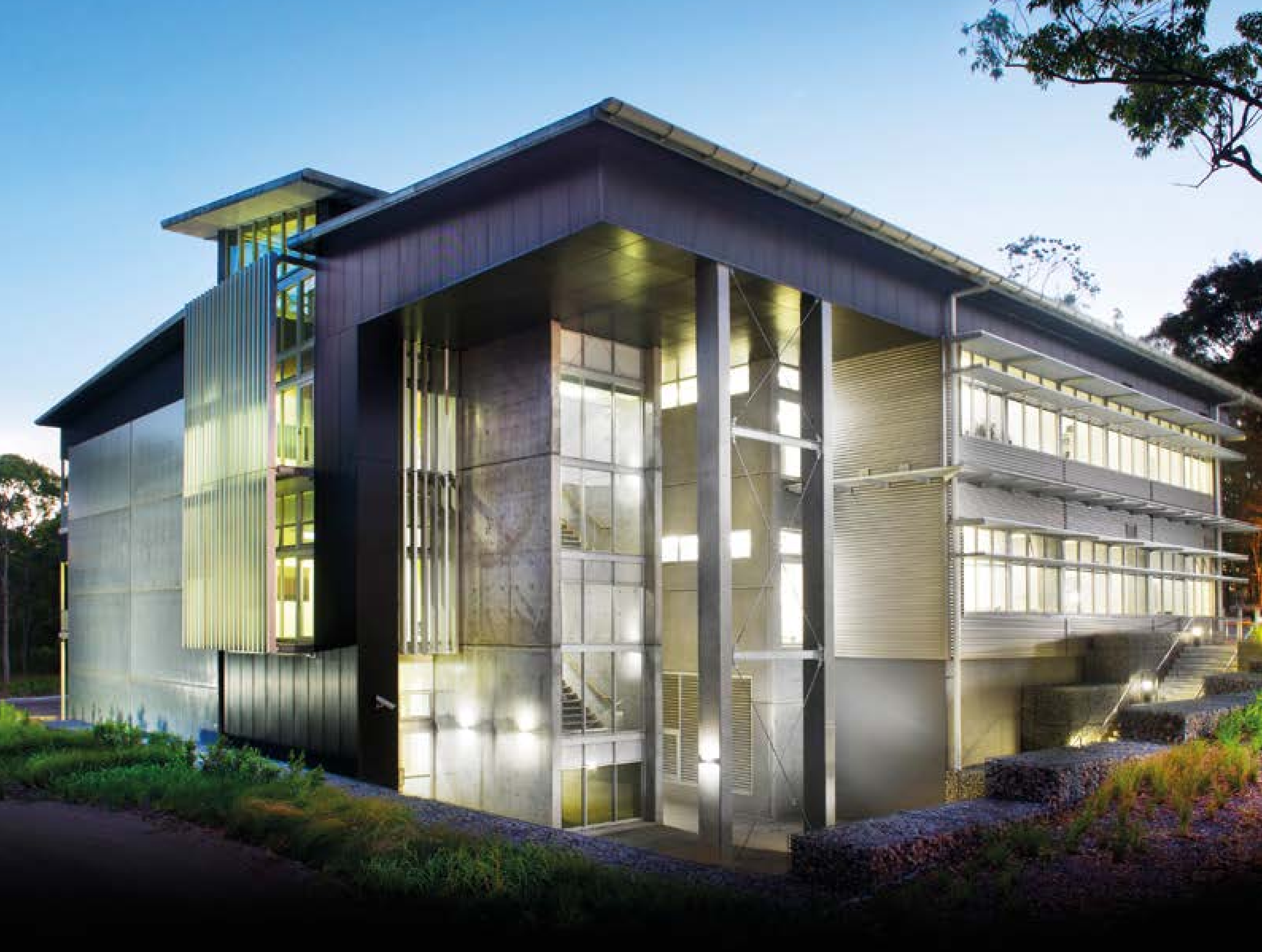
THE UNIVERSITY OF NEWCASTLE

# CONTROLLED ENTITIES

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



*Newcastle Institute for Energy and Resources home to TUNRA*

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## NUSERVICES PTY LIMITED FINANCIAL STATEMENTS



## THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA) FINANCIAL STATEMENTS



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## NEWCASTLE UNIVERSITY SPORT (NUSPORT) FINANCIAL STATEMENTS

THE UNIVERSITY OF NEWCASTLE

# NUSERVICES PTY LIMITED

ABN 59 641 266 506

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

# NUSERVICES PTY LTD

## INCOME STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Income from continuing operations** | | | |
| Trading income | 2 | 866,660 | 103,305 |
| Financial assistance from the parent entity | | 1,185,987 | - |
| **Total income from continuing operations** | | 2,052,647 | 103,305 |
| **Expenses from continuing operations** | | | |
| Employee related expenses | 3 | 824,478 | 255,923 |
| Service fees and professional services | 4 | 229,517 | 73,220 |
| Repairs and maintenance | | 2,300 | 1,330 |
| Cost of goods sold | | 308,187 | 57,485 |
| Other expenses | 5 | 110,828 | 83,229 |
| **Total expenses from continuing operations** | | 1,475,310 | 471,187 |
| **Net result for the period** | | 577,337 | (367,882) |
| **Net result attributable to members of the NUservices Pty Ltd** | | 577,337 | (367,882) |

# NUSERVICES PTY LTD

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Net result for the period | 577,337 | (367,882) |
| Total comprehensive income attribute to members of the NUservices Pty Ltd | 577,337 | (367,882) |

# NUSERVICES PTY LTD

## STATEMENT OF FINANCIAL POSITION

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 362,424 | 129,481 |
| Receivables | 7 | 32,355 | 10,145 |
| Inventories | 8 | 160,830 | 40,534 |
| **Total current assets** | | 555,609 | 180,160 |
| **Total assets** | | 555,609 | 180,160 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Payables | 9 | 266,944 | 543,779 |
| Employee provisions | 10 | 22,010 | 2,969 |
| Other liabilities | 11 | 49,352 | - |
| **Total current liabilities** | | 338,306 | 546,748 |
| **Non-current liabilities** | | | |
| Employee benefit provisions | 10 | 7,748 | 1,194 |
| **Total non-current liabilities** | | 7,748 | 1,194 |
| **Total liabilities** | | 346,054 | 547,942 |
| **Net assets** | | 209,555 | (367,782) |
| **Equity** | | | |
| Share capital | 13 | 100 | 100 |
| Retained earnings | 12 | 209,455 | (367,882) |
| **Total equity** | | 209,555 | (367,782) |

# NUSERVICES PTY LTD

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | | Share capital | Retained earnings | Total |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Balance at 1 January 2020** | | | | |
| Net result | 12 | - | (367,882) | (367,882) |
| Contributions from parent entity | 13 | 100 | - | 100 |
| **Total comprehensive income** | | 100 | (367,882) | (367,782) |
| **Balance as at 31 December 2020** | | 100 | (367,882) | (367,782) |
| **Balance at 1 January 2021** | | **100** | **(367,882)** | **(367,782)** |
| Net result | 12 | - | **577,337** | **577,337** |
| Contributions from parent entity | | - | - | - |
| **Total comprehensive income** | | - | **577,337** | **577,337** |
| **Balance at 31 December 2021** | | **100** | **209,455** | **209,555** |

# NUSERVICES PTY LTD

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 1,135,717 | 107,366 |
| Financial assistance from the parent entity | | 625,000 | - |
| Payments to suppliers and employees | | (1,544,599) | (277,885) |
| GST recovered/(paid) | | (33,174) | - |
| **Net cash provided by / (used in) operating activities** | | 182,943 | (170,519) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Loans from the parent entity | | 50,000 | 300,000 |
| **Net cash provided by / (used in) investing activities** | | 50,000 | 300,000 |
| **Net increase / (decrease) in cash and cash equivalents** | | 232,943 | 129,481 |
| Cash and cash equivalents at beginning of the financial year | | 129,481 | - |
| **Cash and cash equivalents at the end of the financial year** | 6 | 362,424 | 129,481 |

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NUservices Pty Limited (the Company) is a registered 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 three identified cash generating units. 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:

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.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

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

- *Government Sector Finance Act 2018*
- Government Sector Finance Regulation 2018

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 22 March 2022.

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).

- 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 2021**

### 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 2021 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 financial support extends till 31 December 2022.

#### (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, rental, trading, and other 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) Financial assistance from the parent entity

Financial assistance from the parent entity is recognised when cash is received.

(ii) Rental income

Income from tenants is recognised for the relevant rental period.

(iii) Trading income

Income from retail shop, food and beverage, vending 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 through the income statement.

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).*

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**(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.

**(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.

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(k) Repairs and maintenance**

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

**(l) Trade and other payables**

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

**(m) Provisions**

Provisions for legal claims 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, 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.

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 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) Comparative amounts

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

#### (q) COVID-19

The Company's operations and revenue streams have continued to be significantly affected by the pandemic. Throughout 2021 the Company has continued to adapt operations to manage the disruption caused to trading and tenant management by public health orders and ensure the protection of customers and staff.

The Company received from the parent entity a forgiveness of loaned amounts and further financial assistance during 2021 due to the significant financial impact caused by the pandemic.

Overall the Company's accounting estimates and key judgements related to the ongoing pandemic have remained consistent with those determined in 2020 as COVID-19 and its economic implications continues to be difficult to predict and means that changes to estimates may need to be made in the measurement of the Company's assets and liabilities in the future.

