



# PART 3

# FINANCIALS

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*Ourimbah campus, NSW*



## 2020 FINANCIAL OVERVIEW

As was common across the sector 2020 brought a number of financial challenges to the University as we responded to the impact of COVID-19 on our core operating and commercial activities. Despite these challenges, growth in domestic student load offset some of the impact and overall, the Group produced a modest surplus.

The net result for the Group was a reported surplus of \$7.5 million which is \$58.4 million (88.6 percent) less than 2019. Our international student revenues, student accommodation fees and investments were adversely affected by COVID-19. In addition to these COVID-19 issues the University also undertook a payroll remediation program to address identified underpayments to casual staff in previous years. On a more positive note, domestic income increased, and the University continued to deliver strong results for research growth, continuing the trends from previous years.

There were no changes in Australian Accounting Standards effective in 2020 that materially impacted the University and Ms Paula Johnston was the Chief Financial Officer throughout the year.

### FINANCIAL OUTCOMES

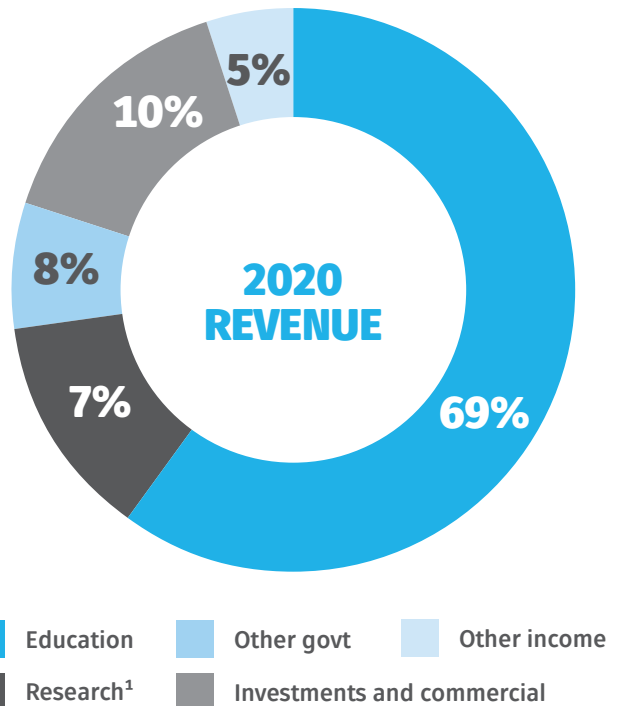
Unless stated otherwise, references to the 'Group' in this section indicate the Consolidated Group's results in the financial statements starting on page 50. The Group includes the University of Newcastle (parent entity) and its controlled entities, UON Singapore Pty Ltd, The University of Newcastle Research Associates Ltd (TUNRA) and NUservices Pty Ltd which was incorporated in May 2020.

In 2020 the Group result showed a decrease of 4.4 percent in total Group income (2019: increase of 8.7 percent), primarily due to the impact of the global pandemic. UON Singapore reported a strong surplus, largely due to fiscal stimulus put in place by the Singapore government. TUNRA also reporting an improved surplus on 2019 due to new projects commenced during the year. NUservices reported a deficit of \$0.4 million due to costs associated with the setup of the entity.

Employee related expenses for the Group grew 8.3 percent in 2020 to \$482.0 million, largely due to the increments included in current enterprise agreements and remediation of casual overtime payments.

Total non-salary expenses in the University decreased by 4.8 percent in 2020 as a result of operational changes in response to the pandemic including a significant reduction in travel costs during the year. These reductions were offset in other areas where the University added resources to support the continued delivery of programs to students and mitigate COVID-19 risks to our students and staff during 2020.

Operating cash flows of the Group in 2020 were \$78.0 million, up on the \$60.3 million reported in the prior year. Capital expenditure on property, plant and equipment by the Group was \$127.9 million in 2020, up from \$78.0 million recorded in 2019, this spend reflected planned projects to continue development of the STEMM precinct, other campus refurbishments and various IT projects. While capital spend was higher than 2019, reductions to capital budgets in 2020 did occur in response to the financial challenges presented by the pandemic.



### FINANCIAL POSITION

The Group's financial position remains strong with net assets of \$1.43 billion at 31 December 2020 (2019: \$1.41 billion), and no external borrowings. The low current ratio of the University has been maintained and is caused by the strategic allocation of investments to a Long-Term Pool and their classification as non-current assets. A significant portion of funds within the Long-Term Pool, disclosed in the University's non-current assets are invested in highly liquid assets, with exposure to higher investment returns. The majority of these assets are considered by management to supplement the balances defined as current in the financial report for cash management purposes.

The Group's investments totalled \$519.3 million at the end of 2020 compared with \$534.7 million in the prior year. The Group recognised an unrealised investment gain of \$13.1 million for the year ended 31 December 2020 due to a strong recovery in the markets in the second half of the year. Excluding investment revaluations, the net result in 2020 was a (\$5.7 million) deficit compared with a \$23.7 million surplus in the prior year. Realised investment income in 2020 was \$13.1 million, down from \$21.9 million in 2019, but still represents a favourable return considering the volatility experienced in 2020 as a result of COVID-19.

The University records its long-term strategic investment in Education Australia Ltd at fair value through Other Comprehensive Income. The revaluation of this investment resulted in an unrealised gain of \$10.4 million as at December 2020 (2019: \$16.8 million).

The annual independent valuation of land, buildings and infrastructure assets resulted in a net increment of \$33.9 million (2019: \$13.2 million decrement) which was recorded in the asset revaluation reserve. The increase in 2020 represents increases in construction costs which impact the valuation

of the majority of the University's building assets. Offsetting the valuation movement was an impairment recognised to reflect the reduced useful life of the Hunter Building on the Callaghan campus. Measures to decant this building commenced in 2020, to be finalised in the middle of 2021.

**TABLE 1: FINANCIAL RESULTS AND BUDGET (UNIVERSITY ONLY)**

	2020 \$M ACTUAL	2020 \$M BUDGET	2019 \$M ACTUAL	2019 \$M BUDGET
<b>INCOME FROM CONTINUING OPERATIONS</b>				
Australian government financial assistance	511.9	479.4	499.3	473.1
State and local government financial assistance	20.8	17.8	16.9	16.9
HECS-HELP - Student payments	5.9	5.6	5.4	4.6
Fees and charges	151.9	197.3	173.7	199.6
Investment revenue	31.7	25.2	65.9	22.5
Royalties, trademarks and licences	0.7	0	0.4	0.0
Consultancy and contracts	43.6	65.8	36.8	38.9
Other revenue	28.4	19.3	35.5	25.8
Other investment income	0	0	-	0.0
<b>Total income from continuing operations</b>	<b>794.9</b>	<b>810.3</b>	<b>833.9</b>	<b>781.4</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee related expenses	(472.9)	(457.5)	(437.0)	(454.4)
Depreciation and amortisation	(61.7)	(56.9)	(55.9)	(51.4)
Repairs and maintenance	(32.0)	(32.4)	(31.0)	(29.7)
Borrowing costs	(0.1)	0.0	(0.4)	0.0
Impairment of assets	(1.5)	(0.5)	(1.0)	(0.1)
Loss on disposal of assets	(4.5)	0.0	(0.1)	0.0
Deferred superannuation expense	(1.1)	0.0	(4.2)	0.0
Other expenses	(215.2)	(237.1)	(239.3)	(230.6)
<b>Total expenses from continuing operations</b>	<b>(789.1)</b>	<b>(784.4)</b>	<b>(768.9)</b>	<b>(766.2)</b>
<b>Net result before income tax</b>	<b>5.9</b>	<b>25.9</b>	<b>65.0</b>	<b>15.2</b>

Results may be subject to rounding discrepancies

**TABLE 2: 2020 CONSOLIDATED RESULTS**

	INCOME \$M	EXPENSES \$M	NET SURPLUS (DEFICIT) \$M	BUDGET NET SURPLUS (DEFICIT) \$M
University of Newcastle	794.9	(789.1)	5.9	25.9
TUNRA	8.4	(7.8)	0.6	0.2
UON Singapore	8.8	(7.4)	1.4	0.0
NUservices	0.1	(0.5)	(0.4)	(0.5)
Consolidation adjustments	(4.4)	4.4	0.0	0.0
<b>Consolidated entity</b>	<b>807.9</b>	<b>(800.4)</b>	<b>7.5</b>	<b>25.6</b>

Please refer to note 24 of the financial statements for details of the University's subsidiaries. Results may be subject to rounding discrepancies.

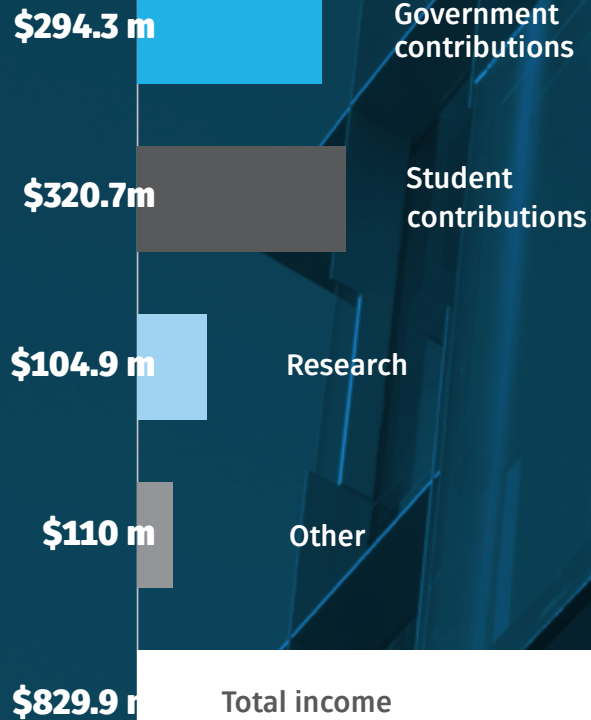
Note 1: Research income reported in accordance with Australian Accounting Standards differs from HERDC reported research income and the actual value of research grants awarded, but not recognised as income, during the year.

Note 2: The 2020 budget provided above was the first and only budget approved by the University's Council for the year.

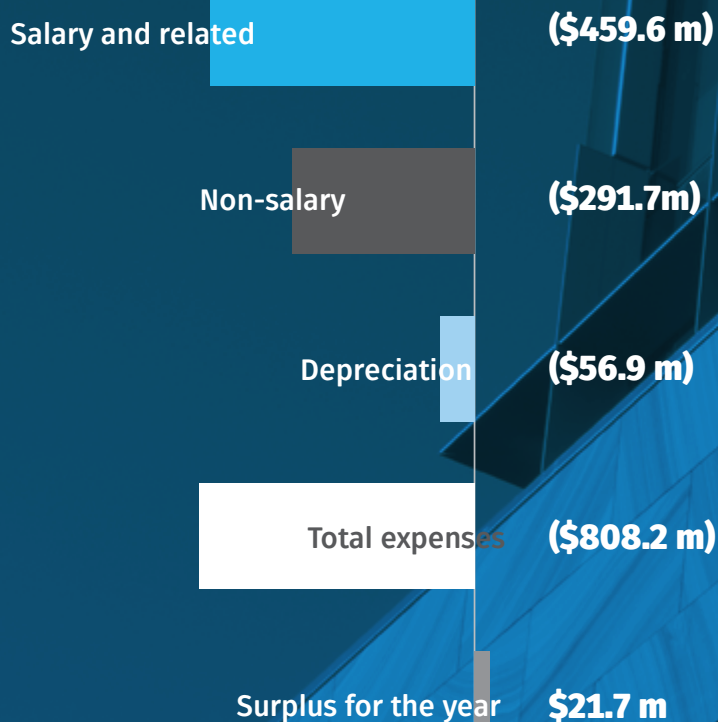
## 2020 BUDGET

## SUMMARY 2020 BUDGETED FINANCIAL PERFORMANCE (UNIVERSITY ONLY)

## INCOME



## EXPENSES

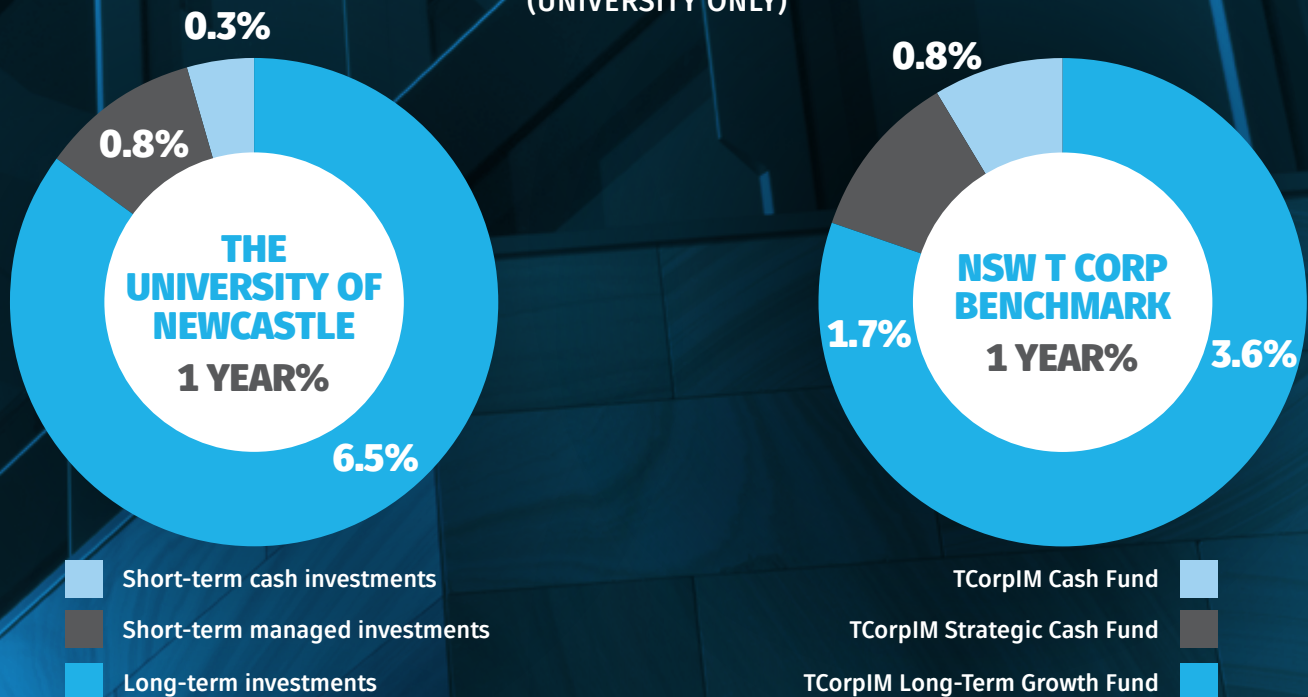




## INVESTMENT PERFORMANCE

Performance for 2020 is shown in the graphs below:

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



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

### LIABILITY MANAGEMENT PERFORMANCE

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

### ACCOUNTS PAYABLE PERFORMANCE

There were no significant events that affected payment performance in 2020. The University continued making internal process improvements to improve accounts payable performance in 2020, including the implementation of further Robotic Process Automations to assist with streamlining processes. There were no instances where penalty interest was paid in 2020.

TABLE 3: ACCOUNTS PAYABLE PERFORMANCE IN 2020 (UNIVERSITY ONLY)

ACCOUNTS PAYABLE AT:	31 MARCH \$M	30 JUNE \$M	30 SEPTEMBER \$M	31 DECEMBER \$M
Not overdue	3.4	8.1	7.5	20.3
Under 30 days	1.3	1.0	5.1	0.4
Between 30 to 60 days	0.0	0.0	0.2	0.1
Between 60 to 90 days	0.1	0.0	0.0	0.0
More than 90 days overdue	0.1	0.1	0.1	0.1
<b>Total</b>	<b>4.8</b>	<b>9.1</b>	<b>12.8</b>	<b>20.9</b>

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

Invoices paid on time	Q1 31 March	Q2 30 June	Q3 30 September	Q4 31 December
	%	%	%	%
Actual based on volume	0.6	0.6	0.7	0.8
Actual based on value	0.7	0.7	0.7	0.8
Target	66.7	66.7	66.7	66.7
	\$m	\$m	\$m	\$m
Actual value paid	62.2	68.7	91.6	80.5
Total amount paid	89.1	96	122.7	106.1

Results may be subject to rounding discrepancies

## MOVEMENT IN WAGES

The movement in wages reflects normal increases associated with Enterprise Agreement salary increases negotiated in 2018 and increments due to promotions and movement through the Higher Education Worker Levels (HEWL). Two other matters caused increases to salary costs in 2020. Firstly, payments associated with the University Early Retirement scheme were recognised in December. Secondly, in 2020 the University undertook a payroll remediation program to address underpayments of overtime and loadings to casual staff in the prior six-year period. Remediation payments totalling approximately \$6.6 million have been recognised in 2020 with some of these payments remaining to be finalised in early 2021.

