THE UNIVERSITY OF NEWCASTLE

CONTROLLED ENTITIES

THE UNIVERSITY OF NEWCASTLE AUSTRALIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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THE UNIVERSITY OF NEWCASTLE

NEWCASTLE INNOVATION

ABN 97 000 710 074

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

NEWCASTLE INNOVATION

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Your Directors submit the Financial Statements of the Company for the year ended 31 December 2014 and the auditor's report thereon.

The Company is a public company limited by guarantee incorporated in NSW, Australia. The registered office and principal place of business is the Industry Development Centre, University Drive, Callaghan, NSW 2308.

Directors

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

Glenn Thurston Turner (Acting Chair)
John Coyle (resigned 31 December 2014)
John James O'Brien
Lisa Maree Sutton Gardner (resigned 31 December 2014)
Professor Kevin Hall (appointed 1 March 2014)
Professor Nicholas J Talley (resigned 28 February 2014)

Objectives and strategies

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

Principal activities

The principal activities of the Company during the financial year were the undertaking of research and consulting projects and the commercialisation of intellectual property (IP). No significant changes in the nature of these activities occurred during the year.

Performance measures and key performance indicators

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

Dividends

As a Company limited by guarantee no dividend payment is permitted.

Review of operations

Operations of the Company during the financial year were consistent with those of prior years. The Company incurred a deficit of $104,854 for the year (2013: deficit $152,315).

Likely developments and expected results of operations

The Company will continue to pursue continuing viability of its major divisions and projects in the next financial year and expects to achieve a surplus in 2015.

Further information is not included on the likely developments of the operations of the Company and the expected results of those operations because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Contributions on winding up

In the event of the Company being wound up, members are required to contribute a maximum of $20 each. The total amount that members of the company are liable to contribute if the company is wound up is $60 based on 3 current members.

NEWCASTLE INNOVATION

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Matters subsequent to the end of the financial year

There were no matters to report that arose subsequent to the end of the financial year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company.

Information on directors

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

Glenn Thurston Turner (Acting Chair)

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

John Coyle (resigned 31 December 2014)

B Com (Ecs) (Uni of NSW), G.A.I.C.D., HunterNet Co-operative Limited - Chief Executive Officer, Varley Group Ltd - Director, HunterNet Co-operative Ltd - Past Chairman, HunterNet Group Training Company - Director, Australian Industry Group NSW - Section Councillor, Australian Industry Group, Hunter Manufacturing Council - Member and Past Chairman, Hunter Export Centre - Past Vice Chairman. TAFE NSW – Hunter Institute Advisory Council - Deputy Chairman, Hunter Community Foundation - Director. The Salvation Army 2008 Red Shield Appeal Central Committee - Member, Hunter Manufacturing Association - Director, NSW Co-operatives Federation - Director, Member of the Institute of Company Directors, Newcastle Innovation Director since October 2005.

John James O'Brien

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

Lisa Maree Sutton Gardner (resigned 31 December 2014)

Business owner and Managing Director Enigma Group (1992-current). Young Business Person of the Year (2003) Hunter Business Chamber. Newcastle Innovation Director since August 2007.

Professor Kevin Hall (appointed 1 March 2014)

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

Professor Nicholas J Talley (resigned 28 February 2014)

Acting Deputy Vice-Chancellor Research (2013 –28 Feb 2014), Pro Vice-Chancellor and Professor of the Faculty of Health and Medicine, University of Newcastle (2010 – current). President-Elect, Royal Australasian College of Physicians (2012–May 2014), President May 2014 to May 2016. Holds Adjunct Professorial appointments at Mayo Clinic, University of North Carolina and the Karolinska Institute. Formerly Professor of Medicine and Professor of Epidemiology at the Mayo Clinic College of Medicine, Rochester, Minnesota and Jacksonville, Florida. Was formerly the Chair of the Department of Internal Medicine at Mayo Clinic, Florida. Hunter Medical Research Institute Board member (2010–present). Newcastle Innovation Director July 2013 – February 2014.

NEWCASTLE INNOVATION
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Meetings of Directors

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

Board Meetings

	Number of Meetings Attended	Number of Meetings Held
GT Turner	3	5
J Coyle	5	5
JJ O'Brien	4	5
LM Sutton Gardner	4	5
KR Hall	3	4
NJ Talley	-	1

Insurance of Officers

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

Declaration of Audit Independence

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

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

Glenn Turner
Director

John O'Brien
Director

Dated 23 March 2015

NEWCASTLE INNOVATION

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue from continuing operations			
Consultancies and contracts	2	**16,756,909**	14,427,662
Investment revenue	3	**456,055**	555,775
Total revenue from continuing operations		**17,212,964**	14,983,437
Other income			
Gain on disposal of assets		**4,717**	9,878
Total income from continuing operations		**17,217,681**	14,993,315
Expenses			
Employee related expenses	4	**9,864,393**	9,119,059
Depreciation and amortisation	5	**438,788**	264,459
Repairs and maintenance		**31,684**	48,188
Impairment of assets	6	**25,565**	58,503
Net loss on disposal of plant and equipment		**1,574**	-
Other expenses	7	**6,960,531**	5,655,421
Total expenses from continuing operations		**17,322,535**	15,145,630
Net result for the year		**(104,854)**	(152,315)
Net result attributable to members of Newcastle Innovation Ltd		**(104,854)**	(152,315)

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

NEWCASTLE INNOVATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
Net result for the year	**(104,854)**	(152,315)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of available-for-sale financial assets, net of tax	**7,075**	(13,140)
Total	**7,075**	(13,140)
Total other comprehensive income for the year, net of tax	**7,075**	(13,140)
Total comprehensive income for the year	**(97,779)**	(165,455)
Total comprehensive income attributable to:		
Members of Newcastle Innovation Ltd	**(97,779)**	(165,455)

