

THE UNIVERSITY OF NEWCASTLE

CONTROLLED ENTITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



THE UNIVERSITY OF
NEWCASTLE
AUSTRALIA



NIER, Callaghan campus, Newcastle

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THE UNIVERSITY OF NEWCASTLE

NUSERVICES PTY LIMITED

ABN 59 641 266 506

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NUSERVICES PTY LTD

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report on NUServices Pty Limited (the Company) for the financial year ended 31 December 2020.

The Company is a private company, limited by shares and incorporated in NSW, Australia.

The Company was incorporated on 27 May 2020.

Information on directors

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

Professor Alex Zelinsky AO (Chair)
Professor Mark Hoffman
Mr Robert Kennedy AM
Mr David Toll

Directors have been in office since 27 May 2020 unless otherwise stated.

Principal activities

The principal activities of the Company during the financial year were to enhance the shared University experience for students through excellence and sustainability in the provision of services and amenities; and to provide a vibrant and engaging student experience and campus life.

Operating results

The loss of the Company amounted to \$368K.

Review of operations

The Company's objectives are to undertake a range of services of a commercial nature that support the University community. The key objective is to provide services that meet stakeholder needs in a financially sustainable way.

Dividends paid or recommended

As a Company limited by shares, dividends may only be paid to the Company's Members.

Objectives and strategies

The mission and vision of the Company is to assist the University to provide a range of cost-effective commercial services on campuses to support student, staff and visitor amenities and deliver value for students, staff and visitors in the provision of campus commercial services.

Performance measures and key performance indicators

Performance is monitored based on key objective measures which include University campus activation objectives. Key objectives includes customer orientation, cost-effective, employing students, supporting local businesses, adopting environmentally sustainable practices, and health, safety and environment.

Future developments and results

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

Significant changes in state of affairs

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

NUSERVICES PTY LTD

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Events after the reporting date

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

Going Concern

The financial statements have been prepared on the basis that the Company is a going concern.

The Company has received financial support from its parent company during 2020 to ensure the Company has sufficient cash to pay all financial obligations when they fall due. A commitment has been provided to the Company by the University to continue this support through 2021.

Information on directors

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

Professor Alex Zelinsky AO (Chair)

Professor Alex Zelinsky AO BMathSc(Hons), PhD, Hon DSc(UOW), GradDip(AICD), FAA, FTSE, FIEEEE, Hon FIEAust, FAICD is the University of Newcastle's 8th Vice-Chancellor and President (19 November 2018 - current). Prior to joining the University, Professor Zelinsky was Australia's Chief Defence Scientist and leader of Defence Science and Technology within the Department of Defence. Prior to joining Defence, Professor Zelinsky was Group Executive for Information Sciences at CSIRO. Previously, he was Chief Executive Officer and co-founder of Seeing Machines, a technology company focused on computer vision. The company is listed on the London Stock Exchange and was a start-up from the Australian National University, where he was a Professor of Systems Engineering.

Professor Mark Hoffman

Professor Mark Hoffman is University of Newcastle's Deputy Vice-Chancellor (Academic) - March 2020 to Current. Prior to this role, Professor Mark Hoffman was UNSW Sydney Dean of Engineering (2015-2020) and Pro-Vice Chancellor Research at the University of New South Wales (2012-2015). He has held the roles of Associate Dean Research in the Faculty of Science (2009-2012) and Head of School of Materials Science and Engineering (2007-12), holding both roles concurrently for three years. He chaired the University Committee on Research (2010-13).

Mr Robert Kennedy AM

Robert (Bob) Kennedy AMBEC(ANU), FCPA is member of University of Newcastle Council members. Mr Kennedy has an extensive career as a global business leader in the food technology industry. Mr Kennedy is a Director of Monarch Group of Companies, Beyond Broke Vineyard Pty Ltd and Broke Fordwich Private Irrigation District. He is a Chair of First Creek Wines. His career in industrial engineering at Port Kembla before moving to the United Kingdom to work for British Insulated Callender's Cables (BICC), the largest non-ferrous cables manufacturer in the world. From 1984 to 2004, Mr Kennedy provided leadership and strategic business expertise to some of the world's largest companies including 11 years as CEO of Masterfoods Australia.

Mr David Toll

Mr David Toll is the University of Newcastle's Interim Chief Operations Officer – from February 2020. Prior to this, Mr Toll was an independent consultant in finance and IT to the higher education, government and environment sectors. At CSIRO from 2003 to 2013, he held the role of Chief Financial Officer and Chief Information Office. Prior to this he held various senior roles in Australian Government agencies in areas including corporate management, finance and policy.

NUSERVICES PTY LTD

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Meetings of directors

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

| | Board Meetings | |
|------------|----------------|------|
| | Attended | Held |
| A Zelinsky | 5 | 5 |
| M Hoffman | 4 | 5 |
| R Kennedy | 4 | 4 |
| D Toll | 5 | 5 |

Indemnification and insurance of officers and auditors

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307c of the *Corporations Act 2001*, for the year ended 31 December 2020 has been received and can be found on page 21 of the financial report.

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

Professor Alex Zelinsky AO
Chair/Director

Mr David Toll
Director

Dated 18 March 2021

NUSERVICES PTY LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ |
|---|------|------------------|
| Income from continuing operations | | |
| Sale of goods | | 10,527 |
| Trading income | | <u>92,778</u> |
| Total income from continuing operations | | <u>103,305</u> |
| Expenses from continuing operations | | |
| Employee related expenses | 2 | 255,923 |
| Services | 3 | 79,524 |
| Repairs and maintenance | | 1,330 |
| Cost of goods sold | | 57,485 |
| Other expenses | 4 | <u>76,925</u> |
| Total expenses from continuing operations | | <u>471,187</u> |
| Net result for the period | | <u>(367,882)</u> |
| Net result attributable to members of the NUServices Pty Ltd | | <u>(367,882)</u> |

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

NUSERVICES PTY LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 |
|--|------------------|
| | \$ |
| Net result for the period | <u>(367,882)</u> |
| Net result attributable to members of the NUServices Pty Ltd | <u>(367,882)</u> |

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

NUSERVICES PTY LTD

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ |
|--------------------------------------|------|------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 5 | 129,481 |
| Receivables | 6 | 10,145 |
| Inventories | 7 | 40,534 |
| Total current assets | | 180,160 |
| Total assets | | 180,160 |
| Liabilities | | |
| Current liabilities | | |
| Payables | 8 | 543,779 |
| Employee benefit provisions | 9 | 2,969 |
| Total current liabilities | | 546,748 |
| Non-current liabilities | | |
| Employee benefit provisions | 9 | 1,194 |
| Total non-current liabilities | | 1,194 |
| Total liabilities | | 547,942 |
| Net assets | | (367,782) |
| Equity | | |
| Share capital | 11 | 100 |
| Retained earnings | 10 | (367,882) |
| Total equity | | (367,782) |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

NUSERVICES PTY LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Share capital | Retained earnings | Total |
|------------------------------------|----|-------------------|-------------------------|-------------------------|
| | | \$ | \$ | \$ |
| Balance at 1 January 2020 | | - | - | - |
| Net result | 10 | - | (367,882) | (367,882) |
| Contributions from parent entity | 11 | <u>100</u> | - | <u>100</u> |
| Total comprehensive income | | <u>100</u> | <u>(367,882)</u> | <u>(367,782)</u> |
| Balance at 31 December 2020 | | <u><u>100</u></u> | <u><u>(367,882)</u></u> | <u><u>(367,782)</u></u> |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NUSERVICES PTY LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 |
|---|-------------------------|
| Note | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers (inclusive of GST) | 107,366 |
| Payments to suppliers and employees (inclusive of GST) | <u>(277,885)</u> |
| Net cash provided by / (used in) operating activities | <u>(170,519)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Loan from related party | <u>300,000</u> |
| Net cash provided by / (used in) financing activities | <u>300,000</u> |
| Net increase / (decrease) in cash and cash equivalents | <u>129,481</u> |
| Cash and cash equivalents at beginning of the financial year | <u>-</u> |
| Cash and cash equivalents at the end of the financial year | <u>129,481</u> |
| 5 | |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NUServices Pty Limited (the Company) is a registered Australian Proprietary company limited by shares 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 two identified cash generating units. The Company was established and has its domicile in Australia.

The Company was incorporated on 27 May 2020.

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

The registered office and principal address of the Company is:

NUServices Pty Ltd
University Drive
Callaghan NSW 2308
Australia

(a) Basis of preparation

The general purpose financial statements are prepared on an accrual basis and comply with the Australian Accounting Standards Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

Additionally, the statements have been prepared in accordance with the following statutory requirements and other authoritative pronouncements of the Australian Accounting Standards Board:

- *Public Finance and Audit Act 1983 (NSW)*
- Public Finance and Audit Regulation 2015
- *Corporations Act 2001*

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 18 March 2021.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

Critical accounting estimates

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

- 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(h).
- 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(f).
- 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).