## OVERSEAS TRAVEL

The COVID-19 pandemic heavily restricted University travel in 2020. The total expenditure on international travel was \$1.1 million in 2020 (2019: \$7.7 million). This includes the cost of airfares, accommodation, and other transport costs.

## LAND DISPOSAL

The University did not dispose of any land in excess of \$5.0 million during 2020.

## FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

During 2020, the University provided \$73,500 in grant funding to local non-government community organisations (2019: \$143,245).

## ACCOUNTS RECEIVABLE PERFORMANCE

Total trade receivables, including allowance for expected credit losses, for the University were \$23.7 million in 2020, up from \$22.5 million in 2019. Student debtors increased \$1.2 million for the year to \$3.1 million as at 31 December 2020, with trade debtors increasing \$0.3 million. During 2020 the University worked closely with students and other debtors impacted by the pandemic, enabling flexible payment arrangements where required. Write-offs for the year increased to \$0.5 million from \$0.2 million in 2019 and the total allowance for expected credit losses increased modestly from \$0.8 million to \$1.0 million.

**TABLE 4: FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS**

NAME OF RECIPIENT ORGANISATION	PROGRAM AREA AS PER BUDGET	NATURE AND PURPOSE OF THE PROJECT INCLUDING AIMS AND TARGET CLIENTS	2020 GRANT AMOUNT
Newcastle Afoot	The Big Picture Fest	Sponsorship of the Big Picture Fest; support the world class international artists to paint murals alongside local talent on some of Newcastle's largest buildings. Raise the profile of Arts and Humanities in the region.	20,000
Newcastle Writers Festival Incorporated	Newcastle Writers Festival 2020	Raise the profile of Arts and Humanities in the region, support cultural community and enhance links into community for students.	18,000
Hunter & Central Coast Development Corporation	Hunter Identity & Positioning Strategy project	To support Hunter region to develop unique identity and strategy to position the region in relation to tourism, investment and business attraction	10,000
Regional Development Australia Hunter	The Altitude Accord	Raise the skills base of the Hunter's future workforce and ignite student interest in STEM careers in the defence industry.	10,000
Engineers Australia	Faculty of Engineering and Built Environment	Sponsorship of EA Re-Shaping the Hunter book projects. Raise the profile of the University within the engineering community and Hunter region.	10,000
Central Coast Industry Connect	Academic Division	Raise the profile of the University within the region and support the organisation's events to create growth opportunities in the manufacturing industry .	5,500
<b>Total</b>			<b>73,500</b>

## RESPONSIBLE INVESTMENT

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

The four key focus areas established in 2018 were to:

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

As of the end of 2020, the University has met or exceeded each of its ESG goals (as highlighted below) as it continues to align its investment portfolio with its ESG investment approach.

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

In the three years the University's goals have been in place, the weighted ESG score has improved by more than 35 percent.

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

In the three years the University's goals have been in place, the carbon footprint of its listed shares portfolio, as measured by weighted average carbon intensity (WACI), has decreased by more than 30 percent and as at 30 June 2020 is c. 28 percent below the composite benchmark.

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

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

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

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

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

The University, over the course of the FY 2019/2020, utilised proxy votes through the fund manager to vote at 98 percent of eligible shareholder meetings in Australia and 98 percent of overseas meetings. There were 441 meetings (13 percent of meetings voted) with at least 1 vote Against, Withhold or Abstain. Mercer's full voting record is available online.

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



## SUBSIDIARIES

### NUSERVICES PTY LTD

Established in 2020, NUservices Pty Ltd undertakes a range of services of a commercial nature that support the University community. These services include food and retail services in the first instance, with the opportunity to expand the range of services in response to the needs of students, staff and the community.

NUservices operates as a wholly-owned controlled entity of the University of Newcastle and plays a significant role in the strategy of the University to improve the campus and student experience and reimagine their campuses as assets for the broader community.

#### 2020 Achievements:

- Mr Edward Crawford was appointed as Interim General Manager in May and oversaw the delivery of food and beverage services to Ourimbah to ensure continuity of services following the closure of Yourimbah operated outlets.
- Local Connections restaurant opened in October at Callaghan campus, providing fresh locally sourced dishes at affordable prices. Local Connections employs University of Newcastle students, contributing to the University's goals of life-ready graduates.
- Refit and expansion of two food and beverage outlets at Ourimbah, providing high quality, healthy and affordable options.
- Rebranding of café outlets at Ourimbah to acknowledge and celebrate Indigenous history and place making.
- Opening of The Shop at Ourimbah, providing a new service for this campus. The Shop retails official University merchandise and general stationary supplies. The Shop also operates on the Callaghan campus and includes the Post Office service.
- Introduction of dry-cleaning pick-up and delivery services, providing a new campus service.
- Coordination of alternative food and beverage services to replace services which were removed following the closure of the Hunter Building, providing continuity of services to campus users.

#### Activities for 2021:

- NUservices will expand its suite of operations to include venue hire and catering services to leverage the University's assets and open our campuses to our community.
- We will focus on the strategic refresh of campus services with a view to improving the quality, affordability and diversity of food and beverage and retail services with a view to boosting the campus and student experience.
- We will increase patronage at Local Connections restaurant and Ourimbah food and beverage outlets.
- We will also focus efforts on maximising the performance of our managed tenancies and explore opportunities to expand and diversify services to meet campus demands.
- Fresh vending options will be introduced to provide convenient and affordable options for campus users.

## THE UNIVERSITY OF NEWCASTLE RESEARCH ASSOCIATES LIMITED (TUNRA)

The University of Newcastle Research Associates Limited (TUNRA) completed another successful year of commercial operation as part of the Research and Innovation Division. TUNRA operates as a wholly-owned controlled entity of the University of Newcastle and acts as an important interface between academia and industry. We represent an important piece in the University's overall strategy of leveraging current capability and assets coupled with a long history of service excellence and industry engagement to deliver an expanded range of services to customers both in Australia and overseas.

The focus for the business for 2020 has been on the continued growth of the TUNRA Bulk Solids (TBS) business unit, as well as continuing to provide support to two key TUNRA hosted major research projects. Despite the challenging economic conditions that 2020 presented, and in addition to the general disruption associated with a global pandemic, TUNRA recorded a very successful year. TUNRA conducted projects for over 200 industry partners, both in Australia and overseas, throughout 2020.

### 2020 Achievements

- A continued focus on operational excellence and governance structure to support the commercial research activities. Key improvements in 2020 included the development and implementation of a Whistleblower policy in line with ASIC requirements, as well as a Reserves policy as recommended by the ACNC. An overall policy framework review was also conducted during the year as well as an update to the compliance register.
- Strong performance of the TBS business unit that has continued the success seen in recent years. The main commercial research services that TBS offer are flow property testing and characterisation, and engineering design services. The main sector TBS operates in is mining, with clients such as BHP Iron Ore, Rio Tinto, Roy Hill Mining and Glencore.
- Aligned to the educational mandate of the business, TUNRA was able to successfully transition to the online delivery of courses in 2020. These courses and workshops are conducted as a means of educating industry based on the research developments of the University and traditionally have had a global audience. A physical workshop was able to be presented in the Hunter Valley early in 2020, and then subsequent to this a range of activities were held online throughout the year. The online activities included multi-day courses, half day master classes, and shorter workshops and webinars.
- The TUNRA-hosted research project on mineral carbonation, "Combined Carbon Capture from Flue Gas Streams and Mineral Carbonation", was completed successfully in June 2020. The TUNRA project was in support of a three year CRC Project run by the University. To continue this research

activity, TUNRA commenced a new research contract in July 2020 directly with the external industry partner Mineral Carbonation International. One of the aims of this project is to test different industrial waste materials such as mine tailings and steel slag for their suitability as alternative feedstock for the carbonation process. Techno-economic studies and product development will be the focus of research efforts on the path to commercialising the carbonation technology in 2021.

- A new TUNRA-hosted project commenced in late 2019, known as the ImmVirX research project. This project will focus on the use of selected viruses to target colorectal cancer, ovarian cancer, head and neck cancer and liver cancer, and is led by Professor Darren Shafren with many of the same team involved again as in the previously successful Viralytics project (the Viralytics research technology was acquired by US pharmaceutical firm Merck in 2018).
- Both direct and indirect research support to the University was provided throughout 2020. TUNRA continued its sponsorship of a PhD candidate during 2020, with further PhD scholarships being offered in 2021. TUNRA also provided undergraduate scholarships in 2020 allowing students the opportunity for work integrated learning. Indirect contributions include HERDC funding attributed to the research activities of TUNRA, as well as technical support offered to various research groups across the University.

### Planned Strategic activities in 2021:

- The TUNRA business plan in 2021 will be delivered in support of the University's *Looking Ahead* strategic plan and the Research and Innovation Division corporate plan.
- TUNRA will increase the research support provided to the University. The focus for TUNRA will be on directly supporting additional PhD scholarships as well as undergraduate scholarship opportunities to support work integrated learning.
- Increase the engagement across the University to further leverage the University's assets and resources, in line with strategy, to enhance the engagement with businesses and community. The focus for 2021 will be on diversification of TUNRA, with the diversification opportunities being aligned to the strengths of the University.
- Invest in capital programs that act to support the purpose of TUNRA, being research and research education. Capital support will be aligned to the needs of the TUNRA business and will be market driven.
- Facilitate a robust and responsive customer-centric environment supported by a flexible operating model. TUNRA is externally facing and will continue to provide a pathway for commercial engagements for University researchers.
- Continue to make, as a controlled entity, a direct and



indirect contribution to the University.

## UON SINGAPORE PTE LTD

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

UON Singapore was established as a wholly-owned entity of the University in 2006 and in partnership with local institutions, continues to grow its program offering for local and international students. We undertake research with organisations and institutions in Singapore and across the globe to deliver innovative solutions to industry challenges.

UON Singapore is the University's hub and a gateway for the Asia Pacific region which allows us to pursue educational opportunities and to work with research institutes, industry and businesses in Singapore and the ASEAN region, to create the University's global presence.

### 2020 Key Highlights

During the COVID-19 pandemic, UON Singapore has been working with its partners to deliver the best online learning experience through the re-design of teaching approaches and research activities.

#### Some of our key highlights include:

- UON Singapore teaching and learning delivery for all the courses in 2020 were swiftly changed to online mode from March 2020 without affecting the continuity of our students' learning during the circuit breaker. All full-time lecturers and sessional lecturers were provided with Blackboard Collaborate Ultra and Zoom training, to facilitate online teaching as part of our business continuity plans. Adequate support was provided to maintain students' learning at their own place and pace of time. UON Singapore had to move to online assessment for the final examinations and ensures that adequate support, mock examinations and guidelines were provided to students. Students who required mental and emotional support were taken care of through our partner institutions' qualified counsellors.
- UON Singapore Industry Advisory Committees provide advice on current professional practices and emerging trends in the workplace. This ensures our course content, professional practices, laboratory equipment and software meet the latest industry standards. Set up in 2020, the committee comprises practicing professionals from industry and government and meets regularly to provide feedback on the curriculum and program development.
- UON Singapore and PSB Academy renewed its partnership in delivering the University's program in Singapore. In 2020, UON Singapore and PSB Academy jointly offered Study Rebates of up to S\$6,000 on course fees for eligible students as part of Future Together initiative.
- UON Singapore was a Gold Sponsor for several high profile industry sessions organized by the Singapore Business Circle including 'COVID-19 - Business Challenges and Opportunities' discussion featuring Bruce Gosper, Australian High Commissioner to Singapore and Jo Tyndall, New Zealand High Commissioner to Singapore and briefing

sessions by Hugh Lim, CEO, Building and Construction Authority and Cheow Hoe Chan, Government Chief Digital Technology Officer - GovTech Singapore.

- In July 2020, the UONS-IPRS Student Chapter held a webinar 'PReSent' to mark the renewal of the Memorandum of Understanding (MOU) between UON Singapore and the Institute of Public Relations of Singapore (IPRS). The agreement provides opportunities for students to engage in the wider spectrum of PR and Communications.
- UON Singapore held its annual Awards and Appreciation ceremony on 28 August 2020 via a virtual ceremony event due to the COVID-19 pandemic. The event was attended by staff, students, alumni and industry partners to celebrate the achievements of our students and staff. Among the awards presented were Student Best Performance Awards, Student Leadership Awards and Appreciation, Industry-Sponsored Awards for Students, Excellent Teaching Awards, Professional Excellence Award and Staff Long-Service Awards.
- UON Singapore won the Silver award in the Excellence in Work-Life Harmony at the HR Excellence Awards 2020. Other finalists of the awards include Deloitte, Hewlett Packard Enterprise, Swiss Re and Novatis.
- Mr. Sunny Tan, UON Singapore distinguished alumnus of our Bachelor of Environmental and Occupational Health and Safety Program (BEnvOHS) was featured by the Singapore press, The Straits Times and The New Paper in October 2020. Sunny has been passionate in the workplace safety industry and has been very active in networking and meeting fellow safety professionals from various industries while he was studying. Sunny is now the Director of HSSE & Quality at C&W Services and continues to help our BEnvOHS alumni committee to organise seminars and networking sessions for past and current students. He also encouraged his two children Jenny and Jeffrey to pursue their Bachelor of Mechanical Engineering (Honours) programme at our Singapore campus via our collaboration partner PSB Academy.
- Two new Board Members were appointed in 2020 - Mr Bill Chua and Mr Jaspal Singh, who are alumni of the University of Newcastle, Australia and had distinguished careers in private and public sector.

### Looking Ahead 2021

UON Singapore will celebrate its 15th anniversary in Singapore in 2021. To mark this anniversary, UON Singapore will register to become a private education institute (PEI) as part of its progression to continue its commitment to deliver highest quality programs, to provide outstanding and inspiring student experience and to advance research aspirations. We will also celebrate the success of our graduates and alumni who are making meaningful and lasting contributions to businesses and the wider community in Singapore and the region.

As a global and socially committed institution, we will continue to prepare the future workforce, forge partnerships and networks enabling our students and staff to contribute their knowledge, skills and expertise to address significant global issues.

THE UNIVERSITY OF NEWCASTLE

# AUDITED FINANCIAL STATEMENTS

ABN 15 736 576 735

FOR THE YEAR ENDED 31 DECEMBER 2020



# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Income from continuing operations</b>					
Australian Government financial assistance					
Australian Government grants	3.1	337,598	335,586	337,598	335,586
HELP - Australian Government payments	3.1	174,294	163,683	174,294	163,683
State and Local Government financial assistance	3.2	20,814	16,979	20,814	16,979
HECS-HELP - student payments		5,872	5,483	5,872	5,483
Fees and charges	3.3	159,906	181,737	151,907	173,712
Investment income	4	31,715	65,799	31,711	65,690
Royalties, trademarks and licences	3.4	1,345	826	747	435
Consultancy and contracts	3.5	50,826	50,365	43,541	43,693
Other revenue	3.6	25,492	24,762	28,440	28,681
<b>Total income from continuing operations</b>		<b>807,862</b>	<b>845,220</b>	<b>794,924</b>	<b>833,942</b>
<b>Expenses from continuing operations</b>					
Employee related expenses	5	482,010	444,936	472,907	436,968
Depreciation and amortisation	6	62,116	56,248	61,696	55,825
Repairs and maintenance	7	32,114	31,133	32,010	31,077
Borrowing costs	8	104	390	111	422
Impairment of assets	9	1,651	1,015	1,532	1,006
Loss on disposal of assets		4,555	67	4,521	77
Deferred superannuation expense	5	1,099	4,201	1,099	4,201
Other expenses	10	216,723	241,322	215,187	239,392
<b>Total expenses from continuing operations</b>		<b>800,372</b>	<b>779,312</b>	<b>789,063</b>	<b>768,968</b>
<b>Net result before income tax from continuing operations</b>		<b>7,490</b>	<b>65,908</b>	<b>5,861</b>	<b>64,974</b>
Income tax expense		(23)	-	-	-
<b>Net result after income tax for the period</b>		<b>7,513</b>	<b>65,908</b>	<b>5,861</b>	<b>64,974</b>
<b>Net result attributable to:</b>					
Members of the University of Newcastle		7,513	65,908	5,861	64,974
<b>Total</b>		<b>7,513</b>	<b>65,908</b>	<b>5,861</b>	<b>64,974</b>

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Net result after income tax for the period</b>		<b>7,513</b>	65,908	<b>5,861</b>	64,974
<b>Items that will be reclassified to profit or loss</b>					
Exchange differences on translation of foreign operations		(405)	42	-	-
<b>Total</b>		<b>(405)</b>	42	-	-
<b>Items that will not be reclassified to profit or loss</b>					
Gain/(loss) on revaluation of land and buildings, net of tax		1,486	(13,506)	1,489	(13,506)
Net actuarial gain/(loss) recognised in respect of defined benefit plans		432	1,830	432	1,830
Gain/(loss) on revaluation of other financial assets through comprehensive income		10,368	16,790	10,368	16,790
<b>Total</b>		<b>12,286</b>	5,114	<b>12,289</b>	5,114
<b>Total other comprehensive income</b>		<b>11,881</b>	5,156	<b>12,289</b>	5,114
<b>Comprehensive result</b>		<b>19,394</b>	71,064	<b>18,150</b>	70,088
<b>Total comprehensive income attributable to:</b>					
Members of the University of Newcastle		19,394	71,064	18,150	70,088
<b>Total</b>		<b>19,394</b>	71,064	<b>18,150</b>	70,088



**STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	33,673	36,514	29,378	30,836
Trade and other receivables	12	71,655	62,124	70,585	61,293
Inventories		198	179	157	179
Other financial assets	13	74,250	85,045	72,778	85,045
Non-current assets held for sale		44	51	-	-
<b>Total current assets</b>		<b>179,820</b>	<b>183,913</b>	<b>172,898</b>	<b>177,353</b>
<b>Non-current assets</b>					
Receivables	12	426,808	454,197	426,713	454,100
Other financial assets	13	445,056	449,600	445,147	449,692
Property, plant and equipment	14	1,106,102	1,058,846	1,105,660	1,057,991
Intangible assets	15	36,764	32,198	36,764	32,197
<b>Total non-current assets</b>		<b>2,014,730</b>	<b>1,994,841</b>	<b>2,014,284</b>	<b>1,993,980</b>
<b>Total assets</b>		<b>2,194,550</b>	<b>2,178,754</b>	<b>2,187,182</b>	<b>2,171,333</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	16	161,297	138,673	163,271	139,181
Borrowings	17	2,663	2,808	2,380	2,442
Provisions	18	117,482	105,296	115,974	104,128
Other liabilities	19	10,049	14,941	10,073	14,941
<b>Total current liabilities</b>		<b>291,491</b>	<b>261,718</b>	<b>291,698</b>	<b>260,692</b>
<b>Non-current liabilities</b>					
Provisions	18	469,644	495,558	469,413	495,558
Borrowings	17	1,325	9,262	1,321	8,963
<b>Total non-current liabilities</b>		<b>470,969</b>	<b>504,820</b>	<b>470,734</b>	<b>504,521</b>
<b>Total liabilities</b>		<b>762,460</b>	<b>766,538</b>	<b>762,432</b>	<b>765,213</b>
<b>Net assets</b>		<b>1,432,090</b>	<b>1,412,216</b>	<b>1,424,750</b>	<b>1,406,120</b>
<b>Equity</b>					
Reserves	20	516,471	504,590	515,575	503,286
Retained earnings	20	915,619	907,626	909,175	902,834
<b>Total equity</b>		<b>1,432,090</b>	<b>1,412,216</b>	<b>1,424,750</b>	<b>1,406,120</b>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

2020	Reserves \$'000	Parent Retained Earnings \$'000	Total \$'000
<b>Balance at 1 January 2020</b>	<b>503,286</b>	<b>902,834</b>	<b>1,406,120</b>
Net result	-	5,861	5,861
Gain/(loss) on revaluation of land and buildings, net of tax	1,968	-	1,968
Gain/(loss) on financial assets at fair value through OCI	10,369	-	10,369
Transfers from reserves	(480)	480	-
Remeasurements of Defined Benefit Plans	432	-	432
<b>Total comprehensive income</b>	<b>12,289</b>	<b>6,341</b>	<b>18,630</b>
<b>Balance at 31 December 2020</b>	<b>515,575</b>	<b>909,175</b>	<b>1,424,750</b>

2019	Reserves \$'000	Parent Retained Earnings \$'000	Total \$'000
<b>Balance at 1 January 2019</b>	498,172	887,039	1,385,211
Impact on retained earnings on adoption of AASB 15	-	(51,957)	(51,957)
<b>Restated balance at 1 January 2019</b>	498,172	835,082	1,333,254
Net result	-	64,974	64,974
Gain/(loss) on revaluation of land and buildings, net of tax	(10,728)	-	(10,728)
Gain/(loss) on financial assets at fair value through OCI	16,790	-	16,790
Transfers from reserves	(2,778)	2,778	-
Remeasurements of Defined Benefit Plans	1,830	-	1,830
<b>Total comprehensive income</b>	<b>5,114</b>	<b>67,752</b>	<b>72,866</b>
<b>Balance at 31 December 2019</b>	<b>503,286</b>	<b>902,834</b>	<b>1,406,120</b>



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2020

2020	Reserves \$'000	Consolidated Retained Earnings \$'000	Total \$'000
<b>Balance at 1 January 2020</b>	<b>504,590</b>	<b>907,626</b>	<b>1,412,216</b>
Net result	-	7,513	7,513
Gain/(loss) on revaluation of land and buildings, net of tax	1,966	-	1,966
Gain/(loss) on financial assets at fair value through OCI	10,368	-	10,368
Gain/(loss) on foreign exchange	(405)	-	(405)
Transfers from reserves	(480)	480	-
Remeasurements of Defined Benefit Plans	432	-	432
<b>Total comprehensive income</b>	<b>11,881</b>	<b>7,993</b>	<b>19,874</b>
<b>Balance at 31 December 2020</b>	<b>516,471</b>	<b>915,619</b>	<b>1,432,090</b>

2019	Reserves \$'000	Consolidated Retained Earnings \$'000	Total \$'000
<b>Balance at 1 January 2019</b>	499,434	890,897	1,390,331
Impact on retained earnings on adoption of AASB 15	-	(51,957)	(51,957)
<b>Restated balance at 1 January 2019</b>	499,434	838,940	1,338,374
Net result	-	65,908	65,908
Gain/(loss) on revaluation of land and buildings, net of tax	(10,728)	-	(10,728)
Gain/(loss) on financial assets at fair value through OCI	16,790	-	16,790
Gain/(loss) on foreign exchange	42	-	42
Transfers from reserves	(2,778)	2,778	-
Remeasurements of Defined Benefit Plans	1,830	-	1,830
<b>Total comprehensive income</b>	<b>5,156</b>	<b>68,686</b>	<b>73,842</b>
<b>Balance at 31 December 2019</b>	<b>504,590</b>	<b>907,626</b>	<b>1,412,216</b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>					
Australian Government grants		546,013	533,532	546,013	533,532
OS- HELP (net)		6,397	1,082	6,398	1,082
State Government grants		23,474	15,660	23,474	15,660
HECS-HELP - student payments		5,872	5,483	5,872	5,483
Receipts from student fees and other customers		251,822	231,865	238,759	219,181
Payments to suppliers and employees (inclusive of GST)		(778,709)	(743,306)	(767,624)	(732,315)
Dividends and donations received		3,880	1,900	3,880	1,900
Interest received		349	472	340	458
Interest paid		(105)	(389)	(95)	(366)
GST recovered / (paid)		23,474	17,782	24,523	18,687
Lease payments for short-term and low-value leases		(4,479)	(3,815)	(4,444)	(3,779)
<b>Net cash provided by / (used in) operating activities</b>	27	<b>77,988</b>	<b>60,266</b>	<b>77,096</b>	<b>59,523</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		230	1,725	227	1,725
Payments for property, plant and equipment		(127,889)	(78,008)	(127,839)	(77,947)
Proceeds from sale of financial assets		70,167	276,849	68,638	275,000
Payments for financial assets		(17,000)	(233,000)	(17,000)	(233,000)
Payments for investments		(3,167)	(1,588)	-	-
Proceeds from repayments of interest bearing loans		90	84	90	84
<b>Net cash provided by / (used in) investing activities</b>		<b>(77,569)</b>	<b>(33,938)</b>	<b>(75,884)</b>	<b>(34,138)</b>
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities		(3,040)	(2,944)	(2,670)	(2,627)
<b>Net cash provided by / (used in) financing activities</b>		<b>(3,040)</b>	<b>(2,944)</b>	<b>(2,670)</b>	<b>(2,627)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(2,621)</b>	<b>23,384</b>	<b>(1,458)</b>	<b>22,758</b>
Cash and cash equivalents at the beginning of year		36,514	13,053	30,836	8,078
Effects of exchange rate changes on cash and cash equivalents		(220)	77	-	-
<b>Cash and cash equivalents at end of financial year</b>	11	<b>33,673</b>	<b>36,514</b>	<b>29,378</b>	<b>30,836</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for the University of Newcastle as the parent entity and the consolidated entity consisting of the University of Newcastle and its subsidiaries.

#### (a) Basis of preparation

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

The Group applies Tier 1 reporting requirements.

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

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Public Finance and Audit Act 1983* (NSW)
- Public Finance and Audit Regulation 2015 (NSW)

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

#### **Date of authorisation for issue**

The financial statements were authorised for issue by the Council of the University of Newcastle on 25 March 2021.

#### **Historical cost convention and reporting basis**

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

#### **Critical accounting estimates**

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

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

#### **Key judgements**

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Summary of Significant Accounting Policies (continued)

#### (b) Basis of Consolidation

##### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University of Newcastle ("parent entity") as at 31 December 2020 and the results of all subsidiaries for the year then ended. The University of Newcastle and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

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

##### (ii) Associates

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

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

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

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

##### (iii) Joint Ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity. Details relating to the joint venture entities are set out in note 24.

#### (c) Comparative Amounts

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

#### (d) Income Taxation

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Summary of Significant Accounting Policies (continued)

#### (e) Goods and Services Tax (GST)

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

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

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

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

#### (f) Foreign Currency Translation

##### (i) Functional and presentation currency

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

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

##### (iii) Group companies

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

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

#### (g) Rounding of Amounts

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Summary of Significant Accounting Policies (continued)

#### (h) New Accounting Standards and Interpretations

The following standards have been issued but are not mandatory for 31 December 2020 reporting periods. The Group has elected not to early adopt any of these standards. The Group's assessment of the impact of these new Standards and Interpretations is set out below:

Standard	Application Date	Implications
AASB 2020-1 and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current and Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023	AASB 2020-1 is an amendment to AASB 101 which clarifies requirements for the presentation of liabilities as current and non-current, including where an entity has rights to defer the settlement of liabilities for at least 12 months. The Group has assessed its liabilities against this standard and has not identified any material impact from the amendments.  AASB 2020-6 is an amendment to the date of application for the changes, with the standard effective for reporting periods on or after 1 January 2023 rather than 1 January 2022.
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 January 2022	AASB 2020-3 includes amendments and simplification for several Australian Accounting Standards. The Group has not identified any material impact from these changes.
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	1 January 2021	AASB 2020-8 includes amendments to several Australian Accounting Standards to improve the disclosure of information about the effects of the interest rate benchmark reform. The Group will comply with additional reporting requirements but does not expect material changes to its calculation of financial assets and liabilities as a result of the implementation of the changes.

In addition, at the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations which were issued but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued:

- Conceptual Framework – Amendments to IFRS3 – 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS16 – 1 January 2022
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS37 – 1 January 2022
- IFRS1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopted – 1 January 2022
- IFRS9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities – 1 January 2022



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Summary of Significant Accounting Policies (continued)

#### (i) Initial Application of New Standards

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

The following interpretations and amending standards have also been adopted:

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

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

#### (j) COVID-19 Impacts

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

The Groups operations and revenue streams have been, and will likely in the future be, disrupted by the COVID-19 pandemic. The Group has worked through 2020 to minimise the revenue impact of COVID-19, while supporting students through the necessary changes to the delivery of courses and those significantly impacted by the restriction of movement and will continue to undertake these activities while the pandemic continues.

The Group recognised the impact of COVID-19 on some customers to meet their payment obligations in 2020 and implemented flexible payment options as required. The Group has further considered the ongoing pandemic and the uncertainty created in preparing its financial statements, including the impact on its 'Critical accounting estimates' and 'Key judgments' noted above.

Specific considerations include:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 2. Disaggregated Information

### (i) Geographical [Consolidated Entity]

	Revenue and income from transactions*		Results		Assets	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	799,118	837,032	3,446	65,563	2,191,810	2,176,512
Singapore	8,744	8,188	4,067	345	2,740	2,242
<b>Total</b>	<b>807,862</b>	<b>845,220</b>	<b>7,513</b>	<b>65,908</b>	<b>2,194,550</b>	<b>2,178,754</b>

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

## 3. Revenue and Income

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

	Note	Consolidated		Parent	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>(a) Commonwealth Grant Schemes and Other Grants</b>					
Commonwealth Grants Scheme <sup>#1</sup>		226,194	222,573	226,194	222,573
Higher Education Participation and Partnership Program		5,300	5,495	5,300	5,495
Disability Support Program <sup>#2</sup>		127	68	127	68
Indigenous Student Success Program <sup>#3</sup>		3,583	3,652	3,583	3,652
Other		1,722	2,204	1,722	2,204
<b>Total Commonwealth Grants Scheme and Other Grants</b>	32(a)	<b>236,926</b>	<b>233,992</b>	<b>236,926</b>	<b>233,992</b>
<b>(b) Higher Education Loan Programs</b>					
HECS-HELP		146,986	139,226	146,986	139,226
FEE-HELP		21,852	19,053	21,852	19,053
SA-HELP payments		5,456	5,404	5,456	5,404
<b>Total Higher Education Loan Programs</b>	32(b)	<b>174,294</b>	<b>163,683</b>	<b>174,294</b>	<b>163,683</b>
<b>(c) EDUCATION Research</b>					
Research Training Program		25,195	24,390	25,195	24,390
Research Support Program		23,147	22,660	23,147	22,660
<b>Total EDUCATION Research Grants</b>	32(c)	<b>48,342</b>	<b>47,050</b>	<b>48,342</b>	<b>47,050</b>
<b>(d) Other Capital Funding</b>					
Other Capital Funding		1,006	59	1,006	59
<b>Total Other Capital Funding</b>	32(e)	<b>1,006</b>	<b>59</b>	<b>1,006</b>	<b>59</b>
<b>(e) Australian Research Council</b>					
Discovery		7,443	8,231	7,443	8,231
Linkages <sup>#4</sup>		1,235	2,307	1,235	2,307
Networks and Centres		233	(16)	233	(16)
<b>Total Australian Research Council</b>	32(f)	<b>8,911</b>	<b>10,522</b>	<b>8,911</b>	<b>10,522</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>(f) Other Australian Government Financial Assistance</b>				
<b>Non-capital</b>				
Other Commonwealth Research Grant	13,975	14,561	13,975	14,561
Other Commonwealth Non-Research Grant	11,267	10,793	11,267	10,793
National Health and Medical Research Council	17,171	18,609	17,171	18,609
<b>Total other Australian Government financial assistance</b>	<b>42,413</b>	<b>43,963</b>	<b>42,413</b>	<b>43,963</b>
<b>Total Australian Government financial assistance</b>	<b>511,892</b>	<b>499,269</b>	<b>511,892</b>	<b>499,269</b>

#1 Commonwealth Grants Scheme (CGS) includes the basic CGS grant amount, Regional Loading, Enabling Loading, Medical Student Loading, Allocated Places and Non-Designated Courses.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training.