#### (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 2021. 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).

# NUSERVICES PTY LTD
## NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**(s) Initial application of new standards**

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The Company has elected not to early adopt any of these standards.

| Standard | Description | Application Date |
|---|---|---|
| AASB17 and AASB2020-5 | Insurance Contracts and Amendments to Australian Accounting Standards Insurance Contracts | 1 January 2023 |
| AASB2014-10 | Amendments to Australian Accounting Standards –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2022 |
| AASB2017-5 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2022 |
| AASB2021-2 | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting | 1 January 2023 |
| AASB2021-3 | Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| AASB2021-5 | Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single | 1 January 2023 |

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

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 TRADING INCOME

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Rental income | 541,058 | - |
| Less: rental relief | (214,224) | - |
| | 326,834 | - |
| Sales of goods | 218,634 | 10,527 |
| Restaurant trading income | 321,192 | 92,778 |
| **Total trading income** | 866,660 | 103,305 |

### 3 EMPLOYEE RELATED EXPENSES

| | 2021 | 2020 |
|---|---|---|
| Salaries and salary recharges | 697,651 | 229,400 |
| Superannuation | 49,432 | 10,054 |
| Payroll tax | 24,087 | 5,859 |
| Worker's compensation | 17,535 | 6,447 |
| Long service leave | 6,554 | 1,194 |
| Annual leave | 29,219 | 2,969 |
| **Total employee related expenses** | 824,478 | 255,923 |

### 4 SERVICE FEES AND PROFESSIONAL SERVICES

| | 2021 | 2020 |
|---|---|---|
| Service fees | 60,000 | - |
| Professional services | 169,517 | 73,220 |
| **Total services** | 229,517 | 73,220 |

### 5 OTHER EXPENSES

| | 2021 | 2020 |
|---|---|---|
| Advertising marketing and promotional expenses | 4,186 | - |
| General consumables | 11,714 | 5,986 |
| Insurance | 5,123 | 3,983 |
| Minor equipment | 40,412 | 41,761 |
| Other employee related expenses | 41,969 | 29,178 |
| Other expenses | 7,424 | 2,321 |
| **Total other expenses** | 110,828 | 83,229 |

### 6 CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|---|---|---|
| Cash at bank and on hand | 362,424 | 129,481 |
| **Total cash and cash equivalents** | 362,424 | 129,481 |

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate of 0.00% (2020: 0.01%).

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 7 RECEIVABLES

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Current** | | |
| Accrued income | 23,653 | - |
| Prepayments | 3,622 | 10,145 |
| Trade receivables | 5,080 | - |
| **Total current receivables** | 32,355 | 10,145 |

**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.

### 8 INVENTORY

| | | |
|---|---|---|
| **Retail inventory - at cost** | | |
| Retail stock on hand | 160,830 | 40,534 |
| **Total inventories** | 160,830 | 40,534 |

### 9 PAYABLES

| | | |
|---|---|---|
| **Current** | | |
| Trade payables | 119,102 | 64,070 |
| Other payables | 26,786 | 11,831 |
| Related party payables | 121,056 | 467,878 |
| **Total current trade and other payables** | 266,944 | 543,779 |

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

### 10 EMPLOYEE PROVISIONS

| | | |
|---|---|---|
| **Current provisions** | | |
| Annual leave | 22,010 | 2,969 |
| **Total current provisions** | 22,010 | 2,969 |
| **Non-current provisions** | | |
| Long service leave | 7,748 | 1,194 |
| **Total non-current provisions** | 7,748 | 1,194 |
| **Total provisions** | 29,758 | 4,163 |

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(n).

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 OTHER LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Income received in advance | 49,352 | - |
| **Total other liabilities** | 49,352 | - |

### 12 RESERVES AND RETAINED EARNINGS

| | | |
|---|---|---|
| **Movements in retained earnings** | | |
| Retained earnings at 1 January | (367,882) | - |
| Net result for the period | 577,337 | (367,882) |
| **Retained earnings at 31 December** | 209,455 | (367,882) |

### 13 SHARE CAPITAL

**(a) Share Capital**

| | | |
|---|---|---|
| 10 fully paid ordinary shares | 100 | 100 |
| **Total cash and cash equivalents** | 100 | 100 |

**(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.

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### 14 KEY MANAGEMENT PERSONNEL DISCLOSURES

**(c) 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)
Professor Mark Hoffman
Mr David Toll
Mr Robert Kennedy AM

**(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 – resigned 26/02/2021
Ms Sarah Sylvester, General Manager – appointed 01/03/2021

**(c) Key management personnel compensation**

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Short - term employee benefits | 150,188 | 122,503 |
| **Total key management personnel compensation** | **150,188** | 122,503 |

### 15 CONTINGENCIES

NUservices Pty Ltd did not have any contingent assets or contingent liabilities at 31 December 2021 (2020: Nil).

### 16 COMMITMENTS

NUservices Pty Ltd did not have any commitments at 31 December 2021 (2020: Nil).

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 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:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **i) The University of Newcastle** | | |
| Financial assistance from parent entity | 1,185,987 | - |
| Salary cost recovery | 16,107 | |
| Consumables and cost recovery | - | 30,294 |
| **Total sale of goods, services and financial assistance** | 1,202,094 | 30,294 |
| Purchase of goods and services: | | |
| Service fees | 60,000 | - |
| Salary cost recovery | 230,888 | 122,503 |
| Inventory | 105,168 | 9,093 |
| Consumables and cost recovery | 87,873 | 66,675 |
| **Total purchase of goods and services** | 483,929 | 198,271 |

**(c) Loans to / (from) related parties**

| | 2021 | 2020 |
|---|---|---|
| **i) Parent entity:** | | |
| Beginning of the year | 299,900 | - |
| Loans advanced | 50,000 | 300,000 |
| Loans written off | (349,900) | - |
| Issued share capital | - | (100) |
| **End of year** | - | 299,900 |

**(d) Outstanding balances**

| | 2021 | 2020 |
|---|---|---|
| **Current payables** | | |
| The University of Newcastle | 121,056 | 467,877 |
| **End of year** | 121,056 | 467,877 |

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.

# NUSERVICES PTY LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 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.

### 19 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including 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 2021, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ± $3,624 (2020: ± $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 2021**

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 *Government Sector Finance Act 2018* and the Government Sector Finance Regulation 2018; and

   c. present fairly the financial position of NUservices Pty Ltd as at 31 December 2021, and the financial performance and cash flows for the year ended on that date.

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 has been made pursuant to section 7.6 (4) of the *Government Sector Finance Act 2018* in accordance with a resolution of the Board of Directors dated 22 March 2022.

Professor Alex Zelinsky
**Director**

Mr David Toll
**Director**

Dated 22 March 2022

# NUSERVICES PTY LTD

## INDEPENDENT AUDITOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

## 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 the Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a Summary of Significant Accounting Policies and other explanatory information and the Directors' Declaration.

In my opinion, the financial statements:

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

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.

### 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 GSF Act and GSF Regulations. The Directors' responsibility also includes such internal control as the directors determine is necessary

# NUSERVICES PTY LTD

## INDEPENDENT AUDITOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Nirupama Mani

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 March 2022
SYDNEY

THE UNIVERSITY OF NEWCASTLE

# RESEARCH ASSOCIATES LIMITED (TUNRA)

ABN 97 000 710 074

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## INCOME STATEMENT
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Income from continuing operations** | | | |
| Consultancy and contracts revenue | 2 | **9,342,714** | 8,384,307 |
| Other revenue | | **41,769** | 15,602 |
| Interest income | | **90,130** | 15,890 |
| Other gains/(losses) | 3 | **48,678** | (5,671) |
| **Total income from continuing operations** | | **9,523,291** | 8,410,128 |
| **Expenses from continuing operations** | | | |
| Employee related expenses | 6 | **5,143,701** | 4,973,438 |
| Depreciation and amortisation | | **50,931** | 56,081 |
| Repairs and maintenance | | **89,317** | 98,000 |
| Impairment of financial assets | 7 | **46,040** | 118,926 |
| Other expenses | 8 | **3,147,312** | 2,568,890 |
| **Total expenses from continuing operations** | | **8,477,301** | 7,815,335 |
| **Net result for the period** | | **1,045,990** | 594,793 |
| **Net result attributable to members of The University of Newcastle Research Associates Limited** | | **1,045,990** | 594,793 |

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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Net result for the period** | | **1,045,990** | 594,793 |
| **Total comprehensive income attributable to members of the University of Newcastle Research Associates Limited** | | **1,045,990** | 594,793 |

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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## STATEMENT OF FINANCIAL POSITION
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | **1,961,342** | 697,601 |
| Receivables | 10 | **6,077,334** | 5,798,632 |
| Non-current assets held for sale | | **106,376** | 44,018 |
| **Total current assets** | | **8,145,052** | 6,540,251 |
| | | | |
| **Non-current assets** | | | |
| Other financial assets | 11 | **50** | 56 |
| Plant and equipment | 12 | **113,758** | 147,739 |
| Intangible assets | 13 | **-** | - |
| **Total non-current assets** | | **113,808** | 147,795 |
| **Total assets** | | **8,258,860** | 6,688,046 |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **1,119,161** | 509,269 |
| Employee benefit provisions | 15 | **1,811,501** | 1,426,934 |
| Contract liability | | **63,652** | 466,591 |
| **Total current liabilities** | | **2,994,314** | 2,402,794 |
| | | | |
| **Non-current liabilities** | | | |
| Employee benefit provisions | 15 | **163,211** | 229,907 |
| **Total non-current liabilities** | | **163,211** | 229,907 |
| **Total liabilities** | | **3,157,525** | 2,632,701 |
| **Net assets** | | **5,101,335** | 4,055,345 |
| | | | |
| **Equity** | | | |
| Retained earnings | 16 | **5,101,335** | 4,055,345 |
| **Total equity** | | **5,101,335** | 4,055,345 |

