UNIVERSITY
OF WOLLONGONG
AUSTRALIA

2019 Annual Report

Controlled Entities

Financial Statements

UNIVERSITY OF WOLLONGONG'S CONTROLLED ENTITIES

The Financial Statements of the University of Wollongong's Controlled Entities are presented here to meet Section 7 (1)(a)(1a) of the *Annual Reports (Statutory Bodies) Act 1984* (NSW).

The 2019 University of Wollongong Annual Report is contained in a separate edition and can be viewed on the University's website at: uow.edu.au/about/annual-reports-and-financial-statements

For more comprehensive information on each of the Controlled Entities we encourage you to view their individual annual reports as prepared and presented to the University of Wollongong Council and New South Wales Parliament in June of each year.

Contents

UOW Enterprises Group of Companies

UOWC Limited
UOWD Limited
UOWD FZ-LLC
UOW College Hong Kong Ltd (formerly Community College of City University Ltd)
CCCU Deed of Trust
UOWM Sdn Bhd
UOW Malaysia KDU University College Sdn Bhd
UOW Malaysia KDU Penang University College Sdn Bhd
UOW Malaysia KDU College Sdn Bhd

Financial Statements
For the Year Ended 31 December 2019

UOWC Ltd

ABN 14105312329

Annual Financial Statements

For the Year Ended 31 December 2019

Contents

For the Year Ended 31 December 2019

Directors' Report

For the Year Ended 31 December 2019

The directors present their report together with the financial statements of UOWC Ltd ("the Company") for the year ended 31 December 2019 and the auditors' report thereon.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Damien Israel
Professor A Frino
Ms M Mastroianni

Company secretary

Mr Peter Janu has been the Company Secretary since 1 January 2019. Mr Janu is the Company's Executive Director Commercial & Legal.

Company particulars

UOWC Ltd is incorporated in Australia.

The address of the registered office is:
Building 39A
2 Northfields Avenue
University of Wollongong NSW 2522
Australia.

Principal activities

The principal activities of the Company during the course of the financial year were the delivery of higher education university pathway, English language and vocational educational and training programs ("UOW College").

UOW College is a registered Higher Education Provider (HEP) with the Tertiary Education Quality and Standards Agency (TEQSA) (registration renewed for a period of 7 years to April 2023) and a Registered Training Organisation (RTO) with the Australian Skills Quality Authority (ASQA) (registration renewed for a period of 7 years to May 2024). UOW College is also registered with TEQSA and ASQA to deliver courses to international students studying on Australian student visas and is listed on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS Provider Code: 02723D - CRICOS registration renewed until April 2023).

Review and results of operations

The profit from ordinary activities after income tax amounted to $2,411,000 (2018: $1,626,000).

Following a corporate re-structure of the UOW Global Enterprises Group, on 2 January 2019, the share ownership and control of UOWC Ltd was transferred from UOWD Ltd to UOWGE Ltd, a newly created subsidiary of the University of Wollongong. All corporate employees and activities were transferred from UOWC Ltd to UOWGE Ltd during 2019. This has had a positive impact on results as corporate costs are no longer included in the Company.

The increase in profit is driven by record Academic international and domestic student enrolments and the restructuring of the Vocational course offering announced in December 2018.

Significant changes in the English Testing market have resulted in a substantial decrease in candidate numbers coming to the College over recent years. Following a comprehensive review of the English Testing Unit and its ongoing viability, the decision was taken to cease IELTS and OET testing from January 2020.

Work continues on developing international opportunities.

Dividends

In respect of the financial year ended 31 December 2018, a total dividend of $1,626,000 (81,300,000 cents per share) was paid to the holder of fully paid ordinary share on 19 June 2019.

No dividend for the financial year ended 31 December 2019 has been declared or paid.

Environmental regulation

The Company adheres to environmental regulation and standards at each of its operating locations. The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

State of affairs and events after the reporting date

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

Likely developments

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Directors' Meeting	
	A	B
Mr Damien Israel	3	3
Professor Alex Frino	3	2
Ms Marisa Mastroianni	3	3

A = Number of meetings held which the director was eligible to attend

B = Number of meetings attended

Indemnification and insurance of directors and officers

The Company, under its global insurance arrangements, has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company, through its Parent, has offered its Directors a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Auditor's Independence declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the financial year ended 31 December 2019.

Rounding off

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Sign off information

Signed in accordance with a resolution of directors:

Director: ....

Mr D Israel

Director: ....

Ms M Mastroianni

Dated this 19th day of March 2020

Wollongong

To the Directors

UOWC Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWC Ltd for the year ended 31 December 2019, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

17 March 2020
SYDNEY

Certificate under the Public Finance and Audit Act 1983
For the year ended 31 December 2019

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of the Board of Directors, we declare that in our opinion:

* The accompanying financial statements exhibit a true and fair view of the financial position of UOWC Ltd as at 31 December 2019 and financial performance for the year then ended.
* The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
* The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

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

Director: ....

Mr D Israel

Director: ....

Ms M Mastroianni

Dated this 19th day of March 2020

Wollongong

In accordance with a resolution of the Board of Directors, we declare that in our opinion:

* The attached are general purpose financial statements and exhibit a true and fair view of the financial position of the Company as at 31 December 2019 and of its performance for the year then ended.
* The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
* The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
* The Financial Statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015 and the Corporations Act 2001.*
* There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
* We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: ....

Mr D Israel

Director: ....

Ms M Mastroianni

Dated this 19th day of March 2020

Wollongong

INDEPENDENT AUDITOR'S REPORT

UOWC Ltd

To Members of the New South Wales Parliament and Members of UOWC Ltd

Opinion

I have audited the accompanying financial statements of UOWC Ltd (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

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

Basis for Opinion

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

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

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

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

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

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

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 17 March 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983.*

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

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

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

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 March 2020
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 $000's	2018 $000's
Revenue	3	**24,630**	22,726
Interest income		**479**	494
Other income	28(b)	**-**	3,889
Total revenue and other income		**25,109**	27,109
Employee related expenses		**(12,835)**	(17,270)
Depreciation and amortisation expense	4	**(788)**	(271)
Finance costs		**(144)**	-
Administrative and site expenses		**(534)**	(1,620)
Marketing expenses		**(3,364)**	(3,045)
Other expenses		**(3,151)**	(3,249)
Total expenses		**(20,816)**	(25,455)
Profit before income tax		**4,293**	1,654
Income tax expense	5	**(1,882)**	(28)
Profit after income tax		**2,411**	1,626
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,411**	1,626

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

Statement of Financial Position
As at 31 December 2019

	Note	2019 $000's	2018 $000's
Assets			
Current assets			
Cash and cash equivalents	6	**11,844**	20,293
Trade and other receivables	7	**2,286**	3,597
Other financial assets	8	**-**	6,000
Total current assets		**14,130**	29,890
Non-current assets			
Loan to controlling entity	28(b)	**15,000**	-
Property, plant and equipment	9	**1,686**	2,368
Intangible assets	10	**34**	5
Deferred tax assets	11	**1,164**	1,530
Right-of-use assets	12	**2,429**	-
Total non-current assets		**20,313**	3,903
Total assets		**34,443**	33,793
Liabilities			
Current liabilities			
Trade and other payables	13	**4,834**	7,039
Lease Liability	12	**513**	-
Short term provisions	14(a)	**1,865**	2,568
Contract assets and liabilities	15	**7,572**	7,224
Total current liabilities		**14,784**	16,831
Non-current liabilities			
Lease Liability	12	**1,977**	-
Long term provisions	14(b)	**115**	180
Total non-current liabilities		**2,092**	180
Total liabilities		**16,876**	17,011
Net assets		**17,567**	16,782
Equity			
Issued capital	17	**-**	-
Retained earnings	18	**17,567**	16,782
Total equity		**17,567**	16,782

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

Statement of Cash Flows
For the Year Ended 31 December 2019

	Note	2019 $000's	2018 $000's
Cash flows from operating activities:			
Receipts from student fees and other customers (inclusive of GST)		**25,567**	29,492
Payments to suppliers and employees (inclusive of GST)		**(23,077)**	(24,609)
Interest paid		**(144)**	-
Net cash flows from operating activities	22(b)	**2,346**	4,883
Cash flows from investing activities:			
Purchase of property, plant and equipment	9	**(124)**	(1,379)
Acquisition of intangible assets		**(38)**	-
Loans to related parties		**(15,000)**	-
Interest received		**479**	494
Net cash flows (used in) investing activities		**(14,683)**	(885)
Cash flows from financing activities:			
Net repayment of advances by controlling entity		**-**	2,286
Advances to controlling entity		**-**	(3,236)
Principal portion of lease repayments		**(486)**	-
Dividends paid		**(1,626)**	-
Net cash flows (used in) financing activities		**(2,112)**	(950)
Net (decrease) / increase in cash and cash equivalents		**(14,449)**	3,048
Cash and cash equivalents at beginning of the financial year		**26,293**	23,245
Cash and cash equivalents at end of the financial year	22(a)	**11,844**	26,293

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

Statement of Changes in Equity

For the Year Ended 31 December 2019

2019

	Contributed Equity $000's	Retained Earnings $000's	Total $000's
Balance at 1 January 2019	**-**	**16,782**	**16,782**
Comprehensive income			
Profit for the year	**-**	**2,411**	**2,411**
Other comprehensive income	**-**	**-**	**-**
Dividends paid	**-**	**(1,626)**	**(1,626)**
Balance at 31 December 2019	**-**	**17,567**	**17,567**

2018

	Contributed Equity $000's	Retained Earnings $000's	Total $000's
Balance at 1 January 2018	-	15,156	15,156
Comprehensive income			
Profit for the year	-	1,626	1,626
Other comprehensive income	-	-	-
Balance at 31 December 2018	-	16,782	16,782

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

1 Change in Accounting Policy

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the income statement on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

1 Change in Accounting Policy (continued)
Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of $2,947,194 and lease liabilities of $2,947,194 at 1 January 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was 5.50%.

	$000's
Operating lease commitments at 31 December 2018 financial statements	609
Discounted using the incremental borrowing rate at 1 January 2019	607
Add:	
Extension options reasonably certain to be exercised not included in the commitments note	2,927
Less:	
Short-term leases included in commitments note	24
Leases for low value assets included in commitments note	445
Leases transferred to parent entity	118
Lease liabilities recognised at 1 January 2019	**2,947**

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

For the purposes of financial reporting, the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the directors on 19th March 2020.

(b) Statement of compliance

The financial statements are presented in Australian dollars which is the Company's functional currency and figures are rounded to the nearest thousand dollars ($'000), or in certain cases the nearest dollar. The financial statements are prepared on the historical cost basis.

Comparatives are consistent with prior years, unless otherwise stated.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and

2 Summary of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 2.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and are consistent with prior reporting periods unless otherwise stated.

New standards adopted as at 1 January 2019

In the current period, the Company has adopted AASB 16 Leases. The Company has adopted this new standard by using the modified retrospective method and therefore comparatives have not been adjusted. The adoption of the standard has been deemed to not have had a material impact on the Company.

Refer to note 1 for further detail.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with a maturity of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts plus current other financial assets.

(d) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(e) Other financial assets

(i) Other financial assets - current

Other financial assets - current comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and accumulated impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than $1,000 are expensed in the period of the acquisition.

(i) Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense incurred.

(ii) Depreciation

The depreciation amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

An assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The depreciation rates used for each class of asset are as follows:

Class of assets	Depreciation rate %
Leasehold Improvements	5, 10 or duration of lease
Plant and Equipment	
- Plant and equipment	10 to 33.33
- Furniture and fittings	10 to 20
Computer Equipment	33.3

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(g) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

2 Summary of Significant Accounting Policies (continued)

(h) Financial instruments

(i) **Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

2 Summary of Significant Accounting Policies (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Trade receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

(iii) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2 Summary of Significant Accounting Policies (continued)

(iv) Financial liabilities

The financial liabilities of the Company comprise trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(i) Trade and other payables

Trade and other payables are carried at fair value which is usually the transaction cost. Due to their short term nature they are not discounted and are interest free. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchases of these goods and services. Trade accounts payable are generally unsecured and settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(j) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax.

(ii) Long service leave

The Company's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wages and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

2 Summary of Significant Accounting Policies (continued)

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that 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 and unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(i) Restructuring provisions

The Company recognises redundancy provisions when it is demonstrably committed to either terminating the employment of 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.

(l) Revenue recognition

Revenue arises mainly from the delivery of higher education university pathway, English language and vocational educational and training programs.

To determine whether to recognise revenue, the Company follows the AASB 15 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company generates most of its revenue from the delivery of higher education university pathway, English language and vocational educational and training programs to individual domestic and international students within Australia. Sources of income is primarily provided by the individual student or funding from government authorities. The majority of the revenue is earned and generated at the Company's Wollongong and South West Sydney campuses.

Tuition fees

Tuition fees are course fees relating to the provision of the above mentioned educational services. The amount of tuition fees vary depending on the course, its duration, and the origin of student. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

2 Summary of Significant Accounting Policies (continued)

(l) Revenue recognition (continued)

Tuition fees fall within the scope of AASB 15, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what it expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course are deferred and recognised as revenue in the relevant financial year. Fees for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Assets & Liabilities" - refer to note 15.

Contracts with students are structured on a course basis of varying semesters and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition - refer to note 15.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their course semester fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from the conduct of IELTS testing, International Study Tours and other educational related activities. Minor fees are also charged for ancillary services. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance would be deferred and recognised as revenue in the relevant financial year. These other fees, earned during the current year, are disclosed in note 3.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of goods and services tax.

Further disclosure on revenue is provided in note 3.

(i) Rendering of services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year end, for a course commencing in the following year, are recognised as contracted income & deposits received in advance.

2 Summary of Significant Accounting Policies (continued)

(l) Revenue recognition (continued)
(ii) HELP payments

Revenue from HELP are recognised at fair value where the Company obtains control of the right to receive the grant, it is probable that economic benefit will flow to the Company and it can be reliably measured.

The sale of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal (including incidental costs).

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO is classified as operating cash flows.

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

(n) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of profit or loss and other comprehensive income in the financial year in which exchange rates change.

(o) Taxation

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

2 Summary of Significant Accounting Policies (continued)

(o) Taxation (continued)

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax consolidation legislation

The Company and its parent entity, UOWGE Ltd, entered into a tax consolidation group under Australian taxation law effective from 1 January 2019.

The head entity, UOWGE Ltd, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. For cash flow purposes, these charges or benefits are regarded as non-cash transfers with UOWGE Ltd, the head entity in the tax consolidation group.

(p) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit").

2 Summary of Significant Accounting Policies (continued)

(q) Leases

For comparative year

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease.

Policy applicable from 1 January 2019

Assessment of whether a contract is, or contains, a lease

At inception of a contract, the Company 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 Company assesses whether:

(a) 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.

(b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

(c) 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:

  i. The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or

  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 Company as lessee

In contracts where the Company is a lessee, the Company 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.

2 Summary of Significant Accounting Policies (continued)

(q) Leases (continued)

Right-of-use asset

A right-of-use asset is 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.

(r) Finance income and expenses

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(s) Intangible assets

(i) Purchased software

Software is recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life. Software has an estimated useful life of five years. It is assessed annually for impairment.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the period that accreditation approval is given for. Accreditation costs have a finite useful life. It is assessed annually for impairment.

(iii) Other intangible costs

Other intangible costs are attributable to the purchase of websites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite estimated useful life of five years.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(u) New Accounting Standards effective on or after 1 January 2020

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The possible impact of these standards in the period of initial application is unlikely to result in any material adjustment.

The impact of the standards most relevant to the Company are outlined below:

2 Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards effective on or after 1 January 2020 (continued)

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(v) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market-driven changes.

3 Revenue

An analysis of the Company's revenue for the year is as follows:

		2019	2018
Australian Government financial assistance	**Note**	**$000's**	**$000's**
- Higher Education Loan Programmes - FEE-HELP	24	**2,257**	1,668
- Higher Education Loan Programmes - VET Student Loans	24	**709**	953
Total Australian Government financial assistance		**2,966**	2,621
Fees and charges			
- Overseas students		**15,704**	13,627
- Domestic students		**3,783**	3,736
- Other courses and charges		**1,228**	1,609
Total tuition fees and charges		**20,715**	18,972
Other Revenue			
Course development - related parties	28(b)	**192**	252
Other		**757**	881
Total other revenue		**949**	1,133
Total revenue		**24,630**	22,726

	2019	2018
	$000's	**$000's**
Timing of revenue recognition		
Revenue recognised over time	23,451	21,245
Revenue recognised at a point of time	1,179	1,481
Total	**24,630**	22,726

4 Expenses

	2019 $000's	2018 $000's
Profit for the year includes the following items:		
Depreciation		
- Leasehold improvements	**129**	137
- Plant & equipment	**101**	113
- Computer equipment	**2**	3
- Right of use assets	**546**	-
Total depreciation	**779**	253
Amortisation		
- Computer software	**-**	3
- Accreditation	**9**	15
Total amortisation	**9**	18
Total depreciation and amortisation	**788**	271
The result for the year includes the following specific expenses:		
Non-capitalised equipment	**3**	2
Net loss on disposal of non-current assets	**-**	147
Rental expenses relating to operating leases - minimum lease payments	**-**	982
- Rental expenses relating to short term and low value leases	**104**	-
- Interest expense on lease liabilities	**144**	-
Impairment of other assets - movement of bad and doubtful debts	**63**	29

5 Income tax expense

(a) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

	2019 $000's	2018 $000's
Profit before income tax	**4,293**	1,654
Income tax using the domestic corporate tax rate of 30% (2018 - 30%)	**1,288**	496
Increase in income tax due to:		
Non-deductible expenses	**604**	332
Increase/(Decrease) in income tax due to:		
Non-assessable income	**-**	(692)
Other deductible expenses	**-**	(100)
(Over) / under provided in prior periods	**(10)**	(8)
Total income tax expense	**1,882**	28

(b) **Income tax expense**

	2019 $000's	2018 $000's
Current tax	**1,525**	403
Deferred tax	**366**	(367)
Adjustments for current tax of prior periods	**(9)**	(7)
Adjustment for deferred tax of prior periods	**-**	(1)
Total income tax expense	**1,882**	28

(c) **Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following item:

	2019 $000's	2018 $000's
Temporary differences	**69**	69

Temporary differences do not expire under the current tax legislation. The deferred tax asset with respect to temporary differences has not been recognised because it is not probable that future taxable income will be available against which the tax consolidated group can utilise the benefits therefrom.