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

NEWCASTLE INNOVATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,598,138**	515,120
Trade and other receivables	9	**4,192,558**	3,230,050
Other financial assets	10	**10,200,000**	12,200,000
Total current assets		**15,990,696**	15,945,170
Non-current assets			
Other financial assets	10	**452,491**	443,270
Plant and equipment	11	**310,288**	492,922
Intangible assets	12	**464,504**	370,240
Total non-current assets		**1,227,283**	1,306,432
Total assets		**17,217,979**	17,251,602
LIABILITIES			
Current liabilities			
Trade and other payables	13	**6,856,530**	6,601,306
Provisions	14	**1,844,261**	1,709,761
Other liabilities	15	**3,585,433**	3,821,001
Total current liabilities		**12,286,224**	12,132,068
Non-current liabilities			
Provisions	14	**287,000**	377,000
Total non-current liabilities		**287,000**	377,000
Total liabilities		**12,573,224**	12,509,068
Net assets		**4,644,755**	4,742,534
EQUITY			
Reserves	16	**139,425**	132,350
Retained earnings	16	**4,505,330**	4,610,184
		4,644,755	4,742,534
Total equity		**4,644,755**	4,742,534

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

NEWCASTLE INNOVATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Reserves $	Retained Earnings $	Total $
Balance at 1 January 2013	145,490	4,762,499	4,907,989
Operating result for the year	-	(152,315)	(152,315)
Other comprehensive income	(13,140)	-	(13,140)
Balance at 31 December 2013	132,350	4,610,184	4,742,534
Balance at 1 January 2014	**132,350**	**4,610,184**	**4,742,534**
Operating result for the year	**-**	**(104,854)**	**(104,854)**
Other comprehensive income	**7,075**	**-**	**7,075**
Balance at 31 December 2014	**139,425**	**4,505,330**	**4,644,755**

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

NEWCASTLE INNOVATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		**17,137,264**	15,890,701
Payments to suppliers and employees		**(18,031,125)**	(15,782,546)
Interest received		**456,055**	555,775
Net cash provided by (used in) operating activities	22	**(437,806)**	663,930
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**4,717**	91,440
Proceeds from redemption of held to maturity investments		**10,200,000**	10,900,000
Payments for purchase of plant and equipment		**(96,903)**	(365,740)
Payments for purchase of available-for-sale financial assets		**(2,146)**	(3,005)
Payments for purchase of held to maturity investments		**(8,200,000)**	(11,200,000)
Payments for purchase of intellectual property		**(384,844)**	(254,518)
Net cash provided by (used in) investing activities		**1,520,824**	(831,823)
Net increase (decrease) in cash and cash equivalents held		**1,083,018**	(167,893)
Cash and cash equivalents at beginning of year		**515,120**	683,013
Cash and cash equivalents at end of financial year	8	**1,598,138**	515,120

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newcastle Innovation Ltd (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 no cash generating units. The Company was established and has its domicile in Australia. The principal place of business is:

The University of Newcastle
Industry Development Centre
Callaghan NSW 2308
Australia

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

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.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the Company. They have been prepared on an accrual basis in accordance with Australian Accounting Standards and the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012.

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

- *Public Finance and Audit Act 1983 (NSW), the requirements of the Department of Education and other State/Australian Government legislative requirements*
- *Corporations Act 2001.*

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

Date of authorisation for issue

The financial statements were authorised for issue by the members of the Company on 23 March 2015.

Historical cost convention

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. 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:

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

(a) Basis of Preparation (continued)

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

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

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

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

Change in accounting policy

- During the year, the Group changed its accounting policy with respect to the capitalisation of expenditure on items costing less than $5,000 from 1 January 2014. Accordingly the Company has modified its accounting policy to be in line with the Group. Results from prior years have not been restated due to materiality but have instead been corrected in the current period. The impact of this change on the current year is presented in note 25.

(b) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Consultancy and research contracts

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

(ii) Interest

Interest income is recognised as it accrues.

(c) Income tax

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of assets

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

(e) Cash and cash equivalents

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

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

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

The amount of the provision is recognised in the income statement. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment of assets in the income statement.

(g) Investments and other financial assets

Classification

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

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

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Initial recognition and derecognition

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

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

Subsequent measurement

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

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

Fair value

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

Impairment

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

(h) Fair value measurement

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

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

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

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

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

(i) Plant and equipment

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

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

The useful life of asset classes is:

	2014	2013
Equipment and vehicles	3 - 5 years	3 – 5 years

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Plant and equipment (continued)

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

(j) Repairs and maintenance

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

(k) 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 production of overheads. Other intellectual property expenditure is recognised in the Income statement as an expense incurred.

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

(ii) Software

Expenditure on software, being software that is not an integral part of the related hardware, is capitalised. Capitalised expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which is 3-5 years.

(l) Trade and other payables

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

(m) Provisions

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

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

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

The liability for other long-term benefits are those that are not expected to be settled wholly before twelve months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave, accumulating sick leave and long service leave liabilities. It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Termination benefits

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

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

(o) Rounding of amounts (GST)

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

(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.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2014 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 Financial instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AAB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9, AASB 2014-1 'Amendments to Australian Accounting Standards', Part E and Transition Disclosures (effective 1 January 2018)

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

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

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

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

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

The Company does not have any financial liabilities measured at fair value through profit or loss.

There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

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

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

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

The Company does not expect any significant impact to the financial statements when this amendment is adopted.

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

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following Accounting Standards and Interpretations are most relevant to the Company:

- Interpretation 21 Accounting for Levies

  Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

  The Company is not liable to pay any government levies.

  The adoption of this standard had no impact on the Financial Statements of Newcastle Innovation Ltd.

- AASB 10 Consolidated Financial Statements

  The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity.

  A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 January 2013 had no impact on the Financial Statements of Newcastle Innovation Ltd.

- AASB 11 Joint Arrangements

  AASB 11 supersedes AASB 131 'Joint Ventures' and requires each party to a joint arrangement to recognise its rights and obligations arising from the arrangement. The standard redefines which arrangements qualify as joint ventures and removes the option to account for joint ventures using proportionate consolidation.

  The adoption of this standard had no impact on the Financial Statements of Newcastle Innovation Ltd.

- AASB 12 Disclosure of Interests in Other Entities

  AASB 12 contains all required disclosures for 'other entities' (i.e. subsidiaries, associates and joint ventures previously in AASB 127, 128 and 131 and Interpretations 112 and 113). Entities will have to disclose more information about:

  - the nature of and risks associated with its interests in controlled entities
  - the financial effects of those interests

  The adoption of this standard had no impact on the Financial Statements of Newcastle Innovation Ltd.