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The financial statements have been prepared on a going concern basis which assumes the repayment of debts will be met as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up the operations.

In 2020 the Company received a commitment to provide financial support from its parent entity. This commitment ensures that the Company has sufficient cash to pay all financial obligations as and when they fall due. The current commitment of support extends until 31 December 2021.

(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.

Revenue is accounted for in accordance with AASB 15 Revenue from Contracts with Customers where enforceable arrangements with the customer exist. This includes sale of goods and trading income. AASB 1058 Income for Not-for-profit Entities is applied for other revenue where suitable enforcement arrangements are not in existence. In these instances, the Company generally recognises revenue when there is an unconditional right to receive the funds (e.g. cash). Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Income from retail shop is recognised as income when earned.

(ii) Trading income

Income from food and beverage is recognised as income when earned.

(d) Minor equipment

The Company recognises purchases as Property, Plant and Equipment where the expenditure exceeds the Company's capitalisation threshold of \$10,000. All equipment purchases under this threshold are recognised as minor equipment.

As part of the service level agreement with University, the parent entity is responsible for capital expenditure required for the operation of the organisation. Allocation of capital to projects will follow the University's process and business case requirements.

(e) Income tax

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

(f) Impairment of assets

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

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand.

(h) Trade receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped together based on shared credit risk characteristics and days past due. Any receivables that are known to be uncollectable are written off.

(i) Inventories

Beverage, food and retail are stated at the lower of average cost and net realisable value. Cost comprises direct materials. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Fair value measurement

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

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

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

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3), such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

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

(k) Repairs and maintenance

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

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other payables

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

(m) Provisions

Provisions for legal claims is recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

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

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

(n) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

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

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Goods and services tax (GST)

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

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

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

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

(p) Adoption of new and revised accounting standards

Certain new Accounting Standards and Interpretations became mandatory for 31 December 2020 period. These new requirements have not had a material impact on either the results or disclosure of the Company.

(q) COVID-19 Impacts

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the World Health Organisation (WHO) on 11 March 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy.

While COVID-19 did not cause disruption to the Company's operations, given the evolving nature of COVID-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates may need to be made in the measurement of the Company's assets and liabilities in the future.

The Company did not receive government financial support related to the COVID-19 Pandemic in 2020.

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 EMPLOYEE RELATED EXPENSES

| | 2020 |
|--|----------------|
| | \$ |
| Salaries | 229,400 |
| Superannuation | 10,054 |
| Payroll tax | 5,859 |
| Worker's compensation | 6,447 |
| Long service leave | 1,194 |
| Annual leave | 2,969 |
| Total employee related expenses | 255,923 |

3 SERVICES

| | |
|---------------------------|---------------|
| Service fees | 64,000 |
| Insurance | 3,983 |
| Professional service fees | 11,541 |
| Total services | 79,524 |

4 OTHER EXPENSES

| | |
|---|---------------|
| General consumables | 5,986 |
| Minor equipment | 41,761 |
| Staff development and other employee related expenses | 29,178 |
| Total other expenses | 76,925 |

5 CASH AND CASH EQUIVALENTS

| | |
|--|----------------|
| Cash at bank and on hand | 129,481 |
| Total cash and cash equivalents | 129,481 |

(a) Cash at bank and on hand

Cash on hand is interest bearing.

6 RECEIVABLES

Current

| | |
|----------------------------------|---------------|
| Prepayments | 10,145 |
| Total current receivables | 10,145 |

Provision for impairment

Details around the Company's impairment policy and calculation of the loss allowance are provided in note 17(b).

Fair value of trade receivables

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value.

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7 INVENTORY

| | 2020 |
|-----------------------------------|---------------|
| | \$ |
| Retail inventory - at cost | |
| Retail stock on hand | 40,534 |
| Total inventories | <u>40,534</u> |

8 PAYABLES

| | |
|---|----------------|
| Current | |
| Trade payables | 64,070 |
| Other payables | 11,831 |
| Related party payables | 467,878 |
| Total current trade and other payables | <u>543,779</u> |

The carrying amounts of trade and other payables are considered to be the same as the fair values, due to their short term nature.

9 EMPLOYEE BENEFIT PROVISIONS

| | |
|-------------------------------------|--------------|
| Current provisions | |
| Employee benefits | |
| Annual leave | 2,969 |
| Total current provisions | <u>2,969</u> |
| Non-current provisions | |
| Long service leave | 1,194 |
| Total non-current provisions | <u>1,194</u> |
| Total provisions | <u>4,163</u> |

The employee benefit provisions cover the Company's liabilities for long service leave and annual leave which are classified as either current or non-current provisions, as explained in note 1. **Error! Reference source not found.**

10 RESERVES AND RETAINED EARNINGS

(a) Reserves

Movements in retained earnings

| | |
|---|------------------|
| Retained earnings at 1 January | - |
| Net result for the period | (367,882) |
| Retained earnings at 31 December | <u>(367,882)</u> |

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11 SHARE CAPITAL

(a) Share Capital

| | |
|-------------------------------|------------|
| | 2020 |
| | \$ |
| 10 fully paid ordinary shares | <u>100</u> |

(b) Capital Management

The key objectives of the Company when managing capital is to ensure the entity continues as a going concern and to reduce financial dependence on the University.

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.

12 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

Professor Alex Zelinsky AO (Chair) – appointed 27 May 2020
Professor Mark Hoffman – appointed 27 May 2020
Mr David Toll – appointed 27 May 2020
Mr Robert Kennedy AM – appointed 14 August 2020

(b) Other key management personnel

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

Mr Edward Crawford, Acting General Manager.

(c) Key management personnel compensation

| | |
|---|----------------|
| Total key management personnel compensation | <u>122,503</u> |
|---|----------------|

13 CONTINGENCIES

In the opinion of the Directors, NUServices Pty Ltd did not have any contingent assets or contingent liabilities at 31 December 2020.

14 COMMITMENTS

NUServices Pty Ltd did not have any commitments at 31 December 2020.

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

15 RELATED PARTIES

(a) Parent entities

The ultimate parent entity is The University of Newcastle, limited by shares.

The Company is incorporated and domiciled in Australia.

(b) Transactions with related parties

The following transactions occurred with related parties:

| | 2020 |
|--|----------------|
| | \$ |
| (i) The University of Newcastle | |
| Sale of goods and services: | |
| Consumables and cost recovery | 30,294 |
| Total sale of goods and services | <u>30,294</u> |
| Purchase of goods and services: | |
| Salary cost recovery | 122,503 |
| Inventory | 9,093 |
| Consumables and cost recovery | 66,675 |
| Total purchase of goods and services | <u>198,271</u> |
| (c) Loans to / (from) related parties | |
| i) Parent entity: | |
| Beginning of the year | |
| Loans advanced | 300,000 |
| Issued share capital | <u>(100)</u> |
| End of year | <u>299,900</u> |
| (d) Outstanding balances | |
| Current payables | |
| The University of Newcastle | <u>467,877</u> |
| End of year | <u>467,877</u> |

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

(e) Terms and conditions

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

16 EVENTS OCCURRING AFTER REPORTING DATE

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

NUSERVICES PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents. At 31 December 2020, if interest rates had changed by $\pm 1\%$ from the year end rates with all other variables held constant, the result for the year would have changed by $\pm \$1,295$.

(b) Credit risk

The Company applies *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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 and no allowance for expected credit losses has been recognised.

(c) Liquidity risk

The Company maintains sufficient liquid assets to meet its short term obligations. The liquidity risk is managed through the letter of support provided by the University. 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. Liquidity risk is also managed through the support of the parent entity as outlined in note 1b.

Trade payables are unsecured and are usually paid within 30 days of recognition.

NUSERVICES PTY LTD

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of the Company declare that:

1. The financial statements:
 - a. comply with the Australian Accounting Standards Reduced Disclosure Requirements which include the Australian Accounting Interpretations;
 - b. comply with the *Public Finance and Audit Act 1983 (NSW)*, the Public Finance and Audit Regulation 2015, and the *Corporations Act 2001*; and
 - c. give a true and fair view of the financial position as at 31 December 2020 and financial performance for the year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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



Professor Alex Zelinsky
Director



Mr David Toll
Director

Dated 18 March 2021

NUSERVICES PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020



To the Directors

NuServices Pty Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of NuServices Pty Ltd for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'N. Carter', with a long horizontal flourish extending to the right.

Nathan Carter

Delegate of the Auditor-General for New South Wales

16 March 2021
SYDNEY

NUSERVICES PTY LTD

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



INDEPENDENT AUDITOR'S REPORT

NuServices Pty Ltd

To Members of the New South Wales Parliament and Members of NuServices Pty Ltd

Opinion

I have audited the accompanying financial statements of NuServices Pty Ltd (the Company), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- 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.

