provision for impairment	**(462,964)**	(30,715)
Prepayments	**53,951**	78,439
Other receivables	**935,800**	1,144,179
Total current receivables	**2,925,798**	4,192,558

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

10 TRADE AND OTHER RECEIVABLES (continued)

(a) Impaired receivables

As at 31 December 2015 current receivables of the company with a nominal value of $462,964 (2014: $30,715) were impaired. The amount of the provision was $462,964 (2014: $30,715). The individually impaired receivables relate to those debtors that are in unexpectedly difficult economic situations.

The aging of these receivables is as follows:	2015 $	2014 $
Less than 3 months	**121,000**	-
Over 3 months	**341,964**	30,715
	462,964	30,715

(b) Past due but not impaired

As of 31 December 2015, trade receivables of the Company with a nominal value of $696,023 (2014: $1,092,529) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:		
Less than 3 months	**522,723**	625,712
Over 3 months	**173,300**	466,817
Total past due but not impaired trade receivable	**696,023**	1,092,529

Movements in the provision for impaired receivables are as follows:		
At 1 January	**30,715**	18,150
Provision for impairment recognised during the year	**452,324**	30,715
Recovery of impaired receivables	**(20,075)**	(5,150)
Impaired receivables written off	**-**	(13,000)
At 31 December	**462,964**	30,715

11 OTHER FINANCIAL ASSETS

Current		
Held to maturity investments	**2,500,000**	10,200,000
Total current other financial assets	**2,500,000**	10,200,000
Non-current		
Available-for-sale financial assets	**974,440**	452,491
Total non-current other financial assets	**974,440**	452,491

(a) Investments held on behalf of third parties

Included as part of available-for-sale financial assets is $619,353 of investments held by the Company on behalf of third parties. A current liability of $619,353 relating to these investments has been recognised as part of trade and other payables (refer to note 14).

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

12 PLANT AND EQUIPMENT

Non-current	2015 $	2014 $
At cost	**925,419**	759,672
Accumulated depreciation and impairment	**(539,803)**	(449,384)
Total plant and equipment	**385,616**	310,288

Movement in the carrying amounts of plant and equipment between the start and the end of the year:

Balance at the start of the year	**310,288**	492,922
Additions	**248,094**	96,903
Disposals	**(49,243)**	(131,330)
Depreciation expense	**(123,523)**	(148,207)
Balance at the end of the year	**385,616**	310,288

13 INTANGIBLE ASSETS

Non-current		
Computer software		
At cost	**76,693**	76,693
Accumulated amortisation and impairment	**(76,693)**	(76,693)
Net carrying value	-	-
Intellectual property		
At cost	**607,039**	3,641,112
Accumulated amortisation and impairment	**(519,947)**	(3,176,608)
Net carrying value	**87,092**	464,504
Total intangibles	**87,092**	464,504

Movement in the carrying amounts of intangible assets between the start and the end of the year:

Balance at the start of the year	**464,504**	370,241
Additions	**356,945**	384,844
Intangibles donated to UON	**(445,855)**	-
Impairment	**(148,201)**	(133,857)
Amortisation expense	**(140,301)**	(156,724)
Balance at the end of the year	**87,092**	464,504

14 TRADE AND OTHER PAYABLES

Current		
Unsecured liabilities		
Trade creditors	**1,207,215**	3,993,271
Related party payables	**2,147,029**	2,399,003
Investments held in trust for third parties	**619,353**	280,184
Other payables	**543,081**	184,072
Total current trade and other payables	**4,516,678**	6,856,530

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14 TRADE AND OTHER PAYABLES (continued)

Non-current	**2015** $	**2014** $
Related party payables	**500,000**	-
Total non-current trade and other payables	**500,000**	-

15 PROVISIONS

	2015	**2014**
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	**361,844**	695,000
Long service leave	**94,364**	217,846
	456,208	912,846
Current provisions expected to be settled after more than 12 months		
Employee benefits		
Annual leave	**47,594**	90,415
Long service leave	**364,297**	841,000
	411,891	931,415
Total current provisions	**868,099**	1,844,261
Non-current provisions		
Employee benefits		
Long service leave	**198,444**	287,000
Total non-current provisions	**198,444**	287,000

Provision for annual leave

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

Provision for long service leave

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

Movements in each class of provision during the year are set out below:

Current	**Annual leave** $	**Long service leave** $	**Total** $
Carrying amount at the start of the year	**785,415**	**1,058,846**	**1,844,261**
Additional provisions recognised	**381,554**	**74,871**	**456,425**
Amounts used	**(757,531)**	**(675,056)**	**(1,432,587)**
	409,438	**458,661**	**868,099**