6 Cash and cash equivalents

	2019 $000's	2018 $000's
Cash at bank and on hand	**11,844**	20,293

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 26.

7 Trade and other receivables

	Note	2019 $000's	2018 $000's
Trade receivables			
Net receivable from related parties			
University of Wollongong	28(b)	**718**	56
UOWD Ltd	28(b)	**1,026**	394
UOW College Hong Kong Ltd	28(b)	**18**	985
UOWD FZ-LLC	28(b)	**213**	-
Other third parties		**14**	31
Students		**289**	468
Less: allowance for credit loss	7(a)	**(10)**	(14)
		2,268	1,920
Other receivables & prepayments			
Other receivables		**3**	106
Prepayments		**15**	69
Receivable from UOWM Sdn Bhd (d)	28(b)	**-**	1,305
GST receivable		**-**	197
Total trade and other receivables		**2,286**	3,597

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on a 30 day term.

The ageing of these receivables is as follows:

	2019 $000's	2018 $000's
0 - 30 days	**1**	-
31 - 60 days	**1**	-
61 - 90 days	**2**	-
91 + days	**6**	14
	10	14

7 Trade and other receivables (continued)

Allowance for credit loss

A credit loss of $63,000 (2018: $29,000 loss) has been recognised by the Company for the current year. This is before the recoupment of prior year impairments of nil (2018: $10,000). These amounts have been included in the "other expenses" line item on the statement of profit or loss and other comprehensive income. No individual amount within the impairment allowance is material.

Movement in the allowance for credit loss:

	2019 $000's	2018 $000's
Balance at 1 January	**14**	28
Credit losses for the year	**63**	29
Amounts recouped	**-**	(10)
Amounts written off	**(67)**	(33)
Balance at 31 December	**10**	14

(b) **Past due but not impaired**

As at 31 December, the ageing analysis of trade receivables is as follows:

0 - 30 days	**2,002**	1,540
31 - 60 days	**123**	33
61 - 90 days	**77**	23
91 + days	**66**	324
	2,268	1,920

Receivables past due but not considered impaired are $266,000 (2018: $380,000) for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) **Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

8 Other financial assets

	2019 $000's	2018 $000's
Term deposits	-	6,000

9 Property, plant and equipment

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

	Capital works in progress $000's	Leasehold improvements $000's	Plant and equipment $000's	Computer equipment $000's	Total $000's
Year ended 31 December 2019					
Opening net book amount	141	1,901	322	4	2,368
Additions	47	4	71	2	124
Disposals - written down value	(64)	(358)	(151)	(1)	(574)
Depreciation	-	(129)	(101)	(2)	(232)
Commissioned assets for use	(124)	7	117	-	-
Closing net book amount	**-**	**1,425**	**258**	**3**	**1,686**
At 31 December 2019					
Cost	-	1,672	473	17	2,162
Accumulated depreciation	-	(247)	(215)	(14)	(476)
Net book amount	**-**	**1,425**	**258**	**3**	**1,686**
Year ended 31 December 2018					
Opening net book amount	87	904	391	7	1,389
Additions	54	1,262	63	-	1,379
Disposals - written down value	-	(128)	(19)	-	(147)
Depreciation	-	(137)	(113)	(3)	(253)
Closing net book amount	141	1,901	322	4	2,368
At 31 December 2018					
Cost	141	2,187	595	18	2,941
Accumulated depreciation	-	(286)	(273)	(14)	(573)
Net book amount	141	1,901	322	4	2,368

10 Intangible assets

Movements in the carrying amounts for each class of intangible assets between the beginning and end of the current financial year:

	Computer software $000's	Accreditation costs $000's	Total $000's
Year ended 31 December 2019			
Opening net book amount	-	5	5
Disposals	-	(74)	(74)
Accumulated Amortisation (Disposals)	-	74	74
Additions	-	38	38
Amortisation	-	(9)	(9)
Closing net book amount	**-**	**34**	**34**
At 31 December 2019			
Cost	16	38	54
Accumulated amortisation and impairment	(16)	(4)	(20)
Net book amount	**-**	**34**	**34**
Year ended 31 December 2018			
Opening net book amount	3	20	23
Additions	-	-	-
Amortisation	(3)	(15)	(18)
Closing net book amount	-	5	5
At 31 December 2018			
Cost	16	74	90
Accumulated amortisation and impairment	(16)	(69)	(85)
Net book amount	-	5	5

11 Deferred tax assets

	2019 $000's	2018 $000's
The balance comprises temporary differences attributable to:		
Unearned income	**346**	349
Property, plant and equipment	**111**	107
Accruals	**48**	215
Trade and other receivables	**3**	(28)
Provisions	**585**	824
Other	**53**	63
Leased assets	**18**	-
Total deferred tax assets	**1,164**	1,530

12 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over a range of assets including buildings, vehicles and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases buildings for their academic facilities and classrooms and for admin staff, the lease is for 5.5 years (with 4.5 years remaining at 31/12/2019). The rent for the buildings will be revised on 1 January of each year based on CPI. The lease does not contain an enforceable extension option.

Vehicles and IT Equipment

The Company leases vehicles and IT equipment with lease terms varying from 0 - 3 years, the lease payments are fixed during the lease term.

Leases for equipment are generally considered to be for low value assets.

Right-of-use assets

	Buildings $000's	Motor Vehicles $000's	Total $000's
Year ended 31 December 2019			
Balance at beginning of year	2,927	20	2,947
Depreciation charge	(530)	(16)	(546)
Additions to right-of-use assets	-	28	28
Balance at end of year	**2,397**	**32**	**2,429**

12 Leases (continued)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$000's	$000's	$000's	$000's	$000's
2019					
Lease liabilities	631	2,162	-	2,793	2,489

Income Statement

The amounts recognised in the income statement relating to leases where the Company is a lessee are shown below:

	2019	2018
	$000's	$000's
Interest expense on lease liabilities	**144**	-
Expenses relating to short-term leases	**20**	-
Expenses relating to leases of low-value assets	**84**	-
Depreciation of right-of-use assets	**546**	-
	794	-

Statement of Cash Flows

	2019	2018
	$000's	$000's
Total cash outflow for leases	**733**	-

13 Trade and other payables

	Note	2019 $000's	2018 $000's
Payables to related parties			
- University of Wollongong	28(b)	**2,419**	3,663
- UOW Pulse Ltd	28(b)	**7**	-
- UOWGE Ltd	28(b)	**1,618**	-
Trade payables		**73**	164
Non-trade payables and accruals		**710**	3,212
GST payable		**7**	-
		4,834	7,039

Secured Liabilities

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Liquidity Risk

Information regarding liquidity risk exposure is set out in note 26.

14 Provisions

(a) Provisions - current

	2019 $000's	2018 $000's
Liability for annual leave	**837**	1,150
Liability for long service leave	**1,012**	1,316
Liability for restructuring (c)	**16**	102
	1,865	2,568

The current provision for the Company includes $324,000 (2018: $345,000) of annual leave entitlements accrued but not expected to be taken within 12 months.

The current provision for the Company includes $618,000 (2018: $1,300,000) of long service leave accrued but not expected to be taken within 12 months.

(b) Provisions - non-current

	2019 $000's	2018 $000's
Liability for long service leave	**115**	180
	115	180

14 Provisions (continued)

(c) Restructuring

	Restructuring $000's	Total $000's
Opening balance at 1 January 2019	**102**	**102**
Additional provisions	**16**	**16**
Provisions used	**(91)**	**(91)**
Provisions reversed	**(11)**	**(11)**
Balance at 31 December 2019	**16**	**16**

In December 2018, the Company announced a review of its vocational course offerings. As a result of the review a provision for restructuring was raised at 31 December 2018. In November 2019, the Company announced the closure of the IELTS testing centre. As a result a provision for restructuring was raised as at 31 December 2019.

15 Contract assets & liabilities

	2019 $000's	2018 $000's
Contracted assets	**(213)**	(252)
Contracted income & amounts received in advance	**7,785**	7,476
Net contract liabilities	**7,572**	7,224

16 Long term funding arrangements

(a) Credit card facility

	2019 $000's	2018 $000's
Available facility	50	350
Used at balance date	1	49
Unused at balance date	49	301

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of UOWC Ltd and UOWGE Ltd, including goodwill and uncalled capital and called but unpaid capital.

17 Issued capital

	2019 No. & $	2018 No. & $
Ordinary Shares		
Balance at beginning and end of year	2	2
Balance at 31 December	2	2

17 Issued capital (continued)

Fully paid ordinary shares carry one vote per share, the right to dividends held by UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(a) Capital management

When managing capital, the Board of Directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors have no current plans to issue further shares to its shareholder.

The Company currently manages issued capital of $2.

The Company is not subject to any externally imposed capital requirements.

Refer note 19 for dividends declared.

18 Retained earnings

	Note	2019 $000's	2018 $000's
Balance at 1 January		**16,782**	15,156
Profit for the year		**2,411**	1,626
Dividends paid or declared	19	**(1,626)**	-
Balance at 31 December		**17,567**	16,782

19 Dividends

In respect of the financial year ended 31 December 2018, a total dividend of $1,626,000 (81,300,000 cents per share), was paid to the holder of all fully paid ordinary shares on 19 June 2019

No dividend for the financial year ended 31 December 2019 has been declared or paid.

20 Remuneration of auditors

	2019 $	2018 $
Auditors of the Company		
The Audit Office of New South Wales	**43,250**	38,250
Total remuneration for audit and other assurance services	**43,250**	38,250

21 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Directors	Position	Employer
Mr Damien Israel	Chief Operating Officer	UOW
Professor A Frino	Deputy Vice Chancellor (Global Strategy)	UOW
Ms M Mastroianni	Group Chief Executive Officer and Managing Director	UOWGE Ltd *

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

* Denotes that the Director was employed by UOWC Ltd until 31st July 2019, and commenced employment with UOWGE Ltd on 1st August 2019

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

Executive	Position	Employer
Mr G Drummond**	Chief Financial Officer / Executive Director Corporate Services	UOWGE Ltd
Ms J Stuart**	Executive Director People and Culture	UOWGE Ltd
Ms J Renwick*	General Manager UOW College	UOWC Ltd
Ms K McCollim**	Executive Director Business Transformation	UOWGE Ltd
Mr P Janu**	Executive Director Commercial and Legal	UOWGE Ltd
Mr F Lanceley^	General Manager UOW College	UOWC Ltd

* Denotes that the Executive resigned on 21 November 2019
^ Denotes that the Executive was appointed on 12 August 2019
** Denotes that the Executive/Director was employed by UOWC Ltd until 31st July 2019, and commenced employment with UOWGE Ltd on 1st August 2019

In addition to their salaries, the Company also provides non-cash benefits to the executive officers, and contributes to a post employment defined contributions plan on their behalf.

(a) Key management personnel compensation

The aggregate compensation made to the key management personnel of UOWC Ltd during the year are as follows:

	2019 $	2018 $
Short-term employee benefits	**1,023,879**	1,965,052
Post-employment benefits	**75,533**	123,835
Termination benefits	**-**	-
Total compensation paid	**1,099,412**	2,088,887

21 Key management personnel disclosures (continued)

(b) Loans to key management personnel

No loans have been made to the directors and other key management personnel of the Company, including their personally related parties.

22 Reconciliation of net result after income tax to net cash flows from operating activities

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

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and held-to-maturity term deposits. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2019 $000's	2018 $000's
As per Statement of Financial Position			
Cash and cash equivalents	6	11,844	20,293
Other financial assets	8	-	6,000
As per Statement of Cash Flows		**11,844**	26,293

(b) Reconciliation of profit after income tax to net cash flows from operating activities:

	2019 $000's	2018 $000's
Profit for the year after income tax	**2,411**	1,626
Adjustments for:		
Depreciation and amortisation expense	**788**	271
Net loss on disposal of non-current assets	**-**	147
Non-cash income tax expense	**1,516**	396
Interest income	**(479)**	(494)
Net cash provided by operating activities before change in assets and liabilities	**4,236**	1,946
(Increase) / decrease in trade and other receivables	**2,156**	(391)
(Increase) in deferred tax assets	**366**	(368)
Increase in trade and other payables	**(3,332)**	1,973
Increase / (decrease) in contract assets & liabilities	**(312)**	1,341
Increase in other provisions	**(768)**	382
Net cash flows from operating activities	**2,346**	4,883

23 Capital and leasing commitments

(a) Capital expenditure commitments

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

	2019 $000's	2018 $000's
Payable		
Within 1 year	-	127
	-	127

24 Acquittal of Australian Government financial assistance

Higher education loan programmes (excl OS-HELP)

		FEE-HELP		VET Student Loans		Total	
		2019	2018	2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's	$000's	$000's
Cash (receivable) / payable at the beginning of the year		147	(25)	(31)	(1)	116	(26)
Financial assistance received in Cash during the reporting period		2,048	1,840	740	923	2,788	2,763
Cash available for period		2,195	1,815	709	922	2,904	2,737
Revenue earned	3	2,257	1,668	709	953	2,966	2,621
Cash payable / (receivable) at end of year		(62)	147	-	(31)	(62)	116

25 Economic dependency

UOW College is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students for the University of Wollongong, once students have completed their College preparation courses.

26 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has a controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

26 Financial risk management (continued)

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from the potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2019	2018
	$000's	$000's
Education	304	499
Related Parties	1,974	1,435
	2,278	1,934

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

	Within 1 year		1 to 5 years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Financial Assets:								
Cash and cash equivalents	**11,848**	20,403	**-**	-	**-**	-	**11,848**	20,403
Trade & other receivables	**2,267**	3,225	**-**	-	**-**	-	**2,267**	3,225
Other financial assets	**-**	6,081	**-**	-	**-**	-	**-**	6,081
Loan to parent	**-**	-	**15,000**	-	**-**	-	**15,000**	-
	14,115	29,709	**15,000**	-	**-**	-	**29,115**	29,709
Financial Liabilities:								
Lease liabilities	**(631)**	-	**(2,162)**	-	**-**	-	**(2,793)**	-
Trade and other payables	**(4,834)**	(7,039)	**-**	-	**-**	-	**(4,834)**	(7,039)
Net Exposure	**8,650**	22,670	**12,838**	-	**-**	-	**21,488**	22,670

26 Financial risk management (continued)

(b) Liquidity risk (continued)

The amounts presented in the above tables comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2019, there was an exposure to foreign currency denominated trade & other receivables of nil (2018: $1,305,000).

(ii) Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents and other financial assets. The Company's trade receivables are non interest bearing.

The Company does not currently use any hedging instruments when dealing with interest rates.

The Company operates a treasury policy which directs excess cash reserves to be placed in short term fixed interest rate term deposits. At the reporting date $5,500,000 (2018: $14,000,000) is in Australian short term deposits with interest rates of 1.6% (2018: 2.70% - 2.75%).

At the reporting date, the only financial asset the Company has that it is exposed to Australian variable interest rate risk is cash and cash equivalents. The value at the reporting date is $6,343,000 (2018: $12,291,000).

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

26 Financial risk management (continued)

(c) Market risk (continued)

At the reporting date, a reasonably possible change of 25 basis points in interest rates would have increased (decreased) profit by the amounts shown below, with all other variables held constant.

31 December 2019		Interest rate risk			
		+25bps		-25bps	
	Carrying amount	Profit	Equity	Profit	Equity
	$000's	$000's	$000's	$000's	$000's
Financial assets					
Cash and cash equivalents	6,343	11	11	(11)	(11)
Total increase / (decrease)		11	11	(11)	(11)

31 December 2018		Interest rate risk			
		+25bps		-25bps	
	Carrying amount	Profit	Equity	Profit	Equity
	$000's	$000's	$000's	$000's	$000's
Financial assets					
Cash and cash equivalents	12,291	22	22	(22)	(22)
Total increase / (decrease)		22	22	(22)	(22)

Significant assumptions used in the interest rate sensitivity analysis includes:

- Acknowledge the Company has significant amounts of cash and cash equivalents in short term fixed interest rate deposits.
- At the beginning of 2019, the Reserve Bank of Australia cash rate was 1.50%. At the end of 2019 the cash rate was at 0.75%.
- Interest rates are forecast to further decrease during 2020.

27 Business combinations

On 1 July 2015 UOWD Ltd and the Company acquired a controlling interest in CCCU Ltd (subsequently renamed UOW College Hong Kong Ltd), a Hong Kong company limited by guarantee. The Company is a Member of UOW College Hong Kong Ltd, together with UOWD Ltd and City University of Hong Kong. Under UOW College Hong Kong Ltd's Articles of Association, UOWD Ltd and the Company control a majority of the appointments to the UOW College Hong Kong Ltd's current governing body, the Board of Management, and thereby ultimately control the decision making authority of the UOW College Hong Kong Ltd entity.

The Company does not, in itself control UOW College Hong Kong Ltd. UOW College Hong Kong Ltd is a related party of the Company as it is under the common control of UOWGE Ltd. Related party transactions and balances are disclosed in note 28.

28 Related parties

(a) Directors

The names of each person holding the position of directors of UOWC Ltd during the period ended 31 December 2019 are Mr D Israel, Prof. A Frino, and Ms M Mastroianni.

No director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company - UOWGE Ltd. On 2 January 2019, the share ownership and control of the Company was transferred to UOWGE Ltd.

- Ultimate controlling entity of the Company - University of Wollongong

Transactions with related parties:

All transactions with non-director related parties are on normal terms and conditions.

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

The Company levies a corporate charge for management and administrative services to the controlling entity.

The Company receives income from the controlling entity for course development.

The Company receives funding from the University of Wollongong for scholarships for students at UOW College.

The Company enters into transactions with other entities controlled by the University of Wollongong, including UOW Pulse for the provision of sport and recreation facilities, and for use of their conference facilities and bookshop.