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

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

### Accounting Policy

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.2. State and Local Government Financial Assistance

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Non-capital</b>				
State Government contributions	1,628	1,769	1,628	1,769
State and Local Government research grants	16,431	14,391	16,431	14,391
<b>Total Non-capital</b>	<b>18,059</b>	16,160	<b>18,059</b>	16,160
<b>Capital</b>				
State Government capital contributions	2,755	819	2,755	819
<b>Total capital</b>	<b>2,755</b>	819	<b>2,755</b>	819
<b>Total State and Local Government Financial Assistance</b>	<b>20,814</b>	16,979	<b>20,814</b>	16,979

### Accounting Policy

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

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

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

- (i) requires the Group to use that financial asset to acquire or construct a non-financial asset to identified specifications
- (ii) it does not require the Group to transfer the non-financial asset to the transferor or other parties and
- (iii) it occurs under an enforceable agreement

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.3. Fees and Charges

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Course Fees and Charges</b>					
Fee-paying onshore overseas students		111,963	120,768	111,963	120,768
Fee-paying offshore overseas students		9,632	9,180	1,746	1,153
Fee-paying domestic postgraduate students		20,417	18,749	20,417	18,749
Fee-paying domestic undergraduate students		147	2	147	2
Fee-paying domestic non-award students		436	595	436	595
Course and conference fees		744	3,758	644	3,751
<b>Total Course Fees and Charges</b>		<b>143,339</b>	<b>153,052</b>	<b>135,353</b>	<b>145,018</b>
<b>Other Non-Course Fees and Charges</b>					
Student services and amenities fees from students	32 (i)	1,686	1,592	1,686	1,592
Library fines		197	564	197	564
Parking fines and fees		2,583	3,347	2,585	3,371
Student accommodation		10,923	21,733	10,923	21,733
Other services		1,178	1,449	1,163	1,434
<b>Total Other Fees and Charges</b>		<b>16,567</b>	<b>28,685</b>	<b>16,554</b>	<b>28,694</b>
<b>Total Fees and Charges</b>		<b>159,906</b>	<b>181,737</b>	<b>151,907</b>	<b>173,712</b>

### Accounting Policy

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

## 3.4. Royalties, Trademarks and Licences

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Royalties, trademarks and licences	1,345	826	747	435
<b>Total royalties, trademarks and licences</b>	<b>1,345</b>	<b>826</b>	<b>747</b>	<b>435</b>

## 3.5. Consultancy and Contracts

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Contract research</b>				
Consultancy	2,886	3,402	2,649	3,100
Other contract revenue	14,702	17,944	14,702	17,944
Co-operative research centre	5,389	4,538	5,389	4,538
Hunter Medical Research Institute	8,434	7,752	8,434	7,752
Industry research	19,415	16,729	12,367	10,359
<b>Total contract research</b>	<b>47,940</b>	<b>46,963</b>	<b>40,892</b>	<b>40,593</b>
<b>Total consultancy and contracts</b>	<b>50,826</b>	<b>50,365</b>	<b>43,541</b>	<b>43,693</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.5 Consultancy and Contracts (continued)

### Accounting Policy

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

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

## 3.6. Other Revenue and Income

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Other revenue</b>				
Donations and bequests	6,621	3,789	6,687	3,865
Other revenue	1,129	588	415	423
Sales, memberships and tickets	2,400	3,722	2,389	3,720
Rebates and commissions from external parties	2,190	2,119	2,190	2,119
Insurance recoveries	1,666	1,108	1,663	1,108
Rental revenue	948	2,137	948	2,136
Sponsorship	1,504	2,226	1,501	2,221
Other related party revenue	-	-	3,646	3,987
Cost recoveries	9,034	9,073	9,001	9,102
<b>Total other revenue</b>	<b>25,492</b>	<b>24,762</b>	<b>28,440</b>	<b>28,681</b>

### Accounting Policy

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.7. Revenue and Income Streams from Continuing Operations

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 3.7. Revenue and Income Streams from Continuing Operations (continued)

	Sources of Funding							2019	
	Higher Education Loan Program ("HELP")	Australian Government financial assistance	State and Local Government financial assistance	Commercial arrangements	Donations, including corporate sponsorship	Bequest	Others	Total Revenue from contracts with customers	Total Income of not-for-profit entities
<b>Revenue and Income Streams</b>									
<b>Course fees and charges</b>									
Domestic students undergraduate	139,240	-	-	-	-	-	-	139,242	-
Onshore overseas students undergraduate	-	61,315	-	-	-	-	-	61,315	-
Offshore overseas students undergraduate	-	7,316	-	-	-	-	-	7,316	-
Domestic students postgraduate	19,039	-	-	-	-	-	-	37,788	-
Onshore overseas students postgraduate	-	51,101	-	-	-	-	-	51,101	-
Offshore overseas students postgraduate	-	1,861	-	-	-	-	-	1,861	-
Others (e.g.non-award)	-	12,724	-	-	-	-	-	12,724	-
<b>Total course fees and charges</b>	<b>158,279</b>	<b>153,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,347</b>	<b>-</b>
<b>Research</b>									
Contract research [AASB15]	-	41,244	11,136	27,340	-	-	5,205	84,925	-
Research grant [AASB1058]	-	49,498	3,255	-	-	-	14,418	-	67,171
<b>Total research</b>	<b>-</b>	<b>90,742</b>	<b>14,391</b>	<b>27,340</b>	<b>-</b>	<b>-</b>	<b>19,623</b>	<b>84,925</b>	<b>67,171</b>
<b>Recurrent government grants</b>									
<b>Non-course fees and charges</b>									
Parking fees	-	246,554	-	-	-	-	-	237,339	9,215
Student services and amenities fees	5,404	-	-	2,650	-	-	-	2,650	-
Student accommodation	-	-	-	-	-	-	-	6,996	-
Other	-	-	-	21,733	-	-	-	21,733	-
<b>Total non-course fees and charges</b>	<b>5,404</b>	<b>1,592</b>	<b>-</b>	<b>27,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,820</b>	<b>-</b>
<b>Capital Government grants</b>									
<b>Royalties</b>									
<b>Licences</b>									
Other [AASB15]	-	59	819	427	-	-	-	427	878
Other [AASB1058]	-	-	-	399	-	-	-	399	-
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,031</b>	<b>6,007</b>
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,031</b>	<b>6,006</b>	<b>1</b>	<b>-</b>	<b>22,031</b>	<b>6,007</b>
<b>Total income of not-for-profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690,667</b>	<b>83,271</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.7. Revenue and Income Streams from Continuing Operations (continued)

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 3.7. Revenue and Income Streams from Continuing Operations (continued)

Parent	Sources of Funding										2019	
	Higher Education Loan Program ("HELP")	Student fees	Australian Government financial assistance	State and Local Government financial assistance	Commercial arrangements	Donations, including corporate sponsorship	Bequest	Others	Total Revenue from contracts with customers	Total Income of not-for-profit entities		
<b>Revenue and Income Streams</b>												
<b>Course fees and charges</b>												
Domestic students undergraduate	139,240	2	-	-	-	-	-	-	139,242	-	-	-
Onshore overseas students undergraduate	-	61,315	-	-	-	-	-	-	61,315	-	-	-
Offshore overseas students undergraduate	-	71	-	-	-	-	-	-	71	-	-	-
Domestic students postgraduate	19,039	18,749	-	-	-	-	-	-	37,788	-	-	-
Onshore overseas students postgraduate	-	51,101	-	-	-	-	-	-	51,101	-	-	-
Offshore overseas students postgraduate	-	1,056	-	-	-	-	-	-	1,056	-	-	-
Others (e.g. non-award)	-	12,724	-	-	-	-	-	-	12,724	-	-	-
<b>Total course fees and charges</b>	<b>158,279</b>	<b>145,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,297</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Research</b>												
Contract research [AASB15]	-	-	41,244	11,136	20,970	-	-	5,205	78,555	-	-	-
Research grant [AASB1058]	-	-	49,498	3,255	-	-	-	14,418	-	-	-	67,171
<b>Total research</b>	<b>-</b>	<b>-</b>	<b>90,742</b>	<b>14,391</b>	<b>20,970</b>	<b>-</b>	<b>-</b>	<b>19,623</b>	<b>78,555</b>	<b>-</b>	<b>-</b>	<b>67,171</b>
<b>Recurrent government grants</b>												
<b>Non-course fees and charges</b>												
Parking fees	-	-	-	-	2,650	-	-	-	2,650	-	-	-
Student services and amenities fees	5,404	1,592	-	-	-	-	-	-	6,996	-	-	-
Student accommodation	-	-	-	-	21,733	-	-	-	21,733	-	-	-
Other	-	-	-	-	2,719	-	-	-	2,719	-	-	-
<b>Total non-course fees and charges</b>	<b>5,404</b>	<b>1,592</b>	<b>-</b>	<b>-</b>	<b>27,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,098</b>	<b>-</b>	<b>-</b>	<b>878</b>
<b>Capital Government grants</b>												
Royalties	-	-	59	819	36	-	-	-	36	-	-	-
Licences	-	-	-	-	399	-	-	-	399	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Other [AASB15]	-	-	-	-	25,695	-	-	-	25,695	-	-	-
Other [AASB1058]	-	-	-	-	-	6,085	1	-	-	-	-	6,086
<b>Total other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,695</b>	<b>6,085</b>	<b>1</b>	<b>-</b>	<b>25,695</b>	<b>-</b>	<b>-</b>	<b>6,086</b>
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,419</b>	<b>-</b>	<b>-</b>	<b>83,350</b>
<b>Total income of not-for-profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 3.8. Reconciliation of Revenue and Income

		Consolidated	Parent
		2020	2020
	Note	\$'000	\$'000
Total Australian Government financial assistance including Australian Government loan programs (HELP)	3.1	511,892	511,892
Total State and Local Government financial assistance	3.2	20,814	20,814
Total Fees and charges	3.3	159,906	151,907
Total Royalties, trademarks and licences	3.4	1,345	747
Total Consultancy and contract fees	3.5	50,826	43,541
Total Other revenue and income	3.6	25,492	28,440
<b>Total</b>		<b>770,275</b>	<b>757,341</b>
Total Revenue from contracts with customers as per AASB15	3.7	676,857	664,473
Total Income of not-for-profit as per AASB1058	3.7	93,418	92,868
<b>Total Revenue and Income from continuing operations</b>		<b>770,275</b>	<b>757,341</b>

### 4. Investment Income

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest income	244	506	234	492
<b>Total Interest</b>	<b>244</b>	<b>506</b>	<b>234</b>	<b>492</b>
<b>Dividends and Distributions</b>				
Other financial assets at fair value through profit and loss	12,840	23,274	12,840	23,274
Other financial assets at fair value through other comprehensive income	5,543	814	5,543	814
<b>Total dividends and distributions</b>	<b>18,383</b>	<b>24,088</b>	<b>18,383</b>	<b>24,088</b>
<b>Other investment gains/(losses)</b>				
Net gains/(losses) arising on other financial assets designated at fair value through profit and loss	13,088	41,205	13,094	41,110
<b>Total other investment gains/(losses)</b>	<b>13,088</b>	<b>41,205</b>	<b>13,094</b>	<b>41,110</b>
<b>Total investment revenue and other investment income</b>	<b>31,715</b>	<b>65,799</b>	<b>31,711</b>	<b>65,690</b>

#### Accounting Policy

##### Interest

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

##### Dividends and distributions

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 5. Employee Related Expenses

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Academic</b>				
Salaries	182,510	169,349	179,823	166,816
Contributions to superannuation and pension schemes				
Contributions to funded schemes	26,750	25,518	26,511	25,306
Contributions to unfunded schemes	500	569	500	569
Payroll tax	10,753	11,247	10,753	11,247
Worker's compensation	1,211	643	1,211	643
Long service leave	10,258	10,612	10,258	10,612
Annual leave	12,915	10,999	12,906	10,982
Other	6,373	4,472	6,373	4,472
<b>Total academic</b>	<b>251,270</b>	<b>233,409</b>	<b>248,335</b>	<b>230,647</b>
<b>Non-academic</b>				
Salaries	163,539	153,316	159,020	149,357
Contributions to superannuation and pension schemes				
Contributions to funded schemes	25,079	23,366	24,277	22,808
Contributions to unfunded schemes	583	677	583	677
Payroll tax	11,184	11,217	10,815	10,904
Worker's compensation	1,162	608	1,141	594
Long service leave	3,725	4,217	3,592	4,132
Annual leave	15,664	13,954	15,315	13,702
Other	9,804	4,172	9,829	4,147
<b>Total non-academic</b>	<b>230,740</b>	<b>211,527</b>	<b>224,572</b>	<b>206,321</b>
<b>Total employee related expenses</b>	<b>482,010</b>	<b>444,936</b>	<b>472,907</b>	<b>436,968</b>
Deferred superannuation expense	31	4,201	1,099	4,201
<b>Total employee related expenses, including government employee benefits for superannuation</b>	<b>483,109</b>	<b>449,137</b>	<b>474,006</b>	<b>441,169</b>

### Accounting Policy

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

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

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

#### (i) Short-term obligations

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 5. Employee Related Expenses (continued)

#### Accounting Policy (continued)

##### (ii) Other long-term obligations

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

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

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

##### (iii) Termination benefits

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

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

### 6. Depreciation and Amortisation

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Depreciation</b>				
Buildings and infrastructure	28,763	24,998	28,763	24,998
Plant and equipment	19,989	21,081	19,922	21,003
Right-of-use asset	3,306	3,075	2,954	2,730
<b>Total depreciation</b>	<b>52,058</b>	<b>49,154</b>	<b>51,639</b>	<b>48,731</b>
<b>Amortisation</b>				
Intangibles	10,058	7,094	10,057	7,094
<b>Total amortisation</b>	<b>10,058</b>	<b>7,094</b>	<b>10,057</b>	<b>7,094</b>
<b>Total depreciation and amortisation</b>	<b>62,116</b>	<b>56,248</b>	<b>61,696</b>	<b>55,825</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 6. Depreciation and Amortisation (continued)

### Accounting Policy

#### Property, Plant and Equipment

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

Depreciable assets	2020	2019
Buildings and infrastructure	20 - 60 years	20 - 60 years
Plant and Equipment	2 - 10 years	2 - 10 years

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

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

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

#### Intangible assets

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

Amortised assets	2020	2019
Intellectual property	2 - 20 years	2 - 10 years
Computer software	1 - 5 years	1 - 5 years

## 7. Repairs and Maintenance

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Repair and maintenance – general	26,913	24,598	26,819	24,553
Buildings	5,201	6,535	5,191	6,524
<b>Total repairs and maintenance</b>	<b>32,114</b>	<b>31,133</b>	<b>32,010</b>	<b>31,077</b>

### Accounting Policy

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the carrying amount of those parts that are replaced is derecognised and the cost of the replacing part is capitalised if the recognition criteria are met. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

## 8. Borrowing Costs

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Lease interest	104	381	95	358
Borrowing costs	-	9	16	64
<b>Total Borrowing Costs</b>	<b>104</b>	<b>390</b>	<b>111</b>	<b>422</b>

### Accounting Policy

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 9. Impairment of Assets

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade and receivables	890	643	771	634
Intangibles	761	372	761	372
<b>Total impairment of assets</b>	<b>1,651</b>	<b>1,015</b>	<b>1,532</b>	<b>1,006</b>

### Accounting Policy

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

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

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

## 10. Other Expenses

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Advertising, marketing and promotional expenses	5,955	6,495	5,911	6,429
Consumables	27,381	28,671	27,050	28,399
Donations	1	33	1	33
Insurance	2,764	2,255	2,645	2,137
Minor equipment	24,284	22,017	23,940	21,462
Operating lease rental	4,456	4,383	4,444	4,373
Professional services	54,330	59,025	53,786	58,629
Scholarships, grants and prizes	54,953	50,365	55,138	50,559
Telecommunications	4,710	4,790	4,685	4,759
Travel, staff development and entertainment	9,869	25,327	9,741	25,016
Utilities	7,010	8,145	7,006	8,139
Other expenses	21,010	29,816	20,840	29,457
<b>Total other expenses</b>	<b>216,723</b>	<b>241,322</b>	<b>215,187</b>	<b>239,392</b>

### Accounting Policy

Other expenses are recognised as expenses as and when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 11. Cash and Cash Equivalents

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	33,673	36,514	29,378	30,836
<b>Total cash and cash equivalents</b>	<b>33,673</b>	<b>36,514</b>	<b>29,378</b>	<b>30,836</b>

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

### Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 0.10% and 0.75% (2019: 0.70% and 1.00%).

### Accounting Policy

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

## 12. Trade and Other Receivables

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Trade receivables	22,802	21,996	21,664	21,370
Student fees	3,063	1,883	3,063	1,883
Less: allowance for expected credit losses	(1,138)	(777)	(1,003)	(758)
	<b>24,727</b>	23,102	<b>23,724</b>	22,495
Prepayments	24,684	20,873	24,469	20,734
Related party receivables	-	-	1,268	1,030
Other receivables	14,898	8,243	14,938	8,260
Contract asset	7,346	9,906	6,186	8,774
<b>Total current receivables</b>	<b>71,655</b>	62,124	<b>70,585</b>	61,293
<b>Non-current</b>				
Deferred government benefit for superannuation	421,321	448,613	421,321	448,613
Other receivables	5,487	5,584	5,392	5,487
<b>Total non-current receivables</b>	<b>426,808</b>	454,197	<b>426,713</b>	454,100
<b>Total receivables</b>	<b>498,463</b>	516,321	<b>497,298</b>	515,393

### Accounting Policy

#### Classification and measurement

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

#### Impairment

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

The COVID-19 pandemic has resulted in significant changes to the economy, government, and regulatory environment and to the ability of the Group to serve some customers, such as international students. The Group has considered these ongoing changes and uncertainty

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. Trade and Other Receivables (continued)

#### Accounting Policy (continued)

and the impact of these events on the modelling of expected credit losses which are the subject of higher scrutiny during this period. As a result of the uncertainty and weaker forward-looking macroeconomic assessment, expected credit losses have increased in 2020.

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	777	380	758	371
Provision for expected credit losses	1,138	777	1,003	758
Write-off	(529)	(247)	(526)	(247)
Unused amount reversed	(248)	(133)	(232)	(124)
<b>At 31 December</b>	<b>1,138</b>	<b>777</b>	<b>1,003</b>	<b>758</b>

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

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

### 13. Other Financial Assets

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Other financial asset at fair value through the profit and loss	72,778	85,045	72,778	85,045
Other financial asset at amortised cost	1,472	-	-	-
<b>Total current other financial assets</b>	<b>74,250</b>	<b>85,045</b>	<b>72,778</b>	<b>85,045</b>
<b>Non-Current</b>				
Other financial assets at fair value through other comprehensive income	50,092	39,723	50,092	39,723
Other financial assets at fair value through profit and loss	394,964	409,877	395,055	409,969
<b>Total non-current other financial assets</b>	<b>445,056</b>	<b>449,600</b>	<b>445,147</b>	<b>449,692</b>
<b>Total other financial assets</b>	<b>519,306</b>	<b>534,645</b>	<b>517,925</b>	<b>534,737</b>

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

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

Equity investments at designated fair value through other comprehensive income include shares in Education Australia Ltd. Dividends received/receivable from Education Australia Ltd are recorded in investment income (Note 4) in the income statement and during the year amounted to \$5.5 million. There were no disposals of other financial assets through other comprehensive income during the year.