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

15 PROVISIONS (continued)

Non-current	Annual leave $	Long service leave $	Total $
Carrying amount at the start of the year	-	287,000	287,000
Additional provisions recognised	-	(88,556)	(88,556)
Amounts used	-	-	-
	-	198,444	198,444

16 OTHER LIABILITIES

Current

	2015 $	2014 $
Income received in advance	3,200,825	3,585,433
Total current other liabilities	3,200,825	3,585,433

17 RESERVES AND RETAINED EARNINGS

(a) Reserves

Reserves		
Available-for-sale investments revaluation	322,205	139,425
Total reserves	322,205	139,425

Movements in reserves		
Available-for-sale investments revaluation		
Balance as at 1 January	139,425	132,350
Revaluation increment (decrement)	182,780	7,075
Balance as at 31 December	322,205	139,425

(b) Retained earnings

Retained earnings at the beginning of the year	4,505,330	4,610,184
Net result for the year	(3,726,167)	(104,854)
Retained earnings at the end of the year	779,163	4,505,330

(c) Nature and purpose of reserves

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

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

18 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

(i) Board members

Glenn Thurston Turner
John James O'Brien
Professor Kevin Hall
Dr Alan Broadfoot
Paul Dunn

(ii) Other key management personnel

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

Christopher Peter Kelleher (Acting Chief Executive Officer)

(b) Remuneration of board members and key management personnel

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

	2015 Number	2014 Number
Remuneration of Board Members		
$nil	**3**	2
$1 to $9,999	**2**	3
$10,000 to $19,999	**-**	1
	5	6

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

	2015 Number	2014 Number
Remuneration of key management personnel		
$140,000 to $149,999	**1**	-
$180,000 to $189,999	**-**	1
	1	1

(c) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**137,286**	171,480
Post-employment benefits	**12,181**	15,368
Total	**149,467**	186,848

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

19 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2015 $	2014 $
Audit the financial statements		
Audit and review of financial statements		
Fees paid to the Audit Office of NSW	**48,150**	40,025
Total paid for audit	**48,150**	40,025
Other audit and assurance services		
Fees paid to Hardwickes	**2,750**	-
Total paid for audit and assurance	**50,900**	40,025

20 CONTINGENCIES AND COMMITMENTS

The Company has no contingent assets, contingent liabilities or commitments as at 31 December 2015.

21 INTERESTS IN OTHER ENTITIES

(a) Interests in associates and joint ventures

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

At 31 December 2015 the Company held 30% of the ordinary share capital of Mineral Carbonation International Pty Limited ('MCi'), a company incorporated in Australia. The Company's shareholding entitles it to one third of the voting rights.

The investment has been accounted for using the equity method based on the unaudited management accounts of MCi for the financial year ended 30 September 2015. The investment is not material to the Company's operating results.

	Ownership interest		Carrying amount	
Name of entity	**2015 %**	**2014 %**	**2015 $**	**2014 $**
Mineral Carbonation International Pty Limited	**30%**	30%	**3,005**	3,005

22 EVENTS OCCURRING AFTER REPORTING DATE

There were no events occurring after reporting date which impact on the financial performance of the Company for the year ended 31 December 2015 or the financial position of the Company at that date.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

23 RECONCILIATION OF OPERATING RESULT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2015 $	2014 $
Operating loss for the year		**(3,726,167)**	(104,854)
Add non-cash items:			
Depreciation and amortisation		**263,824**	304,931
Impairment of intangible assets		**148,201**	133,857
In specie donation of intangible assets	26	**445,855**	-
Net impact of change in accounting policy		**-**	107,201
Net (gain) loss on sale of plant and equipment		**(1,666)**	(3,144)
Changes in operating assets and liabilities:			
(Increase) decrease in trade debtors		**1,066,495**	(736,213)
(Increase) decrease in other receivables		**200,265**	(200,730)
Increase (decrease) in trade and other payables		**(2,427,047)**	531,031
Increase (decrease) in related party payables		**248,026**	(274,445)
Increase (decrease) in other operating liabilities		**(384,608)**	(239,940)
Increase (decrease) in other provisions		**(1,064,718)**	44,500
Net cash provided by (used in) operating activities		**(5,231,540)**	(437,806)

24 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

The Company is exposed to equity securities risk. This arises from investments held by the Company and classified on the statement of financial position as available-for-sale financial assets. The risk is managed by management obtaining regular updates from those companies which the Company holds equity, and making regular assessments on whether to hold or sell these securities. The Company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents and held to maturity investments. At 31 December 2015, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ± $60,125 (2014: ±$117,981).