The aggregate amounts included in the profit before income tax that resulted from transactions with non-director related parties are:

28 Related parties (continued)

	Note	2019 $000's	2018 $000's
Sale of goods and services			
- Ultimate controlling entity of the Company		**45**	40
- Controlling entity of the Company	3	**-**	252
- Entity owned by the controlling entity of the Company		**192**	194
Total revenue		**237**	486
Other Income			
Corporate Charge			
- Entity owned by the controlling entity of the Company		**-**	3,889
Total other income		**-**	3,889
Total income		**237**	4,375
Purchase of goods and services			
Management fees			
- Controlling entity of the Company		**1,377**	-
Department fees			
- Ultimate controlling entity of the Company		**578**	370
Fees and charges			
- Entities owned by the ultimate controlling entity		**34**	30
Enrolment and Admission services			
- Ultimate controlling entity of the Company		**-**	4
Reimbursable utilities and services			
- Ultimate controlling entity of the Company		**296**	483
Rent of buildings & equipment			
- Ultimate controlling entity of the Company		**624**	617
Sponsorships			
- Ultimate controlling entity of the Company		**20**	-
Total expenditure		**2,929**	1,504

		2019 $000's	2018 $000's
Current receivables (sale of goods and services)			
- Ultimate controlling entity of the Company	7	**718**	56
- Entity owned by the controlling entity of the Company	7	**1,257**	2,684
Non-current receivables (loans)			
Controlling entity (a)		**15,000**	-
Current payables (purchase of goods and services)			
- Ultimate controlling entity of the Company	13	**2,419**	3,663
- Entity owned by the ultimate controlling entity	13	**7**	-
- Controlling entity of the company	13	**1,618**	-

28 Related parties (continued)

(a) The loan is interest bearing with an interest rate of 5.5% and is repayable on demand.

29 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

30 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 December 2019 (2018: nil).

End of audited financial statements

UOWD Ltd and its controlled entities

ABN: 77 002 882 064

Annual Financial Statements

For the Year Ended 31 December 2019

Contents

For the Year Ended 31 December 2019

These financial statements are the consolidated financial statements of the consolidated entity consisting of UOWD Ltd and its controlled entities. The financial statements are presented in Australian currency.

UOWD Ltd is a company limited by shares, incorporated in Australia. Its registered office and principle place of business is:

UOWD Ltd

Building 39A

2 Northfields Avenue

University of Wollongong NSW 2522

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 2 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 17 March 2020. The directors have the power to amend and reissue the financial statements.

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of UOWD Ltd and the entities it controlled at the end of, or during the year ended 31 December 2019.

General information

Directors

The names of the directors of UOWD Ltd (hereafter referred to as the Company) in office at any time during, or since the end of, the year are:

Names	Position	
Mr Peter Robson AO	Chairman; Independent Director	Resigned 21 February 2019
Mr Gregory West	Deputy Chairman; Independent Director	Resigned 21 February 2019
Professor Paul Wellings CBE	Director	Resigned 21 February 2019
Mr Noel Cornish AM	Independent Director	Resigned 21 February 2019
Mr Robert Ryan	Independent Director	Appointed Chairman - 21 February 2019
Dr Stewart Routledge AO	Independent Director	Resigned 29 August 2019
Mr Damien Israel	Director	Resigned 21 February 2019
Professor Joe Chicharo	Director	
Professor Alex Frino	Director	
Ms Marisa Mastroianni	Managing Director, Executive Director	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activities of the Group during the course of the financial year were the provision of education services which enable it to add value to the strategic goals and objectives of the University of Wollongong.

These primary activity area is the delivery of university education offshore (University of Wollongong in Dubai).

Review of operations

The consolidated profit after income tax of the Group, including discontinued operations, for the year amounted to $13,834,000 (2018: $23,739,000).

The operating profit after income tax of the Company for the year amounted to $14,238,000 (2018: $12,764,000).

During 2018, the Council of UOW and the Board of UOWD Ltd approved a corporate restructure to provide greater education regulatory certainty, greater clarity of company roles and to provide a better structure for future growth. The business name of the Group was changed to UOW Global Enterprises. A new entity, UOWGE Ltd, was incorporated on 6 September 2018 that will act as the holding company of the Group from 2019 onwards. On 1 January 2019, UOWGE Ltd acquired the shares in UOWD Ltd from the University of Wollongong for $2. Subsequently on 2 January 2019, UOWGE Ltd acquired the shares in UOWC Ltd from UOWD Ltd for $2. As a result as of 2 January 2019 UOWD Ltd lost control over UOWC Ltd, UOWCHK Ltd and the CCCU Trust. The results and financial position of these former controlled entities are no longer included in the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows from this date onwards.

In 2018 the Board of UOWD Ltd approved the conversion of the UOWD branch into a Dubai corporate entity, subject to approval by Dubai authorities. This conversion was completed on the 6th of May 2019. At this time all assets and liabilities held by the Dubai Branch of UOWD Ltd were transferred to University of Wollongong in Dubai FZ-LLC (license number 18007) at book value. University of Wollongong in Dubai FZ-LLC is a wholly owned subsidiary of UOWD Ltd.

The result for the Group and company have been impacted by the above changes. The results of UOWCHK Ltd and UOWC Ltd are no longer included in the Group result in 2019. The result of the University of Wollongong in Dubai is only included in the Company results for the period up to 6 May 2019.

Offshore and onshore recruitment of students in Dubai remains highly competitive. The Group continues to expand and modify its teaching portfolio and offering to meet the ever changing needs of the higher education environment and to provide a transformative student experience.

Work continues on the development of a new campus in Dubai. Fit out work has commenced for the new UOWD campus at Dubai Knowledge Park and key specialist contractors appointed.

The result for the Company is positively impact by the unrealised gain on the investment in Education Australia Ltd of $18,101,000 (2018: 7,219,000).

Dividends

In respect of the financial year ended 31 December 2019 a dividend of $8,000,000 (400,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 19 June 2019.

In respect of the financial year ended 31 December 2019 a dividend of $3,000,000 (150,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 19 August 2019.

In respect of the financial year ended 31 December 2019 a dividend of $11,500,000 (575,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares in 3 installments on 11 November 2019 ($7,250,000), 27 November 2019 ($3,250,000) and 17 December 2019 ($1,000,000) .

State of affairs

Apart from the matters referred to above, there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Environmental regulation

The Group adheres to environmental regulation and standards at each of its operating locations. The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to reporting date

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

Likely developments

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

Company secretary

Mr Peter Janu

Company Secretary from 6 December 2018.

Mr Janu has a Bachelor of Economics and Bachelor of Laws degrees from the University of Sydney.

Mr Janu is the Company's Executive Director Commercial and Legal.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Robert Ryan	5	5
Dr Stewart Routledge AO	4	4
Professor Joe Chicharo	5	4
Professor Alex Frino	5	4
Ms Marisa Mastroianni	5	5

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officers

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company, through its Parent, has offered its Directors, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 4 and forms part of the directors' report for the financial year ended 31 December 2019.

Rounding off

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statement. Amounts in the financial statements have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Director: ....

Mr R Ryan

Director: ....

Ms M Mastroianni

Dated 17th March 2020.

Wollongong

To the Directors

UOWD Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWD Ltd and its controlled entities for the year ended 31 December 2019, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

17 March 2020
SYDNEY

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Certificate under the Public Finance and Audit Act 1983

For the Year Ended 31 December 2019

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWD Ltd and its controlled entities as at 31 December 2019 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

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

Director:..

Mr R Ryan

Director:..

Ms M Mastroianni

Dated 17th March 2020

Wollongong

Directors' Declaration

For the Year Ended 31 December 2019

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial year then ended;
- The Financial Statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;
- The Financial Statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

Signed in accordance with a resolution of the directors:

Director: ....

Mr R Ryan

Director: ....

Ms M Mastroianni

Dated 17th March 2020

Wollongong

INDEPENDENT AUDITOR'S REPORT

UOWD Ltd

To Members of the New South Wales Parliament and Members of UOWD Ltd

Opinion

I have audited the accompanying financial statements of UOWD Ltd (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity. The consolidated entity comprises the Company 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:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2019 and of their performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 2(b).

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

Basis for Opinion

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

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

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

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

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

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

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I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 17 March 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors are responsible for the other information. At the date of this independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983.*

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

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

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

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the ability of the Company and the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf.The description forms part of my auditor's report.

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 March 2020
SYDNEY

Start of audited financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
Revenue	3	**48,287**	102,958	**15,812**	48,615
Other income	3	**19,058**	10,415	**19,058**	9,719
Total Revenue		**67,345**	113,373	**34,870**	58,334
Employee related expenses		**(23,969)**	(41,009)	**(8,128)**	(22,046)
Depreciation and amortisation expense	4	**(1,886)**	(1,803)	**(389)**	(1,111)
Administration and site expenses		**(11,548)**	(19,079)	**(3,702)**	(10,430)
Marketing expenses		**(2,903)**	(2,983)	**(1,226)**	(2,720)
Other expenses		**(7,633)**	(23,641)	**(2,033)**	(6,518)
Finance costs	4	**(417)**	(39)	**1**	(39)
Profit before income tax		**18,989**	24,819	**19,393**	15,470
Income tax expense	5	**(5,155)**	(2,706)	**(5,155)**	(2,706)
Profit from continuing operations		**13,834**	22,113	**14,238**	12,764
Profit from discontinued operations	35	**-**	1,626	**-**	-
Profit for the year		**13,834**	23,739	**14,238**	12,764
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	23	**(326)**	20,012	**(14)**	(283)
Items that will not be reclassified to profit or loss		**-**	-	**-**	-
Total other comprehensive income for the year, net of tax		**(326)**	20,012	**(14)**	(283)
Total comprehensive income for the year		**13,508**	43,751	**14,224**	12,481
Profit attributable to:					
Owners of UOWD Ltd		**13,834**	23,739	**14,238**	12,764
Total comprehensive income attributable to:					
Owners of UOWD Ltd		**13,508**	43,751	**14,224**	12,481

The accompanying notes form part of these financial statements

Statement of Financial Position
As At 31 December 2019

	Note	Consolidated 2019 $000's	Consolidated 2018 $000's	Company 2019 $000's	Company 2018 $000's
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	**7,421**	76,971	**277**	16,150
Trade and other receivables	7	**4,999**	8,019	**1,105**	3,954
Current tax receivable/(payable)	8	**-**	117	**-**	117
Other financial assets	9	**-**	11,000	**-**	11,000
Assets held for sale	35	**-**	34,045	**-**	-
TOTAL CURRENT ASSETS		**12,420**	130,152	**1,382**	31,221
NON-CURRENT ASSETS					
Trade and other receivables	10	**-**	2,528	**-**	2,528
Investment in subsidiaries		**-**	-	**19**	-
Other financial assets	11	**41,020**	175,343	**41,020**	22,919
Property, plant and equipment	12	**10,001**	4,090	**-**	3,210
Right-of-use assets	14	**74,257**	-	**-**	-
Intangible assets	13	**413**	1,472	**-**	277
TOTAL NON-CURRENT ASSETS		**125,691**	183,433	**41,039**	28,934
TOTAL ASSETS		**138,111**	313,585	**42,421**	60,155
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	**3,704**	8,459	**2,008**	3,139
Provisions	16	**7,187**	6,171	**-**	5,378
Related Party Borrowings	18	**7,500**	-	**-**	-
Lease liabilities	14	**3,063**	-	**-**	-
Contract liabilities	17	**4,814**	8,524	**-**	5,592
Liabilities held for sale	35	**-**	17,263	**-**	-
TOTAL CURRENT LIABILITIES		**26,268**	40,417	**2,008**	14,109
NON-CURRENT LIABILITIES					
Lease liabilities	14	**70,332**	-	**-**	-
Deferred tax liabilities	20	**12,290**	8,628	**12,290**	8,628
Provisions	21	**1,839**	1,047	**-**	1,047
TOTAL NON-CURRENT LIABILITIES		**84,461**	9,675	**12,290**	9,675
TOTAL LIABILITIES		**110,729**	50,092	**14,298**	23,784
NET ASSETS		**27,382**	263,493	**28,123**	36,371
EQUITY					
Issued capital	22	**-**	-	**-**	-
Reserves	23(a)	**(1,529)**	209,778	**(1,190)**	(1,204)
Retained earnings	23(b)	**28,911**	53,715	**29,313**	37,575
TOTAL EQUITY		**27,382**	263,493	**28,123**	36,371

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	Consolidated 2019 $000's	Consolidated 2018 $000's	Company 2019 $000's	Company 2018 $000's
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from students and other customers (inclusive of GST)		**52,242**	99,357	**18,943**	56,655
Payments to suppliers and employees (inclusive of GST)		**(49,278)**	(82,475)	**(11,687)**	(49,028)
		2,964	16,882	**7,256**	7,627
Income taxes paid		**(536)**	(1,331)	**(1,376)**	(1,331)
Interest paid		**(92)**	(39)	**-**	(39)
Net cash from discontinued operations	35	**-**	4,883	**-**	-
Net cash flows from operating activities	27(b)	**2,336**	20,395	**5,880**	6,257
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	12	**(8,092)**	(2,360)	**(853)**	(2,251)
Purchase of intangible assets	13	**(183)**	(856)	**-**	(109)
Interest received		**387**	1,227	**387**	600
Dividends received		**570**	1,900	**570**	1,900
Managed fund distributions		**-**	255	**-**	-
Purchase of non current other financial assets		**-**	(255)	**-**	-
Capital injection		**-**	-	**(19)**	-
Cash transferred to new subsidiary		**-**	-	**(10,338)**	-
Net cash (used in)/from discontinued operations	35	**-**	(885)	**-**	-
Loss of control of a subsidiary	32(a)	**(87,114)**	-	**-**	-
Net cash flows (used in) / from investing activities		**(94,432)**	(974)	**(10,253)**	140
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal portion of lease payments		**(65)**	-	**-**	-
Loaned cash from UOWGE		**7,500**	-	**-**	-
Advances from discontinued operation		**-**	3,234	**-**	3,234
Net repayment of advances to discontinued operation		**-**	(2,286)	**-**	(2,286)
Dividends paid by parent entity		**(22,500)**	(9,000)	**(22,500)**	(9,000)
Financing activities of discontinued operations	35	**-**	(950)	**-**	-
Net cash flows (used in) financing activities		**(15,065)**	(9,002)	**(22,500)**	(8,052)
Net increase / (decrease) in cash and cash equivalents		**(107,161)**	10,419	**(26,873)**	(1,655)
Cash and cash equivalents at beginning of the financial year		**114,264**	98,361	**27,150**	28,363
Effects of exchange rate changes on the balance of cash held in foreign currencies		**318**	5,484	**-**	442
Cash and cash equivalents at end of the financial year	27(a)	**7,421**	114,264	**277**	27,150

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Year Ended 31 December 2019

2019 — Company

	Note	Issued capital $000's	Foreign currency translation reserve $000's	Retained earnings $000's	Total equity $000's
Balance at 1 January 2019	23	**-**	**(1,204)**	**37,575**	**36,371**
Profit for the year	23(b)	**-**	**-**	**14,238**	**14,238**
Other comprehensive income	23(a)	**-**	**14**	**-**	**14**
Dividends provided or paid	24	**-**	**-**	**(22,500)**	**(22,500)**
Balance at 31 December 2019		**-**	**(1,190)**	**29,313**	**28,123**

2018 — Company

	Note	Issued capital $000's	Foreign currency translation reserve $000's	Retained earnings $000's	Total equity $000's
Balance at 1 January 2018	23	-	(921)	33,811	32,890
Comprehensive income					
Profit for the year	23(b)	-	-	12,764	12,764
Other comprehensive loss	23(a)	-	(283)	-	(283)
Total comprehensive income for the year		-	(283)	12,764	12,481
Transactions with owners in their capacity as owners:					
Dividends provided or paid	24	-	-	(9,000)	(9,000)
Balance at 31 December 2018		-	(1,204)	37,575	36,371

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019 — Consolidated

	Note	Issued capital $000's	Foreign currency translation reserve $000's	UOWC HK Ltd reserve $000's	Retained earnings $000's	Total equity $000's
Balance at 1 January 2019	23	-	(559)	210,337	53,715	263,493
Comprehensive income						
Profit for the year	20(b)	-	-	-	13,834	13,834
Other comprehensive income	23(a)	-	(326)	-	-	(326)
Total comprehensive income for the year		-	(326)	-	13,834	13,508
Transactions with owners in their capacity as owners:						
Dividends provided or paid	24	-	-	-	(22,500)	(22,500)
Decrease through loss of control	32(a)	-	(644)	(210,337)	(16,138)	(227,119)
Balance at 31 December 2019		-	(1,529)	-	28,911	27,382

2018 — Consolidated

	Note	Issued capital $000's	Foreign currency translation reserve $000's	Retained earnings $000's	Total equity $000's
Balance at 1 January 2018	23	-	(276)	48,325	228,742
Comprehensive income					
Profit for the year	23(b)	-	-	23,739	23,739
Other comprehensive income	23(a)	-	20,012	-	20,012
Transfers to UOWCHK Ltd reserve	23(a)	-	(20,295)	(9,349)	-
Total comprehensive income for the year		-	(283)	14,390	43,751
Transactions with owners in their capacity as owners:					
Dividends provided or paid	24	-	-	(9,000)	(9,000)
Balance at 31 December 2018		-	(559)	53,715	263,493

The accompanying notes form part of these financial statements

The financial report includes the consolidated financial statements and notes of UOWD Ltd and controlled entities (the Group) and the separate financial statements and notes of UOWD Ltd as an individual entity (Company).

1 Change in Accounting Policy

Leases - Adoption of AASB 16

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Group as a lessee

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the income statement on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Group has used the following expedients:

- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

1 Change in Accounting Policy (continued)

Financial statement impact of adoption of AASB 16

The Group has recognised right-of-use assets of $33,974,000 and lease liabilities of $33,974,000 at 1 January 2019, for leases previously classified as operating leases. The company has recognised right-of-use assets of $150,000 and lease liabilities of $150,000 at 1 January 2019, for lease liabilities previously recognised as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was 5.50% for both the Group and the Company.

	Consolidated $000's	Company $000's
Operating lease commitments at 31 December 2018 financial statements	117,848	106,164
Discounted using the incremental borrowing rate at 1 January 2019	93,587	82,709
Add:		
Extension options reasonably certain to be exercised not included in the commitments note	23,401	-
Less:		
Short-term leases included in commitments note	7,687	7,619
Leases for low value assets included in commitments note	537	162
Commitments not meeting recognition criteria under AASB 16	74,768	74,768
Other	22	10
Lease liabilities recognised at 1 January 2019	**33,974**	**150**

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared on an accrual basis in accordance with the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 201*5, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

For the purposes of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the directors on 17 March 2020.

(b) Statement of compliance

The financial statements are prepared on the historical cost basis except for other financial assets which have been measured at fair value.

The financial statements are presented in Australian dollars which is the Group's functional currency, unless otherwise noted. All values are rounded to the nearest thousand dollars ($000) unless otherwise noted.