- AASB 127 Separate Financial Statements

  The revised version of AASB 127 prescribes the accounting and disclosure requirements for controlled entities when an entity prepares separate financial statements.

  The adoption of this standard had no impact on the Financial Statements of Newcastle Innovation Ltd.

- AASB 128 Investments in Associates and Joint Ventures

  This standard requires investments in associates and joint ventures to be accounted for using the equity method, including investors with joint control of, or significant influence over, an investee.

  The adoption of this standard had no impact on the Financial Statements of Newcastle Innovation Ltd.

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2 CONSULTANCIES AND CONTRACTS

	2014 $	2013 $
Consultancies and research contracts income	**16,756,909**	14,427,662
Total consultancies and contracts	**16,756,909**	14,427,662

3 INVESTMENT REVENUE

	2014 $	2013 $
Interest	**456,055**	555,775
Total investment revenue	**456,055**	555,775

4 EMPLOYEE RELATED EXPENSES

	2014 $	2013 $
Salaries	**7,491,146**	7,129,519
Superannuation	**698,668**	719,170
Payroll tax	**460,404**	481,896
Workers compensation	**288,591**	12,000
Long service leave	**193,630**	143,125
Annual leave	**731,954**	633,349
Total employee related expenses	**9,864,393**	9,119,059

5 DEPRECIATION AND AMORTISATION

	2014 $	2013 $
Depreciation		
Equipment and vehicles	**148,207**	183,095
Total depreciation	**148,207**	183,095
Amortisation		
Intangibles	**290,581**	81,364
Total amortisation	**290,581**	81,364
Total depreciation and amortisation	**438,788**	264,459

6 IMPAIRMENT OF ASSETS

	2014 $	2013 $
Impairment losses – financial assets		
Trade receivables	**25,565**	265
Available-for-sale financial assets	-	58,238
Total impairment of assets	**25,565**	58,503

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7 OTHER EXPENSES

	2014 $	2013 $
Advertising, marketing and promotions	**52,468**	54,480
Donations	**182**	655
General consumables	**448,025**	464,325
Insurances	**110,560**	100,576
Minor equipment	**484,648**	198,860
Operating lease rental	**2,866**	1,202
Professional services	**4,968,205**	4,017,576
Scholarships, grants and prizes	**154,688**	112,965
Telecommunications	**61,169**	63,016
Travel, staff development and entertainment	**600,066**	589,111
Utilities	**281**	-
Other expenses	**77,373**	52,655
Total other expenses	**6,960,531**	5,655,421

8 CASH AND CASH EQUIVALENTS

Current		
Cash at bank and on hand and cash equivalents	**1,598,138**	515,120
Total cash and cash equivalents	**1,598,138**	515,120

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

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

Cash and cash equivalents	**1,598,138**	515,120
Balance as per cash flow statement	**1,598,138**	515,120

(b) Cash at bank

Cash at bank is interest bearing with the floating rates being determined by the daily balance of funds held in the account. The weighted average interest rate at 31 December 2014 was 2.40% (2013: 2.63%).

9 TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	**4,144,834**	3,166,987
Provision for impairment	**(30,715)**	(18,150)
Prepayments	**78,439**	74,144
Related party receivables	**-**	7,069
Total current receivables	**4,192,558**	3,230,050

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9 TRADE AND OTHER RECEIVABLES (continued)

(a) Impaired receivables

As at 31 December 2014 current receivables of the company with a nominal value of $30,715 (2013: $18,150) were impaired. The amount of the provision was $30,715 (2013: $18,150). The individually impaired receivables relate to those debtors that are in unexpectedly difficult economic situations.

	2014 $	2013 $
The aging of these receivables is as follows:		
Over 3 months	**30,715**	18,150
	30,715	18,150

(b) Past due but not impaired

As of 31 December 2014, trade receivables of the Company with a nominal value of $1,092,529 (2013: $1,301,760) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	2014	2013
The ageing analysis of these receivables is as follows:		
Less than 3 months	**625,712**	796,476
Over 3 months	**466,817**	505,284
Total past due but not impaired trade receivable	**1,092,529**	1,301,760

	2014	2013
Movements in the provision for impaired receivables are as follows:		
At 1 January	**18,150**	17,885
Provision for impairment recognised during the year	**30,715**	14,300
Recovery of impaired receivables	**(5,150)**	(14,035)
Impaired receivables written off	**(13,000)**	-
	30,715	18,150

10 OTHER FINANCIAL ASSETS

	2014	2013
Current		
Held to maturity investments	**10,200,000**	12,200,000
Total current other financial assets	**10,200,000**	12,200,000
Non-current		
Available-for-sale financial assets	**452,491**	443,270
Total non-current other financial assets	**452,491**	443,270

(a) Investments held on behalf of third parties

Included as part of available-for-sale financial assets is $280,184 of investments held by the Company on behalf of third parties. A current liability of $280,184 relating to these investments, has been recognised as part of trade and other payables (refer to note 13).

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

11 PLANT AND EQUIPMENT

Non-current	2014 $	2013 $
At cost	759,672	1,068,680
Accumulated depreciation	(449,384)	(575,758)
Total plant and equipment	310,288	492,922

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

	2014 $	2013 $
Balance at the start of the year	492,922	391,840
Additions	96,903	365,740
Disposals	(131,330)	(81,563)
Depreciation expense	(148,207)	(183,095)
Balance at the end of the year	310,288	492,922

12 INTANGIBLE ASSETS

	2014 $	2013 $
Non-current		
Computer software		
At cost	76,693	86,069
Accumulated amortisation and impairment	(76,693)	(86,069)
Net carrying value	-	-
Intellectual property		
At cost	3,641,112	3,249,326
Accumulated amortisation and impairment	(3,176,608)	(2,879,086)
Net carrying value	464,504	370,240
Total Intangibles	464,504	370,240

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

	2014 $	2013 $
Balance at the start of the year	370,240	197,084
Additions	384,844	254,520
Amortisation	(290,580)	(81,364)
Balance at the end of the year	464,504	370,240