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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Retained earnings |
|---|---|
| | **$** |
| **Balance at 1 January 2020** | 3,460,552 |
| Net result | 594,793 |
| **Total comprehensive income** | 594,793 |
| **Balance as at 31 December 2020** | 4,055,345 |
| **Balance at 1 January 2021** | **4,055,345** |
| Net result | **1,045,990** |
| **Total comprehensive income** | **5,101,335** |
| **Balance at 31 December 2021** | **5,101,335** |

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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | **10,288,672** | 8,669,777 |
| Payments to suppliers and employees (inclusive of GST) | | **(5,867,468)** | (5,776,060) |
| Interest received | | **34** | 96 |
| Lease payments for short-term and low value leases | | **(21,754)** | (26,811) |
| GST paid | | **(618,793)** | (550,589) |
| **Net cash provided by / (used in) operating activities** | | **3,780,691** | 2,316,413 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for purchase of plant and equipment | | **(16,950)** | (49,062) |
| Loans to related parties | | **(2,500,000)** | (2,750,000) |
| **Net cash provided by / (used in) investing activities** | | **(2,516,950)** | (2,799,062) |
| **Net increase / (decrease) in cash and cash equivalents** | | **1,263,741** | (482,649) |
| Cash and cash equivalents at beginning of the financial year | | **697,601** | 1,180,250 |
| **Cash and cash equivalents at the end of the financial year** | 9 | **1,961,342** | 697,601 |

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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
# NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

## 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.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

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

- *Government Sector Finance Act 2018*
- Government Sector Finance Regulation 2018

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 22 March 2022.

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).

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 and have continued to disrupt many aspects of society and the economy throughout 2021.

While COVID-19 continued to cause some disruption to the Company's operations throughout 2021, as in 2020, revenue streams have not been materially affected.

The Company has continued to monitor and respond to the Pandemic, taking steps to minimise disruption and protect staff and customers. As in 2020 the Company did not receive government financial support related to the COVID-19 Pandemic in 2021 due to continued operational performance.

While ongoing operations have not been affected in 2021, as in 2020, the Company has considered the ongoing pandemic and the continued 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 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.

Overall the Company's accounting estimates and key judgements related to the ongoing Pandemic have remained consistent with those determined in 2020 as COVID-19 and its economic implications continues to be difficult to predict and means that 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.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(c) Revenue recognition (continued)**

(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'.

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 ongoing 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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(g) Trade receivables (continued)**

expected credit losses which are the subject of higher scrutiny during this period

**(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).

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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:

| | 2021 | 2020 |
|---|---|---|
| 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.

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2021 the Company has continued to consider the impact of COVID-19 on its property, plant and equipment assets. As in 2020, the Company assessed its use of property, plant and equipment assets 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, patents 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.

(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.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(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.

(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

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(o) Employee benefits (continued)**

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 2021. 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**

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The Company has elected not to early adopt any of these standards.

| Standard | Description | Application Date |
|---|---|---|
| AASB17 and AASB2020-5 | Insurance Contracts and Amendments to Australian Accounting Standards Insurance Contracts | 1 January 2023 |
| AASB2014-10 | Amendments to Australian Accounting Standards –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2022 |
| AASB2017-5 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2022 |
| AASB2021-2 | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting | 1 January 2023 |
| AASB2021-3 | Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| AASB2021-5 | Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single | 1 January 2023 |

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(s) Initial application of new standards (continued)**

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

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Industry research | **8,033,854** | 7,276,795 |
| Royalties and licence fees | **930,834** | 598,574 |
| Consultancy | **378,026** | 508,938 |
| **Total consultancy and contracts** | **9,342,714** | 8,384,307 |

### 3 OTHER GAINS/(LOSSES)

| | | |
|---|---|---|
| Change in fair value of financial assets designated at fair value through profit & loss | **48,678** | (5,671) |
| **Total other gains investment income** | **48,678** | (5,671) |

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 |
|---|---|---|---|---|---|
| **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** | 508,938 | - | - | 508,938 | |
| **Royalties and license fees** | 598,574 | - | - | 598,574 | |
| **Interest** | - | - | 15,890 | 15,890 | |
| **Other Revenue** | | | | | |
| Other [AASB15] | 15,402 | - | - | 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 | | 15,890 | 8,415,599 | |
| **Total income of not-for-profit** | | 200 | | | 200 |
| | | | | | |
| **2021** | | | | | |
| **Research** | | | | | |
| Research goods and services [AASB15] | **8,033,854** | **-** | **-** | **8,033,854** | **-** |
| Research income [AASB1058] | **-** | **-** | **-** | **-** | **-** |
| **Total research** | **8,033,854** | **-** | **-** | **8,033,854** | **-** |
| | | | | | |
| **Consultancy** | **378,026** | **-** | **-** | **378,026** | |
| **Royalties and license fees** | **930,834** | **-** | **-** | **930,834** | |
| **Interest** | **-** | **-** | **90,130** | **90,130** | |
| **Other Revenue** | | | | | |
| Other [AASB15] | **41,769** | **-** | **-** | **41,769** | |
| Other [AASB1058] | **-** | **-** | **-** | | **-** |
| **Total other** | **1,350,629** | **-** | **90,130** | **1,440,759** | **-** |
| **Total revenue from contracts with customers** | **9,384,483** | | **90,130** | **9,474,613** | |
| **Total income of not-for-profit** | | **-** | | | **-** |

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 RECONCILATION OF REVENUE AND INCOME

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| Total consultancy and contracts revenue | 2 | **9,342,714** | 8,384,307 |
| Total other gains/(losses) | 3 | **48,678** | (5,671) |
| Total interest income | | **90,130** | 15,890 |
| Total other revenue | | **41,769** | 15,602 |
| **Total** | | **9,523,291** | 8,410,128 |
| Total revenue from contracts with customers as per AASB15 | 4 | **9,474,613** | 8,415,599 |
| Total income of not-for-profit as per AASB1058 | 4 | **-** | 200 |
| **Total revenue and income from continuing operations** | | **9,474,613** | 8,415,799 |

### 6 EMPLOYEE RELATED EXPENSES

| | 2021 $ | 2020 $ |
|---|---|---|
| Salaries | **3,928,578** | 3,476,434 |
| Superannuation | **476,138** | 677,720 |
| Payroll tax | **256,140** | 363,119 |
| Worker's compensation | **12,618** | 14,852 |
| Long service leave | **86,273** | 130,518 |
| Annual leave | **380,957** | 335,653 |
| Terminations | **2,997** | (24,858) |
| **Total employee related expenses** | **5,143,701** | 4,973,438 |

### 7 IMPAIRMENT OF FINANCIAL ASSETS

| | 2021 $ | 2020 $ |
|---|---|---|
| Trade receivables | **46,040** | 118,926 |
| **Total impairment of assets** | **46,040** | 118,926 |

### 8 OTHER EXPENSES

| | 2021 $ | 2020 $ |
|---|---|---|
| Advertising, marketing and promotions | **36,044** | 25,373 |
| General consumables | **416,591** | 379,682 |
| Insurance | **95,136** | 99,575 |
| Minor equipment | **472,282** | 271,485 |
| Professional services | **701,862** | 654,561 |
| Scholarships, grants and prizes | **262,500** | 20,500 |
| Service fees | **500,000** | 500,000 |
| Telecommunications | **16,451** | 16,911 |
| Travel, staff development and entertainment | **123,483** | 87,448 |
| Other expenses | **522,963** | 513,355 |
| **Total other expenses** | **3,147,312** | 2,568,890 |

### 9 CASH AND CASH EQUIVALENTS

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank and on hand | **1,961,342** | 697,601 |
| **Total cash and cash equivalents** | **1,961,342** | 697,601 |

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate of 0.00% (2020: 0.01%).