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Summary of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 11 - Non-current - Other financial assets
- notes 16 and 21 - Provisions

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. These accounting policies have been applied consistently to all periods in these consolidated financial statements, and have been applied consistently by the controlled entities, unless other wise stated.

New standards adopted as at 1 January 2019

In the current period, the Group has adopted AASB 16 Leases. The Group has adopted this new standard by using the modified retrospective method and therefore comparatives have not been adjusted. Refer to note 1 for analysis of the impact on the financial statements or performance of the Group.

Rounding of amounts

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases the nearest dollar.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWD Ltd at the end of the reporting period. A controlled entity is any entity over which UOWD Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 32 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Non controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWD Ltd.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

2 Summary of Significant Accounting Policies (continued)

(e) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables and advances,with no stated interest rate are measured at the original invoice or contract amount, where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for expected credit loss is recognised when there is objective evidence that the Group will not be able to collect the receivable the measurement of the expected credit loss is detailed further in note 2 (x).

(f) Leases

For comparative year

Leases of assets where substantially all the risks and benefits of incidental to the ownership of the asset, but not the legal ownership are transferred to the Group are classified as finance leases. Other leases are classified as operating leases and are not recognised on the Group's statement of financial position.

Finance Leases:

Finance leases are capitalised by recording an asset and liability at the lower of amounts equal to the fair value of the leased asset or the fair value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating Leases:

Payments made under operating leases are recognised in the statement of profit or loss or other comprehensive income on a straight line basis over the course of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

For current year

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

2 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

(h) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - non-current

Classification of other financial assets - non-current

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unlisted shares held by the Group are classified as being other financial assets in the statement of financial position. After initial recognition they are are stated at fair value, with any resultant gain or loss being recognised in the

2 Summary of Significant Accounting Policies (continued)

(h) Other financial assets (continued)

(ii) Other financial assets - non-current (continued)

statement of profit or loss.

Dividends on unlisted shares are recognised in the statement of profit or loss when the Group's right to receive payment is established.

Other non-current financial assets, also includes managed funds. Unrealised gains or losses on the fair value of the managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit or loss.

Managed Fund distributions are recognised in accordance with the accounting policy outlined in note 2 (n).

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than $1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

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.

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation and amortisation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

2 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

(ii) Depreciation and amortisation (continued)

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
Leasehold improvements	5, 10 or duration of lease
Plant & Equipment	
- Plant and Equipment	10 to 33.3
- Furniture, Fixtures and Fittings	10 to 25
- Motor Vehicles	20
Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Purchased software

Purchased software is recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life. It has an estimated useful life of five years. It is assessed annually for impairment.

2 Summary of Significant Accounting Policies (continued)

(j) Intangibles (continued)

(iii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for.

Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(iv) Other intangible costs

Other intangible costs are attributable to the purchase of web-sites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite useful life. The period of estimated life is five years.

(k) Trade and other payables

Trade and other payables are carried at fair value, which is usually the transaction cost, and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of these goods and services. Agents fees are recognised when a student accepts an offer to commence studying. They are carried at fair value, and due to their short term nature they are not discounted. Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(l) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Long service leave

The Group's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Provision for long service leave includes amounts payable upon completion of service in Dubai (2018: Dubai and Hong Kong) in accordance with UAE (2018: UAE and Hong Kong) legislation.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market

2 Summary of Significant Accounting Policies (continued)

(m) Provisions (continued)

assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the Group's depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

(ii) Restructuring

The Group recognises restructuring provisions when it is demonstrably committed to either terminating the employment of 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.

(n) Revenue and other income

Revenue arises mainly from the delivery of higher education university pathway courses (both domestically and offshore), delivery of vocational training and the delivery of university education offshore.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

The majority of the revenue is earned and generated at the Group's Dubai campus (2018: Wollongong, Dubai & Hong Kong campuses). A dissection of revenue by country is provided in note 3.

Tuition fees

Tuition fees, are course fees relating to the provision of the above mentioned educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Group to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accreditated by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Group expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial year. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 17.

2 Summary of Significant Accounting Policies (continued)

(n) Revenue and other income (continued)

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Group also generates revenue from the conduct of IELTS testing, and other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial year. These other fees, earned during the current year are disclosed in note 3.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of goods and services or value added tax.

Further disclosure on revenue is provided in note 3.

Accounting policy applicable to comparative period

The Group recognised revenue when the amount of revenue could be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria had been met for each of the Group's activities.

Revenue was measured at the fair value of the consideration received or receivable and was presented net of returns, discounts and rebates.

(i) Provision of tuition services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iii) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

(iv) Managed Fund distributions

Managed Fund distributions are recognised as income when they are declared by the Fund manager.

(o) Goods and Services & Value Added Taxes ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO") or similar Taxation Authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

2 Summary of Significant Accounting Policies (continued)

(o) Goods and Services & Value Added Taxes ("GST") (continued)

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or current liability in the statement of financial position.

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

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

(p) Foreign currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(iii) Translation of controlled foreign operations

On consolidation, the assets and liabilities of the Group’s overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the statement of profit or loss and other comprehensive income on disposal of the foreign operation.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(q) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

2 Summary of Significant Accounting Policies (continued)

(q) Income tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax Consolidation legislation

Until 1 January 2019, UOWD Ltd and its wholly owned Australian controlled entity had implemented the tax consolidation legislation.

The head entity, UOWD Ltd, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, UOWD Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

As of 1 January 2019, the Company and its parent entity, UOWGE Ltd, entered into a tax consolidation group under Australian taxation law. The head entity, UOWGE Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. For cash flow purposes, these changes or benefits are regarded as non-cash transfers within UOWGE Ltd, the head entity of the tax consolidation group.

2 Summary of Significant Accounting Policies (continued)

(r) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(s) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other marketdriven changes .

2 Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. Other than the exception noted below, the possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

A*ASB 17 Insurance Contracts*

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(w) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2 Summary of Significant Accounting Policies (continued)

(x) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is

2 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Subsequent measurement of financial assets (continued)
omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Trade receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debttype financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forwardlooking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probabilityweighted estimate of credit losses over the expected life of the financial instrument

Financial liabilities

The financial liabilities of the Group comprise trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(y) Investments in subsidiaries

Investments in subsidiaries held by the Company are accounted for at cost less any impairment losses in the Company Statement of Financial Position. Dividends received from subsidiaries are recorded as a component of other revenue in the statement of profit or loss and other comprehensive income of the Company, and do not impact the recorded cost of the investment.

3 Revenue

Revenue from continuing operations

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Sales revenue				
- rendering of services	**48,287**	102,958	**15,812**	48,615
	48,287	102,958	**15,812**	48,615
Other income				
- interest received	**387**	1,227	**387**	600
- dividend received	**570**	1,900	**570**	1,900
- managed fund distributions	**-**	255	**-**	-
- change in fair value of other financial assets	**18,101**	7,033	**18,101**	7,219
	19,058	10,415	**19,058**	9,719

	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Timing of revenue recognition				
Revenue recognised over time	**42,355**	95,113	**14,057**	**43,912**
Revenue recognised at a point of time	**5,932**	7,845	**1,755**	**4,703**
Total sales revenue	**48,287**	102,958	**15,812**	**48,615**

Revenue dissection by country

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Dubai	**48,287**	48,615	**15,812**	48,615
Hong Kong	**-**	54,343	**-**	-
Total sales revenue	**48,287**	102,958	**15,812**	48,615
Australia - discontinued operations	**-**	22,474	**-**	-

4 Expenses

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Depreciation				
- leasehold improvements	**152**	525	**53**	150
- plant and equipment	**654**	435	**209**	416
- computer equipment	**326**	553	**117**	513
- right of use asset	**708**	-	**-**	-
Total depreciation	**1,840**	1,513	**379**	1,079
Amortisation				
- intangible assets	**46**	290	**11**	32
Total amortisation	**46**	290	**11**	32
Total depreciation and amortisation	**1,886**	1,803	**390**	1,111
Finance costs				
- other persons/corporations	**84**	39	**1**	39
-interest expense on lease liabilities	**333**	-	**-**	-
Total finance costs	**417**	39	**1**	39

The result for the year includes the following specific expenses

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Net loss / (profit) on disposal of property, plant and equipment	**-**	-	**-**	(1)
Rental expenses relating to operating leases -minimum lease payments	**-**	15,000	**-**	7,337
Rental expense relating to short term and low value leases	**7,802**	-	**-**	-
Net bad and doubtful debts expense	**76**	161	**-**	161

5 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Profit from continuing operations before income tax	**18,989**	24,819	**19,393**	15,471
Profit from discontinuing operations before income tax expense	**-**	1,654	**-**	-
Total profit before tax	**18,989**	26,473	**19,393**	15,471
Tax at the Australian tax rate of 30% (2018: 30%)	**5,697**	7,942	**5,818**	4,641
Increase in income tax expense due to:				
Deferred tax liability on CFC income	**-**	-	**-**	(30)
Non-deductible expenses	**18**	383	**18**	50
Impact of different tax rates	**121**	-	**-**	-
Other assessable income	**244**	94	**244**	94
Decrease in income tax expense due to:				
Tax exempt income	**-**	(4,773)	**-**	(1,938)
Inter-group transactions	**-**	(692)	**-**	-
Franking credits	**(814)**	(150)	**(814)**	(150)
Other deductible expenses	**-**	(100)	**-**	-
Non-assesable non-exempt income	**(120)**	-	**(120)**	-
Income tax expense	**5,146**	2,704	**5,146**	2,667
Under provided in prior periods	**9**	30	**9**	39
Total income tax expense	**5,155**	2,734	**5,155**	2,706

(b) The components of tax expense comprise

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Income tax expense				
Current tax	**125**	461	**125**	58
Deferred tax	**5,021**	2,243	**5,021**	2,609
Adjustments for current tax of prior periods	**9**	28	**9**	36
Adjustments for deferred tax of prior periods	**-**	2	**-**	3
Total income tax expense	**5,155**	2,734	**5,155**	2,706

5 Income tax expense (continued)

(b) The components of tax expense comprise (continued)

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Income tax expense / (benefit) is attributable to:				
Income tax from continuing operations	**5,155**	2,706	**5,155**	2,706
Income tax from discontinued operations	**-**	28	**-**	-
Total income tax expense	**5,155**	2,734	**5,155**	2,706

Consolidated		Company	
2019	**2018**	**2019**	**2018**
$000's	**$000's**	**$000's**	**$000's**
$	**$**	**$**	**$**

(c) Unrecognised temporary differences

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Deferred tax assets have not been recognised in respect of the following items:				
Temporary differences - discontinued operations	**-**	69	**-**	-
Capital losses	**-**	865	**-**	865
Total	**-**	934	**-**	865

Temporary differences and capital losses do not expire under the current tax legislation. The deferred tax asset with respect to certain temporary differences and tax capital losses has not been recognised because it is not probable that future income or capital gains will be available against which the Group can utilise the benefits therefrom.

6 Current assets - Cash and cash equivalents

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
Cash at bank and on hand		**7,413**	65,207	**277**	16,142
Cash restricted (a)	31(c)	**-**	11,745	**-**	-
Petty cash		**8**	19	**-**	8
Cash at bank and on hand		**7,421**	76,971	**277**	16,150

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 30.

(a) Cash restricted

In accordance with the agreement for the transfer of control of CCCU Ltd (subsequently renamed UOW College Hong Kong Ltd), certain cash balances were placed in a trust arrangement that effectively restricts the access to the cash and other financial assets, unless certain conditions and events occur. Further details on these arrangements are disclosed in note 30.

7 Current assets- Trade and other receivables

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
Current					
Net receivables from related parties					
- UOWD FZ LLC	33(c)	**-**	-	**535**	-
- University of Wollongong (c)	33(c)	**-**	10	**-**	10
Students		**1,247**	1,513	**-**	1,186
Less: allowance for credit losses (a)		**(77)**	(161)	**-**	(161)
		1,170	1,362	**535**	1,035
Other receivables		**570**	2,363	**570**	2,091
Prepayments and deposits		**3,100**	4,041	**-**	575
GST/VAT receivable		**159**	253	**-**	253
Total current trade and other receivables		**4,999**	8,019	**1,105**	3,954

7 Current assets- Trade and other receivables (continued)

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
0 - 30 days	**-**	-	**-**	-
31 - 60 days	**1**	-	**-**	-
61 - 90 days	**31**	-	**-**	-
91+ days	**45**	161	**-**	161
	77	161	**-**	161

Allowance for credit loss

A credit loss of $76,540 (2018: $161,000) has been recognised by the Group and a credit loss of nil (2018: $161,000) has been recognised by the Company for the current year. This is before the recoupment of prior year credit losses of nil (2018: nil) for the Group. These amounts have been included in the 'other expenses' line item on the statement of profit or loss and other comprehensive income. No individual amount within the credit loss allowance is material.

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Balance at 1 January	**161**	115	**-**	115
Impairment charge for the year	**77**	161	**-**	161
Foreign exchange movement	**3**	6	**-**	6
Amounts recouped	**-**	-	**-**	-
Amounts written off	**(164)**	(121)	**-**	(121)
Balance at 31 December	**77**	161	**-**	161

7 Current assets- Trade and other receivables (continued)

(b) Past due but not impaired

Receivables past due but not considered impaired are $1,159,000 (2018: $1,725,000) for the Group and nil (2018: $1,022,000) for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within current trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

At 31 December, the ageing analysis of trade receivables is as follows:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
0 - 30 days	**11**	177	**-**	13
31 - 60 days	**20**	83	**-**	34
61 - 90 days	**632**	341	**-**	12
91+ days	**507**	1,301	**-**	976
	1,170	1,902	**-**	1,035

(c) Related party receivables

Receivables from University of Wollongong are non interest bearing and are on 30 day terms.

(d) Fair value and credit risk.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

8 Current assets - Current tax receivable / (payable)

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Current tax receivable	**-**	117	**-**	117

The current tax asset for the Group and Company of nil (2018: $117,000) represents the amount of income tax receivable in respect of current and prior periods and arises from the payment of tax in excess of the amounts due to the Australian Tax Office.

9 Current assets - Other financial assets

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Term deposits	**-**	11,000	**-**	11,000

(i) Impairment and risk exposure

None of the held-to-maturity investments are either past due or impaired.

All held-to-maturity investments are denominated in Australian currency. As a result, there is no exposure to foreign currency risk.

There is also no exposure to price risk as the assets will be held to maturity.

10 Non-current assets - Trade and other receivables

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Deposits advanced	-	241	-	241
Pre paid rent	-	2,287	-	2,287
Total	-	2,528	-	2,528

11 Non-current assets - Other financial assets

Other financial assets comprise:

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
Financial assets at fair value					
Managed Funds at fair value through profit or loss - restricted	31(c)	**$** -	$ 152,424	**$** -	$ -
Shares - Australian unlisted					
Education Australia Ltd at fair value through profit or loss (i)		**41,020**	22,919	**41,020**	22,919
Total non-current other financial assets		**$ 41,020**	$ 175,343	**$ 41,020**	$ 22,919

(i) Share holding ownership in Education Australia Ltd is 2.6% (2018: 2.6%)

Education Australia Ltd owns 49.3% of IDP Education Ltd. IDP Education Ltd, which is listed on the Australian Stock Exchange, is a company that provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing (IELTS).

During the year there was a dividend declared and payable by Education Australia Ltd of $570,000 (2018: $1,900,000) for the Group and Company.

These investments consist of ordinary shares and therefore have no fixed maturity date or coupon rate.

Valuation assumptions

The fair value of the managed funds and unlisted share investments has been estimated using valuation techniques based on the assumptions listed below, that are partially supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value are reasonable and the most appropriate at the reporting date.

Shares - Australian unlisted

Education Australia Ltd – an estimate of the value of Education Australia Ltd after taking into account it's 49.3% shareholding in, the publicly listed company, IDP Education Ltd and the remaining net tangible assets within the company. The shareholding in IDP Education Ltd reflects the share price determined based on the VWAP of IDP shares and trading range over the 10 day period up to 31 December 2019, discounted by a factor to reflect the level of shareholding and the inability to immediately sell the shares.

A reconciliation of the movement during the year is as follows:

Consolidated		Company	
2019	2018	2019	2018
$000's	$000's	$000's	$000's

11 Non-current assets - Other financial assets (continued)

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Opening balance at 1 January	**22,919**	15,700	**22,919**	15,700
Net valuation gains	**18,101**	7,219	**18,101**	7,219
Closing balance 31 December	**41,020**	22,919	**41,020**	22,919

Valuation sensitivity

The Group and Company estimates the value of Education Australia Ltd taking into account the current market value of it's holding in IDP Education Ltd, discounted by a factor to reflect the lack of marketability of these shares, and the net value attributable to the remainder of Education Australia Ltd.

The potential effect of using an alternative discount rate (up or down 5%) would have the effect of reducing or increasing fair value by $2,930,000 (2018: $1,629,000) assuming all other variables are held constant.

Liquidity risk

Information regarding liquidity risk exposure is set out in note 30.