Opinion

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

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

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

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

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

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

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 16 March 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

NUSERVICES PTY LTD

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Other Information

The University of Newcastle's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements:

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

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

NUSERVICES PTY LTD

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



Nathan Carter
Director, Financial Audit Services
Delegate of the Auditor-General for New South Wales

22 March 2021
SYDNEY

THE UNIVERSITY OF NEWCASTLE

RESEARCH ASSOCIATES LIMITED

ABN 97 000 710 074

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TUNRA**DIRECTORS REPORT****FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report on The University of Newcastle Research Associates Limited (the Company) for the financial year ended 31 December 2020.

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

Information on directors

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

Professor Janet Nelson (Chair) (appointed 22 May 2020)

Professor Kevin Hall (resigned 20 August 2020)

Professor Alan Broadfoot

Professor Rohan Walker (appointed 12 December 2020)

Mr Paul Dunn (term expired 7 February 2020)

Ms Barbara Crossley

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

Principal activities

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

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

Operating results

The profit of the Company amounted to \$594,793 (2019: \$594,436).

Review of operations

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

Dividends paid or recommended

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

Limited by guarantee/Members guarantee

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.

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.

TUNRA

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Performance measures and key performance indicators

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

Future developments and results

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

Significant changes in state of affairs

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

Events after the reporting date

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

Information on directors

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

Professor Janet Nelson (Chair)

Professor Janet Nelson is the Deputy Vice-Chancellor and Vice-President (Research and Innovation) at the University of Newcastle. In this role, Professor Nelson serves as the University's chief research officer with responsibilities for the diverse and comprehensive research enterprise. Professor Nelson came from the University of Idaho and held the position of Vice President for Research and Economic Development. Prior to this, Professor Nelson was the Associate Vice-Chancellor of Research Development at the University of Tennessee. She is an elected Fellow of the American Association for the Advancement of Science and an Honorary Member of the National Academy of Inventors. Professor Nelson has over 30 years of experience in scientific research, scientific review and research portfolio administration, complex and multidisciplinary program/project management, business development, and science policy implementation. She is a demonstrated leader with experience across academia, government, not-for-profit organizations, and industry. She has a keen focus on building and supporting multidisciplinary teams and growing research enterprise.

Professor Alan Broadfoot

Professor Alan Broadfoot, B.E. (Hons), M.E. Ph.D, FRSN, FIEAust, MIEEE is the Executive 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. In 2005 Alan was awarded Engineers Australia's Professional Engineer of the Year. He is a Fellow of the Institution of Engineers Australia and was Chair of the Australian Industry Group Hunter Manufacturing Council from 2004 to 2009. He is a Graduate Member of the Australian Institute of Company Directors, a Fellow of The Royal Society of New South Wales and sits on a number of executive industry and research advisory committees including NTCP (India) Energy Technology Research Advisory Council. He is also the Chair of the NSW Energy and Resources Knowledge Hub, and a Board member of CRC CARE.

Ms Barbara Crossley

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

Professor Rohan Walker

Professor Rohan Walker, B. Psychology (Hons), Ph. D in Neuroscience, is the Assistant Dean of Innovation and Partnerships for the College of Health, Medicine and Wellbeing at the University of Newcastle. He also directs the Centre for Advanced Training Systems and is the Deputy Director for the Centre for Rehab Innovations at the University of Newcastle. Professor Walker has a long standing interest in developing training for high consequence environments. He

TUNRA**DIRECTORS REPORT****FOR THE YEAR ENDED 31 DECEMBER 2020**

has extensive experience with multi-stakeholder solution creation, private-public R&D partnerships, strategy development, risk-mitigation, change implementation and project management. Professor Walker currently leads major projects funded by the Department of Defence, NSW Health, the Meat and Livestock Industry, Private Health Insurance and Private Hospitals.

Meetings of directors

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

| | Board Meetings | |
|-------------|-----------------------|-------------|
| | Attended | Held |
| J Nelson | 3 | 3 |
| K Hall | 3 | 4 |
| A Broadfoot | 5 | 5 |
| B Crossley | 5 | 5 |
| R Walker | 0 | 0 |
| P Dunn | 0 | 0 |

Indemnification and insurance of officers and auditors

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307c of the *Corporations Act 2001*, for the year ended 31 December 2020 has been received and can be found on page 27 of the financial report.

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

Professor Janet Nelson
Director

Professor Alan Broadfoot
Director

Dated 19 March 2021

TUNRA

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| Income from continuing operations | | | |
| Consultancy and contracts revenue | 2 | 8,384,307 | 7,708,810 |
| Other revenue | | 15,602 | 74,389 |
| Interest income | | 15,890 | 56,099 |
| Other gains/(losses) | 3 | (5,671) | 195,138 |
| Total income from continuing operations | | 8,410,128 | 8,034,436 |
| Expenses from continuing operations | | | |
| Employee related expenses | 6 | 4,973,438 | 4,376,888 |
| Depreciation and amortisation | | 56,081 | 67,184 |
| Repairs and maintenance | | 98,000 | 66,148 |
| Impairment of financial assets | 7 | 116,426 | 9,337 |
| Other expenses | 8 | 2,571,390 | 2,920,443 |
| Total expenses from continuing operations | | 7,815,335 | 7,440,000 |
| Net result for the period | | 594,793 | 594,436 |
| Net result attributable to members of The University of Newcastle Research Associates Limited | | 594,793 | 594,436 |

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

TUNRA**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 | 2019 |
|---|----------------|----------------|
| Note | \$ | \$ |
| Net result for the period | <u>594,793</u> | <u>594,436</u> |
| Total comprehensive income attributable to members of the University of Newcastle Research Associates Limited | <u>594,793</u> | <u>594,436</u> |

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

TUNRA

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 697,601 | 1,180,250 |
| Receivables | 10 | 5,798,632 | 4,115,232 |
| Non-current assets held for sale | | 44,018 | 51,354 |
| Total current assets | | 6,540,251 | 5,346,836 |
| Non-current assets | | | |
| Other financial assets | 11 | 56 | - |
| Plant and equipment | 12 | 147,739 | 189,089 |
| Intangible assets | 13 | - | 328 |
| Total non-current assets | | 147,795 | 189,417 |
| Total assets | | 6,688,046 | 5,536,253 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 509,269 | 525,116 |
| Employee benefit provisions | 15 | 1,426,934 | 812,492 |
| Contract liability | | 466,591 | 448,427 |
| Total current liabilities | | 2,402,794 | 1,786,035 |
| Non-current liabilities | | | |
| Employee benefit provisions | 15 | 229,907 | 289,666 |
| Total non-current liabilities | | 229,907 | 289,666 |
| Total liabilities | | 2,632,701 | 2,075,701 |
| Net assets | | 4,055,345 | 3,460,552 |
| Equity | | | |
| Retained earnings | 16 | 4,055,345 | 3,460,552 |
| Total equity | | 4,055,345 | 3,460,552 |

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

TUNRA

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Retained earnings |
|---------------------------------------|--------------------------|
| | \$ |
| Balance at 1 January 2019 | 2,866,116 |
| Net result | <u>594,436</u> |
| Total comprehensive income | <u>594,436</u> |
| Balance as at 31 December 2019 | <u>3,460,552</u> |
| Balance at 1 January 2020 | 3,460,552 |
| Net result | <u>594,793</u> |
| Total comprehensive income | <u>594,793</u> |
| Balance at 31 December 2020 | <u>4,055,345</u> |

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

TUNRA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 | 2019 |
|---|-------------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 8,669,777 | 7,665,328 |
| Payments to suppliers and employees (inclusive of GST) | (5,776,060) | (6,445,870) |
| Interest received | 96 | 612 |
| Lease payments for short-term and low value leases | (26,811) | (35,729) |
| GST paid | (550,589) | (411,390) |
| Net cash provided by / (used in) operating activities | <u>2,316,413</u> | <u>772,951</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of available-for-sale financial assets | - | 255,636 |
| Repayments from related parties | - | 1,150,000 |
| Payments for purchase of plant and equipment | (49,062) | (61,088) |
| Loans to related parties | (2,750,000) | (2,050,000) |
| Net cash provided by / (used in) investing activities | <u>(2,799,062)</u> | <u>(705,452)</u> |
| Net increase / (decrease) in cash and cash equivalents | <u>(482,649)</u> | <u>67,499</u> |
| Cash and cash equivalents at beginning of the financial year | <u>1,180,250</u> | <u>1,112,751</u> |
| Cash and cash equivalents at the end of the financial year | <u>9</u> <u>697,601</u> | <u>1,180,250</u> |

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

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The registered office and principal address of the Company is:

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

(a) Basis of preparation

The general purpose financial statements are prepared on an accrual basis and comply with the Australian Accounting Standards Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

Additionally, the statements have been prepared in accordance with the following statutory requirements and other authoritative pronouncements of the Australian Accounting Standards Board:

- *Public Finance and Audit Act 1983 (NSW)*
- Public Finance and Audit Regulation 2015
- *Corporations Act 2001*

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 19 March 2021.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

Critical accounting estimates

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

- 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(g).
- 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(e).
- 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(o).