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

24 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

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

31 December 2015	2015	Interest rate risk -1%		+1%	
		Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	3,512,468	(35,125)	(35,125)	35,125	35,125
Financial assets - Held to maturity investments	2,500,000	(25,000)	(25,000)	25,000	25,000
Total increase (decrease)		(60,125)	(60,125)	60,125	60,125

31 December 2014	2014	Interest rate risk -1%		+1%	
		Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	1,598,138	(15,981)	(15,981)	15,981	15,981
Financial assets - Held to maturity investments	10,200,000	(102,000)	(102,000)	102,000	102,000
Total increase (decrease)		(117,981)	(117,981)	117,981	117,981

(b) Credit risk

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

(c) Liquidity risk

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

24 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

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

31 December 2015	Average interest rate	Variable interest rate	Less than 1 year	Non-interest bearing	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	1.9%	3,512,468	-	-	3,512,468
Receivables		-	-	2,925,798	2,925,798
Held to maturity investments		-	2,500,000	-	2,500,000
Available-for-sale financial assets		-	-	355,087	355,087
Total financial assets		3,512,468	2,500,000	3,280,885	9,293,353
Financial liabilities					
Trade and other payables		-	-	4,516,678	4,516,678
Total financial liabilities		-	-	4,516,678	4,516,678

31 December 2014	Average interest rate	Variable interest rate	Less than 1 year	Non-interest	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	2.40	1,598,138	-	-	1,598,138
Receivables		-	-	4,192,558	4,192,558
Held to maturity investments		-	10,200,000	-	10,200,000
Available-for-sale financial assets		-	-	172,307	172,307
Total financial assets		1,598,138	10,200,000	4,364,865	16,163,003
Financial liabilities					
Trade and other payables		-	-	6,856,530	6,856,530
Total financial liabilities		-	-	6,856,530	6,856,530

25 FAIR VALUE MEASUREMENTS

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

25 FAIR VALUE MEASUREMENTS (continued)

(a) Fair value measurements (continued)

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

	Carrying amount		Fair value	
	2015	2014	2015	2014
	$	$	$	$
Financial assets				
Cash and cash equivalents	**3,512,468**	1,598,138	**3,512,468**	1,598,138
Trade and other receivables	**2,925,798**	4,192,558	**2,925,798**	4,192,558
Other financial assets	**2,855,087**	10,372,307	**2,855,087**	10,372,307
Total financial assets	**9,293,353**	16,163,003	**9,293,353**	16,163,003
Financial liabilities				
Trade and other payables	**4,516,678**	6,856,530	**4,516,678**	6,856,530
Total financial liabilities	**4,516,678**	6,856,530	**4,516,678**	6,856,530

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

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets

The Group has also measured assets and liabilities as fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair value hierarchy

The Company categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices 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 2015.

	2015	Level 1	Level 2	Level 3
	$	$	$	$
Available-for-sale financial assets				
Equity securities	**974,440**	**971,435**	**-**	**3,005**
Total	**974,440**	**971,435**	**-**	**3,005**

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

25 FAIR VALUE MEASUREMENTS (continued)

(b) Fair value hierarchy (continued)

	2014 $	Level 1 $	Level 2 $	Level 3 $
Equity securities	452,491	449,486	-	3,005
Total	452,491	449,486	-	3,005

(ii) Disclosed fair values

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

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (level 1). This is the most representative of fair value in the circumstances.

The fair values of held-to-maturity investments disclosed in note 11 were determined by reference to published price quotations in an active market (level 1).

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

26 DONATIONS

On 31 October 2015 the Company transferred its business development activities, including its unlicenced intellectual property assets, by way of an in specie donation of $262,237 to the University of Newcastle. A cash donation of $3,347,124 was also made during the year to the University of Newcastle.

		2015 $	2014 $
Non cash assets transferred to the University of Newcastle			-
Intangible assets	23	**445,855**	-
Total non cash assets transferred to the University of Newcastle		**445,855**	-
Non cash liabilities transferred to the University of Newcastle			-
Employee provisions		**(183,618)**	-
Total non cash liabilities transferred to the University of Newcastle		**(183,618)**	-
Total non-cash donation		**262,237**	-
Total donation paid to the University of Newcastle		**3,347,124**	-
Externally paid donations		**20,250**	**182**
Total donations paid		**3,629,611**	**182**

The transfers of intellectual property (IP) and staff were undertaken as a net donation from the Company to the University of Newcastle.

NEWCASTLE INNOVATION

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of the Company declare that:

1. The financial statements and notes

   a. comply with Accounting Standards and the *Australian Charities and Not for-Profit Commission (ACNC) Act 2012*; and

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

   c. give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year then ended.