Managed Funds

The fair value of the managed funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

12 Non-current assets - Property, plant and equipment

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

Company

	Leasehold improvements	Plant and equipment	Computer equipment	Capital work in progress	Total
	$000's	$000's	$000's	$000's	$000's
Balance at 31 December 2019					
Opening net book amount	**262**	**1,368**	**480**	**1,100**	**3,210**
Foreign exchange movement	**(1)**	**(20)**	**(2)**	**5**	**(18)**
Additions	**-**	**66**	**27**	**760**	**853**
Transfers to other entities in the group	**(208)**	**(1,205)**	**(388)**	**(1,865)**	**(3,666)**
Depreciation charge	**(53)**	**(209)**	**(117)**	**-**	**(379)**
Closing net book amount	**-**	**-**	**-**	**-**	**-**
At 31 December 2019					
Cost	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**
Net book amount	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2018					
Opening net book amount	362	731	746	-	1,839
Foreign exchange movement	32	73	56	38	199
Additions	18	980	191	1,062	2,251
Depreciation charge	(150)	(416)	(513)	-	(1,079)
Closing net book amount	262	1,368	480	1,100	3,210
At 31 December 2018					
Cost	2,471	5,032	5,307	1,100	13,910
Accumulated depreciation	(2,209)	(3,664)	(4,827)	-	(10,700)
Net book amount	262	1,368	480	1,100	3,210

12 Non-current assets - Property, plant and equipment (continued)

Consolidated

	Leasehold improvements	Plant and equipment	Computer equipment	Capital work in progress	Total
	$000's	$000's	$000's	$000's	$000's
Balance at 31 December 2019					
Opening net book amount	**972**	**1,430**	**540**	**1,148**	**4,090**
Foreign exchange movement	**2**	**10**	**2**	**(183)**	**(169)**
Amounts commissioned for use	**-**	**273**	**-**	**(273)**	**-**
Additions	**-**	**237**	**218**	**7,637**	**8,092**
Loss of controlled entity	**(710)**	**(62)**	**(60)**	**(48)**	**(880)**
Depreciation charge	**(152)**	**(654)**	**(326)**	**-**	**(1,132)**
Closing net book amount	**112**	**1,234**	**374**	**8,281**	**10,001**
At 31 December 2019					
Cost	**2,485**	**4,704**	**5,551**	**8,281**	**21,021**
Accumulated depreciation	**(2,373)**	**(3,470)**	**(5,177)**	**-**	**(11,020)**
Net book amount	**112**	**1,234**	**374**	**8,281**	**10,001**
Balance at 31 December 2018					
Opening net book amount	1,362	775	810	-	2,947
Foreign exchange movement	117	77	64	38	296
Additions	17	1,013	220	1,110	2,360
Depreciation charge	(524)	(435)	(554)	-	(1,513)
Closing net book amount	972	1,430	540	1,148	4,090
At 31 December 2018					
Cost	12,952	5,130	6,163	1,148	25,393
Accumulated depreciation	(11,980)	(3,700)	(5,623)	-	(21,303)
Net book amount	972	1,430	540	1,148	4,090

13 Non-current assets - Intangible assets

Company	Software	Accreditation costs	Total
	$000's	$000's	$000's
Balance at 31 December 2019			
Opening net book amount	**-**	**277**	**277**
Transfers to other entities in the group	**-**	**(266)**	**(266)**
Foreign exchange movement	**-**	**-**	**-**
Amortisation charge	**-**	**(11)**	**(11)**
Closing net book amount	**-**	**-**	**-**
At 31 December 2019			
Cost	**-**	**-**	**-**
Accumulated amortisation and impairment	**-**	**-**	**-**
Net book amount	**-**	**-**	**-**
Balance at 31 December 2018			
Opening net book amount	-	179	179
Foreign exchange movement	-	21	21
Additions	-	109	109
Amortisation charge	-	(32)	(32)
Closing net book amount	-	277	277
At 31 December 2018			
Cost	158	925	1,083
Accumulated amortisation and impairment	(158)	(648)	(806)
Net book amount	-	277	277

13 Non-current assets - Intangible assets (continued)

Consolidated	Software $000's	Accreditation costs $000's	Total $000's
Balance at 31 December 2019			
Opening net book amount	**-**	**1,472**	**1,472**
Foreign exchange movement	**-**	**(1)**	**(1)**
Additions	**-**	**183**	**183**
Loss of controlled entity	**-**	**(1,195)**	**(1,195)**
Amortisation charge	**-**	**(46)**	**(46)**
Closing net book amount	**-**	**413**	**413**
At 31 December 2019			
Cost	**158**	**1,110**	**1,268**
Accumulated amortisation and impairment	**(158)**	**(697)**	**(855)**
Net book amount	**-**	**413**	**413**
Balance at 31 December 2018			
Opening net book amount	-	821	821
Foreign exchange movement	-	85	85
Additions	-	856	856
Amortisation charge	-	(290)	(290)
Closing net book amount	-	1,472	1,472
At 31 December 2018			
Cost	157	2,561	2,718
Accumulated amortisation and impairment	(157)	(1,089)	(1,246)
Net book amount	-	1,472	1,472

14 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group as a lessee

The Group has leases over a range of assets including buildings, vehicles and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

14 Leases (continued)

Right-of-use assets

Company	Buildings $000's	Motor Vehicles $000's	Total $000's
Year ended 31 December 2019			
As at 1 January 2019	-	150	150
Transfers to a subsidiary	-	(150)	(150)
Balance at end of year	-	-	-

Consolidated	Buildings $000's	Motor Vehicles $000's	Total $000's
Year ended 31 December 2019			
Right of-use assets Recognised on transition to AASB 16	33,703	270	33,973
Depreciation charge	(642)	(66)	(708)
Additions to right-of-use assets	74,813	-	74,813
Disposal due to loss of control	(33,703)	(120)	(33,823)
Foreign Exchange movement	-	2	2
Balance at end of year	74,171	86	74,257

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated				
	< 1 year $000's	1 - 5 years $000's	> 5 years $000's	Total undiscounted lease liabilities $000's	Lease liabilities included in this Statement Of Financial Position $000's
2019					
Lease liabilities	7,003	38,913	50,313	96,229	73,395

14 Leases (continued)
Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Interest expense on lease liabilities	**(333)**	-	**-**	-
Expenses relating to short-term leases	**(7,682)**	-	**-**	-
Expenses relating to leases of low-value assets	**(120)**	-	**-**	-
Depreciation of right-of-use assets	**(708)**	-	**-**	-
	(8,843)	-	**-**	-

Statement of Cash Flows

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Total cash outflow for leases	**71**	-	**50**	-

15 Current liabilities - Trade and other payables

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
Current					
Unsecured liabilities					
Trade payables		**275**	425	**-**	469
Trade payables due to University of Wollongong	33(c)	**32**	474	**32**	326
Amounts owing to UOWC Ltd	33(c)	**1,238**	1,379	**1,026**	394
Amounts owing to City University of Hong Kong		**-**	3,173	**-**	-
Amounts owing to UOW GE	33(c)	**970**	-	**934**	-
Non-trade payables and accruals		**1,189**	3,008	**16**	1,950
		3,704	8,459	**2,008**	3,139

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 30.

16 Current liabilities - Provisions

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Current				
Liability for annual leave	**361**	1,093	**-**	371
Liability for long service leave	**5,730**	5,078	**-**	5,007
Site restoration costs	**1,096**	-	**-**	-
	7,187	6,171	**-**	5,378

17 Current liabilities - Contract liabilities

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Contracted income & amounts received in advance	**4,814**	8,524	**-**	5,592

18 Non-current liabilities - related party borrowings

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Related party borrowings	**7,500**	-	-	-

19 Financing arrangements

The Group has access to the following lines of credit with the National Australia Bank, the Hang Seng Bank in Hong Kong, Dubai First and the Standard Chartered Bank in Dubai as at 31 December:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Floating rate				
Bank overdraft	**-**	750	**-**	750
Lease facility	**-**	500	**-**	500
Bank guarantee	**-**	250	**-**	250
Credit card facility	**88**	452	**-**	93
Margin on guarantee	**-**	110	**-**	110
	88	2,062	**-**	1,703
Used at balance date				
Bank overdraft	**-**	-	**-**	-
Lease facility	**-**	-	**-**	-
Bank guarantee	**-**	-	**-**	-
Credit card facility	**20**	70	**-**	20
Margin on guarantee	**-**	110	**-**	110
	20	180	**-**	130
Unused at balance date				
Bank overdrafts	**-**	750	**-**	750
Lease facility	**-**	500	**-**	500
Bank guarantee	**-**	250	**-**	250
Credit card facility	**68**	382	**-**	73
Margin on guarantee	**-**	-	**-**	-
	68	1,882	**-**	1,573

The lines of credit are mainly secured by way of a Registered Mortgage Debenture over the assets and undertakings of the Group, including goodwill and uncalled capital and called but unpaid capital.

The bank overdraft, lease and bank guarantee facilities (Group and Company) disclosed in the above note were closed in 2019.

20 Non-current liabilities - Tax

(a) Balance of deferred tax liabilities comprise temporary differences to:

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Property plant and equipment	**(1)**	(1)	**(1)**	(1)
Other financial assets - non-current	**12,120**	8,568	**12,120**	8,568
Accruals	**-**	(36)	**-**	(36)
Trade and other receivables	**171**	617	**171**	617
Tax loss carry forwards	**-**	(520)	**-**	(520)
	12,290	8,628	**12,290**	8,628

(b) Movements

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Balance at 1 January	**8,628**	6,016	**8,628**	6,016
Charged to the statement of profit or loss and other comprehensive income	**5,021**	2,612	**5,021**	2,612
Transfer of temporary differences to new head of tax consolidated group	**(1,359)**	-	**(1,359)**	-
Balance at 31 December	**12,290**	8,628	**12,290**	8,628

21 Non-current liabilities - Provisions

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Site restoration costs	**1,839**	1,047	**-**	1,047

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Site restoration costs				
Balance at 1 January	**1,047**	908	**1,047**	908
Additional provisions recognised	**1,831**	-	**-**	-
Unwinding of the discount rate	**47**	39	**20**	39
Foreign exchange movement	**7**	100	**-**	100
Transfer to UOWD FZ-LLC	**-**	-	**(1,067)**	-
Transfer to current provisions	**(1,093)**	-	**-**	-
Closing balance at 31 December	**1,839**	1,047	**-**	1,047

21 Non-current liabilities - Provisions (continued)

Site restoration

In accordance with the lease contract in Dubai, the Group must restore the leased premises to their original condition at the end of its occupancy. A provision has been raised in respect of the Group's obligation to remove leasehold improvements from these leased premises.The provision has been moved to a current provision as the Group will leave the premises within the next 12 months.

An additional provision has been raised in respect of the Group's obligation to remove leasehold improvements from a newly leased premises. Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre tax discount rate of 5.5%.

22 Issued capital

(a) Ordinary shares

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	No. & $	**No. & $**	**No. & $**	**No. & $**
At the beginning of the reporting period	**2**	2	**2**	2
At the end of the reporting period	**2**	2	**2**	2

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares were held by the University of Wollongong up to 1 January 2019. On 1 January 2019, the shares were transferred to a newly created subsidiary company of the University of Wollongong, named UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

Capital management

When managing capital, the Board of Director’s objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Group currently manages issued capital of $2.

Refer note 24 for dividends declared.

23 Reserves and retained earnings

(a) Reserves

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Reserves				
Foreign currency translation reserve	**(1,529)**	(559)	**(1,190)**	(1,204)
UOWCHK Ltd reserve	**-**	210,337	**-**	-
Total reserves	**(1,529)**	209,778	**(1,190)**	(1,204)
Foreign currency translation reserve				
Balance at 1 January	**(559)**	(276)	**(1,204)**	(921)
Translation of foreign operations	**(326)**	20,012	**14**	(283)
Decrease due to loss of control	**(644)**	-	**-**	-
Transfer to UOWCHK Ltd reserve	**-**	(20,295)	**-**	-
Balance at 31 December	**(1,529)**	(559)	**(1,190)**	(1,204)
UOWCHK Ltd reserve				
Balance at 1 January	**210,337**	180,693	**-**	-
Decrease due to loss of control	**(210,337)**	-	**-**	-
Transfer from other reserves & retained earnings	**-**	29,644	**-**	-
Balance at 31 December	**-**	210,337	**-**	-

(b) Retained earnings

Balance at 1 January	**53,715**	48,325	**37,575**	33,811
Net profit attributable to the Owners of UOWD Ltd	**13,834**	23,739	**14,238**	12,764
Decrease due to loss of control	**(16,138)**	-	**-**	-
Ordinary dividends	**(22,500)**	(9,000)	**(22,500)**	(9,000)
Transfer to UOWCHK Ltd reserve	**-**	(9,349)	**-**	-
Balance at 31 December	**28,911**	53,715	**29,313**	37,575

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

24 Dividends

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Ordinary shares				
Dividend paid or declared during the year	**22,500**	9,000	**22,500**	9,000

In respect of the financial year ended 31 December 2019 a dividend of $8,000,000 (400,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 19 June 2019.

In respect of the financial year ended 31 December 2019 a dividend of $3,000,000 (150,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 19 August 2019.

In respect of the financial year ended 31 December 2019 a dividend of $11,500,000 (575,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares in 3 installments on 11 November 2019 ($7,250,000), 27 November 2019 ($3,250,000) and 17 December 2019 ($1,000,000) .

(a) Dividend franking account

	Company	
	2019	**2018**
	$000's	**$000's**
The amount of franking credits available for the subsequent financial year are:		
-franking account balances as at the end of the financial year at 30% (2018: 30%)	**-**	1,254

Franking credits are available to the head of the tax consolidated group. As the Company is no longer the head of the tax consolidated group, there are no more franking credits available at 31 December 2019.

25 Auditor's remuneration

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Auditors of the company				
The Audit Office of New South Wales				
Audit of the financial statements	**28,327**	207,570	**6,000**	124,950
Other auditors				
Auditing the financial results of controlled entities	**-**	10,643	**-**	-
Total remuneration for audit and other assurance services	**28,327**	218,213	**6,000**	124,950

26 Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were directors of UOWD Ltd during the financial year:

(i) Chairman- Independent director
Mr P Robson AO *
Mr R Ryan **

(ii) Directors
Professor P Wellings CBE *
Professor J Chicharo
Professor A Frino
Mr D Israel *

(iii) Independent directors
Mr G West *
Mr N Cornish AM *
Dr S Routledge AO^
(iv) Executive director
Ms M Mastroianni

* indicates that the director resigned on 21 February 2019.

^ indicates that the director resigned on 29 August 2019

** indicates that the director was appointed Chairman on 21 February 2019.

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

Name	Position	Employer
Ms M Mastroianni	Group Chief Executive Officer and Managing Director	UOW GE Ltd
Mr G Drummond	Chief Financial Officer/Executive Director Corporate Services	UOW GE Ltd
Ms Julie Stuart	Executive Director People and Culture	UOW GE Ltd
Ms K McCollim	Executive Director Business Transformation	UOW GE Ltd
Mr Peter Janu	Executive Director Commercial and Legal	UOW GE Ltd
Prof. Mohamed-Vall M. Salem Zein	President of the UOW in Dubai	University of Wollongong in Dubai FZ-LLC

26 Key management personnel disclosures (continued)

(b) Transactions with key management personnel

In addition to their salaries, the Group also provides non cash benefits to directors and executive officers, and contributes to a post employment defined contributions plan on their behalf.

Key management personnel compensation

The aggregate compensation made to key management personnel of the Group and the Company is set out below:

	Consolidated		Company	
	2019	2018	2019	2018
	$	$	$	$
Short-term employee benefits	**567,336**	3,271,120	**160,570**	785,362
Post-employment benefits	**-**	145,505	**-**	18,588
	567,336	3,416,625	**160,570**	803,950

(c) Other transactions and balances with key management personnel and their related parties

The Group has previously engaged the services of Dr. S Routledge in relation to various consultancy services. Amounts were billed at normal market rates for services and were due and payable under normal payment terms. The aggregate amount paid in 2019 was nil (2018: $4,516).

(d) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group or Company, including their personally related parties.

27 Statement of cash flow reconciliation

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

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		Consolidated		Company	
		2019	2018	2019	2018
	Note	$000's	$000's	$000's	$000's
As per Statement of Financial Position					
Cash and cash equivalents	6	**7,421**	76,971	**277**	16,150
Other financial assets - current	9	**-**	11,000	**-**	11,000
As per Statement of Cash Flows		**7,421**	87,971	**277**	27,150

27 Statement of cash flow reconciliation (continued)

(b) Reconciliation of profit for the year to net cash flows from operating activities.

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Profit for the year after income tax	**13,834**	23,739	**14,237**	12,765
Adjustments for:				
Depreciation and amortisation	**1,864**	1,803	**389**	1,111
Non cash lease interest expense	**322**	-	**-**	-
Interest income	**(387)**	(1,227)	**(387)**	(600)
Dividend received	**(570)**	(1,900)	**(570)**	(1,900)
Managed fund distributions	**-**	(255)	**-**	-
Unrealised gains on other financial assets	**(18,101)**	(7,033)	**(18,101)**	(7,219)
Non-cash income tax expense	**840**	(394)	**-**	(394)
Operating profit before change in assets and liabilities	**(2,198)**	14,733	**(4,432)**	3,763
(Increase)/ decrease in trade and other receivables	**858**	(1,616)	**835**	(796)
(Increase)/decrease in other assets	**666**	-	**7**	-
Increase / (decrease) in trade and other payables	**(167)**	1,859	**1,161**	1,063
Increase / (decrease) in other provisions	**662**	1,100	**658**	1,026
Increase / (decrease) in contract liabilities	**(976)**	533	**3,887**	378
(Decrease) / increase in provision for income tax receivable/ payable	**117**	(843)	**117**	(843)
Increase in net deferred tax liabilities	**3,662**	2,612	**3,662**	2,612
Increase/(decrease) in lease liabilities	**46**	-	**-**	-
Net variation due to discontinued operations	**-**	3,257	**-**	-
Net foreign exchange movement in assets and liabilities	**(334)**	(1,240)	**(15)**	(946)
Net cash flows from operating activities	**2,336**	20,395	**5,880**	6,257

28 Capital and leasing commitments

(a) Capital expenditure commitments

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

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Property, plant & equipment				
Payable:				
Within 1 year	**22,070**	5,017	**-**	3,768
Between 1 year and 5 years	**-**	-	**-**	-
	22,070	5,017	**-**	3,768

29 Economic dependency

The University of Wollongong in Dubai is dependent upon the University of Wollongong for use of the University's brand and the University's course materials in providing education services.

University of Wollongong in Dubai FZ-LLC is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses.

30 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets (current and non-current) and trade and other payables.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and the companies in which UOWGE Ltd has a controlling interest, including the Company and its controlled entities. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Group. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Risk exposures and responses

30 Financial risk management (continued)

(a) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk relating arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group’s policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Australia	-	10	-	10
Dubai	**1,247**	1,186	-	1,186
Hong Kong	-	327	-	-
Total	**1,247**	1,523	-	1,196

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated		Company	
	2019	2018	2019	2018
	$000's	$000's	$000's	$000's
Education	**1,247**	1,513	-	1,186
Related Parties	-	10	-	10
Total	**1,247**	1,523	-	1,196

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

30 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions:

The Group manages liquidity risk by regularly reviewing forecasts of liquidity reserves on the basis of expected cash flow, as well as by maintaining adequate banking facilities and reserve borrowing facilities. Details of these facilities are outlined in note 16.