13 TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current		
Unsecured liabilities		
Trade creditors	3,993,271	3,475,204
Related party payables	2,399,003	2,673,448
Investments held in trust for third parties	280,184	286,082
Other payables	184,072	166,572
Total current trade and other payables	6,856,530	6,601,306

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

14 PROVISIONS

	2014 $	2013 $
Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	695,000	610,000
Long service leave	217,846	214,036
	912,846	824,036
Current provisions expected to be settled after more than 12 months		
Employee benefits		
Annual leave	90,415	108,725
Long service leave	841,000	777,000
	931,415	885,725
Total current provisions	1,844,261	1,709,761
Non-current provisions		
Employee benefits		
Long service leave	287,000	377,000
Total non-current provisions	287,000	377,000

Provision for annual leave

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

Provision for long service leave

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

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

Current	Annual leave $	Long service leave $	Total $
Carrying amount at the start of the year	718,725	991,036	1,709,761
Additional provisions recognised	734,183	283,886	1,018,069
Amounts used	(667,493)	(216,076)	(883,569)
	785,415	1,058,846	1,844,261

Non-current	Annual leave $	Long service leave $	Total $
Carrying amount at the start of the year	-	377,000	377,000
Additional provisions recognised	-	(90,000)	(90,000)
Amounts used	-	-	-
	-	287,000	287,000

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15 OTHER LIABILITIES

Current

	2014 $	2013 $
Income received in advance	**3,585,433**	3,821,001
Total current other liabilities	**3,585,433**	3,821,001

16 RESERVES AND RETAINED EARNINGS

(a) Reserves

Reserves		
Available-for-sale financial assets revaluation	**139,425**	132,350
Total reserves	**139,425**	132,350

Movements in reserves		
Available-for-sale financial assets revaluation		
Balance at the start of the year	**132,350**	145,490
Revaluation increment (decrement)	**7,075**	(13,140)
Balance at the end of the year	**139,425**	132,350

(c) Retained earnings

Retained earnings at the start of the year	**4,610,184**	4,762,499
Operating result for the year	**(104,854)**	(152,315)
Retained earnings at the end of the year	**4,505,330**	4,610,184

(d) Nature and purpose of reserves

The available-for-sale financial assets reserve is used to record gains and losses arising from changes in the fair value of available-for-sale financial assets, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised in the reserve is included in the income statement for the year.

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

(i) Board members

Glenn Thurston Turner
John Coyle
John James O'Brien
Lisa Maree Sutton Gardner
Professor Nick Talley
Professor Kevin Hall

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

17 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

(ii) Other key management personnel

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

Christopher Peter Kelleher (Acting Chief Executive Officer)

(b) Remuneration of board members and key management personnel

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

	2014 Number	2013 Number
Remuneration of Board Members		
$nil	**2**	2
$1 to $9,999	**3**	3
$10,000 to $19,999	**1**	2
	6	7

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:

	2014 Number	2013 Number
Remuneration of key management personnel		
$40,000 to $49,999	**-**	1
$180,000 to $189,999	**1**	-
$200,000 to $209,999	**-**	1
	1	2

(c) Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	**186,848**	242,115
Total	**186,848**	242,115

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

18 REMUNERATION OF AUDITORS

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

	2014 $	2013 $
Audit services		
Audit and review of financial statements		
Audit Office of NSW	**40,025**	36,095
Total remuneration for audit services	**40,025**	36,095

19 CONTINGENCIES

The Company has no contingent assets or liabilities as at 31 December 2014.

20 INTERESTS IN OTHER ENTITIES

(a) Interests in associates and joint ventures

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

At 31 December 2014 the Company held 30% of the ordinary share capital of Mineral Carbonation International Pty Limited ('MCi'), a company incorporated in Australia. The Company's shareholding entitles it to one third of the voting rights.

The investment has been accounted for using the equity method based on the unaudited management accounts of MCi for the financial year ended 30 September 2014. The investment is not material to the Company's operating results.

	Ownership interest		Carrying amount	
Name of entity	**2014 %**	**2013 %**	**2014 $**	**2013 $**
Mineral Carbonation International Pty Limited	**30%**	30%	**3,005**	3,005

21 EVENTS OCCURRING AFTER REPORTING DATE

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014 $	2013 $
Operating result for the year	**(104,854)**	(152,315)
Add non-cash items:		
Depreciation and amortisation	**438,788**	264,459
Impairment of available-for-sale financial assets	**-**	58,238
Net impact of change in accounting policy	**107,201**	-
Net (gain) loss on sale of plant and equipment	**(3,144)**	(9,878)
Net (gain) loss on sale of available-for-sale financial assets	**-**	-
Changes in operating assets and liabilities:		
(Increase) decrease in trade debtors	**(736,213)**	(507,469)
(Increase) decrease in other receivables	**(200,730)**	149,223
Increase (decrease) in trade creditors	**256,586**	(413,006)
Increase (decrease) in other operating liabilities	**(239,940)**	1,255,670
Increase (decrease) in other provisions	**44,500**	19,008
Net cash provided by operating activities	**(437,806)**	663,930

23 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents and held to maturity investments. At 31 December 2014, 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 ± $117,981 (2013: ±$127,151).

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

23 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iv) Summarised sensitivity analysis

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

31 December 2013	2013	Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	515,120	(5,151)	(5,151)	5,151	5,151
Financial assets - Held to maturity investments	12,200,000	(122,000)	(122,000)	122,000	122,000
Total increase (decrease)		(127,151)	(127,151)	127,151	127,151

(b) Credit risk

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

(c) Liquidity risk

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

23 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

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

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

31 December 2013	**Average interest rate**	**Variable interest rate**	**Less than 1 year**	**Non-interest**	**Total**
Financial assets	**%**	**$**	**$**	**$**	**$**
Cash and cash equivalents	2.63	515,120	-	-	515,120
Receivables		-	-	3,230,050	3,230,050
Held to maturity investments		-	12,200,000	-	12,200,000
Available-for-sale financial assets		-	-	157,188	157,188
Total financial assets		515,120	12,200,000	3,587,238	16,102,358
Financial liabilities					
Trade and other payables		-	-	6,601,307	6,601,307
Total financial liabilities		-	-	6,601,307	6,601,307

24 FAIR VALUE MEASUREMENTS

(a) Fair value measurements

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

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

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

24 FAIR VALUE MEASUREMENTS (continued)

(b) Fair value hierarchy (continued)

	2013 $	Level 1 $	Level 2 $	Level 3 $
Equity securities	443,270	440,265	-	3,005
Total	443,270	440,265	-	3,005

(ii) Disclosed fair values

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

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

The fair values of held-to-maturity investments disclosed in note 10 were determined by reference to published price quotations in an active market (level1).