#### Accounting Policy

##### Financial assets

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

##### Initial recognition and measurement

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 13. Other Financial Assets (continued)

### Accounting Policy (continued)

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

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

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

### Subsequent measurement

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

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

### Financial assets at amortised cost

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

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

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

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

### Financial assets at fair value through other comprehensive income

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

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

From 1 January 2020, The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortised cost.

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. Other Financial Assets (continued)

#### Accounting Policy (continued)

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

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

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

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

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

#### **Derecognition**

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

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

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

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

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

#### **Offsetting**

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Property, Plant and Equipment

	Capital Works in Progress \$'000	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Artwork and Libraries \$'000	Infrastructure \$'000	Total Owned Assets \$'000	Right of Use Assets \$'000	Total \$'000
<b>Parent</b>									
<b>As at 1 January 2019</b>									
- Cost	37,921	15,205	9,322	139,481	2,895	7,666	212,490	-	212,490
- Valuation impairment	-	61,128	783,543	-	-	64,194	908,865	13,415	922,280
Accumulated depreciation and impairment	-	-	(5,067)	(85,630)	-	(529)	(91,226)	-	(91,226)
<b>Net book amount</b>	<b>37,921</b>	<b>76,333</b>	<b>787,798</b>	<b>53,851</b>	<b>2,895</b>	<b>71,331</b>	<b>1,030,129</b>	<b>13,415</b>	<b>1,043,544</b>
<b>Year ended 31 December 2019</b>									
Opening net book amount	37,921	76,333	787,798	53,851	2,895	71,331	1,030,129	13,415	1,043,544
Additions	73,725	-	-	(77)	-	-	73,725	259	73,984
Disposals	-	-	-	(18,207)	33	546	(77)	-	(77)
Transfers	(29,090)	-	10,304	18,207	-	-	-	-	-
Revaluation increment/(decrement)	-	1,003	(11,943)	-	-	211	(10,729)	-	(10,729)
Depreciation charge	-	-	(21,976)	(21,003)	-	(3,022)	(46,001)	(2,730)	(48,731)
<b>Closing net book amount</b>	<b>82,556</b>	<b>77,336</b>	<b>764,183</b>	<b>50,978</b>	<b>2,928</b>	<b>69,066</b>	<b>1,047,047</b>	<b>10,944</b>	<b>1,057,991</b>
<b>As at 31 December 2019</b>									
- Cost	82,556	-	13,831	150,296	2,928	549	250,160	-	250,160
- Valuation impairment	-	77,336	762,782	-	-	70,029	910,147	13,674	923,821
Accumulated depreciation and impairment	-	-	(12,430)	(99,318)	-	(1,512)	(113,260)	(2,730)	(115,990)
<b>Net book amount</b>	<b>82,556</b>	<b>77,336</b>	<b>764,183</b>	<b>50,978</b>	<b>2,928</b>	<b>69,066</b>	<b>1,047,047</b>	<b>10,944</b>	<b>1,057,991</b>
<b>Year ended 31 December 2020</b>									
Opening net book amount	82,556	77,336	764,183	50,978	2,928	69,066	1,047,047	10,944	1,057,991
Additions	86,778	830	317	18,172	22	28	106,147	162	106,309
Disposals	-	-	(340)	(4,456)	(317)	-	(5,113)	(205)	(5,318)
Transfers	(75,179)	537	54,750	10,146	-	9,746	33,851	-	33,851
Revaluation increment/(decrement)	-	-	31,860	-	-	1,991	-	-	-
Re-measurement of lease liability	-	-	(25,222)	(19,922)	-	(3,541)	(48,685)	(3,921)	(51,639)
Depreciation charge	-	-	(31,613)	-	-	-	(31,613)	-	(31,613)
Impairment charge	-	-	-	-	-	-	-	-	-
Effect of foreign currency translation	-	-	-	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>94,155</b>	<b>78,703</b>	<b>793,935</b>	<b>54,918</b>	<b>2,633</b>	<b>77,290</b>	<b>1,101,634</b>	<b>4,026</b>	<b>1,105,660</b>
<b>As at 31 December 2020</b>									
Cost	94,155	1,172	22,427	165,036	2,633	5,804	291,227	-	291,227
Fair value	-	77,531	819,354	-	-	73,543	970,428	6,994	977,422
Accumulated depreciation and impairment	-	-	(47,846)	(110,118)	-	(2,057)	(160,021)	(2,968)	(162,989)
<b>Net book amount</b>	<b>94,155</b>	<b>78,703</b>	<b>793,935</b>	<b>54,918</b>	<b>2,633</b>	<b>77,290</b>	<b>1,101,634</b>	<b>4,026</b>	<b>1,105,660</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Property, Plant and Equipment (continued)

	Capital Works in Progress \$'000	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Artwork and Libraries \$'000	Infrastructure \$'000	Total \$'000	Right of Use Assets \$'000	Total \$'000
<b>Consolidated</b>									
<b>As at 1 January 2019</b>									
- Cost	37,930	15,205	9,322	140,521	2,895	7,666	213,539	-	213,539
- Valuation	-	61,128	783,544	-	-	64,194	908,866	14,398	923,264
Accumulated depreciation and impairment	-	-	(5,067)	(86,442)	-	(529)	(92,038)	-	(92,038)
<b>Net book amount</b>	<b>37,930</b>	<b>76,333</b>	<b>787,799</b>	<b>54,079</b>	<b>2,895</b>	<b>71,331</b>	<b>1,030,367</b>	<b>14,398</b>	<b>1,044,765</b>
<b>Year ended 31 December 2019</b>									
Opening net book amount	37,930	76,333	787,799	54,079	2,895	71,331	1,030,367	14,398	1,044,765
Additions	73,784	-	-	(77)	-	-	73,784	259	74,043
Disposals	-	-	-	-	-	-	(77)	-	(77)
Transfers	(29,128)	-	10,304	18,245	33	546	-	-	-
Revaluation increment/(decrement)	-	1,003	11,943	(21,080)	-	211	13,157	-	13,157
Depreciation charge	-	-	(21,977)	-	-	(3,022)	(46,079)	(3,077)	(49,156)
Effect of foreign currency translation	-	-	-	1	-	-	1	-	1
<b>Closing net book amount</b>	<b>82,586</b>	<b>77,336</b>	<b>788,069</b>	<b>51,167</b>	<b>2,928</b>	<b>69,066</b>	<b>1,071,152</b>	<b>11,580</b>	<b>1,082,732</b>
<b>As at 31 December 2019</b>									
- Cost	82,586	77,336	13,831	151,332	2,928	549	251,226	-	251,226
- Valuation	-	-	762,782	-	-	70,029	910,147	14,657	924,804
Accumulated depreciation and impairment	-	-	(12,430)	(100,165)	-	(1,512)	(114,107)	(3,077)	(117,184)
<b>Net book amount</b>	<b>82,586</b>	<b>77,336</b>	<b>764,183</b>	<b>51,167</b>	<b>2,928</b>	<b>69,066</b>	<b>1,047,266</b>	<b>11,580</b>	<b>1,058,846</b>
<b>Year ended 31 December 2020</b>									
Opening net book amount	82,586	77,336	764,183	51,167	2,928	69,066	1,047,266	11,580	1,058,846
Addition	86,800	830	317	18,200	22	28	106,372	175	106,372
Disposal	-	-	(340)	(4,493)	(317)	-	(5,150)	(205)	(5,355)
Transfers to held for sale	-	-	-	-	-	-	-	-	-
Transfers	(75,209)	537	54,750	10,176	-	9,746	-	-	-
Revaluation increment/(decrement)	-	-	31,860	-	-	1,991	33,851	-	33,851
Re-measurement of lease liability	-	-	-	-	-	-	-	(3,918)	(3,918)
Depreciation charge	-	-	(25,222)	(19,989)	-	(3,541)	(48,752)	(3,306)	(52,058)
Impairment charge	-	-	(31,613)	-	-	-	(31,613)	-	(31,613)
Effect of foreign currency translation	-	-	-	(1)	-	-	(1)	(22)	(23)
<b>Closing net book amount</b>	<b>94,177</b>	<b>78,703</b>	<b>793,935</b>	<b>55,060</b>	<b>2,633</b>	<b>77,290</b>	<b>1,101,798</b>	<b>4,304</b>	<b>1,106,102</b>
<b>As at 31 December 2020</b>									
Cost	94,177	1,172	22,427	165,968	2,633	5,804	292,181	-	292,181
Fair value	-	77,531	819,354	-	-	73,543	970,428	7,600	978,028
Accumulated depreciation	-	-	(47,846)	(110,908)	-	(2,057)	(160,811)	(3,296)	(164,107)
<b>Net book amount</b>	<b>94,177</b>	<b>78,703</b>	<b>793,935</b>	<b>55,060</b>	<b>2,633</b>	<b>77,290</b>	<b>1,101,798</b>	<b>4,304</b>	<b>1,106,102</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 14. Property, Plant and Equipment (continued)

### (a) Valuations of Land and Buildings

The University's land and buildings were revalued at 30 June 2020 by independent valuers CBRE Valuations Pty Limited. Valuations for land were made on the basis of sales evidence and is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and seller in an arm's length transaction, after proper marketing and where the parties have acted knowledgeably, prudently and without compulsion. Buildings and infrastructure, which are of a specialised educational nature and rarely sold in the open market, were valued using industry construction rates adjusted for estimated useful lives and proprietary data of the valuation expert. The revaluation increment has been credited to an asset revaluation reserve in equity.

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

At 31 December 2020, property, plant and equipment assets classified as held for sale were \$0.0 million (2019: \$0.1 million). Non-current assets held for sale are carried at the lower of the carrying amount or the fair value less costs to sell.

#### Accounting Policy

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

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

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

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

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

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

#### Construction work in progress

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

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

#### Impairment of Assets

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. During 2020 the Group identified the potential impairment impact that the COVID-19 pandemic may have on its property, plant and equipment. As a result, the Group has performed impairment testing of all property, plant and equipment to calculate any impairment in existence. The valuation of land, buildings and infrastructure has considered the impact of COVID-19 on the land values and fair value assumptions used to value building and infrastructure. In addition to valuations, the Group has reviewed the useful life of assets and changes in use as a result of COVID-19. Plant and equipment items were reviewed in light of changes applied by the Group in managing the pandemic, including the method for delivery of education services and the use of plant and equipment in the delivery of those services.

The Group has recognised impairment of a number of assets in 2020, as follows:

- Hunter Building – A feasibility study completed in 2020 determined that the time and cost required to upgrade the building's features is prohibitive and the University has decided to vacate the building by mid-2021. An impairment of \$31.6m has been recognised.
- IP Assets – the University determined that a number of patents were abandoned in 2020. A total impairment of \$0.3m has been recognised. Refer to note 15.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 14. Property, Plant and Equipment (continued)

### Accounting Policy (continued)

- IT Software – the University identified several IT Software assets which were no longer in use in 2020. A total impairment of \$0.5m has been recognised. Refer to note 15.

Right-of-use assets Buildings	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	11,098	13,746	10,462	12,763
Additions of right-of-use assets	162	88	162	88
Depreciation charge	(3,079)	(2,736)	(2,732)	(2,389)
Re-measurement of lease liability	(3,945)	-	(3,948)	-
Other movements	(22)	-	-	-
<b>At 31 December</b>	<b>4,214</b>	<b>11,098</b>	<b>3,944</b>	<b>10,462</b>

Right-of-use assets Equipment	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	482	652	482	652
Additions of right-of-use assets	13	171	-	171
Depreciation charge	(227)	(341)	(222)	(341)
Re-measurement of lease liability	27	-	27	-
Other movements	(205)	-	(205)	-
<b>At 31 December</b>	<b>90</b>	<b>482</b>	<b>82</b>	<b>482</b>

### Concessionary leases

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

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

### Accounting Policy

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

The Group assesses whether:

- The contract involves the use of an identified asset – The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.
- The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The customer has the right to direct the use of the asset throughout the period of use – The customer is considered to have the right to direct the use of the asset only if either:
  - The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 14. Property, Plant and Equipment (continued)

### Accounting Policy (continued)

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

### Accounting for leases – the Group as lessee

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

### Right-of-use assets

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

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

## 15. Intangible Assets

	Computer Software \$'000	Intellectual Property \$'000	Work in Progress \$'000	Total \$'000
<b>Parent</b>				
<b>As at 1 January 2019</b>				
Cost	21,740	1,447	11,231	34,418
Accumulated depreciation and impairment	(12,208)	(370)	-	(12,578)
<b>Net book amount</b>	9,532	1,077	11,231	21,840
<b>Year ended 31 December 2019</b>				
Opening net book amount	9,532	1,077	11,231	21,840
Additions	-	-	17,450	17,450
Transfers	8,509	507	(9,016)	-
Amortisation	(6,869)	(224)	-	(7,093)
<b>Closing net book amount</b>	11,172	1,360	19,665	32,197
<b>As at 31 December 2019</b>				
Cost	30,438	1,954	19,665	52,057
Accumulated depreciation and impairment	(19,266)	(594)	-	(19,860)
<b>Net book amount</b>	11,172	1,360	19,665	32,197
<b>Year ended 31 December 2020</b>				
Opening net book amount	11,172	1,360	19,665	32,197
Additions	-	560	14,804	15,364
Disposal	-	21	-	21
Transfers	25,716	-	(25,716)	-
Amortisation charge	(9,800)	(257)	-	(10,057)
Impairment charge	(80)	(301)	(380)	(761)
<b>Closing net book amount</b>	27,008	1,383	8,373	36,764
<b>As at 31 December 2020</b>				
Cost	53,799	2,017	8,373	64,189
Accumulated depreciation and impairment	(26,791)	(634)	-	(27,425)
<b>Net book amount</b>	27,008	1,383	8,373	36,764

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 15. Intangible Assets (continued)

	Computer Software \$'000	Intellectual Property \$'000	Work in Progress \$'000	Total \$'000
<b>Consolidated</b>				
<b>As at 1 January 2019</b>				
Cost	21,805	1,834	11,231	34,870
Accumulated amortisation and impairment	<u>(12,270)</u>	<u>(757)</u>	<u>-</u>	<u>(13,027)</u>
<b>Net book amount</b>	9,535	1,077	11,231	21,843
<b>Year ended 31 December 2019</b>				
Opening net book amount	9,535	1,077	11,231	21,843
Additions	-	-	17,450	17,450
Transfers	8,509	507	(9,016)	0
Amortisation	<u>(6,872)</u>	<u>(223)</u>	<u>-</u>	<u>(7,095)</u>
<b>Closing net book amount</b>	11,172	1,361	19,665	32,198
<b>As at 31 December 2019</b>				
Cost	30,501	2,341	19,665	52,507
Accumulated amortisation and impairment	<u>(19,329)</u>	<u>(980)</u>	<u>-</u>	<u>(20,309)</u>
<b>Net book amount</b>	11,172	1,361	19,665	32,198
<b>Year ended 31 December 2020</b>				
Opening net book amount	11,172	1,361	19,665	32,198
Addition	-	560	14,804	15,364
Disposals	-	21	-	21
Transfers	25,716	-	(25,716)	-
Amortisation	<u>(9,800)</u>	<u>(258)</u>	<u>-</u>	<u>(10,058)</u>
Impairment	<u>(80)</u>	<u>(301)</u>	<u>(380)</u>	<u>(761)</u>
<b>Closing net book amount</b>	27,008	1,383	8,373	36,764
<b>As at 31 December 2020</b>				
Cost	53,862	2,404	8,373	64,639
Accumulated amortisation and impairment	<u>(26,854)</u>	<u>(1,021)</u>	<u>-</u>	<u>(27,875)</u>
<b>Net book amount</b>	<u>27,008</u>	<u>1,383</u>	<u>8,373</u>	<u>36,764</u>

#### Accounting Policy

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

#### Intellectual Property

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

#### Computer Software

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 15. Intangible Assets (continued)

### Accounting Policy (continued)

#### Impairment Tests and Key Assumptions

The Group undertakes annual assessment of impairment for intangible assets in line with ASSB 136 Impairment of Assets. In addition, the Group has applied additional tests to consider the unique impact of COVID-19 on the use and value of intangible assets. Tests considered the impact of changes caused by the changes required in delivering services, such as remote teaching of education services and longer term changes that have occurred as a result of COVID-19 including the discontinuation of some education services. The results of these tests have informed impairment calculations and the overall amount of intangible asset impairment for the year. Refer to note 14. for details of impairment recognised by the Group.