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Australia	**277**	23,546	**277**	23,546
Australia discontinued operations	**-**	26,293	**-**	-
Dubai	**7,144**	3,604	**-**	3,604
Hong Kong	**-**	60,820	**-**	-
Total	**7,421**	114,263	**277**	27,150

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the following table reflect a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 and 5 Years		Over 5 Years		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Financial assets								
Cash and cash equivalents	**7,421**	77,316	**-**	-	**-**	-	**7,421**	77,316
Trade and other receivables	**1,740**	3,340	**-**	-	**-**	-	**1,740**	3,340
Other financial assets - current	**-**	11,148	**-**	-	**-**	-	**-**	11,148
Other financial assets - non-current	**-**	-	**-**	152,424	**41,020**	22,919	**41,020**	175,343
	9,161	91,804	**-**	152,424	**41,020**	22,919	**50,181**	267,147
Financial liabilities								
Trade and other payables	**(3,704)**	(8,459)	**-**	-	**-**	-	**(3,704)**	(8,459)
Related party borrowings	**-**	-	**-**	-	**(7,500)**	-	**(7,500)**	-
Lease liabilities	**(7,003)**	-	**(38,913)**	-	**(50,313)**	-	**(96,229)**	-
Net exposure	**(1,546)**	83,345	**(38,913)**	152,424	**(16,793)**	22,919	**(57,252)**	258,688

30 Financial risk management (continued)

Company	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Financial Assets								
Cash and cash equivalents	**277**	16,306	**-**	-	**-**	-	**277**	16,306
Trade and other receivables	**1,105**	2,969	**-**	-	**-**	-	**1,105**	2,969
Other financial assets - current	**-**	11,148	**-**	-	**-**	-	**-**	11,148
Other financial assets - non-current	**-**	-	**-**	-	**41,020**	22,919	**41,020**	22,919
	1,382	30,423	**-**	-	**41,020**	22,919	**42,402**	53,342
Financial liabilities								
Trade and other payables	**(2,008)**	(3,139)	**-**	-	**-**	-	**(2,008)**	(3,139)
Net exposure	**(626)**	27,284	**-**	-	**41,020**	22,919	**40,394**	50,203

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

30 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Australian Dollar (AUD) and the United Arab Emirates Dirham (AED). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in, is the US Dollar (USD).

The Group can be exposed to foreign currency risk when transferring funds between countries.

The Group does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2019, there was no exposure to US denominated trade and other receivables (2018: nil).

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables are non interest bearing. All non related party loans and borrowings of the Group have a fixed interest rate for the term of the borrowing. At 31 December 2019, there were no loans or borrowings outstanding with non related parties (2018: nil).

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves be placed in short term fixed interest rate term deposits. At the reporting date, the Group had nil (2018: $36,500,000 with interest rates ranging from 2.65% - 2.75%) and the Company had nil (2018: $22,500,000 with interest rates ranging from 2.65% - 2.75%) in Australian short term deposits. At the reporting date, the Group had nil (2018: $46,170,000 with interest rates ranging from 1.90% - 2.40%) in Hong Kong short term deposits.

At the reporting date, the only financial asset the company has that is exposed to Australian variable interest rate risk is the cash and cash equivalents. The value at the reporting date is $277,000 (2018: $13,337,000 for the Group and $1,046,000 for the Company) for the group and company.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, a reasonably possible change in the interest rate of 25 basis points would have increased/(decreased) profit by the amounts shown below, with all other varianbles held constant.

30 Financial risk management (continued)

(c) Market risk (continued)

(iii) Summarised sensitivity analysis

	Consolidated		Company	
	Profit	**Equity**	**Profit**	**Equity**
	$000's	**$000's**	**$000's**	**$000's**
Year ended 31 December 2019				
Cash and Cash Equivalents - at bank				
Increase of 25bps - Australia	**4**	**4**	**4**	**4**
Decrease of 25bps - Australia	**(4)**	**(4)**	**(4)**	**(4)**

	Consolidated		Company	
	Profit	**Equity**	**Profit**	**Equity**
	$000's	**$000's**	**$000's**	**$000's**
Increase of 25bps - Australia	23	23	2	2
Increase of 20bps - Hong Kong	29	29	-	-
Decrease of 25bps - Australia	(23)	(23)	(2)	(2)
Decrease of 20bps - Hong Kong	(29)	(29)	-	-

(d) Fair value measurements

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

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

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

30 Financial risk management (continued)

The following table presents the Group and Company's assets and liabilities measured and recognised at fair value at 31 December 2019.

Consolidated & Company	**Level 1**	**Level 2**	**Level 3**	**Total**
2019	**$000's**	**$000's**	**$000's**	**$000's**
Financial assets:				
Other financial assets - non-current:				
- Equity securities	**-**	**41,020**	**-**	**41,020**

	Level 1	**Level 2**	**Level 3**	**Total**
2018	**$000's**	**$000's**	**$000's**	**$000's**
Financial assets:				
Other financial assets - non-current:				
- Managed Funds	-	152,424	-	152,424
- Equity securities	-	22,919	-	22,919
	-	175,343	-	175,343

Management has assessed the Group's financial assets and financial liabilities and have identified that their fair value measurements do not fall in the Level 1 and Level 3 hierarchy requirement. Following the listing of Education Australia Ltd's investment in IDP Education Ltd (refer note 11), management has assessed that the fair value measurement is now in line with Level 2 hierarchy requirements (2018: Level 2 hierarchy requirements). Similarly, management has assessed that the fair value measurement is within the Level 2 hierarchy requirements.

Reconciliation of Level 2 investments

	Consolidated		**Company**	
	2019	**2018**	**2019**	**2018**
Level 2	**$000's**	**$000's**	**$000's**	**$000's**
Opening balance at 1 January	**175,343**	153,222	**22,919**	15,700
Revaluation increments recognised in profit and loss	**18,101**	7,033	**18,101**	7,219
Decrease due to loss of control	**(152,424)**	-	**-**	-
Investment in managed funds	**-**	255	**-**	-
Managed fund distributions recognised in profit and loss	**-**	(255)	**-**	-
Foreign exchange movement	**-**	15,088	**-**	-
Closing balance at 31 December	**41,020**	175,343	**41,020**	22,919

30 Financial risk management (continued)

31 Business combinations

(a) Summary of acquisition of Community College of the City University of Hong Kong

On 1 July 2015 the Company and UOWC Ltd, acquired a controlling interest in the Community College of City University Ltd, a Hong Kong company limited by guarantee. The company has been subsequently renamed UOW College Hong Kong ("UOWCHK"). The Company is a member of UOWCHK, together with UOWC Ltd and City University of Hong Kong. Under the UOWCHK Articles of Association, the Company and UOWC Ltd control a majority of the appointments to the UOWCHK governing body, the Board of Management, and thereby ultimately control the decision-making authority of the UOWCHK entity.

As of 2 January 2019, the Company does not, in itself control UOW College Hong Kong Ltd. UOW College Hong Kong Ltd is a related party of the Company as it is under common control of UOWGE Ltd. Related party transactions and balances are disclosed in note 33.

On 1 July 2015 a formal Deed of Trust was executed whereby the City University of Hong Kong agreed to hold certain funds as trustee for UOWCHK. The Deed of Trust contains certain conditions for the release of the trust funds to UOWCHK. These conditions relate to activities being undertaken to transition UOWCHK as an education institution independent from its reliance on services and facilities of City University of Hong Kong. The trust period ends and the balance of the trust funds will be paid to UOWCHK on the date which UOWCHK has vacated all spaces currently utilised by UOWCHK on City University's Kowloon Tong campus. The trust funds and investments are disclosed as "Restricted", refer note 6 and note 11.

(b) Restrictions on distribution

UOW College Hong Kong Ltd ("UOWCHK") is a not-for-profit educational institution and is exempt from Hong Kong company tax in accordance with the Hong Kong Companies and Inland Revenue Ordinances. The company's Articles of Association restrict the distribution of income and property of UOWCHK to the members of UOWCHK. Accordingly, the below net assets, which are incorporated within the Group's Statement of Financial Position, are not available for distribution to it's immediate parent or ultimate holding entities.

The directors have chosen to reflect the net financial position of UOWCHK within a separate reserve.

31 Business combinations (continued)

(c) Restricted Statement of Financial Position

	2019 $000's	2018 $000's
Assets		
Current Assets		
Cash and cash equivalents	-	49,075
Cash and cash equivalents - restricted	-	11,745
Trade and other receivables	-	4,064
Non-current Assets		
Other financial assets - restricted	-	152,424
Property, plant & equipment	-	880
Intangible assets	-	1,195
Total Assets	-	219,383
Current Liabilities		
Trade and other payables	-	5,320
Provisions	-	793
Other Liabilities	-	2,933
Total Liabilities	-	9,046
Net Assets	-	210,337

32 Controlled entities

	Country of incorporation	Percentage owned % 2019	Percentage owned % 2018
Controlled entities:			
UOWC Ltd (a)	Australia	**0**	100
UOW College Hong Kong Ltd (a)	Hong Kong	**33.33**	100
CCCU Deed of Trust (a)	Hong Kong	**33.33**	100
University of Wollongong in Dubai FZ-LLC	UAE	**100**	0

Refer to note 31 for details of the acquisition of UOW College Hong Kong Ltd and CCCU Deed of Trust.

(a) Loss of control

On 2 January 2019, the shares and ownership of UOWC Ltd was transferred from the Company to UOWGE Ltd, a newly created subsidiary of the University of Wollongong. The shares were sold at their notional total capital value of $2.00. Refer also to note 35. As a result of this transfer the Company also lost control over UOW College Hong Kong Ltd and CCCU Deed of Trust (refer to note 31). As a result of the loss of control of UOWC Ltd, UOW College Hong Kong Ltd and CCCU Deed of Trust the following amounts were derecognised from the Statement of Financial Position of the Group as of 2 January 2019:

	$000's
Current Assets	
Cash and Cash equivalents	**81,113**
Trade and other receivables	**7,913**
Other financial assets	**6,000**
Non-current Assets	
Deferred tax asset	**1,530**
Other financial assets	**152,424**
Property, plant & Equipment	**3,248**
Right of use assets	**33,824**
Intangible assets	**1,200**
Total Assets	**287,252**
Current liabilities	
Trade and other payables	**12,359**
Lease liabilities	**7,294**
Provisions	**3,361**
Contract liabilities	**10,409**
Non-current liabilities	
Provisions	**180**
Lease liabilities	**26,530**
Total liabilities	**(60,133)**
Net Assets	**227,119**

33 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are Messrs P Robson, G West, Prof. P Wellings, N Cornish, R Ryan, S Routledge, D Israel, Prof. J Chicharo, Prof. A Frino and M Mastroianni. Messrs P Robson, G West, Prof. P Wellings, N Cornish, and D Israel resigned on 21 February 2019. Mr. S Routledge resigned on 31 August 2019.

Details of key management personnel compensation are set out in note 26 to the financial statements.

Apart from the details disclosed in note 26, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Parent entity and ultimate parent company

The parent entity of the Group is UOWD Ltd. The controlling entity of the Group is UOWGE Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Transactions with the parent entity

In 2018 the Group engaged the ultimate controlling entity to deliver course material for the Group's then controlled UOW College and UOW College Hong Kong operations.

In 2018 the Group also rented premises and uses services and facilities of the ultimate controlling entity for its then controlled UOW College operations located in Building 30 and other locations. In 2018 the Group also used services and facilities of the ultimate parent entity for its Corporate operations.

The Group enters into transactions with other entities controlled by the University of Wollongong.

The Group pays a corporate charge for management and administrative services to UOWGE Ltd.

The Group is charged a fee for course development by UOWGE Ltd

Transactions

All transactions with related parties are on normal terms and conditions. Trade Receivables from and payables to related parties are interest free and payable on demand.

33 Related parties (continued)

(b) Transactions with related parties (continued)
Transactions with related parties

The aggregate amounts included in the profit before income tax expense that resulted from transactions with non director related parties are:

	Consolidated 2019 $000's	Consolidated 2018 $000's	Company 2019 $000's	Company 2018 $000's
Purchases of goods and services				
Course Development				
Entities owned by the controlling entity	**192**	-	**44**	-
Discontinued operations	**-**	252	**-**	252
Corporate Charge				
Controlling entity	**2,146**	-	**698**	-
Discontinued operations	**-**	1,987	**-**	1,987
Reimbursable utilities and services				
Controlling entity	**106**	-	**-**	-
Entity controlled by the controlling entity	**218**	-	**90**	-
	2,662	2,239	**832**	2,239
Interest expense				
Controlling entity	**36**	-	**-**	-
Total expenditure	**2,698**	2,239	**832**	2,239

33 Related parties (continued)
(c) The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated		Company	
	2019	**2018**	**2019**	**2018**
	$000's	**$000's**	**$000's**	**$000's**
Current receivables (sales of goods and services)				
Controlling entity	**-**	10	**-**	10
Subsidiaries	**-**	-	**535**	-
Controlling entity	**970**	-	**934**	-
Ultimate controlling entity	**32**	474	**32**	326
Other related parties	**1,238**	1,379	**1,026**	394
Non-current payables (loans)				
Controlling entity	**7,500**	-	**-**	-

34 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

35 Discontinued Operations

Following a corporate restructure of the UOW Global Enterprises business, on 2 January 2019, the Company's shares and ownership of UOWC Ltd was transferred to UOWGE Ltd. Due to this change in ownership, the consolidated financial statements disclose the results and financial position of UOWC Ltd, as discontinued operations. The shares were sold at their notional total capital value of $2.00.

	2019 $000's	2018 $000's
Profit from discontinued operations		
Revenue from rendering services	-	21,593
Other revenue	-	881
Course development - related parties	-	252
Interest income	-	494
Management fees - related parties	-	3,889
Total revenue and other income	-	27,109
Expenses		
Employee related expenses	-	(17,270)
Depreciation and amortisation expenses	-	(271)
Administration and site expenses	-	(1,620)
Marketing expenses	-	(3,045)
Other expenses	-	(3,249)
Profit before income tax	-	1,654
Income tax expense	-	(28)
	-	1,626

	2019 $000's	2018 $000's
Cash flows from discontinued operations		
Net cash inflow from operating activities	-	4,883
Net cash flows (used in) / from investing activities	-	(885)
Net cash flows (used) in financing activities	-	(950)
	-	3,048
Cash and cash equivalents at beginning of the financial year	-	23,245
Cash and cash equivalents at end of the financial year	-	26,293

35 Discontinued Operations (continued)

	2019 $000's	2018 $000's
Assets and liabilities of discontinued operations		
Current assets		
Cash and cash equivalents	-	20,293
Trade and other receivables	-	3,849
Other financial assets	-	6,000
	-	30,142
Non-current assets		
Property, plant & equipment	-	2,368
Intangible assets	-	5
Deferred tax assets	-	1,530
	-	3,903
Total Assets	-	35,045
Liabilities		
Current Liabilities		
Trade and other payables	-	7,039
Provisions	-	2,568
Contract liabilities	-	7,476
	-	17,083
Non-current liabilities		
Provisions	-	180
	-	180
Total Liabilities	-	17,263

36 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2019 (2018: nil).

End of audited financial statements

University of Wollongong in Dubai FZ-LLC

License number 18007

Financial Statements

For the Period Ended 31 December 2019

University of Wollongong in Dubai FZ-LLC

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For the Period Ended 31 December 2019

University of Wollongong in Dubai FZ-LLC

Directors' Report

For the period ended 31 December 2019

The directors present their report together with the financial statements of University of Wollongong in Dubai FZ-LLC ("the Company" or "UOWD FZ-LLC") for the period ended 31 December 2019. These financial statements are the first financial statements for the Company and cover the period from 14 April 2019 to 31 December 2019

Directors

The names of the Company's directors in office during the financial period and until the date of this report are as follows: Directors were in office for this entire period unless otherwise stated.

Names	Appointed/Resigned
Robert Ryan	
Professor Alex Frino	
Marisa Mastroianni	
Noel Cornish	Resigned 8 August 2019
Professor Joe Chicharo	Appointed 8 August 2019
Manal AlBayat	Appointed 28 October 2019
HE Dr Aisha Bin Bishr	Appointed 28 October 2019
Professor Mohamed-Vall M. Salem Zein	Appointed 8 August 2019
Dr S Routledge AO	Resigned 31 August 2019

Principal place of address

University of Wollongong in Dubai FZ-LLC is a company limited by shares and is incorporated and domiciled in United Arab Emirates (UAE) and has its registered office and principle place of business at:

Block 15, Dubai Knowledge Park
Dubai, United Arab Emirates

Principal activities

The principal activity of the Company is to provide educational programmes leading to a degree.

Review and results of operations

The Company was incorporated on 14 April 2019. Prior to the 6th of May 2019 the University of Wollongong in Dubai was a Branch within UOWD Ltd, an Australian corporate entity. On 6 May 2019, the activities of the Branch were transferred to the Company. Under the Dubai Creative Clusters Authority Regulations, this is described as a "conversion assignment". As a consequence of this change, the licensee of the Commercial Licence issued by the Dubai Development Authority is the Company, whereas previously the licencee was UOWD Ltd. All assets, liabilities, right and obligations of the University of Wollongong in Dubai that existed prior to the conversion transferred to the Company on the 6th of May at book value of the assets and liabilities on this date.

The loss for the period to 31 December 2019 was AED 1,899,000.

The result reflects lower tuition and testing fees from the college and post graduate degrees. Undergraduate degree revenue was strong driven by increased student loads.

Matters or circumstances arising after the end of the year

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

University of Wollongong in Dubai FZ-LLC

Directors' Report

For the period ended 31 December 2019

Likely developments

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

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the UAE or any other relevant regulations.

Company secretary

The following person held the position of Company secretary at the end of the financial period:

Mr G Drummond has been the company secretary since 14 April 2019. Mr G Drummond is the CFO/ Executive Director - Corporate Services.

Meetings of directors

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Ryan	3	3
Professor Alex Frino	3	3
Marisa Mastroianni	3	3
Noel Cornish	2	-
Professor Joe Chicharo	1	-
Manal AlBayat	-	-
HE Dr Aisha Bin Bishr	-	-
Professor Mohamed-Vall M. Salem Zein	1	1
Dr S Routledge AO	2	2

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer or auditor of University of Wollongong in Dubai FZ-LLC.

Director: ....
Mr R Ryan

Director: ....
Ms M Mastroiann

Dated this 17th day of March 2020

Certificate under the Public Finance and Audit Act 1983

For the period ended 31 December 2019

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of the Board of Directors, we declare that in our opinion:

* The accompanying financial statements exhibit a true and fair view of the financial position of UOWD FZ-LLC as at 31 December 2019 and financial performance for the period then ended.

* The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.

* The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.

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

Director ....
Mr R Ryan

Director..
Ms M Mastrolanni

Dated this the 17th day of March 2020.