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

25 CHANGE IN ACCOUNTING POLICY

Impact on financial statements

The impact of the change in accounting policy described in note 1 (a) is presented below. The adjustment has not been made retrospectively as the impact on prior periods is not considered material to the financial statements.

(i) Impact on current year

Statement of financial position (extracts)	**2014 (prior to change in accounting policy) $**	**Capitalisation threshold Increase / (Decrease) $**	**2014 (as presented) $**
Non-current assets			
Property, plant and equipment	373,496	(63,208)	**310,288**
Total non-current assets	1,290,491	(63,208)	**1,227,283**
Total assets	17,281,187	(63,208)	**17,217,979**

NEWCASTLE INNOVATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

25 CHANGE IN ACCOUNTING POLICY (continued)

(i) Impact on current year (continued)

	2014 (prior to change in accounting policy) $	Capitalisation threshold Increase / (Decrease) $	2014 (as presented) $
Statement of financial performance (extracts)			
Depreciation and amortisation	488,152	(49,364)	438,788
Other expenses	6,847,344	113,187	6,960,531
Loss on disposal of assets	2,189	(615)	1,574
Total expenses from continuing operations	**17,259,327**	**63,208**	**17,322,535**
Net result attributable to members of Newcastle Innovation	**(41,646)**	**(63,208)**	**(104,854)**
Statement of cash flows (extracts)			
Cash flows from operating activities			
Payments to suppliers and employees	(16,673,184)	(15,077)	(16,688,261)
Net cash provided by operating activities	**(422,729)**	**(15,077)**	**(437,806)**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(111,980)	15,077	(96,903)
Net cash used by investing activities	**1,505,747**	**15,077**	**1,520,824**

NEWCASTLE INNOVATION

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* and:

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

   b. comply with the *Public Finance and Audit Act 1983 (NSW)*, and the *Public Finance and Audit Regulations 2010*; and

   c. give a true and fair view of the company's financial position as at 31 December 2014 and of its performance 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. The financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* and are signed in accordance with subsection 60.15(2) of the Act.

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

Glenn Turner
Director

John O'Brien
Director

Dated 23 March 2015

NEWCASTLE INNOVATION

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Newcastle Innovation Ltd

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

I have audited the accompanying financial statements of Newcastle Innovation Ltd (the Company), which comprise the statement of financial position as at 31 December 2014, income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Opinion

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2010
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act, *the Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

NEWCASTLE INNOVATION

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards, the *Corporations Act 2001* and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Newcastle Innovation Ltd on 25 March 2015, would be in the same terms if provided to the directors as at the time of this auditor's report.

Grant Hehir
Auditor-General

27 March 2015
SYDNEY

THE UNIVERSITY OF NEWCASTLE

UON SINGAPORE PTE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

UON SINGAPORE

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue from continuing operations			
Fees and charges	2	**6,595,875**	6,265,329
Investment revenue	3	**152**	102
Consultancy and contracts	4	**100,494**	81,032
Other revenue	5	**130,178**	125,690
Total revenue from continuing operations		**6,826,699**	6,472,153
Expenses			
Employee Related Expenses	6	**2,305,931**	2,399,389
Depreciation	7	**12,682**	17,573
Repairs and maintenance	8	**10,945**	10,553
Other expenses	9	**2,928,555**	2,893,311
Total expenses from continuing operations		**5,258,113**	5,320,826
Net result before income tax		**1,568,586**	1,151,327
Income tax expense	10	**211,323**	116,275
Net result after income tax for the year		**1,357,263**	1,035,052
Net result attributable to members of UoN Singapore Pte Ltd		**1,357,263**	1,035,052

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

UON SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
Net result for the year	**1,357,263**	1,035,052
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**251,998**	476,098
Total	**251,998**	476,098
Total other comprehensive income for the year	**251,998**	476,098
Total comprehensive income for the year	**1,609,261**	1,511,150
Total comprehensive income attributable to:		
The University of Newcastle	**1,609,261**	1,511,150

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

UON SINGAPORE

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**6,496,417**	4,866,801
Trade and other receivables	12	**92,222**	102,319
Other financial assets	13	**-**	28,026
Total current assets		**6,588,639**	4,997,146
Non-current assets			
Other financial assets	13	**29,547**	-
Plant and equipment	14	**7,425**	26,339
Total non-current assets		**36,972**	26,339
Total assets		**6,625,611**	5,023,485
LIABILITIES			
Current liabilities			
Trade and other payables	15	**839,056**	925,174
Provisions	16	**101,504**	90,773
Current tax liabilities	17	**232,178**	163,926
Total current liabilities		**1,172,738**	1,179,873
Total liabilities		**1,172,738**	1,179,873
Net assets		**5,452,873**	3,843,612
EQUITY			
Issued Capital	26	**86,036**	86,036
Reserves	18	**676,852**	424,854
Retained Earnings	18	**4,689,985**	3,332,722
		5,452,873	3,843,612
Total equity		**5,452,873**	3,843,612

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

UON SINGAPORE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Issued Capital $	Foreign Currency Translation Reserve $	Retained Earnings $	Total $
Balance at 1 January 2013		86,036	(51,244)	2,297,670	2,332,462
Net result for the year		-	-	1,035,052	1,035,052
Other comprehensive income		-	476,098	-	476,098
Total other comprehensive income		-	476,098	1,035,052	1,511,150
Balance at 31 December 2013	18,26	86,036	424,854	3,332,722	3,843,612
Balance at 1 January 2014		**86,036**	**424,854**	**3,332,722**	**3,843,612**
Net result for the year		**-**	**-**	**1,357,263**	**1,357,263**
Other comprehensive income		**-**	**251,998**	**-**	**251,998**
Total other comprehensive income		**-**	**251,998**	**1,357,263**	**1,609,261**
Balance at 31 December 2014	18,26	**86,036**	**676,852**	**4,689,985**	**5,452,873**