## 16. Trade and Other Payables

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
<b>Unsecured liabilities</b>				
OS-HELP liability to Australian Government	8,410	2,013	8,410	2,013
Trade payables	61,999	67,268	61,179	66,303
Related party payables	-	-	3,372	2,101
Contract liability	85,920	66,740	85,453	66,292
Other payables	4,968	2,652	4,857	2,472
<b>Total current trade and other payables</b>	<b>161,297</b>	<b>138,673</b>	<b>163,271</b>	<b>139,181</b>

### Accounting Policy

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

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

### Foreign currency risk

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Australian Dollars	160,538	136,271	163,103	138,760
Euros	13	670	13	670
Great British Pounds	18	294	18	294
Singaporean Dollars	591	1,533	-	-
US Dollars	137	457	137	457
	<b>161,297</b>	<b>139,225</b>	<b>163,271</b>	<b>140,181</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 17. Borrowings

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Lease liability</b>				
Lease - current	2,663	2,808	2,380	2,442
Lease - non-current	1,325	9,262	1,321	8,963
<b>Total lease</b>	<b>3,988</b>	<b>12,070</b>	<b>3,701</b>	<b>11,405</b>
Unrestricted access was available at reporting date to the following lines of credit:				
<b>Credit card facilities</b>				
Total facilities	10,100	10,100	10,000	10,100
Used at balance date	(893)	(33)	(850)	1
<b>Unused at balance date</b>	<b>9,207</b>	<b>10,067</b>	<b>9,150</b>	<b>10,101</b>
<b>Bank overdraft facilities</b>				
Total facilities	10,000	10,000	10,000	10,000
<b>Unused at balance date</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

### Accounting Policy

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

### 17.1. UON as Lessee

Amounts recognised in the income statement	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	104	381	95	358
Variable lease payments not included in the measurement of leases	(4)	6	(4)	5
Expenses relating to short-term leases	76	68	9	-
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	4,452	4,492	4,444	4,487
	<b>4,628</b>	<b>4,947</b>	<b>4,544</b>	<b>4,850</b>

Maturity analysis - undiscounted contractual cash flows	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Less than one year	6,142	5,975	5,833	5,958
One to five years	3,743	11,976	3,700	11,542
More than five years	-	892	-	892
<b>Total undiscounted contractual cash flows</b>	<b>9,885</b>	<b>18,843</b>	<b>9,533</b>	<b>18,392</b>
Current	2,663	2,808	2,380	2,442
Non-current	1,325	9,262	1,321	8,963
<b>Lease liabilities recognised in the statement of financial position</b>	<b>3,988</b>	<b>12,070</b>	<b>3,701</b>	<b>11,405</b>

### Accounting Policy

#### Lease liabilities – The Group as lessee

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 17.1. UON as Lessee (continued)

#### Accounting Policy (continued)

##### Lease liability

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

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

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

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

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

##### Nature of leasing activities

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

**Buildings** – The Group leases buildings to support its operations. Lease terms vary between fixed and variable (on account of CPI) depending on the individual arrangements with landlords. As at 31 December 2020 the Group maintained a make good provision for its main building lease only.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 18. Provisions

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current provisions expected to be settled within 12 months</b>				
Employee benefits				
Annual leave	24,193	17,905	23,779	17,615
Long service leave	22,155	16,799	22,035	16,423
Contract severance	2,269	177	2,269	177
Defined benefit obligation	2,078	2,107	2,078	2,107
Other employee provisions	1,104	197	595	-
Redundancy	6,741	4,996	6,708	4,938
	<u>58,540</u>	<u>42,181</u>	<u>57,464</u>	<u>41,260</u>
<b>Current provisions expected to be settled after more than 12 months</b>				
Employee benefits				
Annual leave	5,862	4,363	5,731	4,283
Long service leave	53,080	56,626	52,779	56,459
Employment on-costs provisions	-	2,126	-	2,126
	<u>58,942</u>	<u>63,115</u>	<u>58,510</u>	<u>62,868</u>
<b>Total current provisions</b>	<u>117,482</u>	<u>105,296</u>	<u>115,974</u>	<u>104,128</u>
<b>Non-current provisions</b>				
Employee benefits				
Long service leave	16,802	14,792	16,571	14,792
Provision for employee benefits	30,361	32,154	30,361	32,154
Defined benefit obligation	421,321	448,612	421,321	448,612
Non-employee provisions				
Make good provision	1,160	-	1,160	-
<b>Total non-current provisions</b>	<u>469,644</u>	<u>495,558</u>	<u>469,413</u>	<u>495,558</u>
<b>Total provisions</b>	<u>587,126</u>	<u>600,854</u>	<u>585,387</u>	<u>599,686</u>

### Accounting Policy

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 19. Other Liabilities

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
State Government unspent grants	-	1,198	-	1,198
Income received in advance	10,049	13,743	10,073	13,743
<b>Total current other liabilities</b>	<b>10,049</b>	<b>14,941</b>	<b>10,073</b>	<b>14,941</b>

### 20. Reserves and Retained Earnings

#### (a) Reserves

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Reserves</b>				
Property, plant and equipment revaluation surplus	461,883	460,397	461,885	460,397
Foreign currency translation surplus	898	1,304	-	-
Defined benefit actuarial assumptions reserves	3,609	3,176	3,609	3,176
FVOCI reserve	50,081	39,713	50,081	39,713
<b>Total reserve</b>	<b>516,471</b>	<b>504,590</b>	<b>515,575</b>	<b>503,286</b>

Movements	Note	Consolidated		Parent	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Foreign currency translation surplus</b>					
Balance 1 January		1,303	1,261	-	-
Currency translation differences arising during the year		(405)	42	-	-
<b>Balance 31 December</b>		<b>898</b>	<b>1,303</b>	<b>-</b>	<b>-</b>
<b>Property, plant and equipment revaluation surplus</b>					
Balance 1 January		460,397	473,903	460,397	473,903
Revaluation increment/(decrement)	14	1,966	(10,728)	1,967	(10,728)
Transfer to retained earnings		(480)	(2,778)	(480)	(2,778)
<b>Balance 31 December</b>		<b>461,883</b>	<b>460,397</b>	<b>461,884</b>	<b>460,397</b>
<b>Defined benefit actuarial remeasurements</b>					
Balance 1 January		3,177	1,347	3,177	1,347
Revaluation increment/(decrement)		432	1,830	432	1,830
<b>Balance 31 December</b>		<b>3,609</b>	<b>3,177</b>	<b>3,609</b>	<b>3,177</b>
<b>FVOCI reserve</b>					
Balance 1 January		39,713	22,923	39,713	22,923
Revaluation increment/(decrement)		10,368	16,790	10,369	16,790
<b>Balance 31 December</b>		<b>50,081</b>	<b>39,713</b>	<b>50,082</b>	<b>39,713</b>
<b>Total reserves</b>		<b>516,471</b>	<b>504,590</b>	<b>515,575</b>	<b>503,286</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 20. Reserves and Retained Earnings (continued)

### (a) Reserves (continued)

Movements in retained earnings were as follows:

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Retained earnings at 1 January	907,626	890,897	902,834	887,039
Net result for the period	7,513	65,908	5,861	64,974
Reclassification on adoption of AASB 15	-	(51,957)	-	(51,957)
Transfer from reserves	480	2,778	480	2,778
<b>Retained earnings at end of the financial year</b>	<b>915,619</b>	<b>907,626</b>	<b>909,175</b>	<b>902,834</b>

### (b) Nature and purpose of reserves

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

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

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

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

## 21. Key Management Personnel Disclosures

### (a) Names of Responsible Persons and Executive Officers

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

Mr Paul Jeans  
 Professor Alex Zelinsky AO  
 Professor Victoria Haskins  
 Conjoint Professor Geoff Lillis  
 Mr Robert Kennedy  
 Ms Michelle McPherson  
 Ms Jann Gardner  
 Mr John Bowers  
 Mr Doug Dean AM  
 Ms Julie Phillips  
 Dr Eileen Doyle – appointed 27/06/2020  
 Associate Professor Brendan Boyle  
 Professor Jennifer Martin – appointed 01/09/2020  
 Natalie Downing – appointed 01/09/2020  
 Helena Qian – appointed 01/01/2020, resigned 31/12/2020  
 Ms Dianne Allen – resigned 28/06/2020  
 Dr Roslyn Larkin – resigned 31/08/2020  
 Professor Peter Coaldrake – resigned 03/06/2020  
 Dr Kylie Twyford – resigned 31/08/2020

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 21. Key Management Personnel Disclosures (continued)

#### (b) Other Key Management Personnel

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

Professor Alex Zelinsky AO  
Professor Kevin Hall – resigned 30/10/2020  
Professor Liz Burd – resigned 30/06/2020  
Professor Mark Hoffman – appointed 04/03/2020  
Professor Janet Nelson – appointed 18/03/2020  
Mr Nat McGregor – resigned 21/02/2020  
Mr David Toll – appointed 10/02/2020  
Ms Paula Johnston  
Mr Michael Dowzer – resigned 30/06/2020  
Ms Dianne Allen – appointed 29/06/2020  
Professor Tony Travaglione  
Professor Roberta Ryan – appointed 01/11/2020  
Professor John Fischetti  
Professor Brett Ninness  
Professor Elizabeth Sullivan  
Professor Lee Smith  
Mr Nathan Towney  
Professor Victoria Haskins  
Mr Martin Sainsbury – appointed 17/03/2020  
Professor Frances Kay-Lambkin – resigned 30/06/2020  
Professor Mark Jones – appointed 03/02/2020, resigned 30/06/2020  
Professor Jennifer Milam – appointed 17/02/2020, resigned 30/06/2020  
Mr Anthony Molinia – resigned 30/06/2020  
Mrs Tracy Chalk – resigned 30/06/2020  
Ms Michelle Jarvie – resigned 30/06/2020  
Mr Brian Jones – resigned 30/06/2020  
Ms Tina Crawford – resigned 30/06/2020  
Mr Joel Palmer – resigned 30/06/2020



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. Key Management Personnel Disclosures (continued)

### (c) Remuneration of Board Members and Executives

	Consolidated		Parent	
	2020	2019	2020	2019
<b>Remuneration of council members</b>				
Nil to \$9,999	4	2	4	2
\$10,000 to \$19,999	7	7	7	7
\$30,000 to \$39,999	-	1	-	1
\$40,000 to \$49,999	1	1	1	1
\$60,000 to \$69,999	1	-	1	-
\$80,000 to \$89,999	1	-	1	-
\$90,000 to \$99,999	2	-	2	-
\$130,000 to \$139,999	-	1	-	1
\$150,000 to \$159,999	-	1	-	1
\$190,000 to \$199,999	-	1	-	1
\$200,000 to \$209,999	1	-	1	-
\$220,000 to \$229,999	1	-	1	-
\$270,000 to \$279,999	-	1	-	1
\$850,000 to \$859,999	-	1	-	1
\$860,000 to \$869,999	1	-	1	-
	<u>19</u>	<u>16</u>	<u>19</u>	<u>16</u>
<b>Remuneration of executive officers</b>				
\$60,000 to \$69,999	1	2	1	2
\$70,000 to \$79,999	-	1	-	1
\$100,000 to \$109,999	-	1	-	1
\$130,000 to \$139,999	1	-	1	-
\$200,000 to \$209,999	-	1	-	1
\$230,000 to \$239,999	-	1	-	1
\$300,000 to \$309,999	1	-	1	-
\$360,000 to \$369,999	-	1	-	1
\$370,000 to \$379,999	2	-	2	-
\$380,000 to \$389,999	-	1	-	1
\$390,000 to \$399,999	2	1	2	1
\$400,000 to \$409,999	1	-	1	-
\$410,000 to \$419,999	-	1	-	1
\$430,000 to \$439,999	2	1	2	1
\$440,000 to \$449,999	1	-	1	-
\$450,000 to \$459,999	1	1	1	1
\$460,000 to \$469,999	1	1	1	1
\$490,000 to \$499,999	-	1	-	1
\$510,000 to \$519,999	1	-	1	-
\$530,000 to \$539,999	-	1	-	1
\$580,000 to \$589,999	1	-	1	-
\$850,000 to \$859,999	-	1	-	1
\$860,000 to \$869,999	1	-	1	-
	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>

Remuneration bands for the Vice-Chancellor and President of Academic Senate appear in both tables in note 21(c) as these positions are members of both Council and Executive Committee.

### (d) Key Management Personnel Compensation

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	6,196	6,445	6,196	6,445
Post-employment benefits	975	822	975	822
Termination benefits	451	16	451	16
<b>Total key management personnel compensation</b>	<u>7,622</u>	<u>7,283</u>	<u>7,622</u>	<u>7,283</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 22. Remuneration of Auditors

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Audit the Financial Statements</b>				
Audit Office of NSW	354,275	374,775	278,000	300,000
BDO Singapore	10,508	10,545	-	-
<b>Total paid for audit</b>	<b>364,783</b>	<b>385,320</b>	<b>278,000</b>	<b>300,000</b>

	Consolidated		Parent	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Other services</b>				
DFK Crosbie	10,300	10,000	10,300	10,000
Bentleys MRI	880	5,510	880	5,510
Brain & Poulter	11,447	-	11,447	-
<b>Total paid for other services</b>	<b>22,627</b>	<b>15,510</b>	<b>22,627</b>	<b>15,510</b>

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

Bentleys MRI provide audit services for funding acquittals.

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

## 23. Fair Value Measurement

### (a) Fair Value Measurements

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

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

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

Consolidated	Note	Carrying Amount		Fair Value	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Other financial assets at fair value through other comprehensive income	13	50,092	39,723	50,092	39,723
Other financial assets at fair value through profit or loss	13	467,742	494,922	467,742	494,922
Other financial assets at amortised costs	13	1,472	-	1,472	-
<b>Total</b>		<b>519,306</b>	<b>534,645</b>	<b>519,306</b>	<b>534,645</b>

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 23. Fair Value Measurement (continued)

### (b) Fair Value Hierarchy

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

### (i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2020.

#### Fair value measurements at 31 December 2020

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

#### Fair value measurements at 31 December 2019

Consolidated	Note	2019 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Other financial asset at fair value through other comprehensive income	13	39,723	-	39,723	-
Other financial assets at fair value through profit and loss	13	494,922	-	494,922	-
Total financial assets		<u>534,645</u>	-	<u>534,645</u>	-
<b>Non-financial assets</b>					
Land and buildings					
Land	14	77,336	-	77,336	-
Buildings	14	762,782	-	1,522	761,260
Infrastructure	14	70,029	-	-	70,029
Total non-financial assets		<u>910,147</u>	-	<u>78,858</u>	<u>831,289</u>

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 23. Fair Value Measurement (continued)

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

#### Recurring fair value measurements

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

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

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

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

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

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

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

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

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

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

The following table is a reconciliation of level 3 items for the periods ended 31 December 2020 and 2019.

<b>Consolidated</b>			
<b>Level 3 Fair Value</b>	<b>Infrastructure</b>	<b>Buildings</b>	<b>Total</b>
<b>Measurement 2020</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	70,029	761,260	831,289
Depreciation	1,523	24,712	26,235
Recognised in other comprehensive income	1,991	31,860	33,851
<b>Closing balance</b>	<b>73,543</b>	<b>817,832</b>	<b>891,375</b>
<b>Consolidated</b>			
<b>Level 3 Fair Value</b>	<b>Infrastructure</b>	<b>Buildings</b>	<b>Total</b>
<b>Measurement 2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	64,194	781,984	846,178
Depreciation	5,624	(8,781)	(3,157)
Recognised in other comprehensive income	211	(11,943)	(11,732)
<b>Closing balance</b>	<b>70,029</b>	<b>761,260</b>	<b>831,289</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 23. Fair Value Measurement (continued)

#### (e) Valuation Inputs and Relationships to Fair Value

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

Consolidated Description	Fair value at 31 December 2020 \$'000	Unobservable inputs*	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Buildings	817,832	Remaining useful life	+/- 5%	Increase term of useful life by 5% would increase fair value by \$40.9 million. Decrease term of useful life by 5% would decrease fair value by \$40.9 million
Infrastructure	73,543	Remaining useful life	+/- 5%	Increase term of useful life by 5% would increase fair value by \$3.7 million. Decrease term of useful life by 5% would decrease fair value by \$3.7 million

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

#### Accounting Policy

##### Fair Value

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

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

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

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

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

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

### 24. Interests in Other Entities

#### (a) Subsidiaries

The Group's principal subsidiaries at 31 December 2020 are set out below in accordance with the accounting policy described in note 1(b). The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Ownership interest	
		2020 %	2019 %
The University of Newcastle Research Associates Ltd	Australia	100.00	100.00
NUServices Pty Ltd	Australia	100.00	N/A
UON Singapore Pte Ltd	Singapore	100.00	100.00



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 24. Interest in Other Entities (continued)

### (a) Subsidiaries (continued)

#### (i) Significant restrictions

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

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is \$3.47 million (2019: \$4.50 million).