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 RECEIVABLES

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Trade receivables | **727,166** | 1,159,365 |
| Less: allowance for expected credit losses | **(69,456)** | (135,457) |
| | **657,710** | 1,023,908 |
| Prepayments | **97,796** | 186,219 |
| Related party receivables | **4,239,617** | 3,372,067 |
| Contract asset | **1,082,211** | 1,216,438 |
| **Total current receivables** | **6,077,334** | 5,798,632 |

**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.

### 11 OTHER FINANCIAL ASSETS

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Non-current** | | |
| Other financial assets at fair value through profit and loss | **50** | 56 |
| **Total non-current other financial assets** | **50** | 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 2021 (2020: nil). As at 31 December 2021 investments held by the Company on behalf of third parties $23,327 (2020: $9,653) is included as part of non-current assets held for sale. A current liability of $23,327 (2020: $9,653) relating to these investments has been recognised as part of trade and other payables. Refer to note 14.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 PLANT AND EQUIPMENT

| | Capital Works in Progress | Plant and equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| **As 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 |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | **21,528** | **126,211** | **147,739** |
| Additions | **16,950** | **-** | **16,950** |
| Transfers | **-** | **-** | **-** |
| Disposals | **-** | **-** | **-** |
| Depreciation charge | **-** | **(50,931)** | **(50,931)** |
| **Closing net book amount** | **38,478** | **75,280** | **113,758** |
| **At 31 December 2021** | | | |
| Cost | **38,478** | **745,962** | **784,440** |
| Accumulated depreciation and impairment | **-** | **(670,682)** | **(670,682)** |
| **Net book amount** | **38,478** | **75,280** | **113,758** |

### 13 INTANGIBLE ASSETS

| | Computer software | Intellectual property | Total |
|---|---|---|---|
| | $ | $ | $ |
| **As at 31 December 2020** | | | |
| Cost | 63,063 | 386,580 | 449,643 |
| Accumulated amortisation and impairment | (63,063) | (386,580) | (449,643) |
| **Net book amount** | - | - | - |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | **-** | **-** | **-** |
| Additions | **-** | **-** | **-** |
| Other movements | **-** | **-** | **-** |
| Amortisation charge | **-** | **-** | **-** |
| **Closing net book amount** | **-** | **-** | **-** |
| **At 31 December 2021** | | | |
| Cost | **63,063** | **383,850** | **446,913** |
| Accumulated amortisation and impairment | **(63,063)** | **(383,850)** | **(446,913)** |
| **Net book amount** | **-** | **-** | **-** |

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 TRADE AND OTHER PAYABLES

| | 2021 $ | 2020 $ |
|---|---|---|
| **Current** | | |
| Trade payables | **1,032,091** | 496,444 |
| Investments held on behalf of third parties | **23,327** | 9,653 |
| Other payables | **63,743** | 3,172 |
| **Total current trade and other payables** | **1,119,161** | 509,269 |

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

| | 2021 $ | 2020 $ |
|---|---|---|
| **Current provisions** | | |
| Employee benefits | | |
| Annual leave | **410,059** | 332,869 |
| Long service leave | **138,787** | 120,538 |
| Other employee provisions | **674,332** | 508,849 |
| Terminations | **35,769** | 32,773 |
| | **1,258,947** | 995,029 |
| **Current provisions expected to be settled after more than 12 months** | | |
| Employee benefits | | |
| Annual leave | **197,859** | 131,332 |
| Long service leave | **354,695** | 300,573 |
| | **552,554** | 431,905 |
| **Total current provisions** | **1,811,501** | 1,426,934 |
| **Non-current provisions** | | |
| Employee benefits | | |
| Long service leave | **163,211** | 229,907 |
| **Total non-current provisions** | **163,211** | 229,907 |
| **Total provisions** | **1,974,712** | 1,656,841 |

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).

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
# NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

## 16 RESERVES AND RETAINED EARNINGS

| | 2021 $ | 2020 $ |
|---|---|---|
| **Movements in retained earnings** | | |
| Retained earnings at 1 January | **4,055,345** | 3,460,552 |
| Net result for the period | **1,045,990** | 594,793 |
| **Retained earnings at 31 December** | **5,101,335** | 4,055,345 |

## 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 (Chair) (resigned 31 July 2021)
Professor Elizabeth Sullivan (Chair) (appointed 26 August 2021)
Professor Alan Broadfoot
Professor Rohan Walker
Ms Barbara Crossley
Professor Mark Hoffman (alternate for Janet Nelson for board meeting held on 19 March 2021)
Professor Brett Ninness (alternate for Alan Broadfoot for board meeting held on 27 August 2021)

### (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:

| | 2021 $ | 2020 $ |
|---|---|---|
| **Total key management personnel compensation** | **233,091** | 234,098 |

## 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 2021 (2020: 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.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 RELATED PARTIES (CONTINUED)

**(c) Transactions with related parties**

The following transactions occurred with related parties:

| | 2021 $ | 2020 $ |
|---|---|---|
| **i) Parent entity:** | | |
| Sale of goods and services: | | |
| Consultancy and contracts | **80,329** | 493,841 |
| Purchase of goods and services: | | |
| Service fees | **500,000** | 500,000 |
| Consultancy, consumables and others | **863,853** | 665,156 |
| Other transactions: | | |
| Interest income | **90,095** | 15,794 |

**(d) Loans to / (from) related parties**

| | 2021 | 2020 |
|---|---|---|
| **i) Parent entity:** | | |
| Beginning of the year | **3,372,067** | 2,101,422 |
| Inter-entity transactions | **(1,635,945)** | (1,504,149) |
| Loans advanced[1] | **2,500,000** | 2,750,000 |
| Interest received | **3,495** | 24,794 |
| **End of year** | **4,239,617** | 3,372,067 |

**(e) Outstanding balances**

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

| | 2021 | 2020 |
|---|---|---|
| Current receivables (sale of goods and services) | | |
| Parent entity | **3,500** | 73,510 |
| Current receivables (other transactions) | | |
| Parent entity | **106,067** | 82,897 |
| **Total current receivables** | **109,567** | 156,407 |
| Current payables (purchase of goods and services) | | |
| Parent entity | **104,575** | 80,148 |
| Current payables (investments held on behalf of) | | |
| Parent entity | **12,724** | 5,265 |
| **Total current payables** | **117,299** | 85,413 |

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.

[1] Represents excess cash held by the Company and invested on its behalf by the University according to the Groups investment policy. Refer to details in Note 21 a) for details of price risk associated with the investment of these funds.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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.

The Company is exposed to price risk arising from financial assets held by the parent entity on behalf of the Company. Neither the Company nor the parent entity is exposed to commodity price risk.
To manage the price risk arising from other financial assets, the Company's funds invested by the parent entity are diversified within the investment portfolio. Diversification of the portfolio is in accordance with the limits set by the parent entity.

(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 2021, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ± $19,613 (2020: ± $6,976).

**(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.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

**(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.

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## DIRECTOR'S DECLARATION
### FOR THE YEAR ENDED 31 DECEMBER 2021

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 *Government Sector Finance Act 2018 (NSW)*, the Government Sector Finance Regulation 2018, and

   c. present fairly the financial position of the Company as at 31 December 2021, and the financial performance and cash flows for the year ended on that date

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 has been made pursuant to section 7.6 (4) of the *Government Sector Finance Act 2018 (NSW)* in accordance with a resolution of the Board of Directors dated 22 March 2022.

Professor Alan Broadfoot
**Director**

Barbara Crossley
**Director**

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)

## AUDITOR'S INDEPENDENCE DECLARATION

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## 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 the Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a Summary of Significant Accounting Policies and other explanatory information and the Directors' Declaration.

In my opinion, the financial statements:

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

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.

### 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 GSF Act and GSF Regulations. The Directors' responsibility also includes such internal control as the Directors' determine is

# THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES (TUNRA)
## AUDITOR'S INDEPENDENCE DECLARATION
### FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 March 2022
SYDNEY

# NEWCASTLE AUSTRALIA INSTITUTE OF HIGHER EDUCATION PTE LTD (NAIHE)

## FORMERLY TRADING AS UON SINGAPORE PTE LTD

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

PREPARED UNDER THE GOVERNMENT SECTOR FINANCE ACT 2018, IN AUSTRALIA

# NAIHE

## INCOME STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Income from continuing operations** | | | |
| Fees and charges | 2 | **8,754,794** | 7,908,066 |
| Consultancy | | **146,109** | 139,722 |
| Interest income | | **141** | 10,233 |
| Other revenue | 3 | **92,961** | 765,459 |
| **Total income from continuing operations** | | **8,994,005** | 8,823,480 |
| **Expenses from continuing operations** | | | |
| Employee related expenses | 4 | **3,404,063** | 3,871,105 |
| Depreciation | | **390,514** | 362,651 |
| Repairs and maintenance | | **20,736** | 15,433 |
| Service fees | 18(c) | **2,387,439** | 2,618,323 |
| Other expenses | 5 | **742,895** | 520,272 |
| **Total expenses from continuing operations** | | **6,945,647** | 7,387,784 |
| **Net result before income tax from continuing operations** | | **2,048,358** | 1,435,696 |
| Income tax expense / (benefit) | 6 | **197,599** | (22,669) |
| **Net result after income tax for the period** | | **1,850,759** | 1,458,365 |
| **Net result attributable to:** | | | |
| Members of Newcastle Australia Institute of Higher Education Pte Ltd | | **1,850,759** | 1,458,365 |

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

# NAIHE

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Net result after income tax for the period** | | **1,850,759** | 1,458,365 |
| *Items that will be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 13(b) | 132,127 | (407,916) |
| **Total other comprehensive income, net of tax** | | **132,127** | (407,916) |
| **Comprehensive result** | | **1,982,886** | 1,050,449 |
| **Total comprehensive income attributable to:** | | | |
| **Members of Newcastle Australian Institute of Higher Education Pte Ltd** | | **1,982,886** | 1,050,449 |

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

# NAIHE

## STATEMENT OF FINANCIAL POSITION

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **6,816,322** | 3,473,113 |
| Receivables | 8 | **176,683** | 273,883 |
| Other financial assets | | **-** | 1,472,250 |
| Deferred tax assets | | **-** | 21,178 |
| **Total current assets** | | **6,993,005** | 5,240,424 |
| **Non-current assets** | | | |
| Receivables | 8 | **142,146** | - |
| Property, Plant and equipment | 9 | **2,705,840** | 293,550 |
| **Total non-current assets** | | **2,847,986** | 293,550 |
| **Total assets** | | **9,840,991** | 5,533,974 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **1,748,241** | 1,391,608 |
| Borrowings | 11 | **383,544** | 282,723 |
| Provision Income Tax | | **177,713** | - |
| Employee benefit provisions | 12 | **76,527** | 78,258 |
| **Total current liabilities** | | **2,386,025** | 1,752,589 |
| **Non-current liabilities** | | | |
| Borrowings | 11 | **1,694,460** | 3,765 |
| **Total non-current liabilities** | | **1,694,460** | 3,765 |
| **Total liabilities** | | **4,080,485** | 1,756,354 |
| **Net assets** | | **5,760,506** | 3,777,620 |
| **Equity** | | | |
| Issued capital | 14 | **86,036** | 86,036 |
| Reserves | 13 | **1,028,096** | 895,969 |
| Retained earnings | 13 | **4,646,374** | 2,795,615 |
| **Total equity** | | **5,760,506** | 3,777,620 |