Wollongong

University of Wollongong in Dubai FZ-LLC

Directors' Declaration

In accordance with a resolution of the Board of Directors, we declare that in our opinion:

i. The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial period then ended;
ii. The Financial Statements and notes have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015;
iii. The Financial Statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
iv. The Financial Statements are also in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
v. We are not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate; and
vi. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Director ....
Mr R Ryan

Director ....
Ms M Mastroianni

Dated 17 March 2020

INDEPENDENT AUDITOR'S REPORT

University of Wollongong in Dubai FZ-LLC

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of University of Wollongong in Dubai FZ-LLC (the UOWD FZ-LLC), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the period 14 April to 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the period 14 April to 31 December 2019, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of UOWD FZ-LLC as at 31 December 2019, and of its financial performance and its cash flows for the period 14 April to 31 December 2019 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
- comply with International Financial Reporting Standards as disclosed in Note 1(b) .

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 UOWD FZ-LLC 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.

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Other Information

Other information comprises the information included in UOWD FZ-LLC's annual report for the period 14 April to 31 December 2019, other than the financial statements and my Independent Auditor's Report thereon. The Directors of UOWD FZ-LLC are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

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.

The Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 March 2020
SYDNEY

University of Wollongong in Dubai FZ-LLC

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2019

	Note	2019 AED 000's
Revenue	2	**81,953**
Employee benefits expense		**(39,900)**
Depreciation and amortisation expense	3	**(3,807)**
Admin expenses		**(19,793)**
Marketing expenses		**(4,223)**
Other expenses		**(15,056)**
Finance expenses		**(1,073)**
Profit before income tax		**(1,899)**
Income tax expense		**-**
Profit from continuing operations		**(1,899)**
Profit/(loss) for the period		**(1,899)**
Other comprehensive income, net of income tax		
Total comprehensive income for the period		**(1,899)**

The accompanying notes form part of these financial statements.

University of Wollongong in Dubai FZ-LLC

Statement of Financial Position

As At 31 December 2019

	Note	2019 AED 000's
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	**18,350**
Trade and other receivables	5	**11,377**
TOTAL CURRENT ASSETS		**29,727**
NON-CURRENT ASSETS		
Right-of-use assets	11	**190,725**
Property, plant and equipment	7	**25,687**
Intangible assets	8	**1,061**
TOTAL NON-CURRENT ASSETS		**217,473**
TOTAL ASSETS		**247,200**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	9	**5,734**
Contract liabilities	11	**12,365**
Short-term provisions	10	**18,452**
Lease liabilities		**7,867**
TOTAL CURRENT LIABILITIES		**44,418**
NON-CURRENT LIABILITIES		
Related party borrowings		**19,263**
Lease liabilities		**180,645**
Long-term provisions	10	**4,723**
TOTAL NON-CURRENT LIABILITIES		**204,631**
TOTAL LIABILITIES		**249,049**
NET ASSETS		**(1,849)**
EQUITY		
Issued capital	13	**50**
Retained earnings	14	**(1,899)**
		(1,849)
TOTAL EQUITY		**(1,849)**

The accompanying notes form part of these financial statements.

University of Wollongong in Dubai FZ-LLC

Statement of Changes in Equity

For the Period Ended 31 December 2019

2019

	Note	Ordinary Shares AED 000's	Retained Earnings AED 000's	Total AED 000's
Profit attributable to members of the parent entity		-	(1,899)	(1,899)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs		50	-	50
Balance at 31 December 2019		50	(1,899)	(1,849)

The accompanying notes form part of these financial statements.

University of Wollongong in Dubai FZ-LLC

Statement of Cash Flows
For the Period Ended 31 December 2019

	Note	2019 AED 000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers		**85,039**
Payments to suppliers and employees		**(93,857)**
Interest paid		**(234)**
Net cash provided by/(used in) operating activities	18	**(9,052)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset		**(463)**
Purchase of property, plant and equipment		**(18,057)**
Cash acquired from UOWD Ltd		**26,775**
Net cash provided by/(used in) investing activities		**8,255**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares		**50**
Loans from UOWGE		**19,263**
Principal portion of lease payments		**(166)**
Net cash provided by/(used in) financing activities		**19,147**
Net increase/(decrease) in cash and cash equivalents held		**18,350**
Cash and cash equivalents at end of the financial period	4	**18,350**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 31 December 2019

The financial report covers University of Wollongong in Dubai FZ-LLC as an individual entity. University of Wollongong in Dubai FZ-LLC is a for-profit Company limited by shares, incorporated and domiciled in the UAE.

The functional and presentation currency of University of Wollongong in Dubai FZ-LLC is The United Arab Emirates Dirham.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared for Australia and are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of the financial reporting the Company is a for-profit entity.

The Company was incorporated as a company limited by shares on 14 April 2019 and has since remained throughout the period.

The financial statements have been prepared from 14 April 2019 to 31 December 2019.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The directors consider the going concern basis of preparation to be appropriate based on forecasted cash flows and the letter of support received from UOWGE Ltd (controlling entity of the Parent).

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 17 March 2020.

(b) Statement of compliance

The financial statements are presented in United Arab Emirates Dirhams which is the Company's functional currency and figures are rounded to the nearest thousand dirhams ($'000), or in certain cases the nearest dirham. The financial statements are prepared on a historical cost basis.

Comparatives are not presented as this is the first year of operations for the Company..

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements

1 Summary of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

are described in note 1.

The following significant accounting polices have been adopted in the preparation and presentation of the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and term deposits with a maturity of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

For the purpose of the financial statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above plus current other financial assets.

(d) Trade and other receivables

Trade receivables. which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Collectability of receivables is reviewed on an ongoing basis. individual debts that are known to be collectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

(e) Other financial assets

(i) Other financial assets - current

Other financial assets - current comprises of term deposits which are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(f) Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than AED$5,000 are expensed in the period of the acquisition.

(i) Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense incurred.

1 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

(ii) Depreciation

The depreciation amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

An asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year.

The depreciation rates used of reach class of assets are shown below.

Class of assets	Depreciation rate %
Leasehold improvements	20 or duration of lease
- Plant and equipment	20 to 25
- Furniture and fittings	20 to 25
Computer Equipment	33.33

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(g) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

(h) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost

- fair value through profit or loss - ("FVPL")

- equity instruments at fair value through other comprehensive income ("FVOCI")

- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset

- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL);

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows

- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

1 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they posses credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

(iii) Impairment of Financial Assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions , reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(iv) Financial liabilities

The financial liabilities of the Company comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method

1 Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

(iv) Financial liabilities (continued)
except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

(i) Trade and other payables

Trade and other payables are carried at fair value which is usually the transaction cost. Due to their short term nature they are not discounted and are interest free. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchases of these goods and services. Trade accounts payables are generally unsecured and settled within 30 days.

(j) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled with 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related costs, such as contributions to defined contribution retirement plans.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that 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 unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(l) Revenue recognition

Revenue arises mainly from the delivery of higher education university pathway, English language and vocational educational and training programs.

To determine whether to recognise revenue, the Company follows AASB 15 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

1 Summary of Significant Accounting Policies (continued)

(l) Revenue recognition (continued)

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers

The Company generates most of its revenue from the delivery of higher education university pathways, English language and vocational educational and training programs to individual domestic and international students within the UAE. Sources of income is primarily provided by the individual student or funding from government authorities. The majority of the revenue is earned and generated by the Company's Dubai campus.

Tuition fees

Tuition fees are course fees relating to the provision of the above mentioned educational services. The amount of tuition fees vary depending on the course, its duration, the origin of the student. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accreditated by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15, and are recognised over the period to which the fees and services is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what it expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course are deferred and recognised as revenue in the relevant financial year. Fees for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Assets & Liabilities" - refer to note 11

Contracts with students are structured on a course basis of varying semesters and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census date, are eligible for a refund or deferral of their course semester fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generate revenue from conducting IELTS testing, International Study Tours and other educational related activities. Minor fees are also charged for ancillary services. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above,other fees received in advance would be deferred and recognised as revenue in the relevant financial year. These other fees, earned during current period are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in the statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Further disclosure on revenue is provided in note 2.

1 Summary of Significant Accounting Policies (continued)

(m) Value added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax ("VAT"), except where the amount of VAT incurred is not recoverable from the UAE Federal Tax Authority (FTA). In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the FTA is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the FTA is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of VAT recoverable from, or payable to, the taxation office.

Cash flows in the statement of cash flows are included on a gross basis and the VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(o) Taxation

UOWD-FZ LLC is not subject to corporate income tax as it is located in a free zone in UAE that does not impose income tax on companies.

(p) Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses are recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

1 Summary of Significant Accounting Policies (continued)

(p) Impairment of assets (continued)

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group in assets (the "cash generating unit").

(q) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

1 Summary of Significant Accounting Policies (continued)

(q) Leases (continued)

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(r) Intangible Assets

(i) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the period that accreditation approval is given. Accreditation costs have a finite useful life. It is assessed annually for impairment.

(iii) Other intangible assets

Other intangible costs are attributable to the purchase of websites, trademarks and customer/supplier lists required to operate a business. Other intangible assets have a finite estimated useful life of five years.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(t) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

1 Summary of Significant Accounting Policies (continued)

(u) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

(v) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control of the Company;

(ii) has significant influences over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) The party is an entity and if any of the following conditions apply:

(i) the entity and the Company are members of the same group:

(ii) one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Company are joint ventures of the same party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

1 Summary of Significant Accounting Policies (continued)

(v) Related parties (continued)

(vii) a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);

(viii) the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.

(ix) Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

2 Revenue

	2019 AED 000's
Sales revenue	
- provision of services	**81,953**
Total Revenue	**81,953**

	2019 AED 000's
Timing of revenue recognition	
Revenue recognised over time	**71,411**
Revenue recognised at a point in time.	**10,542**
Total	**81,953**

Notes to the Financial Statements
For the Period Ended 31 December 2019

3 Expenses

Profit for the year includes the following items:

	2019 AED 000's
Depreciation	
Leasehold improvements	**288**
Plant & equipment	**1,086**
Computer equipment	**528**
Right of use assets	**1,817**
Total depreciation	**3,720**
Amortisation	
Amortisation - intangible assets	**87**
Total amortisation	**87**
Total depreciation and amortisation	**3,807**

The results for the year includes the following specific expenses

	2019 AED 000's
Non-capitalised equipment	**77**
Rental expenses relating to short term and low value leases	**19,926**
Interest expenses on lease liabilities	**854**
Impairment of other assets - movement of bad and doubtful debts	**197**

4 Cash and Cash Equivalents

	2019 AED 000's
Cash at bank and in hand	**18,330**
Other cash and cash equivalents	**20**
	18,350

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 20.

5 Trade and Other Receivables

Trade receivables

	2019 AED 000's
Current	
Other Trade receivables	**9**
Students	**3,195**
Allowance for doubtful debts	**(197)**
	3,007
Other receivables & prepayments	
Prepayments and deposits	**7,962**
VAT receivable	**408**
Total current trade and other receivables	**11,377**

(a) Impaired trade receivables

The ageing of these receivables is as follows:

	2019 AED 000's
31 - 60 days	**2**
61 - 90 days	**79**
91 + days	**116**
Total	**197**

Allowance for credit loss

A credit loss of $197,000 has been recognised by the Company for the current period. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

5 Trade and Other Receivables (continued)

(b) Past due but not impaired

As at 31 December, the ageing analysis of trade receivables is as follows:

	2019
	AED 000's
0 - 30 days	**33**
31 - 60 days	**48**
61 - 90 days	**1,623**
91 + days	**1,303**
Total	**3,007**

Trade receivables are non-interest bearing and are generally on a 30 day term.

Receivables past due but not considered impaired are nil for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk

Due to their short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

6 Leases

The Company has applied AASB 16, no comparatives exist for the company, and as such comparative information has not been re-stated, nor is it reported under AASB 117.

Company as a lessee

The Company has leases over a range of assets including buildings and vehicles.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases buildings for their offices and education institutions, the leases are generally for a period of 10 years and include renewal options to allow the Company to renew for up to once the non-cancellable lease term.

The building lease includes fixed rent increases at certain times during the lease term.

Motor Vehicles

6 Leases (continued)

The Company leases vehicles for transport of staff and students. The leases are generally for a period between 1-3 years. The leases do not include enforceable renewal options.

Extension Options

Some of the building leases contain extension options which allow the Company to extend the lease term by up to once the original non-cancellable period of the lease.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

There are $262,769,000 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

Right-of-use assets

	Buildings	Motor Vehicles	Total
	AED 000's	AED 000's	AED 000's
Period ended 31 December 2019			
Balance at the beginning of the period	-	388	388
Additions to right-of-use assets	192,154	-	192,154
Depreciation charge	(1,648)	(169)	(1,817)
Period at end of year	190,506	219	190,725

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	AED 000's	AED 000's	AED 000's	AED 000's	AED 000's
2019					
Lease liabilities	17,988	99,947	129,226	247,161	188,512

6 Leases (continued)
Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2019 AED 000's
Interest expense on lease liabilities	**854**
Expenses relating to short-term leases	**19,619**
Expenses relating to leases of low-value assets	**307**
Depreciation of right-of-use assets	**1,817**
	22,597

Statement of Cash Flows

	2019 AED 000's
Total cash outflow for leases	**20,107**

7 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Capital Works in Progress AED 000's	Plant and Equipment AED 000's	Computer Equipment AED 000's	Leasehold Improvements AED 000's	Total AED 000's
Period ended 31 December 2019					
Opening net book amount	-	-	-	-	-
Additions					
Assets transfered from UOWD Ltd	4,829	3,122	1,005	576	9,532
Additions	17,131	443	483	-	18,057
Depreciation	-	(1,086)	(528)	(288)	(1,902)
Transfers from WIP	(691)	691	-	-	-
Balance at the end of the period	21,269	3,170	960	288	25,687

Notes to the Financial Statements
For the Period Ended 31 December 2019

8 Intangible Assets

	Accreditation Costs AED 000's	Total AED 000's
Period ended 31 December 2019		
Balance transferred from UOWD	**686**	**686**
Additions	**463**	**463**
Amortisation	**(87)**	**(87)**
Closing net book value	**1,061**	**1,061**
At 31 December 2019		

9 Trade and other payables

	2019 AED 000's
Current	
Trade payables	**707**
Accrued expenses	**3,013**
Payable to UOWC Ltd	**547**
Payable to UOWGE Ltd	**93**
Payable to Parent	**1,374**
	5,734

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Liquidity risk

Information regarding liquidity risk exposure is set out in note 20.

Notes to the Financial Statements
For the Period Ended 31 December 2019

10 Provisions

(a) Current provisions

	2019
	AED 000's
CURRENT	
Provision for Gratuity	14,716
Provision for annual leave	928
Make good provision	2,808
	18,452

The current provision for the Company includes nil annual leave entitlements accrued but not expected to be taken within 12 months.

The current provision for the Company includes $13,274,000 of gratuities accrued but not expected to be taken within 12 months.

(b) Non-current provisions

	2019
	AED 000's
NON-CURRENT	
Make good provision	4,723

11 Contract assets and liabilities

	2019
	AED 000's
CURRENT	
Contract liabilities	12,365

12 Long term funding arrangements

(a) Credit card facility

	2019
	AED 000's
Available facility	225
Used at balance date	(52)
Unused at balance date	173

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of UOWGE Ltd, including goodwill and uncalled capital and called but unpaid capital.

Notes to the Financial Statements
For the Period Ended 31 December 2019

13 Issued Capital

	2019 AED 000's
Ordinary shares	
Capital issued in the period	**50**
Total	**50**

Fully paid ordinary shares carry one vote per share, the right to dividends held by UOWD Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(a) Capital Management

When managing capital, the Board of Directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors have no current plans to issue further shares to its shareholders.

The Company currently manages issued capital of AED$50,000.

The Company is not subject to any externally imposed capital requirements.

Refer to note 15 for dividends declared.

14 Retained Earnings

	2019 AED 000's
Retained earnings (accumulated losses) at the beginning of the period	-
Net profit attributable to beneficiaries of the trust	**(1,899)**
Retained earnings at end of the financial period	**(1,899)**

15 Dividends

No dividend for the financial period ended 2019 has been declared or paid.

16 Remuneration of auditors

	2019 AED 000's
Remuneration of the auditor, for:	
- auditing the financial statements	**57**
Total	**57**

The audit fee is paid to the Audit Office of New South Wales by UOWGE Ltd.

17 Key Management Personnel Disclosure

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

- Mr R. Ryan
- Ms. M. Mastroianni
- Mr N. Cornish
- Professor A. Frino
- Dr S. Routledge AO*
- Prof. Mohamed-Vall M. Salem Zein^ (i)
- Professor J. Chicharo^
- Manal AlBayat**
- HE Dr Aisha Bin Bishr**

* Resigned 31 August 2019.
** Appointed 28 October 2019
^ Appointed 8 August 2019.

(i) Prof Mohamed-Vall M. Salem Zein, President of UOWD FZ-LLC, also had authority and responsibility for planning, directing, and controlling the activities of the Company during the period.

(a) Key management personnel compensation

The aggregate compensation made to the key management personnel of UOWD-FZ LLC during the year are as follows:

	2019 AED 000's
Short-term employee benefits	1,045
	1,045

(b) Loans to key management personnel

No loans have been made to the directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the Period Ended 31 December 2019

18 Reconciliation of net result to net cash flow from operating activities

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

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and held-to-maturity term deposits. Cash and cash equivalents as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2019 AED 000's
Cash and cash equivalents	18,350
Total cash and cash equivalents as per statement of financial position	**18,350**

(b) Reconciliation of result for the year to cashflows from operating activities

	2019 AED 000's
Profit/(loss) for the period	(1,899)
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in profit:	
- depreciation and amortisation	3,807
- non-cash lease interest	838
Changes in assets and liabilities:	
- (increase)/decrease in trade and other receivables	58
- (increase)/decrease in other assets	1,682
- increase/(decrease) in trade and other payables	(1,247)
- (increase)/decrease in contract liabilities	(12,419)
- increase/(decrease) in provisions	2
- increase/(decrease) in non-current provisions	126
Cashflows from operations	(9,052)

19 Capital and Leasing Commitments

(a) Capital expenditure commitments

	2019 AED 000's
Payable:	
Within 1 year	56,687
Between 1 and 5 years	-
	56,687

20 Financial Risk Management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

20 Financial Risk Management (continued)

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee overseas how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposure and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

UOWD-FZ LLC deposits its cash with Standard Chartered.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

20 Financial Risk Management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2019
	AED 000's
Education	3,195
Other	9
	3,204

Credit risk is managed at group level subject to the Company'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 are not subject to enforcement activity. 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 Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

20 Financial Risk Management (continued)

(b) Liquidity risk (continued)

	Less than 1 year	1 to 5 years	5+ years	Non-Interest Bearing	Total
	2019	2019	2019	2019	2019
	AED 000's	AED 000's	AED 000's	AED 000's	AED 000's
Financial Assets:					
Cash and cash equivalents	18,350	-	-	-	18,350
Trade & other receivables	3,007	-	-	-	3,007
Total Financial Assets	21,357	-	-	-	21,357
Financial Liabilities:					
Lease Liability	(17,988)	(99,947)	(129,226)	-	(247,161)
Trade & other payables	(5,734)	-	-	-	(5,734)
Amounts payable to related parties	-	-	(19,263)	-	(19,263)
Total Financial Liabilities	(23,722)	(99,947)	(148,489)	-	(272,158)

The amounts presented in the above tables comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting dates have been used.