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

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

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

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

Kevin Hall
Chair

Paul Dunn
Director

Newcastle, 23 March 2016

NEWCASTLE INNOVATION
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2015

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Newcastle Innovation Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Newcastle Innovation Ltd for the year ended 31 December 2015, I declare, to the best of my knowledge and belief, that there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A T Whitfield PSM
Acting Auditor-General

22 March 2016
SYDNEY

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

NEWCASTLE INNOVATION
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INDEPENDENT AUDITOR'S REPORT

Newcastle Innovation Ltd

To Members of the New South Wales Parliament and Members of Newcastle Innovation Ltd

I have audited the accompanying financial statements of Newcastle Innovation Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the year ended on that date
  - complying with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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THE UNIVERSITY OF NEWCASTLE

UON SINGAPORE PTE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

UON SINGAPORE
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Income from continuing operations			
Fees and charges	2	**6,923,173**	6,595,875
Investment revenue	3	**168**	152
Consultancies and contracts	4	**211,860**	100,494
Other revenue	5	**188,437**	130,178
Total income from continuing operations		**7,323,638**	6,826,699
Expenses from continuing operations			
Employee related expenses	6	**2,898,229**	2,305,931
Depreciation	7	**7,757**	12,682
Repairs and maintenance	8	**13,168**	10,945
Other expenses	9	**3,354,036**	2,928,555
Total expenses from continuing operations		**6,273,190**	5,258,113
Net result before income tax		**1,050,448**	1,568,586
Income tax expense	10	**99,145**	211,323
Net result after income tax for the year		**951,303**	1,357,263
Net result attributable to members of UON Singapore Pte Ltd		**951,303**	1,357,263

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

UON SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $
Net result after income tax for the year	**951,303**	1,357,263
Items that may be reclassified to income statement		
Exchange differences on translation of foreign operations	**409,013**	251,998
Total	**409,013**	251,998
Total other comprehensive income for the year, net of tax	**409,013**	251,998
Total comprehensive income for the year	**1,360,316**	1,609,261
Total comprehensive income attributable to:		
Member of UON Singapore Pte Ltd	**1,360,316**	1,609,261

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

UON SINGAPORE

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**4,845,581**	6,496,417
Trade and other receivables	12	**79,233**	92,222
Other financial assets	13	**30,947**	-
Total current assets		**4,955,761**	6,588,639
Non-current assets			
Other financial assets	13	-	29,547
Plant and equipment	14	-	7,425
Total non-current assets		-	36,972
Total assets		**4,955,761**	6,625,611
LIABILITIES			
Current liabilities			
Trade and other payables	15	**954,603**	839,056
Provisions	16	**88,853**	101,504
Current tax liabilities	17	**99,116**	232,178
Total current liabilities		**1,142,572**	1,172,738
Total liabilities		**1,142,572**	1,172,738
Net assets		**3,813,189**	5,452,873
EQUITY			
Issued capital	26	**86,036**	86,036
Reserves	18(a)	**1,085,865**	676,852
Retained earnings	18(c)	**2,641,288**	4,689,985
		3,813,189	5,452,873
Total equity		**3,813,189**	5,452,873

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

UON SINGAPORE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Issued capital $	Foreign currency translation reserve $	Retained earnings $	Total $
Balance at 1 January 2014		86,036	424,854	3,332,722	3,843,612
Net result		-	-	1,357,263	1,357,263
Gain on foreign exchange		-	251,998	-	251,998
Total		-	251,998	-	251,998
Total other comprehensive income		-	-	-	-
Total comprehensive income		-	251,998	1,357,263	1,609,261
Dividend paid		-	-	-	-
Balance at 31 December 2014	18,26	86,036	676,852	4,689,985	5,452,873
Balance at 1 January 2015		86,036	676,852	4,689,985	5,452,873
Net result		-	-	951,303	951,303
Gain on foreign exchange		-	409,013	-	409,013
Total		-	409,013	-	409,013
Total other comprehensive income		-	-	-	-
Total comprehensive income		-	409,013	951,303	1,360,316
Dividend paid		-	-	(3,000,000)	(3,000,000)
Balance at 31 December 2015	18,26	**86,036**	**1,085,865**	**2,641,288**	**3,813,189**

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

UON SINGAPORE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from student fees and other customers		**7,857,780**	7,311,962
Payments to suppliers and employees (inclusive of GST)		**(6,149,873)**	(5,354,358)
Interest received		**-**	304
GST paid		**(470,376)**	(456,696)
Income taxes paid		**(242,850)**	(157,960)
Net cash provided by operating activities	25	**994,681**	1,343,252
Cash flows from investing activities			
Proceeds from redemption of held to maturity investment		**-**	27,612
Payments for purchase of held to maturity investment		**-**	(27,916)
Net cash used in investing activities		**-**	(304)
Cash flows from financing activities			
Dividends paid		**(3,000,000)**	-
Net cash used in financing activities		**(3,000,000)**	-
Net (decrease)/increase in cash and cash equivalents held		**(2,005,319)**	1,342,948
Cash and cash equivalents at the beginning of the financial year		**6,496,417**	4,866,801
Effects of exchange rate changes on cash and cash equivalents		**354,483**	286,668
Cash and cash equivalents at the end of the financial year	11	**4,845,581**	6,496,417

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

UON Singapore Pte Ltd ('the Company') is a company limited by shares incorporated in Singapore. The annual financial statements represent the audited general purpose financial statements of UON Singapore Pte Ltd. They have been prepared on an accrual basis in accordance with Australian Accounting Standards.