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

# NAIHE

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | Issued capital $ | Retained earnings $ | Foreign currency translation reserve $ | Total $ |
|---|---|---|---|---|---|
| Balance at 1 January 2020 | | 86,036 | 1,337,250 | 1,303,885 | 2,727,171 |
| Net result | | - | 1,458,365 | - | 1,458,365 |
| Gain/(Loss) on foreign exchange | | - | - | (407,916) | (407,916) |
| **Total comprehensive result** | | - | 1,458,365 | (407,916) | 1,050,449 |
| **Balance as at 31 December 2020** | 13,14 | 86,036 | 2,795,615 | 895,969 | 3,777,620 |
| Balance at 1 January 2021 | | **86,036** | **2,795,615** | **895,969** | **3,777,620** |
| Net result | | **-** | **1,850,759** | **-** | **1,850,759** |
| Gain/(Loss) on foreign exchange | | **-** | **-** | **132,127** | **132,127** |
| **Total comprehensive result** | | **-** | **1,850,759** | **132,127** | **1,982,886** |
| **Balance at 31 December 2021** | 13,14 | **86,036** | **4,646,374** | **1,028,096** | **5,760,506** |

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

# NAIHE

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from student fees and other customers | | **9,428,022** | 9,174,320 |
| Interest received | | **749** | 9,585 |
| Payments to suppliers and employees | | **(6,521,310)** | (7,477,874) |
| GST paid | | **(498,839)** | (497,301) |
| Interest and other costs of finance | | **(7,178)** | (9,454) |
| **Net cash provided by operating activities** | | **2,401,444** | 1,199,276 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of plant and equipment | | | 3,304 |
| Proceeds from sale of other financial asset | | **1,497,450** | 1,528,896 |
| Payments for plant and equipment | | **(400,193)** | - |
| Payments for other financial asset | | **-** | (3,167,166) |
| **Net cash (used in) / provided by investing activities** | | **1,097,257** | (1,634,966) |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | | **(376,020)** | (369,572) |
| **Net cash (used in) financing activities** | | **(376,020)** | (369,572) |
| **Net cash increase / (decrease) in cash and cash equivalents** | | **3,122,681** | (805,262) |
| Cash and cash equivalents at beginning of financial year | | **3,473,113** | 4,498,308 |
| Effects of exchange rate changes on cash and cash equivalents | | **220,528** | (219,933) |
| **Cash and cash equivalents at the end of financial year** | 7 | **6,816,322** | 3,473,113 |

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

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newcastle Australia Institute of Higher Education 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 *Government Sector Finance Act 2018*.

The principal place of business of Newcastle Australia Institute of Higher Education Pte Ltd is:

100 Victoria Street
#13-01/02, National Library Building,
Singapore 188064

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 Newcastle Australia Institute of Higher Education Pte Ltd, have been prepared on an accrual's 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. The Company is a for-profit private company limited by shares.

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

- *Government Sector Finance Act 2018;*
- *Government Sector Finance Regulation 2018*.

*Date of authorisation for issue*

The financial statements were authorised for issue by the members of Newcastle Australia Institute of Higher Education Pte Ltd on 22 March 2022.

*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 the Company'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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**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) are 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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 other 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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 1(u).

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 are 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:

| | 2021 | 2020 |
|---|---|---|
| Plant and equipment | 2 - 10 years | 2 - 10 years |
| Leasehold improvement | 6 years | 6 years |

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(j) Plant and equipment (continued)**

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

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable.

**(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 Plant and Equipment 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 or less. The Company recognises the lease payments associated with these leases as an 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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

## 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 is 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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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**

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

In April 2021, the IFRS IC published an agenda decision relating to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. As at 31 December 2021 the Company has no intangible or SaaS related assets and no retrospective adjustment has been made.

**(t) Adoption of new and revised accounting standards**

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The Company has elected not to early adopt any of these standards.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(t) Adoption of new and revised accounting standards(continued)**

| Standard | Description | Application Date |
|---|---|---|
| AASB17 and AASB2020-5 | Insurance Contracts and Amendments to Australian Accounting Standards Insurance Contracts | 1 January 2023 |
| AASB2014-10 | Amendments to Australian Accounting Standards –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2022 |
| AASB2017-5 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2022 |
| AASB2021-2 | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting | 1 January 2023 |
| AASB2021-3 | Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| AASB2021-5 | Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single | 1 January 2023 |

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

**(u) COVID-19 Impacts**

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

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 increasing student numbers have resulted in a positive result in 2021.

The Company has continued to consider 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).

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

**(u) COVID-19 Impacts (continued)**

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

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

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 FEES AND CHARGES

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Course fees and charges** | | |
| Fee-paying Singapore students | **8,733,627** | 7,886,005 |
| Course and conference fees | **6,686** | 6,991 |
| Other fees and charges | **14,481** | 15,070 |
| **Total course fees and charges** | **8,754,794** | 7,908,066 |

### 3 OTHER REVENUE

| | 2021 | 2020 |
|---|---|---|
| Government grant | **28,328** | 584,629 |
| Foreign exchange gain | **-** | 90,602 |
| Other revenue | **64,633** | 90,228 |
| **Total other revenue** | **92,961** | 765,459 |

### 4 EMPLOYEE RELATED EXPENSES

| | 2021 | 2020 |
|---|---|---|
| **Academic** | | |
| Salaries | **2,286,189** | 2,623,976 |
| Contribution to funded superannuation | **210,977** | 238,750 |
| Annual leave | **76,872** | 71,480 |
| **Total academic** | **2,574,038** | 2,934,206 |
| **Professional** | | |
| Salaries | **699,190** | 780,370 |
| Contribution to funded superannuation | **102,926** | 112,646 |
| Annual leave | **27,909** | 43,883 |
| **Total professional** | **830,025** | 936,899 |
| **Total employee related expenses** | **3,404,063** | 3,871,105 |

### 5 OTHER EXPENSES

| | 2021 | 2020 |
|---|---|---|
| Advertising, marketing and promotions | **68,092** | 13,626 |
| General consumables | **6,153** | 17,373 |
| Insurance | **24,853** | 15,680 |
| Minor equipment | **131,959** | 49,435 |
| Operating lease rental | **18,899** | 12,130 |
| Professional services | **136,937** | 138,856 |
| Scholarships, grants and prizes | **99,889** | 83,367 |
| Rent | **91,512** | 63,036 |
| Telecommunications | **16,129** | 9,099 |
| Travel, staff development and entertainment | **67,023** | 43,812 |
| Utilities | **3,642** | 4,255 |
| Foreign exchange loss | **8,778** | 38 |
| Lease interest | **7,317** | 9,455 |
| Other expenses | **61,712** | 60,110 |
| **Total other expenses** | **742,895** | 520,272 |

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 INCOME TAX

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **(a) Income tax expense** | | |
| Current income tax | **175,815** | 18,175 |
| Deferred tax | | |
| - Current year | **-** | (18,175) |
| - Under / (over) provision in prior years | **21,784** | (22,669) |
| **Aggregate income tax expense** | **197,599** | (22,669) |

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

| | 2021 | 2020 |
|---|---|---|
| Net result from continuing operations before income tax expense | **2,048,358** | 1,435,696 |
| Tax at the Singaporean tax rate of 17% (2020: 17%) | **348,221** | 244,068 |
| Tax effect of amounts which are not deductible in calculating taxable income | **(4,346)** | (15,509) |
| Tax effect of exemption and rebates in calculating taxable income | **(66,637)** | (1,676) |
| Deferred tax as a result of overprovision in prior year | **(22,669)** | (22,669) |
| Unutilised tax credit from prior period | **(73,599)** | (207,016) |
| Movement in foreign exchange on net result before income tax expense | **16,629** | (19,867) |
| **Income tax expense / (benefit) from continuing operations** | **197,599** | (22,669) |

Deferred tax has 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

| | 2021 | 2020 |
|---|---|---|
| Cash at bank and on hand | **6,816,322** | 3,473,113 |
| **Total cash and cash equivalents** | **6,816,322** | 3,473,113 |

**(a) Cash at bank and on hand**

Cash on hand is non-interest bearing.