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)**

- Useful lives of plant and equipment: depreciation of plant and equipment is calculated over the assets estimated useful life as outlined in note 1(j).
- Useful lives of intangible assets: amortisation of intangible assets is calculated over the assets estimated useful life as outlined in note 1(l).

(b) COVID-19

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the World Health Organisation (WHO) on 11 March 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy.

While COVID-19 caused some disruption to the Company's operations, revenue streams have not been materially affected in 2020. The Company has worked through 2020 to monitor the situation caused by the Pandemic and taken steps to minimise disruption and protect staff and customers. The Company did not receive government financial support related to the COVID-19 Pandemic in 2020 due to continued operational performance.

While ongoing operations have not been affected to date, the Company has considered the ongoing pandemic and the uncertainty created in preparing its financial statements, including the impact on its 'Critical accounting estimates' and 'Key judgments' noted above.

Specific considerations include:

- Impairment of receivables arising from expected credit losses as compared to prior years. Further detail is outlined in note 1(g).
- Impairment of Property Plant and Equipment (including right-of-use assets) and Intangible Assets. Further detail is outlined in note 1(j) and 1(l), respectively.
- Changes to Financial risk management. Further details of changes are outlined in note 21.

Given the evolving nature of COVID-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates may need to be made in the measurement of the Company's assets and liabilities in the future.

(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) Royalties, trademarks and licences

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

(ii) Consultancy and research contracts

The Company assesses contracts applying AASB 15 and AASB 1058. The Company first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Revenue recognition (continued)**

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Company applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Company considers whether AASB 1058 applies.

(iii) Interest

Interest income is recognised as it is earned.

(iv) Other revenue

Other income represents miscellaneous income which is not derived from core operations and is recognised as income by applying AASB 15 and AASB 1058 depending on the existence of 'sufficiently specific' obligations.

(d) Income tax

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

(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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

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

(g) Trade receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped together based on shared credit risk characteristics and days past due. Any receivables that are known to be uncollectable are written off.

The COVID-19 pandemic has resulted in significant changes to the economy, government, and regulatory environment and to the ability of the Company to serve some customers. The Company has considered these ongoing changes and uncertainty and the impact of these events on the modelling of expected credit losses which are the subject of higher scrutiny during this period.

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Fair value measurement

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

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

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

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3), such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

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

(i) Other financial assets

(i) Financial assets at amortised cost

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

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

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

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

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI.
- Equity investments that are held for trading.
- Equity investments for which the Company has not elected to recognise fair value gains and losses through OCI.

Information about the methods and assumptions used in determining fair value are provided in note 11. Changes in fair values of other financial assets at fair value through profit or loss are recorded in other gains/(losses) in the income statement (refer note 3).

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Plant and equipment**

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

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

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

| | 2020 | 2019 |
|---------------------|--------------|--------------|
| Plant and equipment | 4 – 10 years | 4 – 10 years |

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

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

During 2020 the Company increased the capitalisation threshold for Property, Plant and Equipment assets from \$5,000 to \$10,000. The result of this change was a disposal of existing assets with a cost less than \$10,000. The total written down value of these assets was \$34,659.

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2020 the Company identified the potential impairment impact that the COVID-19 pandemic may have on its property, plant and equipment. As a result, the Company has performed impairment testing of all property, plant and equipment to calculate any impairment in existence. Plant and equipment items were reviewed in light of changes applied by the Company in managing the pandemic. No COVID-19 related impairment has been identified.

(k) Repairs and maintenance

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

(l) Intangible assets**(i) Intellectual property**

Expenditure on intellectual property, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other intellectual property expenditure is recognised in the income statement as an expense when it is incurred. Trademarks, patent and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intellectual property over their estimated useful lives, which vary from 2 to 20 years.

During 2020 the Company introduced a capitalisation threshold of \$1,000 for intellectual property. There has been no impact as a result of this change.

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets (continued)

(ii) Computer software

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

(m) Trade and other payables

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

(n) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

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

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

(o) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

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

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Employee benefits (continued)**

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* that involves the payment of termination benefits. The expense and liability are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

(p) Goods and services tax (GST)

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

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

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

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

(q) Comparative amounts

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

(r) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the financial year beginning 1 January 2020. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company. Refer to note 1(s).

(s) Initial application of new standards

Australian Accounting Standard AASB1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity. The standard applies to annual reporting periods beginning on or after 1 January 2020. The Company has reviewed its contracts and no material impact from the new standard has been identified as at 31 December 2020.

The following interpretations and amending standards have also been adopted:

| | |
|------------|--|
| AASB2018-6 | Amendments to Australian Accounting Standards – Definition of a Business |
| AASB2019-3 | Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform |
| AASB2018-7 | Amendments to Australian Accounting Standards – Definition of Material |

For each of the above amendments, the Company has determined that there is no material impact from the amendments which affect the Company for 2020.

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Initial application of new standards (continued)

The following standards have been issued but are not mandatory for 31 December 2020 reporting periods. The Company has elected not to early adopt any of these standards.

| | |
|------------|--|
| AASB2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current |
| AASB2020-6 | Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current – Deferral of Effective Date |
| AASB2020-3 | Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments |
| AASB2020-8 | Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform |

For each of the above amendments, the Company will comply with additional reporting requirements but has not identified any material impact from the amendments.

2 CONSULTANCY AND CONTRACTS REVENUE

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Industry research | 7,276,795 | 6,626,703 |
| Royalties and licence fees | 598,574 | 391,086 |
| Consultancy | 508,938 | 691,021 |
| Total consultancy and contracts | 8,384,307 | 7,708,810 |

3 OTHER GAINS/(LOSSES)

| | | |
|---|----------------|----------------|
| Change in fair value of financial assets designated at fair value through profit & loss | (5,671) | 195,138 |
| Total other gains investment income | (5,671) | 195,138 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SOURCES OF FUNDING

| Revenue and Income Streams | Commercial arrangements | Donations, including corporate sponsorship | Others | Total Revenue from contracts with customers | Total Income of not-for-profit entities |
|--|-------------------------|--|---------------|---|---|
| 2019 | | | | | |
| Research | | | | | |
| Research goods and services [AASB15] | 6,626,703 | - | - | 6,626,703 | - |
| Research income [AASB1058] | - | - | - | - | - |
| Total research | 6,626,703 | - | - | 6,626,703 | - |
| Consultancy | | | | | |
| Royalties and license fees | 691,021 | - | - | 691,021 | - |
| Interest | 391,086 | - | - | 391,086 | - |
| Other Revenue | | | | | |
| Other [AASB15] | 63,883 | - | 56,099 | 63,883 | - |
| Other [AASB1058] | - | - | - | - | 10,506 |
| Total other | 1,145,990 | 10,506 | 56,099 | 1,202,089 | 10,506 |
| Total revenue from contracts with customers | 7,772,693 | 10,506 | 56,099 | 7,828,792 | 10,506 |
| Total income of not-for-profit | | | | | |
| 2020 | | | | | |
| Research | | | | | |
| Research goods and services [AASB15] | 7,276,795 | - | - | 7,276,795 | - |
| Research income [AASB1058] | - | - | - | - | - |
| Total research | 7,276,795 | - | - | 7,276,795 | - |
| Consultancy | | | | | |
| Royalties and license fees | 508,938 | - | - | 508,938 | - |
| Interest | 598,574 | - | - | 598,574 | - |
| Other Revenue | | | | | |
| Other [AASB15] | 15,402 | - | 15,890 | 15,402 | - |
| Other [AASB1058] | - | 200 | - | - | 200 |
| Total other | 1,122,914 | 200 | 15,890 | 1,138,804 | 200 |
| Total revenue from contracts with customers | 8,399,709 | 200 | 15,890 | 8,415,599 | 200 |
| Total income of not-for-profit | | | | | |

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5 RECONCILIATION OF REVENUE AND INCOME

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| Total consultancy and contracts revenue | 2 | 8,384,307 | 7,708,810 |
| Total other gains/(losses) | 3 | (5,671) | 195,138 |
| Total interest income | | 15,890 | 56,099 |
| Total other revenue | | 15,602 | 74,389 |
| Total | | 8,410,128 | 8,034,436 |
| Total revenue from contracts with customers as per AASB15 | 4 | 8,415,599 | 7,828,792 |
| Total income of not-for-profit as per AASB1058 | 4 | 200 | 10,506 |
| Total revenue and income from continuing operations | | 8,415,799 | 7,839,298 |

6 EMPLOYEE RELATED EXPENSES

| | | | |
|--|--|------------------|------------------|
| Salaries | | 3,476,434 | 3,245,690 |
| Superannuation | | 677,720 | 451,100 |
| Payroll tax | | 363,119 | 313,696 |
| Worker's compensation | | 14,852 | 13,552 |
| Long service leave | | 130,518 | 84,953 |
| Annual leave | | 335,653 | 242,655 |
| Terminations | | (24,858) | 25,242 |
| Total employee related expenses | | 4,973,438 | 4,376,888 |

7 IMPAIRMENT OF FINANCIAL ASSETS

| | | | |
|-----------------------------------|--|----------------|--------------|
| Trade receivables | | 116,426 | 9,337 |
| Total impairment of assets | | 116,426 | 9,337 |

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8 OTHER EXPENSES

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Advertising, marketing and promotions | 25,373 | 33,172 |
| General consumables | 379,682 | 227,091 |
| Insurance | 99,575 | 101,985 |
| Minor equipment | 271,485 | 539,873 |
| Professional services | 654,561 | 728,516 |
| Scholarships, grants and prizes | 20,500 | 20,564 |
| Service fees | 500,000 | 500,000 |
| Telecommunications | 16,911 | 21,631 |
| Travel, staff development and entertainment | 87,448 | 222,731 |
| Other expenses | 515,855 | 524,880 |
| Total other expenses | 2,571,390 | 2,920,443 |

9 CASH AND CASH EQUIVALENTS

| | | |
|--|----------------|------------------|
| Cash at bank and on hand | 697,601 | 1,180,250 |
| Total cash and cash equivalents | 697,601 | 1,180,250 |

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate of 0.01% (2019: 0.01%).