#### (b) Interests in associates

Set out below are the associates of the Group as at 31 December 2020. The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Measurement method	Ownership interest/voting rights held by the Group		Carrying amount	
			2020	2019	2020	2019
			%	%	\$'000	\$'000
Hunter Medical Research Institute	Australia	Equity Method	27.27	25.00	-	-
NUSport	Australia	Equity Method	27.00	27.00	-	-
ResTech	Australia	Equity Method	30.00	30.00	204	204

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

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

ResTech Pty Limited is an associate acquired in 2007. For the purposes of the University's financial statements, the University's equity interest is based on the unaudited financial statements for the year ended 30 June 2020.

#### (c) Interests in joint ventures

Set out below are the joint ventures of the Group as at 31 December 2020. The proportion of ownership interest held by the Group equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal place of business	Measurement method	Ownership interest/voting rights held by the Group		Carrying amount	
			2020	2019	2020	2019
			%	%	\$'000	\$'000
NUW Alliance Co Pty Ltd	Australia	Equity Method	33.33	33.33	-	-

Operational activity for NUW CO Pty Ltd is still to commence following establishment on 2 May 2019 by the original members of the NUW Alliance (University of New South Wales, University of Newcastle and University of Wollongong). The alliance members have expanded in the 2020 period to include the addition of Western Sydney University. The ownership structure of NUW CO Pty Ltd will subsequently change in the next reporting period to reflect the new member.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 25. Related Parties

### (a) Parent entity

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

### (b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

### (c) Key Management Personnel

Disclosures relating to Council members and executive officers are set out in Note 21.

### (d) Transactions with Related Parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>i) Subsidiaries</b>				
<b>Sale of goods and services</b>				
Service fees	-	-	3,118	3,502
Consultancy, consumables and others	-	-	766	807
Other revenue	-	-	131	-
<b>Purchase of goods</b>				
Other expenses	-	-	670	670
<b>Other transactions</b>				
Interest expense	-	-	16	55
<b>ii) Associates</b>				
<b>Sale of goods and services</b>				
Consultancy and contracts	8,730	7,625	8,730	7,625
Other revenue	1,033	877	1,033	877
<b>Purchase of goods</b>				
Other expenses	6,972	7,345	6,968	7,214
<b>Other transactions</b>				
Interest income	15	21	15	21
<b>iii) Joint Ventures</b>				
<b>Other transactions</b>				
Contributions	632	370	632	370

### (e) Loans to/from related parties

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Loans to/ (from) subsidiaries</b>				
Beginning of the year	-	-	(1,071)	(1,547)
Loan advanced	-	-	4,179	4,523
Loan repayment received	-	-	(5,187)	(3,992)
Interest charged	-	-	(25)	(55)
<b>End of year</b>	<b>-</b>	<b>-</b>	<b>(2,104)</b>	<b>(1,071)</b>
<b>Loans to / (from) associates</b>				
Beginning of the year	287	371	287	371
Loan repayments received	(105)	(105)	(105)	(105)
Interest received	15	21	15	21
<b>End of year</b>	<b>197</b>	<b>287</b>	<b>197</b>	<b>287</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 25. Related Parties (continued)

### (e) Loans to/from related parties (continued)

No expected credit losses (impairment) have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### (f) Outstanding Balances

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current receivables (sale of goods and services)</b>				
Subsidiaries	-	-	80	75
Associates	230	741	230	741
<b>Current receivables (Investments held)</b>				
Subsidiaries	-	-	5	6
<b>Total current receivables</b>	<b>230</b>	<b>741</b>	<b>315</b>	<b>822</b>
<b>Current payables (purchase of goods and services)</b>				
Subsidiaries	-	-	74	127
Associates	173	119	173	119
<b>Current payables (other transactions)</b>				
Subsidiaries	-	-	83	19
<b>Total current payables</b>	<b>173</b>	<b>119</b>	<b>330</b>	<b>265</b>

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

### (g) Terms and Conditions of Outstanding Balances

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

## 26. Contingencies

### Contingent liabilities

#### (i) Bank Guarantee

Group has \$2.70 million bank guarantees predominantly being security for a rental bond which expires on 31 May 2027 (2019: \$2.26 million).

#### (ii) Excess Salaries

In February 2015, the Department of Education formalised the agreement between the Commonwealth, the NSW State Government and each University in respect to the funding arrangements for the State Superannuation funds and the method of calculation and recovery by the State Trustee for excess salaries. At 31 December 2020, the University has a possible obligation to compensate the State Trustee in respect of excess salaries that have not yet been crystallised by the retirement of SASS or SSS members. The obligation will only be confirmed at the time that the member exits the fund and where the member's final pensionable salary is in excess of the member's notional salary. The estimated potential expense at 31 December 2020 is \$0.46 million (2019: \$0.94 million).

#### (iii) Support of NUservices Pty Ltd

In September 2020 the University committed to provide financial support to NUservices Pty Ltd to ensure that the company has sufficient cash to pay all financial obligations as and when they fall due. The current commitment of support extends until 31 December 2021.

#### (iv) Workers Compensation

The University holds a Loss Prevention & Recovery based Workers Compensation Insurance Policy with Employers Mutual Limited. As at 31 December 2020 the contingent liability for potential problem claims for the years 2017 to 2020 is estimated to be \$1.4 million. No previous estimate has been considered by the University.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 26. Contingencies (continued)

### (v) *WorkPac Pty Ltd v Rossato (2020) FCAFC 84*

The University has considered the determining factors in this case and note the employment circumstances for the University's casual employees differ from those detailed in the ruling, which indicates that it is possible but not yet probable that any liability exists. The ongoing appeal to the Australian High Court and the legislative changes proposed by the Australian Government mean the University is currently unable to determine whether a potential liability exists regarding causal employee entitlements.

### Contingent assets

At 31 December 2020, the Group had no contingent assets (2019: Nil).

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Net result for the period</b>	<b>7,513</b>	65,908	<b>5,861</b>	64,974
Depreciation and amortisation	<b>62,114</b>	56,248	<b>61,695</b>	55,825
Impairment on intangibles assets	<b>761</b>	372	<b>761</b>	372
Net (gain) / loss on sale of property, plant and equipment	<b>4,554</b>	(65)	<b>4,521</b>	(65)
Net exchange differences	<b>(19)</b>	(41)		-
Net (gain) / loss disposal of financial assets	<b>(13,095)</b>	(41,360)	<b>(13,095)</b>	(41,110)
Distributions reinvested	<b>(11,362)</b>	(20,652)	<b>(11,362)</b>	(20,652)
Fair value losses (gains) on other financial assets at fair value through the income statement	<b>6</b>	55	-	-
<b>Changes in assets and liabilities associated with operating activities</b>				
(Increase) / Decrease in trade debtors	<b>724</b>	(61,775)	<b>1,194</b>	(61,692)
(Increase) / Decrease in other receivables	<b>21,937</b>	(33,243)	<b>21,910</b>	(33,219)
(Increase) / Decrease in related party receivables		-	<b>(238)</b>	(73)
(Increase) / Decrease in inventories	<b>(19)</b>	(128)	<b>22</b>	(128)
Increase / (Decrease) in trade creditors	<b>(6,806)</b>	22,142	<b>(6,281)</b>	22,159
Increase / (Decrease) in other operating liabilities	<b>27,031</b>	42,773	<b>26,463</b>	43,012
Increase / (Decrease) in provision for income taxes payable	<b>13</b>			
Increase / (Decrease) in related party payables		-	<b>1,271</b>	(402)
Increase / (Decrease) in other provisions	<b>(15,364)</b>	30,032	<b>(15,625)</b>	30,522
<b>Net cash provided by / (used in) operating activities</b>	<b>77,988</b>	60,266	<b>77,097</b>	59,523

## 28. Events Occurring After the Reporting Date

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 29. Financial Risk Management

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

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

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

#### (a) Market Risk

##### (i) Foreign Exchange Risk

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

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

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

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

##### (ii) Price Risk

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

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

##### (iii) Cash Flow and Fair Value Interest Rate Risk

At 31 December 2020, the Group has no long-term borrowings, it is only subject to cash flow and interest rate risk on its cash and cash equivalents.

##### (iv) Summarised Sensitivity Analysis

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 29. Financial Risk Management (continued)

### (a) Market Risk (continued)

31 December 2020	Carrying Amount \$'000	Interest Rate Risk				Foreign Exchange Risk				Other Price Risk			
		-1%		+1%		-15%		+15%		-20%		+20%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial Assets</b>													
Cash and Cash Equivalents - at bank	33,678	(337)	(337)	337	337	(521)	(521)	521	521	-	-	-	-
Receivables	62,535	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets	519,306	-	-	-	-	-	-	-	-	(103,861)	(103,861)	103,861	103,861
<b>Financial Liabilities</b>													
Payables	159,690	-	-	-	-	(26)	(26)	25	25	-	-	-	-
<b>Total increase / (decrease)</b>		(337)	(337)	337	337	(547)	(547)	546	546	(103,861)	(103,861)	103,861	103,861

31 December 2019	Carrying Amount \$'000	Interest Rate Risk				Foreign Exchange Risk				Other Price Risk			
		-1%		+1%		-10%		+10%		-15%		+15%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial Assets</b>													
Cash and Cash Equivalents - at bank	36,513	(365)	(365)	365	365	(450)	(450)	450	450	-	-	-	-
Receivables	72,241	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets	534,645	-	-	-	-	-	-	-	-	(80,197)	(80,197)	80,197	80,197
<b>Financial Liabilities</b>													
Payables	138,454	-	-	-	-	(24)	(24)	24	24	-	-	-	-
<b>Total increase / (decrease)</b>		(365)	(365)	365	365	(474)	(474)	474	474	(80,197)	(80,197)	80,197	80,197

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 29. Financial Risk Management (continued)

### (b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB+' (2019: BBB+) are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. Fees from students are settled in cash or using major credit cards, generally on or prior to census date, mitigating credit risk, unless otherwise arranged on a case by case basis.

The carrying amount of financial assets (as contained in the table in subnote 23(a)) represents the Group's maximum exposure to credit risk.

#### Receivables

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 29. Financial Risk Management (continued)

### (b) Credit Risk (continued)

31 December 2019	Trade receivables						Total
	Days past due						
	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	
\$	\$	\$	\$	\$	\$	\$	
<b>UON - General Debtors</b>							
Expected credit loss rate	0.02%	0.06%	0.19%	0.43%	10.19%	95.22%	
Cross carrying amount - trade receivables	3,587,567	2,183,629	11,871,992	484,658	653,366	232,711	19,013,922
Loss allowance	776	1,313	22,340	2,104	66,591	221,590	314,714
<b>UON - Student Debtors</b>							
Expected credit loss rate	0.11%	0.75%	2.11%	6.38%	66.46%	-	
Cross carrying amount - trade receivables	940,859	191,670	13,761	93,911	642,485	-	1,882,686
Loss allowance	1,018	1,441	290	5,995	426,989	-	435,733
<b>TUNRA - Trade Debtors</b>							
Expected credit loss rate	1.26%	1.97%	5.05%	15.80%	22.92%	26.14%	
Cross carrying amount - trade receivables	425,673	170,126	189,584	-	-	2,750	788,133
Loss allowance	5,377	3,355	9,580	-	-	719	19,031
<b>Total loss allowance</b>							<u>769,478</u>

### Financial instruments and cash deposits

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

### (c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate credit facilities to meet obligations when they fall due. At the end of the reporting period the Group held cash of \$33.7 million and had available a facility of \$10 million to manage liquidity risk. Management regularly monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

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

The Group's financial liabilities are trade and other payables which were \$161.9 million at year end (2019: \$139.2 million). All liabilities are non-interest bearing and have a maturity date of less than 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 30. Commitments

### (a) Capital Commitments

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

	Consolidated		Parent	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Property, plant and equipment</b>				
Within one year	<u>46,402</u>	<u>98,616</u>	<u>46,402</u>	<u>98,616</u>
<b>Total property, plant and equipment</b>	<u>46,402</u>	<u>98,616</u>	<u>46,402</u>	<u>98,616</u>

## 31. Defined Benefit Plans

### (a) Fund Specific Disclosure

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

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

The University expects to make a contribution of \$0.8 million (2019: \$1.00 million) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation is 10.2 years (2019: 10.2 years). The expected maturity analysis of undiscounted benefit payments is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Defined benefit obligations - 31 December 2020	<b>28,425</b>	<b>27,405</b>	<b>76,918</b>	<b>335,026</b>	<b>467,774</b>
Defined benefit obligations - 31 December 2019	28,630	28,275	79,465	356,684	493,054
Pension benefit obligations - 31 December 2020	<b>2,107</b>	<b>2,210</b>	<b>6,221</b>	<b>20,634</b>	<b>31,172</b>
Pension benefit obligations - 31 December 2019	2,048	2,276	6,484	23,183	33,991

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 31. Defined Benefit Plans (continued)

### (b) Categories of Plan Assets

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

	2020	2019
	%	%
	Active Market	Active Market
Australian equities	19.89	19.30
International equities	32.30	31.30
Australian fixed interest	1.93	3.50
International fixed interest	4.61	4.80
Property	8.27	8.70
Short-term securities	9.48	8.90
Alternatives	23.52	23.50
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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

	2020	2019
	%	%
Discount rate(s)	0.97	1.37
Expected rate(s) of CPI increase	1.00	1.75
Expected rate(s) of salary increase	1.70	3.20

### (c) Actuarial Assumptions and Sensitivity

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 5.05%	Increase by 5.53%
Salary growth rate	0.50%	Decrease by 0.17%	Increase by 0.17%
CPI increase	0.50%	Decrease by 5.19%	Increase by 5.62%

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 31. Defined Benefit Plans (continued)

#### (d) Statement of Financial Position Amounts

Amounts recognised in the statement of financial position - 2020	\$'000 Pension	\$'000 SANCS	\$'000 SSS	\$'000 SASS	\$'000 Total
<b>Liabilities</b>					
Provision for deferred government benefits for superannuation	-	295	408,152	12,873	421,320
Provision for pension entitlements	28,123	-	-	-	28,123
add: On-costs on pension entitlements	4,317	-	-	-	4,317
<b>Total liabilities recognised in the statement of financial position</b>	<b>32,440</b>	<b>295</b>	<b>408,152</b>	<b>12,873</b>	<b>453,760</b>
<b>Assets</b>					
Receivable for deferred government benefit for superannuation	-	295	408,152	12,873	421,320
<b>Total assets recognised in the statement of financial position</b>	<b>-</b>	<b>295</b>	<b>408,152</b>	<b>12,873</b>	<b>421,320</b>
<b>Net liability recognised in the statement of financial position</b>	<b>32,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,440</b>
<b>Net liability reconciliation - 2020</b>	<b>\$'000 Pension</b>	<b>\$'000 SANCS</b>	<b>\$'000 SSS</b>	<b>\$'000 SASS</b>	<b>\$'000 Total</b>
Defined benefit obligation	28,123	4,655	425,205	36,091	494,074
Fair value of plan assets	-	(4,359)	(17,052)	(23,218)	(44,629)
<b>Net liability</b>	<b>28,123</b>	<b>296</b>	<b>408,153</b>	<b>12,873</b>	<b>449,445</b>
<b>Present value of obligation - 2020</b>	<b>\$'000 Pension</b>	<b>\$'000 SANCS</b>	<b>\$'000 SSS</b>	<b>\$'000 SASS</b>	<b>\$'000 Total</b>
Opening defined benefit obligation	29,548	5,925	451,529	40,466	527,468
Current service cost	-	191	-	663	854
Interest expense	1,099	72	6,015	514	7,700
	<b>30,647</b>	<b>6,188</b>	<b>457,544</b>	<b>41,643</b>	<b>536,022</b>
<b>Remeasurements</b>					
Actuarial losses / (gains) arising from changes in financial assumptions	(432)	(99)	3,555	(406)	2,618
Experience (gains) / losses	-	(1,816)	(11,031)	1,859	(10,988)
	<b>(432)</b>	<b>(1,915)</b>	<b>(7,476)</b>	<b>1,453</b>	<b>(8,370)</b>
Contributions from plan participants	-	-	138	367	505
<b>Payments from plan</b>					
Benefits paid	(2,092)	(1,080)	(22,169)	(7,542)	(32,883)
Taxes, premiums and expenses paid	-	1,462	(2,833)	172	(1,199)
	<b>(2,092)</b>	<b>382</b>	<b>(25,002)</b>	<b>(7,370)</b>	<b>(34,082)</b>
<b>Closing defined benefit obligation</b>	<b>28,123</b>	<b>4,655</b>	<b>425,204</b>	<b>36,093</b>	<b>494,075</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 31. Defined Benefit Plans (continued)