### 8 RECEIVABLES

| | 2021 | 2020 |
|---|---|---|
| **Current** | | |
| Trade receivables | **81,461** | 136,397 |
| Other assets | **79,914** | 42,913 |
| Refundable deposits | **15,308** | 94,573 |
| **Total current receivables** | **176,683** | 273,883 |
| **Non-current** | | |
| Refundable deposits | **142,146** | - |
| **Total non-current receivables** | **142,146** | - |

**(a) Provision for impairment**

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

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold Improvement | Plant and Equipment | Right of Use Asset | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **As at 31 December 2020** | | | | |
| Cost | - | 43,111 | 605,788 | 648,899 |
| Accumulated depreciation | - | (26,856) | (328,493) | (355,349) |
| **Net book amount** | - | 16,255 | 277,295 | 293,550 |
| | | | | |
| **Year ended 31 December 2021** | | | | |
| Opening net book amount | **-** | **16,255** | **277,295** | **293,550** |
| Additions | **550,284** | **77,530** | **2,142,851** | **2,770,665** |
| Asset write-off | **-** | **-** | **-** | **-** |
| Depreciation charge | **(4,973)** | **(9,620)** | **(375,921)** | **(390,514)** |
| AASB16 Lease modification | **-** | **-** | **8,937** | **8,937** |
| Exchange difference | **(54)** | **542** | **22,714** | **23,202** |
| **Closing net book amount** | **545,257** | **84,707** | **2,075,876** | **2,705,840** |

### 10 TRADE AND OTHER PAYABLES

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Trade payables | **865,624** | 457,376 |
| Related party payables | **719,630** | 800,168 |
| Other payables | **162,987** | 134,064 |
| **Total current trade and other payables** | **1,748,241** | 1,391,608 |

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 | **383,544** | 282,723 |
| **Total current borrowings** | **383,544** | 282,723 |
| **Non-current** | | |
| Lease liability | **1,694,460** | 3,765 |
| **Total non-current borrowings** | **1,694,460** | 3,765 |

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

## 11 BORROWINGS (CONTINUED)

### 11.1 NEWCASTLE AUSTRALIA INSTITUTE OF HIGHER EDUCATIONA AS LESSEE

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Amounts recognised in the income statement** | | |
| Interest on lease liabilities | **7,317** | 9,455 |
| Expenses relating to short-term leases | **75,720** | 67,404 |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | **18,899** | 7,762 |
| | **101,936** | 84,621 |
| **Maturity analysis - undiscounted contractual cash flows** | | |
| Less than one year | **477,894** | 309,352 |
| One to five years | **745,909** | 42,970 |
| **Total undiscounted contractual cash flows** | **1,223,803** | 352,322 |
| Lease liabilities recognised in the statement of financial position | | |
| **Current** | **383,544** | 282,723 |
| **Non-current** | **1,694,460** | 3,765 |

## 12 EMPLOYEE BENEFIT PROVISIONS

| | | |
|---|---|---|
| **Current employee benefit provisions** | | |
| Annual leave | **76,527** | 78,258 |
| **Total current employee benefit provisions** | **76,527** | 78,258 |

## 13 RESERVES AND RETAINED EARNINGS

| | | |
|---|---|---|
| **(a) Reserves** | | |
| Foreign currency translation reserve | **1,028,096** | 895,969 |
| **Total reserves** | **1,028,096** | 895,969 |
| **(b) Movements in reserves** | | |
| **Foreign currency translation reserve** | | |
| Balance 1 January | **895,969** | 1,303,885 |
| Currency translation differences arising during the year | **132,127** | (407,916) |
| **Balance 31 December** | **1,028,096** | 895,969 |
| **(c) Movements in retained earnings** | | |
| Retained earnings at 1 January | **2,795,615** | 1,337,250 |
| Net result for the period | **1,850,759** | 1,458,365 |
| **Retained earnings at 31 December** | **4,646,374** | 2,795,615 |

**(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.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 ISSUED CAPITAL

**(a) Issued capital**

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| 2 fully paid ordinary shares | **86,036** | 86,036 |

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

The Company is incorporated and domiciled in Singapore.

**(b) Capital management**

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

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

**(c) Dividends**

No dividends were paid during the year ended 31 December 2021 (2020: Nil).

### 15 KEY MANAGEMENT PERSONNEL DISCLOSURES

**(a) Names of responsible persons and executive officers**

The following persons were responsible persons and executive officers of Newcastle Australia Institute of Higher Education Pte Ltd during the financial year:

(i) Chair and Board of directors

Professor Kent Anderson (Chair) – appointed 13 August 2021
Professor Tony Travaglione (Chief Executive officer) – appointed 19 July 2021
Professor Caroline Chan (Chief Executive officer) – resigned 09 July 2021
Mr. Lee Kwok Cheong (Director) – appointed 23 July 2021
Mr Michael Grenville Gray (Director) – resigned 01 April 2021
Mr Chua Teck Huat Bill (Director)
Mr Jaspal Singh (Director)
Ms Chia Lee Meng (Director)
Ms Sandra Davie D/O Periasamy (Director)

**(b) Key management personnel compensation**

| | | |
|---|---|---|
| Short-term employee benefits | **412,512** | 321,657 |
| **Total key management personnel compensation** | **412,512** | 321,657 |

### 16 CONTINGENCIES

In the opinion of the Directors, Newcastle Australia Institute of Higher Education Pte Ltd did not have any contingent assets or contingent liabilities at 31 December 2021 (2020: Nil).

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 COMMITMENTS

As per AASB 16 Leases, the Company uses exemptions for low value and short-term leases. As at 31 December 2021, 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:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| (i) The University of Newcastle | | |
| Sale of goods and services: | | |
| Research grant | - | 19,905 |
| Consumables and other cost recovery | **11,002** | 59,595 |
| Consulting fees | **132,000** | 66,000 |
| **Total sale of goods and services** | **143,002** | 145,500 |
| Purchase of goods and services: | | |
| Service fees | **2,387,439** | 2,618,323 |
| Consumables and other cost recovery | **38,025** | 33,775 |
| **Total purchase of goods and services** | **2,425,464** | 2,652,098 |

**(d) Outstanding balances**

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

| | 2021 | 2020 |
|---|---|---|
| **Current payables** | | |
| The University of Newcastle | **719,630** | 800,168 |
| **Total current payables** | **719,630** | 800,168 |

**(e) Terms and conditions**

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

### 19 EVENTS OCCURRING AFTER THE REPORTING DATE

In 2021 the Company commenced an application to become a Private Education Institution (PEI) in Singapore. On 22 March 2022 the Company received approval from the Committee for Private Education to become a PEI.

No other matters or events have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company.

# NAIHE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 2021, had the Australian dollar moved by 10% (2020: 15%) against the Singapore dollar with all other variables held constant, the net result after income tax for the year would have changed by ±$71,963 (2020: ±$120,025), 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:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Singapore Dollars | **1,028,611** | 591,440 |
| Australian Dollars | **719,630** | 800,168 |

*(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 is exposed to insignificant interest rate risk on its bank deposits.

**(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.

# NAIHE

## DIRECTOR'S DECLARATION

### FOR THE YEAR ENDED 31 DECEMBER 2021

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 *Government Sector Finance Act 2018*, *Government Sector Finance Regulation 2018*; and

c. present fairly the financial position of the Company as at 31 December 2021, and financial performance and cash flows for the year ended on that date.

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 section7.6 (4) of the *Government Sector Finance Act 2018.*

Professor Kent William Anderson

**Chair**

Professor Tony Travaglione

**Director**

Dated 22 March 2022

# NAIHE

## AUDITOR'S INDEPENDENCE DECLARATION

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### INDEPENDENT AUDITOR'S REPORT

**Newcastle Australia Institute of Higher Education Pte Ltd (formerly trading as UON Singapore Pte Ltd)**

To Members of the New South Wales Parliament and members of Newcastle Australia Institute of Higher Education Pte Ltd

#### Opinion

I have audited the accompanying financial statements of Newcastle Australia Institute of Higher Education Pte Ltd (the Company), which comprise the Income Statement and the Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information and the Directors' Declaration.

In my opinion, the financial statements:

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

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.

#### 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 GSF Act and the GSF

# NAIHE

## AUDITOR'S INDEPENDENCE DECLARATION

### FOR THE YEAR ENDED 31 DECEMBER 2021

Regulations. The Directors' responsibility also includes such internal control as the directors determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 March 2022
SYDNEY

THE UNIVERSITY OF NEWCASTLE

# NEWCASTLE UNIVERSITY SPORT (NUSPORT)

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

# NUSPORT

## INCOME STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Income from continuing operations** | | | |
| Revenue | 3 | **3,774,670** | 3,909,644 |
| Other revenue | 4 | **512,696** | 2,056,032 |
| **Total income from continuing operations** | | **4,287,366** | 5,965,676 |
| | | | |
| **Expenses from continuing operations** | | | |
| Finance costs | 5 | **48,944** | 43,203 |
| Depreciation expense | 6 | **799,548** | 805,909 |
| Bad debt expense | | **-** | 35,852 |
| Cost of goods sold | | **38,015** | 45,667 |
| Consultancy and professional fees | | **96,434** | 75,887 |
| Employee benefits expenses | | **2,818,354** | 3,710,208 |
| Occupation expenses | | **619,972** | 644,799 |
| Marketing expenses | | **139,764** | 101,040 |
| Other expenses | | **327,408** | 245,756 |
| **Total expenses from continuing operations** | | **4,888,439** | 5,708,321 |
| | | | |
| **Net result for the period** | | **(601,073)** | 257,355 |
| | | | |
| **Net results attributable to members of Newcastle University Sport Pty Ltd** | | **(601,073)** | 257,355 |

# NUSPORT

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Net result for the period** | | **(601,073)** | 257,355 |
| **Total comprehensive income attributable to members of Newcastle University Sport Pty Ltd** | | **(601,073)** | 257,355 |