The principal accounting policies adopted in the preparation of the financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The amounts presented are in Australian Dollar. The Company was established and has its domicile in the Republic of Singapore. The principal place of business is:

491B River Valley Road
#04-02 Valley Point
Singapore 248373

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

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

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

UON Singapore Pte Ltd is a for-profit entity and complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and these statements have been prepared on that basis.

Date of authorisation for issue

The financial statements were authorised for issue by the members of UON Singapore Pte Ltd on 23 March 2016.

Historical cost convention

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes to the financial statements are disclosed below;

- Financial assets - management makes judgements in determining whether assets are classified as available-for-sale, held-to-maturity or other.
- Useful lives of plant and equipment – depreciation of plant and equipment is calculated over the assets estimated useful lives. Useful lives are reviewed and adjusted if appropriate at each reporting date as outlined in note 1(i).

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

(c) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Student fees and charges

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

(ii) Investment revenue

Revenue on investments is recognised as income when earned.

(iii) Consultancies and contracts

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Other human resources revenue is recognised when the service is provided.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

(iv) Other revenue

Other revenue is recognised as income in the year of receipt.

(d) Income tax

The Company is subject to income tax under Singaporean Legislation.

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

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

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

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

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

(e) Impairment of assets

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

(f) Cash and cash equivalents

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade receivables

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

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

(h) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments and other financial assets (continued)

Initial recognition and derecognition

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

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

Subsequent measurement

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

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

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 Company 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 characteristics of the asset and the assumptions made by market participants.

Impairment

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments and other financial assets (continued)

Fair value measurement

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of reporting date (level 1). The quoted market price used for assets held by the Company is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter-derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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 or 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 reporting date. The level in the fair value hierarchy shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Company considers market participants use of, or purchase of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(i) Plant and equipment

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

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

Depreciation 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:

	2015	2014
Plant and equipment	1 - 3 years	1 - 3 years

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Plant and equipment (continued)

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

(j) Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

(k) Trade and other payables

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

(l) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee benefits

(i) Short-term obligations

Liabilities for short-term employee benefits including wages and salaries and non-monetary benefits due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before twelve 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 paid or payable.

(ii) Other long-term obligations

The liabilities 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.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

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 twelve months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB137 *Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits. The expense and liability are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

(n) 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.

(o) Comparative Amounts

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2015 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 (2014) *Financial instruments*, was issued on 17 December 2014 (effective 1 January 2018).

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

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

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

  - Classification and measurement of financial liabilities; and
  - Derecognition requirements for financial assets and liabilities.

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

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

- AASB 16 *Leases* (effective on or after 1 January 2019)

  AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.

  The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.

  A corresponding right to use the asset will be recognised which will be amortised over the term of the lease.

  Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.

  There is no significant impact expected upon adoption of these amendments.

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* (effective 1 January 2016)

  This standard amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to:

  - establish the principle that the basis of depreciation and amortisation is the expected pattern of consumption of the future economic benefits of an asset
  - clarify it is not appropriate to use revenue-based methods to calculate depreciation of assets
  - clarify that it is not appropriate to use revenue-based methods to measure the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

  There is no significant impact expected upon adoption of these amendments.

- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (effective 1 January 2017)

  The objective of this standard is to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The standard also makes related amendments to AASB 10 *Consolidated Financial Statements* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

  The objective of AASB 124 *Related Party Disclosures* is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit and loss may

UON SINGAPORE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

There is no significant impact expected upon adoption of this standard.

- AASB 15 *Revenue from contracts with customers* (effective 1 January 2018)

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

  AASB 15 will apply to contracts that are exchange transactions. AASB 1004 *Contributions* will continue to apply to contracts that are non-exchange transactions.

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

  The full impact of the new standard is not known and cannot be reliably estimated at 31 December 2015. Management are currently assessing and quantifying the impact thereof.