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

UON SINGAPORE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from student fees and other customers		**7,311,962**	7,212,992
Payments to suppliers and employees (inclusive of GST)		**(5,354,358)**	(5,545,795)
Interest received		**304**	101
GST paid		**(456,696)**	(290,928)
Income taxes paid		**(157,960)**	(146,205)
Net cash provided by operating activities	25	**1,343,252**	1,230,165
Cash flows from investing activities			
Proceeds from redemption of held to maturity investment		**27,612**	-
Payments for purchase of held to maturity investment		**(27,916)**	-
Payments for purchase of property, plant and equipment		**-**	(7,757)
Net cash used by investing activities		**(304)**	(7,757)
Cash flows from financing activities		**-**	-
Net cash used by financing activities		**-**	-
Net increase in cash and cash equivalents held		**1,342,948**	1,222,408
Cash and cash equivalents at beginning of year		**4,866,801**	3,151,971
Effects of exchange rate changes on cash and cash equivalents		**286,668**	492,422
Cash and cash equivalents at end of year	11	**6,496,417**	4,866,801

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

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

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

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

- *Public Finance and Audit Act 1983*, the requirements of the Department of Education and other State/Australian Government legislative requirements.

UON Singapore Pte Ltd is a for-profit entity and these statements have been prepared on that basis.

Date of authorisation for issue

The financial statements were authorised for issue by the members of UON Singapore Pte Ltd on 23 March 2015.

Historical cost convention

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

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes to the financial statements.

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

(c) Revenue Recognition

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

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

Revenue is recognised for the major business activities as follows:

(i) Student fees and charges

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

(ii) Investment revenue

Revenue on investments is recognised as income when earned.

(iii) Consultancy and contracts

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition (continued)

(iv) Other revenue

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

(d) Income Tax

The Company is subject to income tax under Singaporean Legislation.

The income tax expense or revenue for the period is the tax payable/receivable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(e) Impairment of assets

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

(f) Cash and cash equivalents

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade receivables

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

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

(h) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments and other financial assets (continued)

Initial recognition and derecognition

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

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

Subsequent measurement

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

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

Fair value

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

Impairment

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments and other financial assets (continued)

Fair value measurement

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

UON Singapore 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 balance sheet date (level 1). The quoted market price used for assets held by the Company is the most representative of fair value in the circumstances within the bid-ask spread.

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

Fair value measurement of non-financial assets is based on the highest and best use of the asset. UON Singapore 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 UON Singapore for similar financial instruments.

(i) Property, Plant and Equipment

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

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

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2014	2013
Plant and equipment	1 - 3 years	1 - 3 years

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

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

(j) Repairs and Maintenance

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

(k) Trade and other payables

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

(l) Provisions

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

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

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

(m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

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

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

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

(iii) Termination benefits

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

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

(n) Goods and services tax (GST)

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

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

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

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

(o) Comparative Amounts

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

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

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2014 reporting periods. The assessment of the impact of these new standards and interpretations is set out below:

- AASB 9 Financial instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AAB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9, AASB 2014-1 'Amendments to Australian Accounting Standards', Part E and Transition Disclosures (effective 1 January 2018)

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

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

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

The company does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

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

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

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

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

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

The following Accounting Standards and Interpretations are most relevant to the company:

- Interpretation 21 Accounting for Levies

Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

The Company is not liable to pay any government levies and therefore there was no impact on the financial statements as a result of adoption of this interpretation.

- AASB 10 Consolidated Financial Statements

The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity.

A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

The adoption of this standard from January 2013 has had no impact to the Company's financial statements.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- AASB 11 'Joint Arrangements'

AASB 11 supersedes AASB 131 'Joint Ventures' and requires each party to a joint arrangement to recognise its rights and obligations arising from the arrangement. The standard redefines which arrangements qualify as joint ventures and removes the option to account for joint ventures using proportionate consolidation.

- As the Company has no joint ventures, the adoption of this standard from 1 January 2013 has had no impact to the Company's financial statements
- AASB 12 'Disclosure of Interests in Other Entities'

AASB 12 contains all required disclosures for 'other entities' (i.e. subsidiaries, associates and joint ventures previously in AASB 127, 128 and 131 and Interpretations 112 and 113). Entities will have to disclose more information about:
➢ the nature of and risks associated with its interests in controlled entities
➢ the financial effects of those interests

There has been no significant impact to the financial statements as a result of adoption of this standard.

- AASB 127 'Separate Financial Statements'

The revised version of AASB 127 prescribes the accounting and disclosure requirements for controlled entities when an entity prepares separate financial statements.

There has been no significant impact to the financial statements as a result of adoption of this standard.

- AASB 128 'Investments in Associates and Joint Ventures'

This standard requires investments in associates and joint ventures to be accounted for using the equity method, including investors with joint control of, or significant influence over, an investee.

There has been no significant impact to the financial statements as a result of adoption of this standard.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2 FEES AND CHARGES

	2014 $	2013 $
Fee-paying offshore overseas students	**6,593,755**	6,263,462
Course and conference fees	**2,120**	1,867
Total Fees and Charges	**6,595,875**	6,265,329

3 INVESTMENT REVENUE

Interest	**152**	102
Total investment revenue	**152**	102

4 CONSULTANCIES AND CONTRACTS

Consultancies	**100,494**	81,032
Total consultancies and contracts	**100,494**	81,032

5 OTHER REVENUE

Other revenue	**130,178**	125,690
Total other revenue	**130,178**	125,690

6 EMPLOYEE RELATED EXPENSES

Academic		
Salaries	**1,447,700**	1,354,658
Contribution to funded superannuation	**57,320**	57,747
Annual leave	**148,900**	124,706
Voluntary separation	**-**	152,467
Total academic	**1,653,920**	1,689,578
Professional		
Salaries	**547,772**	588,491
Contribution to funded superannuation	**64,658**	69,222
Annual leave	**39,581**	52,098
Total professional	**652,011**	709,811
Total employee related expenses	**2,305,931**	2,399,389