# NUSPORT

## STATEMENT OF FINANCIAL POSITION

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **596,392** | 673,019 |
| Trade and other receivables | 8 | **309,533** | 255,806 |
| Inventories | 9 | **26,066** | 71,714 |
| Financial assets | 10 | **1,300,000** | 1,300,000 |
| Prepayments | 11 | **19,731** | 33,521 |
| **Total current assets** | | **2,251,722** | 2,334,060 |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **7,792,721** | 8,261,858 |
| Right-of-use assets | 13 | **1,677,436** | 1,873,284 |
| **Total non-current assets** | | **9,470,157** | 10,135,142 |
| **Total assets** | | **11,721,879** | 12,469,202 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **831,766** | 591,867 |
| Borrowings | 15 | **110,504** | 95,458 |
| Lease liabilities | 16 | **196,238** | 217,273 |
| Employee benefits provisions | 17 | **163,020** | 229,919 |
| Other liabilities | 18 | **154,212** | 227,323 |
| **Total current liabilities** | | **1,455,740** | 1,361,840 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **-** | 101,731 |
| Lease liabilities | 20 | **70,339** | 245,927 |
| Employee benefits provisions | 21 | **107,128** | 69,959 |
| **Total non-current liabilities** | | **177,467** | 417,617 |
| **Total liabilities** | | **1,633,207** | 1,779,457 |
| **Net assets** | | **10,088,672** | 10,689,745 |
| **Equity** | | | |
| Retained earnings | 22 | **10,088,672** | 10,689,745 |
| **Total equity** | | **10,088,672** | 10,689,745 |

# NUSPORT

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Retained earnings $ | Total equity $ |
|---|---|---|
| **Balance at 1 January 2020** | 10,432,390 | 10,432,390 |
| Net result for the period | 257,355 | 257,355 |
| Total comprehensive income for the year | 257,355 | 257,355 |
| **Balance as at 31 December 2020** | 10,689,745 | 10,689,745 |

| | Retained earnings $ | Total equity $ |
|---|---|---|
| **Balance at 1 January 2021** | **10,689,745** | **10,689,745** |
| Net result for the period | (601,073) | (601,073) |
| Total comprehensive income for the year | **(601,073)** | **(601,073)** |
| **Balance at 31 December 2021** | **10,088,672** | **10,088,672** |

# NUSPORT
## STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 3,913,017 | 4,481,231 |
| Payments to suppliers and employees (inclusive of GST) | | (3,843,450) | (5,452,110) |
| | | 69,567 | (970,879) |
| Interest received | | 7,025 | 11,596 |
| Government Stimulus | | 312,325 | 1,831,731 |
| Interest and other finance costs paid | | (48,944) | (43,203) |
| **Net cash provided by / (used in) operating activities** | | **339,973** | **829,245** |
| **Cash flows from investing activities** | | | |
| Payments for investments | | - | (100,000) |
| Payments for property, plant and equipment | 12 | (134,563) | (61,863) |
| Proceeds from the sale of property, plant and equipment | | 1,271 | 3,191 |
| **Net cash from / (used in) investing activities** | | **(133,292)** | **(158,672)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (283,308) | (249,335) |
| **Net cash from / (used in) financing activities** | | **(283,308)** | **(249,335)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(76,627)** | **421,238** |
| Cash and cash equivalents at the beginning of the financial year | | 673,019 | 251,781 |
| **Cash and cash equivalents at the end of the financial year** | **7** | **596,392** | **673,019** |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies**

Newcastle University Sport (the Company) is a registered company limited by guarantee and became a controlled entity of the University of Newcastle at 25th May 2021. 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 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:

The Forum
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.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

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

- *Government Sector Finance Act 2018*
- Government Sector Finance Regulation 2018

Date of authorisation for issue

The financial statements were authorised for issue by the Board members of the Company on 13 April 2022.

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 in note 2.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

**(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 and have continued to disrupt many aspects of society and the economy throughout 2021.

COVID-19 continued to cause disruption to the Company's operations throughout 2021, as in 2020 and has affected revenue streams due to public health orders restricting the Company from operating at full capacity at times across 2021.

The Company has continued to monitor and respond to the Pandemic, taking steps to minimise disruption and protect staff and customers. Since becoming a controlled entity of the University of Newcastle on 25 May 2021, the Company has not received government financial support related to the COVID-19 Pandemic. Prior to becoming a controlled entity the Company received government financial support due to the impact on operations.

Given the disruption to operations in 2020 and 2021 and ongoing uncertainty created by the Pandemic, the Company has considered the ongoing pandemic and the continued uncertainty created in preparing its financial statements, including the impact on its 'Critical accounting estimates' and 'Key judgments'.

Overall the Company's accounting estimates and key judgements related to the ongoing Pandemic have remained consisted with those determined in 2020 as COVID-19 and its economic implications continues to be difficult to predict and means that 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 recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue from contracts with customers includes membership fees, personal training revenue, merchandise sales and service level agreement revenue.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised at the point the customer obtains control of the goods, which is generally at the time of delivery.

(ii) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

(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) Trade and other 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. Trade receivables are generally due for settlement within 30 days.

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 ongoing 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(f) 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.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

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

**(g) Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(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

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(a) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(b) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Information about the methods and assumptions used in determining fair value are provided in note 2 (b). 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.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

(iii) Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**(h) 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:

| | **2021** | **2020** |
|---|---|---|
| Leasehold Improvements | 3 – 40 years | 3 – 40 years |
| Plant and equipment | 3 – 7 years | 3 – 7 years |

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

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2021 the Company has continued to consider the impact of COVID-19 on its property, plant and equipment assets. As in 2020, the Company assessed its use of property, plant and equipment assets in light of changes applied by the Company in managing the pandemic. No COVID-19 related impairment has been identified.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

**(i) 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.

**(j) 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.

**(k) 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.

**(l) Employee benefits provisions**

(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.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (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.

(iv) Superannuation benefits

Contributions to superannuation plans are expensed in the period in which they are incurred.

**(m) 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.

**(n) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**(o) 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.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 1. Significant accounting policies (continued)**

**(p) Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(q) Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-tine basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**(r) Impairment of non-financial assets**

Non-financial 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-.in- use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**(s) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**(t) Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to Income Statement if the carrying amount of the right-of-use asset is fully written down.

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

**Note 1. Significant accounting policies (continued)**

**(u) Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**(v) Comparative figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(w) 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 2021. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

**(x) Initial application of new standards**

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. The Company has elected not to early adopt any of these standards.

| Standard | Description | Application Date |
|---|---|---|
| AASB17 and AASB2020-5 | Insurance Contracts and Amendments to Australian Accounting Standards Insurance Contracts | 1 January 2023 |
| AASB2014-10 | Amendments to Australian Accounting Standards –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2022 |
| AASB2017-5 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2022 |
| AASB2021-2 | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting | 1 January 2023 |
| AASB2021-3 | Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| AASB2021-5 | Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single | 1 January 2023 |

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

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**(a) Allowance for expected credit losses**

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

**(b) Fair value measurement hierarchy**

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

**(c) Estimation of useful lives of assets**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**(d) Depreciation on leasehold improvements**

The Company depreciates leasehold improvements by either the operating lease term, or the expected life of the improvement whichever is the shortest. The lease of The Forum facilities on the Callaghan campus was due to expire in December 2023, however the lease has been extended on the same terms and conditions by another 15 years and the Company is depreciating leasehold improvements over the extended period.

**(e) Impairment of properly, plant and equipment**

The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**(f) Employee benefits provision**

As outlined in note 1(m), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 2. Critical accounting judgements, estimates and assumptions (continued)

**(g) Accruals**

The Company estimates and accrue, where deemed necessary, utility accruals based on historical usage and invoiced data.

**(h) Government Stimulus Measures**

The ongoing global and national developments in respect of the health pandemic COVID-19 may materially affect the operations of the Company in future financial periods. At the date of this report, the expected economic impact cannot be reliably measured.

The Company received $312K government stimulus in 2021 (2020: $2.0m).

**(i) Economic dependency on the University of Newcastle**

The continued operation of Newcastle University Sport is dependent on the Student Services and Amenities Fee (SSAF) funding and subsidies received from the University of Newcastle.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 3. Revenue

| | 2021 $ | 2020 $ |
|---|---|---|
| *Revenue from contracts with customers* | | |
| Membership fees | 1,265,183 | 1,488,302 |
| Service level agreement revenue | 850,000 | 861,388 |
| | 2,115,183 | 2,349,690 |
| *Other revenue* | | |
| Rental income and facility hire | 402,985 | 368,861 |
| Membership and hire fees | 1,198,423 | 1,131,579 |
| Merchandise sales | 40,841 | 40,401 |
| Personal training revenue | 17,238 | 19,113 |
| | 1,659,487 | 1,559,954 |
| **Revenue** | 3,774,670 | 3,909,644 |

### Note 4. Other revenue

| | 2021 $ | 2020 $ |
|---|---|---|
| Net gain/(loss) on disposal of assets | 1,271 | 3,191 |
| Wage reimbursement | 47,727 | - |
| Interest revenue | 7,025 | 11,596 |
| Government stimulus: COVID-19 | 312,325 | 1,983,456 |
| Other revenue | 144,348 | 57,789 |
| **Other revenue** | 512,696 | 2,056,032 |

### Note 5. Finance costs

| | 2021 $ | 2020 $ |
|---|---|---|
| Interest expense | 9,822 | 21,507 |
| Interest - lease liability (AASB 16) | 39,122 | 21,696 |
| | 48,944 | 43,203 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Note 6. Depreciation expense

| | 2021 $ | 2020 $ |
|---|---|---|
| Depreciation of property plant and equipment | 603,700 | 617,123 |
| Depreciation of right-of-use asset | 195,848 | 188,786 |
| | 799,548 | 805,909 |

#### Note 7. Current assets - cash and cash equivalents

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank and on hand | 596,392 | 673,019 |

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate of 0.00% (2020: 0.01%).