10 RECEIVABLES

Current

| | | |
|--|------------------|------------------|
| Trade receivables | 1,159,365 | 803,944 |
| Less: allowance for expected credit losses | (135,457) | (19,031) |
| | <u>1,023,908</u> | <u>784,913</u> |
| Prepayments | 186,219 | 96,294 |
| Related party receivables | 3,372,067 | 2,101,423 |
| Contract asset | 1,216,438 | 1,132,602 |
| Total current receivables | 5,798,632 | 4,115,232 |

Provision for impairment

Details around the Company's impairment policy and calculation of the loss allowance are provided in note 21(b).

Fair value of trade receivables

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value.

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****11 OTHER FINANCIAL ASSETS**

| | 2020 | 2019 |
|--|-----------|----------|
| | \$ | \$ |
| Non-current | | |
| Other financial assets at fair value through profit and loss | 56 | - |
| Total non-current other financial assets | 56 | - |

See note 1(i) for the relevant accounting policies.

(i) Risk exposure

Note 21 provides information about the company's exposure to price risk.

(ii) Fair value measurements

The fair value of financial assets traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices (level 1) at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the year.

(iii) Investments held on behalf of third parties

No other financial assets at fair value through profit and loss are held on behalf of third parties as at 31 December 2020 (2019: nil). As at 31 December 2020 investments held by the Company on behalf of third parties \$9,653 (2019: \$11,261) is included as part of non-current assets held for sale. A current liability of \$9,653 (2019: \$11,261) relating to these investments has been recognised as part of trade and other payables. Refer to note 14.

TUNRA**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

12 PLANT AND EQUIPMENT

| | Capital Works in Progress | Plant and equipment | Total |
|---|------------------------------|------------------------|------------------|
| | \$ | \$ | \$ |
| As at 31 December 2019 | | | |
| Cost | 29,597 | 941,304 | 970,901 |
| Accumulated depreciation and impairment | - | (781,812) | (781,812) |
| Net book amount | 29,597 | 159,492 | 189,089 |
| Year ended 31 December 2020 | | | |
| Opening net book amount | 29,597 | 159,492 | 189,089 |
| Additions | 21,528 | 27,534 | 49,062 |
| Transfers | (29,597) | 29,597 | - |
| Disposals | - | (34,659) | (34,659) |
| Depreciation charge | - | (55,753) | (55,753) |
| Closing net book amount | 21,528 | 126,211 | 147,739 |
| At 31 December 2020 | | | |
| Cost | 21,528 | 852,088 | 873,616 |
| Accumulated depreciation and impairment | - | (725,877) | (725,877) |
| Net book amount | 21,528 | 126,211 | 147,739 |

13 INTANGIBLE ASSETS

| | Computer software | Intellectual property | Total |
|---|----------------------|--------------------------|------------------|
| | \$ | \$ | \$ |
| As at 31 December 2019 | | | |
| Cost | 63,063 | 386,580 | 449,643 |
| Accumulated amortisation and impairment | (63,063) | (386,252) | (449,315) |
| Net book amount | - | 328 | 328 |
| Year ended 31 December 2020 | | | |
| Opening net book amount | - | 328 | 328 |
| Additions | - | - | - |
| Other movements | - | - | - |
| Amortisation charge | - | (328) | (328) |
| Closing net book amount | - | - | - |
| At 31 December 2020 | | | |
| Cost | 63,063 | 386,580 | 449,643 |
| Accumulated amortisation and impairment | (63,063) | (386,580) | (449,643) |
| Net book amount | - | - | - |

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14 TRADE AND OTHER PAYABLES

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 496,444 | 398,273 |
| Investments held on behalf of third parties | 9,653 | 11,261 |
| Other payables | 3,172 | 115,582 |
| Total current trade and other payables | <u>509,269</u> | <u>525,116</u> |

The carrying amounts of trade and other payables are considered to be the same as the fair values, due to their short term nature.

15 PROVISIONS

Current provisions

| | | |
|---------------------------|----------------|----------------|
| Employee benefits | | |
| Annual leave | 332,869 | 225,580 |
| Long service leave | 120,538 | 85,376 |
| Other employee provisions | 508,849 | 197,219 |
| Terminations | 32,773 | 57,631 |
| | <u>995,029</u> | <u>565,806</u> |

Current provisions expected to be settled after more than 12 months

| | | |
|---------------------------------|------------------|----------------|
| Employee benefits | | |
| Annual leave | 131,332 | 80,161 |
| Long service leave | 300,573 | 166,525 |
| | <u>431,905</u> | <u>246,686</u> |
| Total current provisions | <u>1,426,934</u> | <u>812,492</u> |

Non-current provisions

| | | |
|-------------------------------------|------------------|------------------|
| Employee benefits | | |
| Long service leave | 229,907 | 289,666 |
| Total non-current provisions | <u>229,907</u> | <u>289,666</u> |
| Total provisions | <u>1,656,841</u> | <u>1,102,158</u> |

The employee benefit provisions cover the company's liabilities for long service leave and annual leave which are classified as either current or non-current provisions, as explained in note 1(o).

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16 RESERVES AND RETAINED EARNINGS

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Movements in retained earnings | | |
| Retained earnings at 1 January | 3,460,552 | 2,866,116 |
| Net result for the period | <u>594,793</u> | <u>594,436</u> |
| Retained earnings at 31 December | <u><u>4,055,345</u></u> | <u><u>3,460,552</u></u> |

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

Professor Janet Nelson (appointed 22 May 2020)
 Professor Kevin Hall (resigned 20 August 2020)
 Professor Alan Broadfoot
 Professor Rohan Walker (appointed 12 December 2020)
 Mr Paul Dunn (term expired 7 February 2020)
 Ms Barbara Crossley

(b) Other key management personnel

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

Dr Timothy Donohue, General Manager.

(c) Key management personnel compensation

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:

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Total key management personnel compensation | <u><u>234,098</u></u> | <u><u>209,478</u></u> |

18 CONTINGENCIES AND COMMITMENTS

In the opinion of the Directors, the Company did not have any contingent assets, contingent liabilities or commitments at 31 December 2020 (2019: Nil).

19 RELATED PARTIES

(a) Parent entities

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

(b) Key management personnel

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

TUNRA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19 RELATED PARTIES (CONTINUED)

(c) Transactions with related parties

The following transactions occurred with related parties:

| | 2020 | 2019 |
|-------------------------------------|---------|---------|
| | \$ | \$ |
| i) Parent entity: | | |
| Sale of goods and services: | | |
| Consultancy and contracts | 493,841 | 624,684 |
| Purchase of goods and services: | | |
| Service fees | 500,000 | 500,000 |
| Consultancy, consumables and others | 665,156 | 598,200 |
| Other transactions: | | |
| Interest income | 15,794 | 55,486 |
| ii) Associates: | | |
| Purchase of goods and services: | | |
| Consultancy, consumables and others | - | 122,581 |

(d) Loans to / (from) related parties

| | | |
|--------------------------|------------------|------------------|
| i) Parent entity: | | |
| Beginning of the year | 2,101,422 | 2,503,703 |
| Payments | (1,504,149) | (1,357,767) |
| Loans advanced | 2,750,000 | 900,000 |
| Interest received | 24,794 | 55,486 |
| End of year | 3,372,067 | 2,101,422 |

(e) Outstanding balances

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

| | | |
|---|----------------|----------------|
| Current receivables (sale of goods and services) | | |
| Parent entity | 73,510 | 127,220 |
| Current receivables (other transactions) | | |
| Parent entity | 82,897 | 18,811 |
| Total current receivables | 156,407 | 146,031 |
| Current payables (purchase of goods and services) | | |
| Parent entity | 80,148 | 74,700 |
| Current payables (investments held on behalf of) | | |
| Parent entity | 5,265 | 6,143 |
| Total current payables | 85,413 | 80,843 |

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

(f) Terms and conditions

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

TUNRA**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2020****20 EVENTS OCCURRING AFTER REPORTING DATE**

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

21 FINANCIAL RISK MANAGEMENT

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

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

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

(a) Market risk**(i) Foreign exchange risk**

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

(ii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified on the statement of financial position as financial assets at fair value through profit and loss (note 11). The majority of the Company's equity investments are publicly traded on the Australian Stock Exchange. To manage its price risk arising from investments in equity securities the company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the company.