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7 DEPRECIATION

	2014 $	2013 $
Depreciation		
Furniture and fittings	**12,682**	11,996
Office equipment	**-**	5,577
Total depreciation	**12,682**	17,573

8 REPAIRS AND MAINTENANCE

Cleaning	**9,500**	8,938
Repairs and maintenance - general	**1,445**	1,615
Total repairs and maintenance	**10,945**	10,553

9 OTHER EXPENSES

Advertising, marketing and promotions	**25,038**	31,823
Rent	**198,373**	165,920
General consumables	**51,571**	35,640
Insurances	**18,468**	17,992
Minor equipment	**34,525**	34,064
Operating lease rental	**14,334**	13,585
Professional services	**785,778**	765,844
Scholarships, grants and prizes	**9,961**	1,737
Service fees (to Parent entity)	**1,475,936**	1,473,139
Telecommunications	**11,585**	15,366
Travel, staff development and entertainment	**185,962**	183,804
Utilities	**12,917**	11,632
Other expenses	**104,107**	142,765
Total other expenses	**2,928,555**	2,893,311

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10 INCOME TAX EXPENSE

	2014 $	2013 $
(a) Income tax expense		
Current tax	**211,323**	116,275
Total income tax expense	**211,323**	116,275
Income tax expense is attributable:		
Net result from continuing operations	**211,323**	116,275
Aggregate income tax expense	**211,323**	116,275
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Net result from continuing operations before income tax expense	**1,568,586**	1,151,327
Tax at the Singaporean tax rate of 17% (2013 : 17%)	**266,660**	195,726
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	**(55,337)**	(79,451)
Income tax expense	**211,323**	116,275

11 CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and on hand	**6,496,417**	4,866,801
Total cash and cash equivalents	**6,496,417**	4,866,801

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

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

	2014 $	2013 $
Balances as above	**6,496,417**	4,866,801
Balance as per statement of cash flows	**6,496,417**	4,866,801

(b) Cash at bank

Cash at bank is interest bearing with the floating rates being determined by the daily balance of funds held in the account. This was nil% for 2014 (2013: nil%).

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12 TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Trade receivables	**34,784**	28,034
Prepayments	**4,097**	10,598
Other receivables	**53,341**	63,687
Total current receivables	**92,222**	102,319

(a) Past due but not impaired

As at 31 December 2014, trade receivables of $nil were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	2014	2013
The ageing analysis of these receivables is as follows:		
Less than 3 months	-	27,867
Total past due but not impaired trade receivables	-	27,867

13 OTHER FINANCIAL ASSETS

	2014	2013
Current		
Held to maturity investments	-	28,026
Total other financial assets	-	28,026
Non-Current		
Held to maturity investments	**29,547**	-
Total other financial assets	**29,547**	-

(a) Held to Maturity Investments

A deposit of SGD$31,904 is assigned to the Comptroller of Goods and Services Tax (GST) of Singapore for the purposes of obtaining status under the Singaporean GST Scheme. The deposit will be held until 29 November 2016.

14 PLANT AND EQUIPMENT

	2014 $	2013 $
PLANT AND EQUIPMENT		
At cost	**68,319**	161,007
Accumulated depreciation	**(60,894)**	(134,668)
Total plant and equipment	**7,425**	26,339

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

14 PLANT AND EQUIPMENT (continued)

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

	2014 **$**	2013 $
Plant and equipment		
Balance at the start of year	**26,339**	33,197
Additions	**-**	7,757
Disposals	**(5,136)**	-
Depreciation expense	**(12,682)**	(17,573)
Foreign exchange movements	**(1,096)**	2,958
Balance at the end of the year	**7,425**	26,339

15 TRADE AND OTHER PAYABLES

Current		
Unsecured liabilities		
Trade creditors	**184,416**	228,519
Related party payables	**481,052**	534,082
Other payables	**173,588**	162,573
Total current trade and other payables	**839,056**	925,174

(a) Foreign currency risk

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

Australian dollars	**481,052**	534,082
Singapore dollars	**358,004**	391,092
	839,056	925,174

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

16 PROVISIONS

Current provisions expected to be settled within 12 months		
Employee benefits		
Annual leave	**101,504**	90,773
Total current provisions	**101,504**	90,773

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

16 PROVISIONS (continued)

Provision for annual leave

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

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

	Annual leave $	Total $
Current		
Opening balance at 1 January 2014	**90,773**	90,773
Additional provisions	**188,481**	188,481
Provisions used	**(177,750)**	(177,750)
Balance at 31 December 2014	**101,504**	101,504

17 CURRENT TAX LIABILITIES

	2014 $	2013 $
Income tax payable	**232,178**	163,926
Total current tax liabilities	**232,178**	163,926

18 RESERVES AND RETAINED EARNINGS

(a) Reserves

Foreign currency translation reserve	**676,852**	424,854
Total Reserves	**676,852**	424,854

(b) Movements in reserves

Foreign currency translation reserve		
Balance as at 1 January	**424,854**	(51,244)
Currency translation differences arising during the year	**251,998**	476,098
Balance as at 31 December	**676,852**	424,854

(c) Movements in retained earnings

Retained earnings at the beginning of the year	**3,332,722**	2,297,670
Net result for the year	**1,357,263**	1,035,052
Retained earnings at end of the financial year	**4,689,985**	3,332,722

(d) Nature and purpose of reserves

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

19 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

(i) Chair and Board of directors

Professor Amir Mahmood (Director, Chief Executive Officer)
Professor Andrew James Parfitt (Chair)
Mr Craig John Wallis (Director) – ceased 5 August 2014
Mr Tao Yeoh Chi (Director)
Mr Michael Grenville Gray (Director)
Mr Tay Buan Huat Peter (Director)
Ms Sandra Davie D/O Periasamy (Director)

(b) Remuneration of key management personnel

	2014 Number	2013 Number
Remuneration of executive officers		
Nil	**2**	3
$1 to $9,999	**4**	4
$230,000 to $239,999	**-**	1
$240,000 to $249,999	**-**	1
$380,000 to $389,999	**1**	-
	7	9

(c) Remuneration of key management personnel

	2014 $	2013 $
Short-term employee benefits	**400,021**	345,600
Termination benefits	**-**	152,467
Total key management personnel compensation	**400,021**	498,067

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

20 REMUNERATION OF AUDITORS

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

	2014 **$**	2013 $
Audit services		
Audit of financial statements		
Audit Office of NSW	**22,990**	20,300
BDO Singapore	**16,188**	15,986
	39,178	36,286

21 CONTINGENCIES

Contingent liabilities

UON Singapore Pte Ltd currently has no contingent liabilities as at 31 December 2014 (2013: $nil).