(q) New, revised or amending Accounting Standards and Interpretations adopted

The Company has applied all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2 FEES AND CHARGES

	2015 $	2014 $
Fee-paying offshore overseas students	**6,920,475**	6,593,755
Course and conference fees	**2,698**	2,120
Total fees and charges	**6,923,173**	6,595,875

3 INVESTMENT REVENUE

Interest	**168**	152
Total investment revenue	**168**	152

4 CONSULTANCIES AND CONTRACTS

Consultancies	**211,860**	100,494
Total consultancies and contracts	**211,860**	100,494

5 OTHER REVENUE

Other revenue	**188,437**	130,178
Total other revenue	**188,437**	130,178

6 EMPLOYEE RELATED EXPENSES

Academic		
Salaries	**1,959,773**	1,447,700
Contribution to funded superannuation	**72,197**	57,320
Annual leave	**100,150**	148,900
Total academic	**2,132,120**	1,653,920
Professional		
Salaries	**606,256**	547,772
Contribution to funded superannuation	**71,481**	64,658
Annual leave	**88,372**	39,581
Total professional	**766,109**	652,011
Total employee related expenses	**2,898,229**	2,305,931

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7 DEPRECIATION

	2015 $	2014 $
Depreciation		
Furniture and fittings	**7,757**	12,682
Total depreciation	**7,757**	12,682

8 REPAIRS AND MAINTENANCE

	2015 $	2014 $
Cleaning	**11,279**	9,500
Repairs and maintenance - general	**1,889**	1,445
Total repairs and maintenance	**13,168**	10,945

9 OTHER EXPENSES

	2015 $	2014 $
Advertising, marketing and promotions	**38,493**	25,038
Rent	**271,707**	198,373
General consumables	**220,130**	51,571
Insurances	**27,737**	18,468
Minor equipment	**26,921**	34,525
Operating lease rental	**13,211**	14,334
Professional services	**777,221**	785,778
Scholarships, grants and prizes	**67,360**	9,961
Service fees (to Parent entity)	**1,516,334**	1,475,936
Telecommunications	**14,437**	11,585
Travel, staff development and entertainment	**160,308**	185,962
Utilities	**10,568**	12,917
Other expenses	**209,609**	104,107
Total other expenses	**3,354,036**	2,928,555

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

10 INCOME TAX EXPENSE

		2015 $	2014 $
(a)	**Income tax expense**		
	Current tax	**99,145**	211,323
	Total income tax expense	**99,145**	211,323
	Income tax expense is attributable:		
	Net result from continuing operations	**99,145**	211,323
	Aggregate income tax expense	**99,145**	211,323
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Net result from continuing operations before income tax expense	**1,050,448**	1,568,586
	Tax at the Singaporean tax rate of 17% (2014 : 17%)	**178,576**	266,660
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income	**(79,431)**	(55,337)
	Income tax expense	**99,145**	211,323

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

11 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**4,845,581**	6,496,417
Total cash and cash equivalents	**4,845,581**	6,496,417

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

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

Balances as above	**4,845,581**	6,496,417
Balance as per statement of cash flows	**4,845,581**	6,496,417

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns interest at a variable rate which was nil% at 31 December 2015 (2014: nil%).

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

12 TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current		
Trade receivables	-	34,784
Prepayments	**20,097**	4,097
Other receivables	**59,136**	53,341
Total current receivables	**79,233**	92,222

(a) Past due but not impaired

As at 31 December 2015, trade receivables of $nil were past due but not impaired (2014: $nil).

13 OTHER FINANCIAL ASSETS

Current		
Held to maturity investments	**30,947**	-
Total current other financial assets	**30,947**	-
Non-current		
Held to maturity investments	-	29,547
Total non-current other financial assets	-	29,547

(a) Held to maturity investments

A deposit of $30,947 is assigned to the Comptroller of Goods and Services Tax (GST) of Singapore for the purposes of obtaining status under the Singaporean GST Scheme (2014: $29,547). The deposit will be held until 29 November 2016.

14 PLANT AND EQUIPMENT

Plant and equipment		
At cost	**71,558**	68,319
Accumulated depreciation	**(71,558)**	(60,894)
Total Plant and equipment	**-**	7,425

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14 PLANT AND EQUIPMENT (continued)

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	2015 $	2014 $
Plant and equipment		
Balance at 1 January	**7,425**	26,339
Additions	-	-
Disposals	-	(5,136)
Depreciation expense	**(7,757)**	(12,682)
Foreign exchange movements	**332**	(1,096)
Balance at 31 December	**-**	7,425

15 TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current		
Unsecured liabilities		
Trade creditors	**322,463**	184,416
Related party payables	**484,137**	481,052
Other payables	**148,003**	173,588
Total current trade and other payables	**954,603**	839,056

(a) Foreign currency risk

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

	2015	2014
Australian dollars	**484,137**	481,052
Singapore dollars	**485,016**	386,572

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 27.