(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 2020, if interest rates had changed by $\pm 1\%$ from the year end rates with all other variables held constant, the result for the year would have changed by $\pm \$6,976$ (2019: $\pm \$11,802$).

(b) Credit risk

The Company applies AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

The carrying amount of financial assets (note 11) represents the Company's maximum exposure to credit risk. No collateral is held by the Company.

(c) Liquidity risk

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

Trade payables are unsecured and are usually paid within 30 days of recognition.

TUNRA

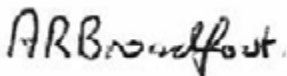
DIRECTORS DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of the Company declare that:

1. The financial statements:
 - a. comply with the Australian Accounting Standards Reduced Disclosure Requirements which include the Australian Accounting Interpretations;
 - b. comply with the *Public Finance and Audit Act 1983 (NSW)*, the Public Finance and Audit Regulation 2015, and the *Corporations Act 2001*; and
 - c. give a true and fair view of the financial position as at 31 December 2020 and financial performance for the year ended on that date of the Company.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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



Professor Alan Broadfoot
Director



Barbara Crossley
Director

Dated 19 March 2021

TUNRA**AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

To the Directors

The University of Newcastle Research Associates Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of The University of Newcastle Research Associated Limited for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read "N. Carter".

Nathan Carter
Delegate of the Auditor-General for New South Wales

16 March 2021
SYDNEY

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**INDEPENDENT AUDITOR'S REPORT****The University of Newcastle Research Associates Limited**

To Members of the New South Wales Parliament and Members of the University of Newcastle Research Associates Limited

Opinion

I have audited the accompanying financial statements of The University of Newcastle Research Associates Limited (the Company), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- 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.

Opinion

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

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

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

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

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

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

TUNRA**INDEPENDENT AUDITOR'S REPORT****FOR THE YEAR ENDED 31 DECEMBER 2020**

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 16 March 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Other Information

The University of Newcastle's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements:

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

TUNRA

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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



Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

24 March 2021
SYDNEY

THE UNIVERSITY OF NEWCASTLE

UON SINGAPORE PTE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

UON SINGAPORE

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--|-------|------------------|------------------|
| Income from continuing operations | | | |
| Fees and charges | 2 | 7,908,066 | 8,049,727 |
| Consultancy | | 139,722 | - |
| Interest income | | 10,233 | 12,689 |
| Other revenue | 3 | 765,459 | 125,305 |
| Total income from continuing operations | | 8,823,480 | 8,187,721 |
| Expenses from continuing operations | | | |
| Employee related expenses | 4 | 3,871,105 | 3,590,608 |
| Depreciation | | 362,651 | 356,148 |
| Repairs and maintenance | | 15,433 | 20,348 |
| Service fees | 18(c) | 2,618,323 | 3,001,667 |
| Other expenses | 5 | 520,272 | 873,442 |
| Total expenses from continuing operations | | 7,387,784 | 7,842,213 |
| Net result before income tax from continuing operations | | 1,435,696 | 345,508 |
| Income tax expense | 6 | (22,669) | - |
| Net result after income tax for the period | | 1,458,365 | 345,508 |
| Net result attributable to: | | | |
| Members of UON Singapore Pte Ltd | | 1,458,365 | 345,508 |

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 2020

| | | 2020 | 2019 |
|---|-------|------------------|---------|
| | Note | \$ | \$ |
| Net result after income tax for the period | | 1,458,365 | 345,508 |
| <i>Items that will be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | 13(b) | (407,916) | 42,421 |
| Total other comprehensive income, net of tax | | (407,916) | 42,421 |
| Comprehensive result | | 1,050,449 | 387,929 |
| Total comprehensive income attributable to: Members of UON Singapore Pte Ltd | | 1,050,449 | 387,929 |

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 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 3,473,113 | 4,498,308 |
| Receivables | 8 | 273,883 | 92,072 |
| Other financial assets | | 1,472,250 | - |
| Deferred tax assets | | 21,178 | - |
| Total current assets | | 5,240,424 | 4,590,380 |
| Non-current assets | | | |
| Receivables | 8 | - | 96,791 |
| Plant and equipment | 9 | 16,255 | 30,336 |
| Right of use assets | 9 | 277,295 | 636,431 |
| Total non-current assets | | 293,550 | 763,558 |
| Total assets | | 5,533,974 | 5,353,938 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 1,391,608 | 1,898,265 |
| Borrowings | 11 | 282,723 | 365,880 |
| Employee benefit provisions | 12 | 78,258 | 64,045 |
| Total current liabilities | | 1,752,589 | 2,328,190 |
| Non-current liabilities | | | |
| Borrowings | 11 | 3,765 | 298,577 |
| Total non-current liabilities | | 3,765 | 298,577 |
| Total liabilities | | 1,756,354 | 2,626,767 |
| Net assets | | 3,777,620 | 2,727,171 |
| Equity | | | |
| Issued capital | 14 | 86,036 | 86,036 |
| Reserves | 13 | 895,969 | 1,303,885 |
| Retained earnings | 13 | 2,795,615 | 1,337,250 |
| Total equity | | 3,777,620 | 2,727,171 |

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 2020

| | Note | Issued capital \$ | Retained earnings \$ | Foreign currency translation reserve \$ | Total \$ |
|---------------------------------------|-------|-------------------------|----------------------------|---|------------------|
| Balance at 1 January 2019 | | 86,036 | 991,742 | 1,261,464 | 2,339,242 |
| Net result | | - | 345,508 | - | 345,508 |
| Gain on foreign exchange | | - | - | 42,421 | 42,421 |
| Total comprehensive result | | - | 345,508 | 42,421 | 387,929 |
| Balance as at 31 December 2019 | 13,14 | <u>86,036</u> | <u>1,337,250</u> | <u>1,303,885</u> | <u>2,727,171</u> |
| Balance at 1 January 2020 | | 86,036 | 1,337,250 | 1,303,885 | 2,727,171 |
| Net result | | - | 1,458,365 | - | 1,458,365 |
| Loss on foreign exchange | | - | - | (407,916) | (407,916) |
| Total comprehensive result | | - | 1,458,365 | (407,916) | (407,916) |
| Balance at 31 December 2020 | 13,14 | <u>86,036</u> | <u>2,795,615</u> | <u>895,969</u> | <u>3,777,620</u> |

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 2020

| | 2020 | 2019 |
|---|---------------------------|------------------|
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from student fees and other customers | 9,174,320 | 8,746,956 |
| Interest received | 9,585 | 12,689 |
| Payments to suppliers and employees | (7,477,874) | (7,373,356) |
| GST paid | (497,301) | (494,298) |
| Interest and other costs of finance | (9,454) | (22,635) |
| Net cash provided by operating activities | <u>1,199,276</u> | <u>869,356</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of plant and equipment | 3,304 | 11 |
| Proceeds from sale of other financial asset | 1,528,896 | 1,593,541 |
| Payments for other financial asset | (3,167,166) | (1,587,974) |
| Net cash (used in) / provided by investing activities | <u>(1,634,966)</u> | <u>5,578</u> |
| Cash flows from financing activities | | |
| Repayment of lease liabilities | (369,572) | (317,180) |
| Net cash (used in) financing activities | <u>(369,572)</u> | <u>(317,180)</u> |
| Net cash (decrease)/ increase in cash and cash equivalents | <u>(805,262)</u> | <u>557,754</u> |
| Cash and cash equivalents at beginning of financial year | 4,498,308 | 3,862,732 |
| Effects of exchange rate changes on cash and cash equivalents | (219,933) | 77,822 |
| Cash and cash equivalents at the end of financial year | <u>7</u> <u>3,473,113</u> | <u>4,498,308</u> |

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 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

(a) Basis of preparation

The general purpose financial statements of UON Singapore Pte Ltd, have been prepared on an accruals basis in accordance with Australian Accounting Standards - Reduced Disclosure requirements as issued by the Australian Accounting Standards Board in AASB 1053 Application of Tiers of Australian Accounting Standards.

The Company applies Tier 2 reporting requirements.

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

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

Date of authorisation for issue

The financial statements were authorised for issue by the members of UON Singapore Pte Ltd on 18 March 2021.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain classes of financial assets and liabilities that are measured at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying UON Singapore Pte Ltd's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

Areas of critical assumptions requiring judgement, including fair value of financial assets, impairment of financial assets and employee benefits, are detailed in this note.

(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.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation (continued)

(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.

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

(c) Revenue recognition

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

The Company recognises revenue when the performance obligations are satisfied, either at a point in time or over time.