### (d) Statement of Financial Position Amounts (continued)

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

	\$'000	\$'000	\$'000	\$'000	\$'000
	Pension	SANCS	SSS	SASS	Total
<b>Amounts recognised in the statement of financial position - 2019</b>					
<b>Liabilities</b>					
Provision for deferred government benefits for superannuation	-	3,071	434,803	10,739	448,613
Provision for pension entitlements	29,548	-	-	-	29,548
Add: On-costs on pension entitlements	4,713	-	-	-	4,713
<b>Total liabilities recognised in the statement of financial position</b>	34,261	3,071	434,803	10,739	482,874
<b>Assets</b>					
Receivable for deferred government benefit for superannuation	-	3,071	434,803	10,739	448,613
<b>Total assets recognised in the statement of financial position</b>	-	3,071	434,803	10,739	448,613
<b>Net liability recognised in the statement of financial position</b>	34,261	-	-	-	34,261

	\$'000	\$'000	\$'000	\$'000	\$'000
	Pension	SANCS	SSS	SASS	Total
<b>Net liability reconciliation - 2019</b>					
Defined benefit obligation	29,548	5,924	451,529	40,466	527,467
Fair value of plan assets	-	(2,853)	(16,726)	(29,727)	(49,306)
<b>Net liability</b>	29,548	3,071	434,803	10,739	478,161

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 31. Defined Benefit Plans (continued)

### (d) Statement of Financial Position Amounts (continued)

	\$'000	\$'000	\$'000	\$'000	\$'000
	Pension	SANCS	SSS	SASS	Total
<b>Present value of obligation - 2019</b>					
Opening defined benefit obligation	29,297	6,664	427,205	43,652	506,818
Current service cost	-	228	-	893	1,121
Interest expense	4,201	139	9,797	952	15,089
	33,498	7,031	437,002	45,497	523,028
<b>Remeasurements</b>					
Actuarial losses / (gains) arising from changes in financial assumptions	(1,830)	247	36,395	1,329	36,141
Experience (gains) / losses	-	(647)	(636)	(869)	(2,152)
	(1,830)	(400)	35,759	460	33,989
Contributions from plan participants	-	-	168	438	606
<b>Payments from plan</b>					
Benefits paid	(2,120)	(718)	(20,172)	(5,849)	(28,859)
Taxes, premiums and expenses paid	-	11	(1,228)	(80)	(1,297)
	(2,120)	(707)	(21,400)	(5,929)	(30,156)
<b>Closing defined benefit obligation</b>	29,548	5,924	451,529	40,466	527,467

	\$'000	\$'000	\$'000	\$'000	\$'000
	Pension	SANCS	SSS	SASS	Total
<b>Present value of plan assets - 2019</b>					
Opening fair value of plan assets	-	2,167	14,040	32,886	49,093
Interest (income)	-	51	441	701	1,193
	-	2,218	14,481	33,587	50,286
<b>Remeasurements</b>					
Return on plan assets, excluding amounts included in net interest expense	-	(18)	168	1,631	1,781
<b>Contributions</b>					
Employers	-	1,360	23,309	-	24,669
Plan participants	-	-	168	438	606
	-	1,360	23,477	438	25,275
<b>Payments from plan</b>					
Benefits paid	-	(718)	(20,172)	(5,849)	(26,739)
Taxes, premiums and expenses paid	-	11	(1,228)	(80)	(1,297)
	-	(707)	(21,400)	(5,929)	(28,036)
<b>Closing defined benefit obligation</b>	-	2,853	16,726	29,727	49,306

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 31. Defined Benefit Plans (continued)

### (e) Amounts Recognised in Other Statements

#### Amounts recognised in the Income Statement - 2020

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

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

#### Amounts recognised in other comprehensive income - 2020

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

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

#### Amounts recognised in the Income Statement - 2019

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

	Note	\$'000 Pension	\$'000 SANCS	\$'000 SSS	\$'000 SASS	\$'000 Total
Interest cost		4,201	-	-	-	4,201
<b>Total expense recognised in the Income Statement</b>	5	<b>4,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,201</b>

#### Amounts recognised in other comprehensive income - 2019

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

	Note	\$'000 Pension	\$'000 SANCS	\$'000 SSS	\$'000 SASS	\$'000 Total
<b>Remeasurements</b>						
Actuarial losses (gains) arising from changes in financial assumptions		(1,830)	-	-	-	(1,830)
<b>Total amounts recognised in the Statement of Comprehensive Income</b>		<b>(1,830)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,830)</b>

### Accounting Policy

#### Retirement benefit obligations

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 31. Defined Benefit Plans (continued)

### Accounting Policy (continued)

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

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

Past service costs are recognised in profit or loss immediately.

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

The Group has recognised a decrease in post-employment liabilities as at 31 December 2020, however assumptions have increased due to the effect of increases to 'Average Weekly Ordinary Time Earnings' rates. It is expected that government stimulus issued throughout 2020 to support workers and the economy hit by the COVID-19 pandemic has impacted the present value calculations of pension liabilities.

### Deferred government benefit for superannuation

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 32. Acquittal of Australian Government Financial Assistance

### (a) Education - CGS and Other Education Grants

	Note	Commonwealth Grants Scheme <sup>#1</sup>		Indigenous Student Success <sup>#2</sup>		Higher Education Participation Program	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Parent Entity (University) Only</b>							
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		226,182	222,573	3,591	3,775	5,021	5,432
Net accrual adjustments		13	-	(8)	(123)	279	63
Revenue for the period	3.1(a)	226,194	222,573	3,583	3,652	5,300	5,495
Surplus / (deficit) from the previous year		-	-	489	1,045	346	453
Total revenue including accrued revenue		226,194	222,573	4,072	4,697	5,646	5,948
Less expenses including accrued expenses		(226,194)	(222,573)	(3,856)	(4,208)	(5,314)	(5,602)
<b>Surplus / (deficit) for reporting period</b>		-	-	216	489	332	346

	Note	Promotion of Excellence in Learning and Teaching		Disability Performance Funding <sup>#3</sup>		Other <sup>#4</sup>		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Parent Entity (University) Only</b>									
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		-	-	127	68	500	2,500	235,420	234,348
Net accrual adjustments		-	-	-	-	1,222	(296)	1,506	(356)
Revenue for the period	3.1(a)	-	-	127	68	1,722	2,204	236,926	233,992
Surplus / (deficit) from the previous year		74	83	-	-	-	-	909	1,581
Total revenue including accrued revenue		74	83	127	68	1,722	2,204	237,835	235,573
Less expenses including accrued expenses		(36)	(9)	(111)	(68)	(1,722)	(2,204)	(237,233)	(234,664)
<b>Surplus / (deficit) for reporting period</b>		38	74	16	-	-	-	602	909

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

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

#3 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training.

#4 Revenue for this program is recognised under AASB 15, surplus/(deficit) from the previous year is not carried forward in 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 32. Acquittal of Australian Government Financial Assistance (continued)

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

	Note	HECS-HELP (Australian Government Payments Only)		FEE- HELP		SA-HELP		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only									
Cash payable / (receivable) at the beginning of year		280	(127)	(401)	(1,188)	5	(7)	(116)	(1,322)
Financial assistance received in cash during the reporting period		140,222	139,633	19,780	19,840	5,572	5,416	165,574	164,889
Cash available for period		140,502	139,506	19,379	18,652	5,577	5,409	165,458	163,567
Revenue earned	3.1(b)	146,986	139,226	21,852	19,053	5,456	5,404	174,294	163,683
Cash payable / (receivable) at the end of year		(6,484)	280	(2,473)	(401)	121	5	(8,836)	(116)

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

### (c) Department of Education Research<sup>#5</sup>

	Note	Research Training Program		Research Support Program		Total	
		2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only							
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		25,195	24,390	23,147	22,660	48,342	47,050
Revenue for the period	3.1(c)	25,195	24,390	23,147	22,660	48,342	47,050
Surplus / (deficit) from the previous year		1,743	1,031	-	-	1,743	1,031
Total revenue including accrued revenue		26,938	25,421	23,147	22,660	50,085	48,081
Less expenses including accrued expenses		(22,982)	(23,678)	(23,147)	(22,660)	(46,129)	(46,338)
Surplus / (deficit) for reporting period		3,956	1,743	-	-	3,956	1,743

#5 The reported surpluses for Research Training Program of \$3.96 million for 2020 are expected to be rolled over for future use by the Group.

### (d) Total Higher Education Provider Research Training Program Expenditure<sup>#6</sup>

	Total Domestic Students	Total Overseas Students
	\$'000	\$'000
Training Program Expenditure		
Research Training Program Fee Offsets	11,834	580
Research Training Program Stipends	8,303	386
Research Training Program Allowances	1,340	539
Total for all types of support <sup>#7</sup>	21,477	1,505

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

#7 The total for all types of support domestic and overseas students is expected to match the Research Training Program expenses, including accrued expenses of \$22.98 million (Note 32(c)) in respect to the 2020 year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 32. Acquittal of Australian Government Financial Assistance (continued)

### (e) Other Capital Funding

	Note	Other Capital Funding		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Parent Entity (University) Only</b>					
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		1,160	420	1,160	420
Net accrual adjustments		(154)	(361)	(154)	(361)
Revenue for the period	3.1(d)	1,006	59	1,006	59
Surplus / (deficit) from the previous year		27	359	27	359
Total revenue including accrued revenue		1,033	418	1,033	418
Less expenses including accrued expenses		(1,006)	(391)	(1,006)	(391)
<b>Cash surplus / (deficit) for the reporting period</b>		<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>

### (f) Australian Research Council Grants<sup>#8</sup>

	Note	Discovery		Linkages		Networks and Centres		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Parent Entity (University) Only</b>									
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		8,376	9,202	1,726	1,638	5,090	-	15,192	10,840
Net accrual adjustments		(933)	(971)	(491)	669	(4,857)	(16)	(6,281)	(318)
Revenue for the period	3.1(e)	7,443	8,231	1,235	2,307	233	(16)	8,911	10,522
Total revenue including accrued revenue		7,443	8,231	1,235	2,307	233	(16)	8,911	10,522
Less expenses including accrued expenses		(7,443)	(8,231)	(1,235)	(2,307)	(233)	16	(8,911)	(10,522)
<b>Surplus / (deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#8 Revenue for ARC program is recognised under AASB 15, surplus/(deficit) from the previous year is not carried forward in 2020.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**32. Acquittal of Australian Government Financial Assistance (continued)****(g) OS-Help**

		2020	2019
		\$'000	\$'000
<b>Parent Entity (University) Only</b>	<b>Note</b>		
Cash received during the reporting period		6,814	5,764
Cash spent during the reporting period		(418)	(4,675)
Net cash received		<u>6,396</u>	<u>1,089</u>
Cash surplus / (deficit) from the previous period		<u>2,014</u>	<u>925</u>
<b>Cash surplus / (deficit) for the reporting period</b>	16	<u><u>8,410</u></u>	<u><u>2,014</u></u>

**(h) Higher Education Superannuation Program**

		2020	2019
		\$'000	\$'000
	<b>Note</b>		
Cash received during the reporting period		19,561	18,179
Cash available		<u>19,561</u>	<u>18,179</u>
Cash available for current period		<u>19,561</u>	<u>18,179</u>
Contributions to specified defined benefits funds		<u>(19,561)</u>	<u>(18,179)</u>
<b>Cash surplus / (deficit) this period</b>		<u><u>-</u></u>	<u><u>-</u></u>

**(i) Student Services and Amenities Fee**

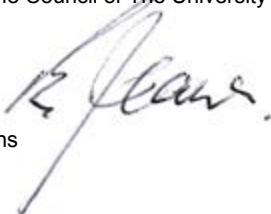
		2020	2019
		\$'000	\$'000
<b>Parent Entity (University) Only</b>	<b>Note</b>		
Unspent / (overspent) revenue from previous period		2,509	1,384
SA-HELP revenue earned	3.1(b)	5,456	5,404
Student Services Fees direct from students	3.3	<u>1,686</u>	<u>1,592</u>
Total revenue expendable in period		<u>9,651</u>	<u>8,380</u>
Student Services expenses in period		<u>(6,815)</u>	<u>(5,871)</u>
<b>Unspent / (overspent) Student Services revenue</b>		<u><u>2,836</u></u>	<u><u>2,509</u></u>

## STATEMENT BY MEMBERS OF COUNCIL


In accordance with a resolution of the members of Council under s. 16 of the *University of Newcastle Act 1989* (NSW) and pursuant to Section 41 C of the *Public Finance & Audit Act 1983* (NSW), we state that to the best of our knowledge and belief:

- (a) The attached general purpose financial statements present a true and fair view of the financial position of the University and consolidated entity at 31 December 2020 and its financial performance for the year then ended.
- (b) The financial statement have been prepared in accordance with the provisions of the *Public Finance & Audit Act 1983* (NSW), the Public Finance & Audit Regulation 2015 (NSW) and the *Higher Education Support Act 2003* (Cwth) (Financial Statement Guidelines).
- (c) The financial statements have been prepared in accordance with the Australian Accounting Standards, AASB Interpretations and other mandatory professional reporting requirements.
- (d) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.
- (e) There are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due.
- (f) The amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.
- (g) The University of Newcastle charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* (Cwth) and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

On behalf of the Council of The University of Newcastle.



Mr Paul Jeans  
Chancellor



Mr John Bowers  
Chair Finance Committee

Dated the 25<sup>th</sup> day of March 2021.

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

### The University of Newcastle

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of The University of Newcastle (the University), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 31 December 2020. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the matter
<b>Impairment and fair value measurement of property, plant and equipment</b>	
<p>At 31 December 2020, the University reported \$1.1 billion in property, plant and equipment.</p> <p>The last comprehensive valuation of land, buildings and infrastructure was performed during the year ended 31 December 2018. In 2020, the University performed its annual impairment assessment and also engaged an independent valuer to assess if there had been a material change in the fair value of its land, buildings and infrastructure. The closing balance of property, plant and equipment includes a net increment of \$33.9 million and an impairment charge of \$31.6 million.</p> <p>I considered this to be a key audit matter because of the:</p> <ul style="list-style-type: none"> <li>• significance of property, plant and equipment to the University's financial position and the specialised nature of the assets</li> <li>• judgement and complexities associated with assessing impairment indicators and recoverable amounts of assets under AASB 136 'Impairment of Assets' and the application of AASB 13 'Fair Value Measurement'</li> <li>• use of significant assumptions required to estimate fair value.</li> </ul> <p>Further information on the fair value measurement is included in Note 14 'Property, Plant and Equipment'.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• assessed the competence, capability and objectivity of management's independent valuer</li> <li>• assessed the accuracy and completeness of assets included in the revaluation</li> <li>• assessed the appropriateness of the methodology used and key assumptions and judgements adopted, including the indices provided by management's independent valuer and material changes to useful lives</li> <li>• assessed management's impairment assessment and where asset impairment indicators existed, reviewed management's estimate of its recoverable amount</li> <li>• reviewed the reconciliation of the valuation report to the reported financial statement balances</li> <li>• assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</li> </ul>
<b>Valuation of defined benefit superannuation and long service leave liabilities</b>	
<p>At 31 December 2020, the University reported:</p> <ul style="list-style-type: none"> <li>• defined benefit superannuation liabilities totalling \$423.3 million</li> <li>• employee long service leave liabilities totalling \$91.4 million.</li> </ul> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>• the defined benefit superannuation and long service leave liabilities are financially significant to the University's financial position</li> <li>• there is a risk that the data used in the defined benefit superannuation and long service leave liability valuation models (the models) is not accurate and/or complete</li> <li>• the underlying models used to value the liabilities are complex due to a high level of judgement and estimation involved in the valuation assumptions, including discount rates, salary inflation and other assumptions</li> </ul>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• assessed the key controls supporting the data used in the models and assessed the completeness and accuracy of the data used in the models</li> <li>• obtained management's actuarial reports and year-end adjustments, and in relation to defined benefit superannuation liabilities engaged a qualified actuary ('auditor's expert') to: <ul style="list-style-type: none"> <li>– assess the qualifications, competence and objectivity of management's independent experts</li> <li>– assess the appropriateness of the models</li> <li>– confirm the reasonableness of key assumptions used</li> <li>– assess the reasonableness of the reported liability value</li> </ul> </li> </ul>

# INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How my audit addressed the matter
<ul style="list-style-type: none"> <li>the total value of the liabilities is sensitive to small changes in key valuation inputs.</li> </ul> <p>Further information on the valuation of defined benefit superannuation and long service leave liabilities is included in Note 18 'Provisions' and Note 31 'Defined Benefit Plans'.</p>	<ul style="list-style-type: none"> <li>assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.</li> </ul>

## Other Information

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

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

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

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

I have nothing to report in this regard.

## University Council's Responsibilities for the Financial Statements

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

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

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

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar5.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar5.pdf). The description forms part of my auditor's report.

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

- that the University carried out its activities effectively, efficiently and economically

# INDEPENDENT AUDITOR'S REPORT

- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Nathan Carter  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

26 March 2021  
SYDNEY