16 PROVISIONS

	2015	2014
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	**88,853**	101,504
Total current provisions	**88,853**	101,504

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16 PROVISIONS (continued)

Provision for annual leave

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

Movements in each class of provision during the year is set out below:

	Annual leave $	Total $
Current		
Balance 1 January 2015	101,504	101,504
Additional provisions	175,871	175,871
Provisions used	(188,522)	(188,522)
Balance 31 December 2015	88,853	88,853

17 CURRENT TAX LIABILITIES

	2015 $	2014 $
Income tax payable	99,116	232,178
Total current tax liabilities	99,116	232,178

18 RESERVES AND RETAINED EARNINGS

		2015	2014
(a)	**Reserves**		
	Foreign currency translation reserve	1,085,865	676,852
	Total reserves	1,085,865	676,852
(b)	**Movements in reserves**		
	Foreign currency translation reserve		
	Balance 1 January	676,852	424,854
	Currency translation differences arising during the year	409,013	251,998
	Balance 31 December	1,085,865	676,852
(c)	**Movements in retained earnings**		
	Retained earnings at 1 January	4,689,985	3,332,722
	Dividend paid	(3,000,000)	-
	Net result for the year	951,303	1,357,263
	Retained earnings at 31 December	2,641,288	4,689,985

(d) Nature and purpose of reserves

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

19 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

(i) Chair and Board of directors

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

(b) Remuneration of board members and executives

	2015 Number	2014 Number
Remuneration of board members		
Nil	**1**	2
$1 to $14,999	**4**	4
	5	6
Remuneration of executive officers		
$390,000 to $404,999	**-**	1
$450,000 to $464,999	**1**	-
	1	1

(c) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**470,326**	400,021
Total key management personnel compensation	**470,325**	400,021

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

20 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.

	2015 $	2014 $
Audit the financial statements		
Fees paid to Audit Office of NSW	**23,650**	22,990
BDO Singapore	**18,770**	16,188
Total paid for audit	**42,420**	39,178
Other services		
Fees paid to BDO Singapore	**3,870**	3,500
Total paid for other services	**3,870**	3,500

Other services provided by BDO Singapore included the preparation of the financial statements of UON Singapore Pte Ltd.

21 CONTINGENCIES

Contingent liabilities

UON Singapore Pte Ltd has no contingent liabilities at 31 December 2015 (2014: $nil).

Contingent assets

UON Singapore Pte Ltd has no contingent assets at 31 December 2015 (2014: $nil).

22 COMMITMENTS

(a) Lease commitments

Operating leases

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

	2015 $	2014 $
Within one year	**352,442**	262,477
Between one year and five years	**132,412**	341,899
Total future minimum lease payments	**484,854**	604,376

23 RELATED PARTIES

(a) Parent entity

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

(b) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in note 19.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

23 RELATED PARTIES (continued)

(c) Transactions with related parties

The following transactions occurred with related parties:

	Note	2015	2014
(i) The University of Newcastle		**$**	$
Services provided to the University			
Service fees charged on services rendered	9	**1,516,334**	1,475,936
		1,516,334	1,475,936

(d) Outstanding balances

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

	Note	2015	2014
Current payables (purchase of services)			
The University of Newcastle	15	**484,137**	481,052
		484,137	481,052

(e) Terms and Conditions

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

24 EVENTS OCCURRING AFTER REPORTING DATE

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

25 RECONCILIATION OF NET RESULT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2015	2014
Net result for the year	**951,303**	1,357,263
Add non-cash items:		
Depreciation	**7,757**	12,682
Net exchange differences	**52,798**	(29,655)
Changes in operating assets and liabilities:		
(Increase) decrease in trade debtors	**34,601**	(6,749)
(Increase) decrease in other receivables	**(21,612)**	16,847
Increase (decrease) in trade and other payables	**138,047**	(44,103)
Increase (decrease) in related party payables	**3,085**	(53,030)
Increase (decrease) in other operating liabilities	**(25,585)**	11,014
Increase (decrease) in provision for income taxes payable	**(133,062)**	68,252
Increase (decrease) in other provisions	**(12,651)**	10,731
Net cash provided by operating activities	**994,681**	1,343,252

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

26 ISSUED CAPITAL

(a) Issued capital

	2015 $	2014 $
Fully paid ordinary shares (2 shares)	**86,036**	86,036

Ordinary shares which are 100% owned by the University of Newcastle participate in dividends and the proceeds on winding up of the Company.

The company is incorporated and domiciled in Singapore. In accordance with the constitution of the company, members are entitled to participate in dividends and the proceeds on winding up of the company.

(b) Capital management

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

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

(c) Dividends

During the year ended 31 December 2015, the Company paid in cash an interim dividend of $1,500,000 per ordinary share (2014: $nil per ordinary share). The total dividend paid in 2015 was $3,000,000 (2014: nil).