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 receipts (or portion thereof) is treated as contract liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(ii) Consultancy and contracts

The Company assess contracts applying AASB 15. The Company determines whether an enforceable agreement exists and whether the promises to transfer goods or services to customer are 'sufficiently specific'.

(iii) Interest income

The Company recognises interest income using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in investment income in the income statement.

(iv) Other revenue

Other revenue represents miscellaneous income which is not derived from core operations and is recognised as income by applying AASB 15 depending on the existence of 'sufficiently specific' obligations.

(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.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

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

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

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

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

The Company is exempt from income tax in Australia.

(e) Impairment of assets

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

(f) Cash and cash equivalents

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

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance (expected credit losses). Trade receivables are due for settlement no more than 30 days from the date of recognition and therefore classified as current.

The COVID-19 pandemic has resulted in significant changes to the economy, government, and regulatory environment and to the ability of the Company to serve some customers, such as international students. The Company has considered these ongoing changes and uncertainty and the impact of these events on the modelling of expected credit losses which are the subject of higher scrutiny during this period.

The COVID-19 pandemic has resulted in significant changes to the economy, government, and regulatory environment and to the ability of the Company to serve some customers, such as international students. The Company has considered these ongoing changes and uncertainty and the impact of these events on the modelling of expected credit losses which are the subject of higher scrutiny during this period.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Other financial assets

The Company classifies fixed-interest deposits as financial assets at amortised cost

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

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

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

(i) Fair value measurement

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

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

The Company has considered the impact of the COVID-19 pandemic on the financial risks to its operations and reflected its assessment within the risks detailed at note 1t.

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

Additional fair value measurements are considered for assets or liabilities where measurement cannot be aligned to quoted market prices but are observable (level 2) and those that are unobservable (level 3).

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

(j) Plant and equipment

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

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.

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

| | 2020 | 2019 |
|---------------------|-----------------|-----------------|
| Plant and equipment | 2 - 10 years | 2 - 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Plant and equipment (continued)

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2020 the Company identified the potential impairment impact that the COVID-19 pandemic may have on its property, plant and equipment. As a result, the Company has performed impairment testing of all property, plant and equipment to calculate any impairment in existence. Plant and equipment items were reviewed in light of changes applied by the Company in managing the pandemic, including the method for delivery of education services and the use of plant and equipment in the delivery of those services. The review did not identify any assets for impairment as at 31 December 2020.

(k) Leases

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI); and
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

Right-of-use assets are presented within Right-of-Use Assets note 9.

Short-term leases and leases of low-value-assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is \$10,000 (2019: \$5,000) or less. The Company recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

(l) 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.

(m) Trade and other payables

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period. Other long-term employee benefits are annual leave liabilities not expected to be settled within 12 months of balance date.

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The Company recognises the expense and liability for termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets that involves the payment of termination benefits. The expense and liability are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Rounding of amounts

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

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

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

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

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

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

(r) Comparative amounts

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

(s) New accounting standards and interpretations

No new standards have been issued for future reporting periods which would affect the Company.

(t) Adoption of new and revised accounting standards

Australian Accounting Standard AASB1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity. The standard applies to annual reporting periods beginning on or after 1 January 2020. The Company has reviewed its contracts and no material impact from the new standard has been identified as at 31 December 2020.

The following interpretations and amending standards have also been adopted:

| | |
|------------|--|
| AASB2018-6 | Amendments to Australian Accounting Standards: Definition of a Business |
| AASB2019-3 | Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform |
| AASB2018-7 | Amendments to Australian Accounting Standards – Definition of Material |

For each of the above amendments, the Group has determined that there is no material impact from the amendments which affect the Group for 2020.

The following standards have been issued but are not mandatory for 31 December 2020 reporting periods. The Company has elected not to early adopt any of these standards.

| | |
|------------|--|
| AASB2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current |
| AASB2020-6 | Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current – Deferral of Effective Date |
| AASB2020-3 | Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments |
| AASB2020-8 | Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform |

For each of the above amendments, the Company will comply with additional reporting requirements but has not identified any material impact from the amendments.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) COVID-19 Impacts

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the World Health Organisation (WHO) on 11 March 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy.

The Company's operations and revenue streams have been, and will likely in the future be, disrupted by the COVID-19 pandemic. The Company has worked through 2020 to minimise the revenue impact of COVID-19, while supporting students through the necessary changes to the delivery of courses and supporting students impacted by the restriction of movement and will continue to undertake these activities while the pandemic continues. The Company has received financial support, as outlined in the income statement, provided by the Singapore government to impacted entities. This financial support, changes to operations, and additional revenue in areas such as consulting fees, have resulted in a positive result in 2020.

The Company has further considered the ongoing pandemic and the uncertainty created in preparing its financial statements, including the impact on its 'Critical accounting estimates' and 'Key judgments' noted above.

Specific considerations include:

Impairment of receivables arising from expected credit losses as compared to prior years. Further detail is outlined in note 8.

Impairment of Property Plant and Equipment (including right-of-use assets) detail is outlined in note 9 and 1(j).

Changes to Financial risk management. Further details of changes are outlined in note 20.

Given the evolving nature of COVID-19 and the limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates may need to be made in the measurement of the Company's assets and liabilities in the future.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2 FEES AND CHARGES

| | 2020 | 2019 |
|--------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Course fees and charges | | |
| Fee-paying Singapore students | 7,886,005 | 8,027,363 |
| Course and conference fees | 6,991 | 7,239 |
| Other fees and charges | <u>15,070</u> | <u>15,125</u> |
| Total course fees and charges | <u><u>7,908,066</u></u> | <u><u>8,049,727</u></u> |

3 OTHER REVENUE

| | | |
|----------------------------|-----------------------|-----------------------|
| Government grant | 584,629 | - |
| Foreign exchange gain | 90,602 | 18,817 |
| Other revenue | <u>90,228</u> | <u>106,488</u> |
| Total other revenue | <u><u>765,459</u></u> | <u><u>125,305</u></u> |

4 EMPLOYEE RELATED EXPENSES

| | | |
|--|-------------------------|-------------------------|
| Academic | | |
| Salaries | 2,686,669 | 2,533,441 |
| Contribution to funded superannuation | 238,750 | 211,904 |
| Annual leave | <u>8,787</u> | <u>17,437</u> |
| Total academic | <u><u>2,934,206</u></u> | <u><u>2,762,782</u></u> |
| Professional | | |
| Salaries | 812,779 | 712,501 |
| Contribution to funded superannuation | 112,646 | 106,587 |
| Annual leave | <u>11,474</u> | <u>8,738</u> |
| Total professional | <u><u>936,899</u></u> | <u><u>827,826</u></u> |
| Total employee related expenses | <u><u>3,871,105</u></u> | <u><u>3,590,608</u></u> |

5 OTHER EXPENSES

| | | |
|---|-----------------------|-----------------------|
| Advertising, marketing and promotions | 13,626 | 32,636 |
| General consumables | 17,373 | 29,127 |
| Insurance | 15,680 | 15,668 |
| Minor equipment | 49,435 | 32,396 |
| Operating lease rental | 12,130 | 10,478 |
| Professional services | 138,856 | 290,367 |
| Scholarships, grants and prizes | 83,367 | 70,112 |
| Rent | 63,036 | 58,851 |
| Telecommunications | 9,099 | 10,421 |
| Travel, staff development and entertainment | 43,812 | 109,376 |
| Utilities | 4,255 | 5,871 |
| Other expenses | <u>69,603</u> | <u>208,139</u> |
| Total other expenses | <u><u>520,272</u></u> | <u><u>873,442</u></u> |

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6 INCOME TAX

| | 2020 | 2019 |
|---|-----------------|----------|
| | \$ | \$ |
| (a) Income tax expense | | |
| Current income tax | 18,175 | 58,737 |
| Deferred tax asset | | - |
| - Current year | (18,175) | - |
| - Under / (over) provision in prior years | (22,669) | (58,737) |
| Aggregate income tax expense | <u>(22,669)</u> | <u>-</u> |

(b) Numerical reconciliation of income tax expense to prima facia tax payable

| | | |
|--|------------------|----------------|
| Net result from continuing operations before income tax expense | <u>1,435,696</u> | <u>345,508</u> |
| Tax at the Singaporean tax rate of 17% (2019: 17%) | 244,068 | 58,737 |
| Tax effect of non-deductible amount | (15,509) | - |
| Tax effect of exemption and rebates in calculating taxable income | (1,676) | - |
| Deferred tax asset as a result of overprovision in prior year | (22,669) | - |
| Unutilised tax credit from prior period | (207,016) | (58,737) |
| Difference in foreign exchange on net result before income tax expense | (19,867) | - |
| Income tax expense from continuing operations | <u>(22,669)</u> | <u>-</u> |

Deferred tax assets have been recognised in the statement of financial position in respect of deductible temporary differences as future taxable profit is expected.

7 CASH AND CASH EQUIVALENTS

| | | |
|--|------------------|------------------|
| Cash at bank and on hand | <u>3,473,113</u> | <u>4,498,308</u> |
| Total cash and cash equivalents | <u>3,473,113</u> | <u>4,498,308</u> |

(a) Cash at bank and on hand

Cash on hand is non-interest bearing.