Contingent assets

UON Singapore Pte Ltd currently has no contingent assets as at 31 December 2014 (2013: $nil).

22 COMMITMENTS

(a) Operating lease commitments (GST excl.)

(i) Operating Leases

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:

Due within one year	**262,477**	145,347
Due after one year, but within five years	**341,899**	8,976
Net commitments	**604,376**	154,323

23 RELATED PARTIES

(a) Parent entity

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

(b) Key management personnel

Disclosures relating to responsible officers and specified executives are set out in note 19.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

23 RELATED PARTIES (Continued)

(c) Transactions with related parties

The following transactions occurred with related parties:

	Note	2014 $	2013 $
i) The University of Newcastle			
Services provided to the University			
Service fees charged on services rendered	9	**1,475,936**	1,473,139
		1,475,936	1,473,139

(d) Outstanding balances

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

	Note	2014 $	2013 $
Current Payables (purchase of services)			
The University of Newcastle	15	**481,052**	534,082
		481,052	534,082

(e) Terms and Conditions

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

24 EVENTS OCCURRING AFTER REPORTING DATE

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

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

	2014	2013
Net result for the year	**1,357,263**	1,035,052
Add non-cash items:		
Depreciation	**12,682**	17,573
Net exchange differences	**(29,655)**	(22,802)
Changes in operating assets and liabilities:		
(Increase) decrease in trade debtors	**(6,749)**	146,669
(Increase) decrease in other receivables	**16,847**	(9,048)
Increase (decrease) in trade creditors	**(44,103)**	(26,644)
Increase (decrease) in related party payables	**(53,030)**	(22,254)
Increase (decrease) in other operating liabilities	**11,014**	125,877
Increase (decrease) in provision for income taxes payable	**68,252**	(9,907)
Increase (decrease) in other provisions	**10,731**	(4,351)
Net cash provided by operating activities	**1,343,252**	1,230,165

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

26 ISSUED CAPITAL

	2014 **$**	2013 $
Fully paid ordinary shares (2 shares)	**86,036**	86,036

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

27 FINANCIAL RISK MANAGEMENT

(a) Introduction

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

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

(b) Market risk

(i) Foreign exchange risk

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

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

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

At 31 December 2014, had the Australian Dollar weakened/strengthened by 10% against the Singapore Dollar with all other variables held constant, post-tax profit for the year would have changed by ±$48,105 (2013: ±$53,408), mainly as a result of foreign exchange gains/losses on translation of Singapore dollar denominated related party payables and financial assets at fair value through profit or loss.

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents. At 31 December 2014, 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 ±$64,964 (2013: ±$48,668), mainly as a result of higher interest income from cash and cash equivalents.

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(iv) Summarised sensitivity analysis

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

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

31 December 2013		**Interest rate risk**				**Foreign exchange risk**			
		-1%		**+1%**		**-10%**		**+10%**	
	2013 $	**Result $**	**Equity $**	**Result $**	**Equity $**	**Result $**	**Equity $**	**Result $**	**Equity $**
Financial assets									
Cash and cash equivalents	4,866,801	(48,668)	(48,668)	48,668	48,668	-	-	-	-
Financial liabilities									
Related party payables (nominated in $SGD)	534,082	-	-	-	-	(53,408)	(53,408)	53,408	53,408
Total increase (decrease)		(48,668)	(48,668)	48,668	48,668	(53,408)	(53,408)	53,408	53,408

(c) Credit risk

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

(d) Liquidity risk

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

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27 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

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

	Average Interest rate		Variable interest rate		Within 1 year		1 – 5 years		Non Interest		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	%	%	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Financial assets:												
Cash and cash equivalents	**0.00**	0.00	**6,496**	4,867	**-**	-	**-**	-	**-**	-	**6,496**	4,867
Receivables			**-**	-	**-**	-	**-**	-	**88**	91	**88**	91
Other financial assets			**-**	-	**30**	28	**-**	-	**-**	-	**30**	28
Total financial assets			**6,496**	4,867	**30**	28	**-**	-	**88**	91	**6,614**	4,986
Financial liabilities:												
Payables			**-**	-	**-**	-	**-**	-	**481**	391	**481**	391
Amounts payable to related parties			**-**	-	**-**	-	**-**	-	**358**	534	**358**	534
Total financial liabilities			**-**	-	**-**	-	**-**	-	**839**	925	**839**	925

28 FAIR VALUE MEASUREMENTS

(a) Fair value measurements

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

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

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

	Carrying amount		Fair value	
	2014	2013	**2014**	2013
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**6,496,417**	4,866,801	**6,496,417**	4,866,801
Trade and other receivables	**88,125**	91,219	**88,125**	91,219
Other financial assets				
Held-to-maturity	**29,547**	28,026	**29,547**	28,026
Total financial assets	**6,614,089**	4,986,046	**6,614,089**	4,986,046
Financial liabilities				
Trade and other payables	**839,056**	925,174	**839,056**	925,174
Total financial liabilities	**839,056**	925,174	**839,056**	925,174

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

UON SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

28 FAIR VALUE MEASUREMENTS (continued)

(b) Fair value hierarchy

(i) Disclosed fair values

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

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

UON SINGAPORE

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors declare that;

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

2. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Public Finance and Audit Act, 1983 (NSW)*, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the company;

3. The financial reports have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, and other mandatory professional requirements.

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

On behalf of the Directors.

Professor Andrew Parfitt
Director and Chair

23 March 2015

UON SINGAPORE

DIRECTORS DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2014

THE UNIVERSITY OF
NEWCASTLE
AUSTRALIA

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