27 FINANCIAL RISK MANAGEMENT

(a) Introduction

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

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

(b) Market risk

(i) Foreign exchange risk

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

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

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

At 31 December 2015, had the Australian dollar weakened/strengthened by 10% against the Singapore Dollar with all other variables held constant, post-tax profit for the year would have changed by ±$48,414 (2014: ±$48,105), mainly as a result of foreign exchange gains/losses on translation of Singapore dollar denominated related party payables and financial assets at fair value through profit or loss.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

27 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents. At 31 December 2015, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ±$48,456 (2014: ±$64,964), mainly as a result of higher interest income from cash and cash equivalents.

(iv) Summarised sensitivity analysis

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

31 December 2015		Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
	2015 $	Result $	Equity $	Result $	Equity $	Result $	Equity $	Result $	Equity $
Financial assets									
Cash and cash equivalents	4,845,581	(48,456)	(48,456)	48,456	48,456	-	-	-	-
Financial liabilities									
Related party payables (nominated in $SGD)	484,137	-	-	-	-	(48,414)	(48,414)	48,414	48,414
Total increase (decrease)		(48,456)	(48,456)	48,456	48,456	(48,414)	(48,414)	48,414	48,414

31 December 2014		Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
	2014 $	Result $	Equity $	Result $	Equity $	Result $	Equity $	Result $	Equity $
Financial assets									
Cash and cash equivalents	6,496,417	(64,964)	(64,964)	64,964	64,964	-	-	-	-
Financial liabilities									
Related party payables (nominated in $SGD)	481,052	-	-	-	-	(48,105)	(48,105)	48,105	48,105
Total increase (decrease)		(64,964)	(64,964)	64,964	64,964	(48,105)	(48,105)	48,105	48,105

(c) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

27 FINANCIAL RISK MANAGEMENT (continued)

d) Liquidity risk

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

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

31 December 2015	Average interest rate	Variable interest rate	Less than 1 year	Non-interest bearing	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	-	4,845,581	-	-	4,845,581
Receivables		-	-	59,136	59,136
Other financial assets		-	30,947	-	30,947
Total financial assets		4,845,581	30,947	59,136	4,935,664
Financial liabilities					
Trade and other payables		-	-	470,466	470,466
Amounts payable to related parties		-	-	484,137	484,137
Total financial liabilities		-	-	954,603	954,603

31 December 2014	Average interest rate	Variable interest rate	Less than 1 year	Non-interest	Total
Financial assets	%	$	$	$	$
Cash and cash equivalents	-	6,496,417	-	-	6,496,417
Receivables		-	-	88,125	88,125
Other financial assets		-	29,547	-	29,547
Total financial assets		6,496,417	29,547	88,125	6,614,089
Financial liabilities					
Trade and other payables		-	-	358,004	358,004
Amounts payable to related parties		-	-	481,052	481,052
Total financial liabilities		-	-	839,056	839,056

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

28 FAIR VALUE MEASUREMENTS

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

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

	Carrying amount		Fair value	
	2015	2014	**2015**	2014
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**4,845,581**	6,496,417	**4,845,581**	6,496,417
Trade and other receivables	**59,136**	88,125	**59,136**	88,125
Other financial assets				
Held-to-maturity	**30,947**	29,547	**30,947**	29,547
Total financial assets	**4,935,664**	6,614,089	**4,935,664**	6,614,089
Financial liabilities				
Trade and other payables	**954,603**	839,056	**954,603**	839,056
Total financial liabilities	**954,603**	839,056	**954,603**	839,056

The Company does not measure and recognise assets and liabilities at fair value on a recurring basis.

(b) Fair value hierarchy

(i) Disclosed fair values

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

The fair values of held-to-maturity investments are disclosed in note 13 and were determined by reference to published price quotations in an active market (level1).

UON SINGAPORE

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors declare that;

1. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

2. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Public Finance and Audit Act, 1983 (NSW)* and *Public Finance and Audit Regulations 2015*;

3. The attached general purpose financial report presents a true and fair view of the financial position of the Company at 31 December 2015 and its financial performance for the year then ended.

4. The financial reports have been prepared in accordance with Australian Accounting Standards, Australian Accounting Standards Board interpretation, and other mandatory professional requirements.

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

Signed in accordance with a resolution of the directors made pursuant to s.41C of the *Public Finance and Audit Act, 1983 (NSW)*.

On behalf of the Directors.

Professor Andrew Parfitt
Director and Chairperson

23 March 2016

UON SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

UON Singapore Pte Ltd

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

I have audited the accompanying financial statements of UON Singapore Pte Ltd (the Company), which comprise the statement of financial position as at 31 December 2015, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

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

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

UON SINGAPORE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

David Daniels
Director, Financial Audit Services

11 April 2016
SYDNEY

UON SINGAPORE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

THE UNIVERSITY OF
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