8 RECEIVABLES

Current

| | | |
|----------------------------------|----------------|---------------|
| Trade receivables | 136,397 | 43,621 |
| Other assets | 42,913 | 43,153 |
| Other receivables | 94,573 | 5,298 |
| Total current receivables | <u>273,883</u> | <u>92,072</u> |

Non-current

| | | |
|--------------------------------------|----------|---------------|
| Other receivables | - | 96,791 |
| Total non-current receivables | <u>-</u> | <u>96,791</u> |

(a) Provision for impairment

Note 20 sets out information about the impairment of receivables and the Company's exposure to credit risk.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9 PLANT AND EQUIPMENT

| | Plant and equipment \$ | Right of Use Asset \$ | Total \$ |
|------------------------------------|------------------------------|-----------------------------|----------------|
| As at 31 December 2019 | | | |
| Cost | 62,493 | 983,143 | 1,045,636 |
| Accumulated depreciation | (32,157) | (346,712) | (378,869) |
| Net book amount | 30,336 | 636,431 | 666,767 |
| Year ended 31 December 2020 | | | |
| Opening net book amount | 30,336 | 636,431 | 666,767 |
| Additions | - | 13,372 | 13,372 |
| Asset write-off | (1,652) | - | (1,652) |
| Depreciation charge | (11,031) | (351,620) | (362,651) |
| AASB16 Lease modification | - | 3,067 | 3,067 |
| Exchange difference | (1,398) | (23,955) | (25,353) |
| Closing net book amount | 16,255 | 277,295 | 293,550 |

10 TRADE AND OTHER PAYABLES

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Current | | |
| Trade payables | 457,376 | 727,491 |
| Related party payables | 800,168 | 1,030,082 |
| Other payables | 134,064 | 140,692 |
| Total current trade and other payables | 1,391,608 | 1,898,265 |

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

11 BORROWINGS

| | | |
|-------------------------------------|----------------|----------------|
| Current | | |
| Lease liability | 282,723 | 365,880 |
| Total current borrowings | 282,723 | 365,880 |
| Non-current | | |
| Lease liability | 3,765 | 298,577 |
| Total non-current borrowings | 3,765 | 298,577 |

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11 BORROWINGS (CONTINUED)

11.1 UON SINGAPORE AS LESSEE

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Amounts recognised in the income statement | | |
| Interest on lease liabilities | 9,455 | 22,635 |
| Variable lease payments not included in the measurement of leases | - | 766 |
| Expenses relating to short-term leases | 67,404 | 67,699 |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | 7,762 | 4,783 |
| | <u>84,621</u> | <u>95,883</u> |
| Maturity analysis - undiscounted contractual cash flows | | |
| Less than one year | 309,352 | 17,293 |
| One to five years | 42,970 | 434,430 |
| Total undiscounted contractual cash flows | <u>352,322</u> | <u>451,723</u> |
| Lease liabilities recognised in the statement of financial position | | |
| Current | 282,723 | 365,880 |
| Non-current | 3,765 | 298,577 |

12 EMPLOYEE BENEFIT PROVISIONS

| | | |
|--|---------------|---------------|
| Current employee benefit provisions | | |
| Annual leave | 78,258 | 64,045 |
| Total current employee benefit provisions | <u>78,258</u> | <u>64,045</u> |

13 RESERVES AND RETAINED EARNINGS

| | | |
|--|------------------|------------------|
| (a) Reserves | | |
| Foreign currency translation reserve | 895,969 | 1,303,885 |
| Total reserves | <u>895,969</u> | <u>1,303,885</u> |
| (b) Movements in reserves | | |
| Foreign currency translation reserve | | |
| Balance 1 January | 1,303,885 | 1,261,464 |
| Currency translation differences arising during the year | (407,916) | 42,421 |
| Balance 31 December | <u>895,969</u> | <u>1,303,885</u> |
| (c) Movements in retained earnings | | |
| Retained earnings at 1 January | 1,337,250 | 991,742 |
| Net result for the period | 1,458,365 | 345,508 |
| Retained earnings at 31 December | <u>2,795,615</u> | <u>1,337,250</u> |

(d) Nature and purpose of reserves

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

14 ISSUED CAPITAL

(a) Issued capital

| | 2020 | 2019 |
|------------------------------|---------------|---------------|
| | \$ | \$ |
| 2 fully paid ordinary shares | <u>86,036</u> | <u>86,036</u> |

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

The Company is incorporated and domiciled in Singapore.

(b) Capital management

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

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

(c) Dividends

No dividends were paid during the year ended 31 December 2020 (2019: Nil).

15 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 Mark Jones (Chair) – resigned 31 January 2020
 Professor Kevin Hall (Chair) – appointed 31 January 2020 and resigned 30 October 2020
 Professor Tony Travaglione (Chair) – appointed 1 November 2020
 Professor Sally Chan (Chief Executive Officer) - resigned 20 November 2020
 Mr Tay Buan Huat Peter (Director) – resigned 31 January 2020
 Mr Tao Yeoh Chi (Director) – resigned 31 December 2020
 Mr Chua Teck Huat Bill (Director) – appointed 1 July 2020
 Mr Jaspal Singh (Director) – appointed 1 July 2020
 Ms Chia Lee Meng (Director) – appointed 1 November 2020
 Mr Michael Grenville Gray (Director)
 Ms Sandra Davie D/O Periasamy (Director)

(b) Key management personnel compensation

| | | |
|--|-----------------------|-----------------------|
| Short-term employee benefits | <u>321,657</u> | <u>441,209</u> |
| Total key management personnel compensation | <u>321,657</u> | <u>441,209</u> |

16 CONTINGENCIES

In the opinion of the Directors, UON Singapore Pte Ltd did not have any contingent assets or contingent liabilities at 31 December 2020 (2019: Nil).

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17 COMMITMENTS

As per AASB 16 Leases, the Company uses exemptions for low value and short-term leases. As at 31 December 2020, the Company has commitments related to property leases and IT equipment, all of which are covered by exemptions.

18 RELATED PARTIES

(a) Parent entities

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 15.

(c) Transactions with related parties

The following transactions occurred with related parties:

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| (i) The University of Newcastle | | |
| Sale of goods and services: | | |
| Research grant | 19,905 | 1,343 |
| Consumables and other cost recovery | 59,595 | 43,881 |
| Consulting fees | 66,000 | - |
| Total sale of goods and services | 145,500 | 45,224 |
| Purchase of goods and services: | | |
| Service fees | 2,618,323 | 3,001,667 |
| Consulting fees | - | 175,308 |
| Consumables and other cost recovery | 33,775 | 33,438 |
| Total purchase of goods and services | 2,652,098 | 3,210,413 |

(d) Outstanding balances

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

| Current payables | | |
|-------------------------------|----------------|------------------|
| The University of Newcastle | 800,168 | 1,030,082 |
| Total current payables | 800,168 | 1,030,082 |

(e) Terms and conditions

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

19 EVENTS OCCURRING AFTER THE REPORTING DATE

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign 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. The Company has considered the impact of COVID-19 on financial risks within this assessment and amended the foreign exchange risk assessment as a result.

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

At 31 December 2020, had the Australian dollar moved by 15% (2019: 10%) against the Singapore dollar with all other variables held constant, the net result after income tax for the year would have changed by \pm \$120,025 (2019: \pm \$103,008), mainly as a result of foreign exchange gains/losses on translation of Singapore dollar denominated trade and related party payables.

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

| | 2020 | 2019 |
|--------------------|---------|-----------|
| | \$ | \$ |
| Singapore Dollars | 591,440 | 868,183 |
| Australian Dollars | 800,168 | 1,030,082 |

(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 2019, if interest rates had changed by \pm 1% from the year end rates with all other variables held constant, the net result after income tax for the year would have changed by \pm \$34,731 (2019: \pm \$44,983), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

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

The impairment of trade receivables and other receivables are subject to the expected credit loss model to which the company applies the AASB 9 simplified approach to measuring expected credit losses.

(c) Liquidity risk

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

UON SINGAPORE

DIRECTORS DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of the Company declare that:

The financial statements and notes:

- a. comply with the Australian Accounting Standards Reduced Disclosure requirements which include the Australian Accounting Interpretations;
- b. comply with the *Public Finance and Audit Act 1983 (NSW)*, the Public Finance and Audit Regulation 2015; and
- c. give a true and fair view of the financial position as at 31 December 2020 and financial performance for the year ended on that date of the Company.

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

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



Professor Tony Travaglione

Chair



Professor Caroline Chan

Director

Dated 19 March 2021

UON SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



INDEPENDENT AUDITOR'S REPORT

UON Singapore Pte Ltd

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

Opinion

I have audited the accompanying financial statements of UON Singapore Pte Ltd (the Company), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the year ended on that date
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The University of Newcastle's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Declaration.

UON SINGAPORE

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

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

Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 March 2021
SYDNEY



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