#### Note 8. Current assets - trade and other receivables

| | 2021 $ | 2020 $ |
|---|---|---|
| Trade receivables | 309,533 | 286,635 |
| Less: provision for doubtful debts | - | (34,336) |
| | 309,533 | 252,299 |
| Other receivables | - | 3,507 |
| | 309,533 | 255,806 |

#### Note 9. Current assets - inventories

| | 2021 $ | 2020 $ |
|---|---|---|
| Stock on hand - at cost | 26,066 | 71,714 |

#### Note 10. Current assets - financial assets

| | 2021 $ | 2020 $ |
|---|---|---|
| Term deposits | 1,300,000 | 1,300,000 |

#### Note 11. Current assets - prepayments

| | 2021 $ | 2020 $ |
|---|---|---|
| Prepayments | 19,731 | 33,521 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 12. Non-current assets - property, plant and equipment

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Leasehold improvements - at cost | 16,881,971 | 16,880,308 |
| Less: Accumulated depreciation | (9,593,696) | (9,110,839) |
| | 7,288,275 | 7,769,469 |
| Plant and equipment - at cost | 1,622,383 | 1,852,338 |
| Less: Accumulated depreciation | (1,235,639) | (1,400,561) |
| | 386,744 | 451,777 |
| Capital works in process | 117,702 | 40,612 |
| | 7,792,721 | 8,261,858 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Leasehold Improvements<br>$ | Plant & equipment<br>$ | Capital Works in Progress<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Balance at 1 January 2021** | 7,769,469 | 451,777 | 40,612 | 8,261,858 |
| Additions | 1,663 | 55,810 | 77,090 | 134,563 |
| Disposals | - | - | - | - |
| Depreciation expense | (482,857) | (120,843) | - | (603,700) |
| **Balance at 31 December 2021** | 7,288,275 | 386,744 | 117,702 | 7,792,721 |

### Note 13. Non-current assets - right-of-use assets

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Land and buildings - right-of-use | 1,539,526 | 1,539,526 |
| Less: Accumulated depreciation | (65,703) | (46,702) |
| | 1,473,823 | 1,492,824 |
| Plant and equipment - right-of-use | 697,600 | 697,600 |
| Less: Accumulated depreciation | (493,987) | (317,140) |
| | 203,613 | 380,460 |
| | 1,677,436 | 1,873,284 |

### Note 14. Current liabilities - trade and other payables

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Trade payables | 453,586 | 266,097 |
| Deposits collected | 49,330 | 51,923 |
| Accrued expenses | 328,850 | 273,847 |
| | 831,766 | 591,867 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 15. Current liabilities - borrowings

| | 2021 $ | 2020 $ |
|---|---|---|
| Loan from the University of Newcastle | 110,504 | 95,458 |

### Note 16. Current liabilities - lease liabilities

| | 2021 $ | 2020 $ |
|---|---|---|
| Lease liability | 196,238 | 217,273 |

### Note 17. Current liabilities - employee benefits

| | 2021 $ | 2020 $ |
|---|---|---|
| Annual leave | 140,396 | 146,029 |
| Long service leave | 22,624 | 83,890 |
| | 163,020 | 229,919 |

### Note 18. Current liabilities - other liabilities

| | 2021 $ | 2020 $ |
|---|---|---|
| Unexpired term memberships | 154,212 | 227,323 |

### Note 19. Non-current liabilities - borrowings

| | 2021 $ | 2020 $ |
|---|---|---|
| Loan from the University of Newcastle | - | 101,731 |

### Note 20. Non-current liabilities - lease liabilities

| | 2021 $ | 2020 $ |
|---|---|---|
| Lease liability | 70,339 | 245,927 |

### Note 21. Non-current liabilities - employee benefits

| | 2021 $ | 2020 $ |
|---|---|---|
| Long service leave | 107,128 | 69,959 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 22. Equity - retained earnings

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Retained earnings at the beginning of the financial year | 10,689,745 | 10,432,390 |
| Net result for the year | (601,073) | 257,355 |
| Retained earnings at the end of the financial year | 10,088,672 | 10,689,745 |

### Note 23. Leases

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| *Amounts recognised in the Statement of Financial Position* | | |
| **Right-of-use Assets** | | |
| Balance 1 January | 1,873,284 | 2,062,070 |
| Depreciation for the period | (195,848) | (188,786) |
| Net carrying value at 31 December | 1,677,436 | 1,873,284 |
| **Lease liabilities** | | |
| Current | 196,238 | 217,273 |
| Non-current | 70,339 | 245,927 |
| | 266,577 | 463,200 |
| *Amounts recognised in the Income Statement* | | |
| Depreciation charge of right-of-use assets | 195,848 | 188,786 |
| Interest expense | 39,122 | 21,696 |
| Total recognised in the Income Statement | 234,970 | 210,482 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Note 23. Leasing (continued)

**Lease payments not recognised as a liability**

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payables are not permitted to be recognised as lease liabilities and are expensed as incurred.

**Concessionary lease**

The Company has concessionary (below market value) leases with University of Newcastle and Honeysuckle Development Corporation in relation to the sporting facilities and buildings utilised by the Company. The Company has elected to adopt the relief under AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entitie*s to measure the leases at cost.

- The Newcastle University lease agreement commenced 1 January 2003 and expires on 31 December 2038 following a 15 year extension of the lease, approved by the Board in 2021, with annual rent of $1.

- The Honeysuckle Development Corporation lease agreement commenced on 1 July 2015 and expires on 4 September 2101, with annual rent of $1.

The Company may only utilise the sporting facilities and buildings for the purpose of recreation, sporting, educational and aquatic activities.

#### Note 24. 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:

Ms Billi Prince
Dr Paul Stolk
Mr Joshua Williams
Professor Kent Anderson – appointed 22 June 2021 (Chair)
Ms Morven Cameron – appointed 7 October 2021
Mr Doug Dean – appointed 7 May 2021
Mr Nathan Towney – appointed 20 April 2021
Mr Morgan Wynn – resigned 21 February 2021
Ms Judy Alexander – resigned 25 May 2021
Ms Dianne Allen – resigned 25 May 2021
Ms Tracy Chalk – resigned 25 May 2021
Mr Murray Bennet – resigned 25 May 2021
Professor Stephen Fityus – resigned 25 May 2021
Professor Liz Burd – resigned 15 January 2021
Ms Gabriella Sainsbury – resigned 17 June 2021

**(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:

Ms Deborah Wright

**(c) Key management personnel compensation**

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Aggregate compensation | 299,250 | 216,322 |

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

### Note 25. Contingencies and commitments

In the opinion of the Directors, the Company did not have any contingent assets, contingent liabilities or commitments at 31 December 2021 (2020: Nil).

### Note 26. Related parties

**Key management personnel**

Disclosures relating to key management personnel are set out in note 24.

**Transactions with related parties**

The following transactions occurred with related parties:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| University of Newcastle | | |
| SSAF Funding | 850,000 | 861,388 |
| Revenue from hire of facilities | 10,556 | 29,249 |
| Other Revenue | 147,471 | |
| Payment for utilities | 164,329 | 298,363 |
| Interest Expense | 9,821 | 15,707 |
| Other Expense | 64,533 | |

**Loans to/from related parties**

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Current borrowings: | | |
| Loan from University of Newcastle | 110,504 | 95,458 |
| Non-current borrowings: | | |
| Loan from University of Newcastle | - | 101,731 |

**Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Current receivables** | | |
| The University of Newcastle | 208,572 | - |
| **Total current receivables** | 208,572 | - |
| **Current trade payables** | | |
| The University of Newcastle | (155,657) | - |
| **Total current trade payables** | (155,657) | - |

### Note 27. Events after the reporting period

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.

# NUSPORT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Note 28. 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.

(ii) Price risk

The Company does not hold equity investments and therefore does not have exposure to price risk.

(ii) 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 2021, if interest rates had changed by ± 1% from the year end rates with all other variables held constant, the result for the year would have changed by ± $5,964 (2020: ± $6,730).

**(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 suitable ratings 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 10) 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.

# NUSPORT

## DIRECTOR'S DECLARATION

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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 *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2018, and

    c. present fairly the financial position of the Company as at 31 December 2021, and the financial performance and cash flows for the year ended on that date.

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 has been made pursuant to s.7.6 (4) of the *Government Sector Finance Act 2018* in accordance with a resolution of the Board of Directors dated 13 April 2022.

Professor Kent Anderson
**Director**

Mr Joshua Williams
**Director**

# NUSPORT
## INDEPENDENT AUDITOR'S REPORT
### FOR THE YEAR ENDED 31 DECEMBER 2021

## INDEPENDENT AUDITOR'S REPORT

**Newcastle University Sport**

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Newcastle University Sport (the Company), which comprise the Income Statement and the Statement of Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising significant accounting policies and other explanatory information and the Directors' Declaration.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act) and the Government Sector Finance Regulation 2018 (GSF Regulation)
- presents fairly the Company's financial position, financial performance and cash flows.

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 Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 23 April 2021.

# NUSPORT

## INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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 – Reduced Disclosure Requirements, the GSF Act and GSF Regulations. The Directors' responsibility also includes 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.

Nirupama Mani

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

14 April 2022
SYDNEY

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