20 Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, whilst optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD).

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2019, the Company had an exposure to an AUD denominated loan of 19,263,450 (AUD: 7,500,000)

(ii) Interest rate risk

The Company is not exposed to market interest rates. The Company's cash and cash equivalents and trade receivables are non-interest bearing.

21 Related Parties

(a) Directors

The names of each person holding the position of directors of UOWD-FZ LLC during the period ended 31 December 2019 are:

- Mr R. Ryan
- Ms. M. Mastroianni
- Mr N. Cornish
- Professor A. Frino
- Dr S. Routledge AO*
- Prof. Mohamed-Vall M. Salem Zein^
- Professor J. Chicharo^
- Manal AlBayat**
- HE Dr Aisha Bin Bishr**

* Resigned 31 August 2019.
** Appointed 28 October 2019
^ Appointed 8 August 2019.

No director has entered into a contract with the Company and there were no contracts involving directors' interests at period end.

(b) Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company - UOWD Ltd.

- Ultimate controlling entity of the Company - University of Wollongong

Transactions with related parties:

All transactions with non-director related parties are on normal terms and conditions

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

The Company levies a corporate charge for management and administrative services to the controlling entity.

The Company engages its ultimate controlling entity to provide course materials and accreditation for courses developed by the entity.

21 Related Parties (continued)

(b) Non-director related parties (continued)

UOWGE Ltd provides management and transitional services to UOWD-FZ LLC. These services are passed through the Company on commercial terms.

The aggregate amounts included in the profit/loss for the financial period that resulted from transactions with non-director related parties are:

	2019 AED 000's
Fees and charges	
- Entities owned by the ultimate controlling entity	4,024
Interest on borrowings	
- Entities owned by the ultimate controlling entity	93
Reimbursable utilities and services	
- Entities owned by the ultimate controlling entity	590
Total expenditure	4,707
Current payables	
- Controlling entity of the Company	1,374
- Entities owned by the ultimate controlling entity	639
Non-current payables (loans)	
- Entities owned by the ultimate controlling entity	19,263

22 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

23 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 December 2019.

End of audited financial statements

UOW College Hong Kong

Limited by Guarantee

Financial Statements

For the Year Ended 31 December 2019

UOW College Hong Kong

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For the Year Ended 31 December 2019

Report of the Board of Governors

For the year ended 31 December 2019

The members of the Board of Governors of UOW College Hong Kong ("UOWCHK" or "the Company"), have the pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2019.

Members of Board of Governors

The members of the Board of Governors, appointed from 1 March 2019 up to the date of the report were:

Names
Peter Hammond ROBSON
Nicholas BROOKE
CHOW Wing-shing, Vincent *
FONG Man Hung, David
MOK Wai Kun, Barbara
PANG Yuk Wing, Joseph
Robert James RYAN
Gregory Charles WEST *
CHIU Lai Har, Rebecca
FENG Gang, Gary
Clayton MACKENZIE
Paul William WELLINGS
Alessandro FRINO *
Jose Fernando CHICHARO
Damien John ISRAEL *
Marisa MASTROIANNI *
NG Glok-hong,Jennifer *

* Indicates the members of the previous Board of Management during the previous financial year and up to 1 March 2019.

As there is no provision in UOWCHK's Articles of Association for the annual retirement of the Board of Governors by rotation, all current members continue in office.

Transition from Board of Management to Board of Governors

UOWCHK has obtained independent institutional registration with the Hong Kong Education Bureau under the CAP 320 Post-Secondary Colleges Ordinance (CAP 320). It was a requirement of the Co-Operation Deed executed with the City University of Hong Kong (CityU) that UOWCHK obtain registration independent from CityU. CAP 320 registration will enable UOWCHK to independently offer its Associate Degree and Degree programs.

CAP 320 prescribes certain governance structures, including that the institution be governed by a Board of Governors of at least 10 members, and that its committees include an Academic Board and a College Council. As a CAP320 institution, UOWCHK is governed by a Board of Governors, replacing the Board of Management.

The Board of Governors effectively took control and responsibility of the Company from 1 March 2019.

Report of the Board of Governors

For the year ended 31 December 2019

Principal place of address

UOWCHK is a company limited by guarantee under the Hong Kong Companies Ordinance and is incorporated and domiciled in Hong Kong and has its registered office at:

FW402, Festival Walk Tower
80 Tat Chee Avenue
Kowloon Tong
Kowloon

Principal activities

The principal activities of UOWCHK are to provide education programmes leading to the award of Associate Degrees, Degrees of the University of Wollongong and other programmes leading to awards from UOWCHK. UOWCHK also provides other professional and short courses not leading to any formal awards for the benefit of the community.

Change of stewardship and company name

The stewardship of UOWCHK was transferred from City University of Hong Kong ("CityU") to University of Wollongong ("UOW") on 1 July 2015.

In November 2017, it was announced that the College and legal entity would be renamed "UOW College Hong Kong". The entity name was changed on 4 December 2017. The Company retains Community College of City University as a business name.

Review and results of operations

The profit for the 12 months to 31 December 2019 was $95,884,000 (2018: $55,980,000).

The previous year included an unrealised loss on managed funds held within the CCCU Trust ($1,023,000) whilst the current year was an unrealised gain of $48,881,000.

Demographic changes continue to affect enrolments in the self-financing sector. Despite maintenance of market share for Associate Degree students tuition fees declined compared to previous year.

The development of a new Hong Kong campus at Tai Wai continues with the concept design finalised and interior design consultants appointed. At this stage, the grant whilst announced does not provide any legal obligation until a Tenancy Agreement and a Service Agreement are agreed and executed.

Transfer of funds to CCCU Trust

Upon the transfer of the stewardship of UOWCHK from CityU to UOW on 1 July 2015, CityU held the funds as trustee for UOWCHK in accordance with the Trust Deed dated 1 July 2015. The Trust Deed was entered into between CityU, UOWCHK and UOWD Ltd, a wholly-owned subsidiary of UOW. CityU holds the funds on trust to invest or apply for operation of UOWCHK subject to the powers and provisions set out in the Trust Deed. Further information is provided on note 7 of the financial statements.

Development funds

Details of the movement in development funds of UOWCHK during the financial year are set out on page 12 of the financial statements.

Members' interest in transactions, arrangements or contracts

During the financial year, UOWCHK had transactions with related parties as set out in note 24 of the financial statements.

No contract of significance to which UOWCHK, UOW or any of the UOW's subsidiaries was a party, and in which a member of the Board of Governors of UOWCHK had a material interest, subsisted at the end of the financial year or at any time during the financial year.

Apart from the above, at no time during the financial year was UOWCHK, UOW or any of the UOW's subsidiaries a party to any arrangement to enable the members of the Board of Governors to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

Retirement scheme

UOWCHK operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its employees. The scheme is a defined contribution scheme administered by independent trustees. UOWCHK and its employees are each required to make contributions to the scheme at 5% of the employees' salaries, subject to a cap of monthly salary of $30,000. Contributions to the scheme vest immediately.

Management contracts

UOWCHK did not enter into any contract, other than the contracts of service with the members of the Board of Governors or any person engaged in full-time employment of UOWCHK, by which a person undertakes the management and administration of the whole, or any substantial part of any business of UOWCHK during the year.

Rounding off

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

Auditors

For Australian reporting compliance, the auditors are The Audit Office of New South Wales.

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

Member: ....
Robson, Peter

Member: ....
Ng Glok-hong, Jennifer

Dated this 24th day of March 2020

UOW College Hong Kong

Certificate under the Public Finance and Audit Act 1983

For the year ended 31 December 2019

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with the resolution of the Board of Governors, we declare that in our opinion:

(i) The accompanying financial statements exhibit a true and fair view of the financial position of UOW College Hong Kong as at 31 December 2019 and financial performance for the financial year then ended.

(ii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board

(iii) The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance Audit Regulation 2015*

Further we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Member...

Peter Robson

Member...

Ng Glok-hong, Jennifer

Dated this 24th day of March 2020

Hong Kong

Board of Governors Declaration UOW College Hong Kong
For the year ended 31 December 2019

In accordance with a resolution of the members of the Board of Governors of the Company, we state that:

(i) The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial year then ended;

(ii) The Financial Statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;

(iii) The Financial Statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;

(iv) The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;

(v) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and

(vi) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

Signed in accordance with a resolution of the Board;

Member..

Peter Robson

Member..

Ng Glok-hong, Jennifer

Dated this 24th day of March 2020

Hong Kong

INDEPENDENT AUDITOR'S REPORT

UOW College Hong Kong

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW College Hong Kong (the UOWCHK), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of UOWCHK as at 31 December 2019, and of its financial performance and its 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 UOWCHK in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in UOWCHK's annual report for the year ended 31 December 2019, other than the financial statements and my Independent Auditor's Report thereon. The Governors of UOWCHK are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Report of the Board of Governors
- Certificate under the *Public Finance and Audit Act 1983*
- Board of Governors' Declaration.

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.

The Governors' Responsibilities for the Financial Statements

The Governors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Governors 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 Governors are responsible for assessing UOWCHK's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2020
SYDNEY

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Tuition Revenue	3	**279,937**	300,793
Other fees	3	**14,592**	16,740
Net gain/(loss) arising on financial assets designated as at fair value	3	**48,881**	(1,023)
Other income	3	**15,077**	5,062
		358,487	321,572
Employee related expenses		**(108,758)**	(111,204)
Depreciation and amortisation expense	4	**(50,881)**	(4,030)
Administrative and site expenses		**(8,034)**	(50,462)
Marketing expenses		**(1,664)**	(1,533)
City University of Hong Kong management fees		**(53,593)**	(61,417)
Other expenses		**(31,717)**	(36,946)
Finance costs		**(7,956)**	-
		(262,603)	(265,592)
Profit for the year		**95,884**	55,980
Other comprehensive income			
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**95,884**	55,980

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

Statement of Financial Position

As At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Assets			
Current Assets			
Cash and cash equivalents	6	**287,926**	270,202
Trade and other receivables	7	**28,574**	22,376
Total current assets		**316,500**	292,578
Non-current assets			
Other financial assets	8	**961,478**	903,846
Property, plant and equipment	9	**8,506**	4,847
Right of use assets	11	**127,805**	-
Intangible assets	10	**19,311**	6,581
Total non-current assets		**1,117,100**	915,274
Total Assets		**1,433,600**	1,207,852
Liabilities			
Current liabilities			
Trade and other payables	12	**26,758**	29,232
Short-term provisions	13	**3,873**	4,367
Lease liability	11	**28,783**	-
Contract liabilities	14	**16,815**	16,148
Total current liabilities		**76,229**	49,747
Non-current liabilities			
Lease liability	11	**103,382**	-
Total non-current liabilities		**103,382**	-
Total liabilities		**179,611**	49,747
Net assets		**1,253,989**	1,158,105
Development Funds			
Capital contribution reserve	16	**38,851**	38,851
Surplus reserve	17	**1,215,138**	1,119,254
		1,253,989	1,158,105
Total equity		**1,253,989**	1,158,105

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

Statement of Cash Flows
For the Year Ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities:			
Receipts from student fees and other customers		**289,448**	316,122
Payments to suppliers		**(205,755)**	(263,766)
Interest paid		**(7,956)**	-
Net cash flow from operating activities	20(b)	**75,737**	52,356
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(6,344)**	(625)
Purchase of intangible assets		**(18,611)**	(4,167)
Interest received		**4,837**	3,610
Managed fund distribution received		**9,114**	1,452
Managed fund re-investment		**(9,114)**	(1,452)
Net cash flows (used in) investing activities		**(20,118)**	(1,182)
Payment of principal portion of lease liabilities		**(37,895)**	-
Net cash provided by/(used in) financing activities		**(37,895)**	-
Net increase in cash and cash equivalents		**17,724**	51,174
Cash and cash equivalents at beginning of year		**270,202**	219,028
Cash and cash equivalents at end of the year	20(a),6	**287,926**	270,202

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

Statement of Changes in Funds

For the Year Ended 31 December 2019

2019

	Note	Capital Contribution Reserve HK$'000	Surplus Reserve HK$'000	Total HK$'000
Balance at 1 January 2019		**38,851**	**1,119,254**	**1,158,105**
Comprehensive income				
Profit for the year		**-**	**95,884**	**95,884**
Other comprehensive income		**-**	**-**	**-**
Balance at 31 December 2019	16,17	**38,851**	**1,215,138**	**1,253,989**

2018

	Note	Capital Contribution Reserve HK$'000	Surplus Reserve HK$'000	Total HK$'000
Balance at 1 January 2018		38,851	1,063,274	1,102,125
Comprehensive income				
Profit for the year		-	55,980	55,980
Other comprehensive income		-	-	-
Balance at 31 December 2018	16,17	38,851	1,119,254	1,158,105

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

1 Change in Accounting Policy

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

1 Change in Accounting Policy (continued)

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of $169,452,000 and lease liabilities of $169,452,000 at 1 January 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was 5.50%.

	HK$'000
Operating lease commitments at 31 December 2018 financial statements	60,977
Discounted using the incremental borrowing rate at 1 January 2019	56,722
Add:	
Extension options reasonably certain to be exercised not included in the commitments note	112,730
Lease liabilities recognised at 1 January 2019	169,452

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared for Australia and are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of the financial reporting, the Company is a not-for-profit entity.

The Company is incorporated as a company limited by guarantee under the Hong Kong Company Ordinance.

The financial statements have been prepared for the 12 months up to and including 31 December 2019.

The financial statements were authorised for issue in accordance with a resolution of the Board of Governors on the 24th March 2020.

(b) Statement of compliance

The financial statements are presented in Hong Kong dollars which is the Company's functional currency and figures are rounded to the nearest thousand dollars ($'000), or in certain cases the nearest dollar. The financial statements are prepared on a historical cost basis.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Summary of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 2.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and are consistent with prior reporting periods unless otherwise stated.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and term deposits with a maturity of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above plus current other financial assets.

(d) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at this value, less an allowance for impairment.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be collectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

(e) Other financial assets

(i) Term deposits

Tem deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - Funds invested in CCCU Trust

Other financial assets, comprising principally managed funds held by CCCU Trust, are non-derivatives that are designated in this category. They are included in non-current assets unless the Company intends to dispose of the investment within 12 months of the reporting date.

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) - debt investment; FVOCI - equity investment; or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which one case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2 Summary of Significant Accounting Policies (continued)

(e) Other financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(f) Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than HK$5,000 are expensed in the period of the acquisition.

(i) Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense incurred.

(ii) Depreciation

The depreciation amount of all fixed assets are depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

An asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The depreciation rates used for each class of assets are shown below:

Class of assets	Depreciation rate %
Leasehold improvement	20 or duration of lease
- Plant and equipment	20 to 25
- Furniture and fittings	20 to 25
Computer Equipment	33.33

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

2 **Summary of Significant Accounting Policies (continued)**

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Trade receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forwardlooking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial liabilities

The financial liabilities of the Company comprise trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Trade and other payables

Trade and other payables are carried at fair value which is usually the transaction cost. Due to their short term nature they are not discounted and are interest free. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchases of these goods and services. Trade accounts payables are generally unsecured and settled within 30 days.

(i) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled with 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as contributions to defined contribution retirement plans.

(ii) Long service leave

The Company's net obligation in respect of long service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

(iii) Defined contribution retirement plans - Mandatory Provident Fund Scheme

A defined retirement contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution retirement plans are recognised as an expense as incurred.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

2 Summary of Significant Accounting Policies (continued)

(k) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(i) Tuition fees

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Government subfunding

Revenue from government funding is recognised at fair value where the Company obtains control of the right to receive the grant, it is probable that economic benefit will flow to the Company and it can be reliably measured.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Sale of non-current assets

The sale of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal (including incidental costs).

(v) Managed funds distribution

Managed Funds distributions are recognised as income when they are declared by the Fund Manager.

2 Summary of Significant Accounting Policies (continued)

(l) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(m) Taxation

UOWCHK is exempted from payment of Hong Kong Profits Tax by virtue of section 88 of the Hong Kong Inland Revenue Ordinance

2 Summary of Significant Accounting Policies (continued)

(n) Intangible Assets

(i) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the period that accreditation approval is given.

Accreditation costs have a finite useful life. The period of accreditation approval is three years. It is assessed annually for impairment.

(o) Development funds

Development funds comprise of a capital contribution reserve and a surplus reserve.

(p) New Accounting Standards effective on or after 1 January 2020

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. Other than the exception noted below, the Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 - Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(q) Critical accounting estimates and judgments

The Board of Governors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cashgenerating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other marketdriven changes.

2 Summary of Significant Accounting Policies (continued)

(r) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control of the Company;

(ii) has significant influences over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) The party is an entity and if any of the following conditions apply:

(i) the entity and the Company are members of the same group;

(ii) one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Company are joint ventures of the same party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v)) the entity is a post employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.

(ix) Close family members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses are recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

2 Summary of Significant Accounting Policies (continued)

(s) Impairment of assets (continued)

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group in assets (the "cash generating unit").

(t) Leases

Policy applicable for comparative period

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the Company, are classified as finance leases. Other leases are classified as operating leases and are not recognised on the Company's statement of financial position.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

Policy applicable from 1 January 2019

Assessment of whether a contract is, or contains, a lease

At inception of a contract, the Company 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 Company assesses whether:

(a) 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.

(b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

(c) 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:

i. The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or

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

2 Summary of Significant Accounting Policies (continued)

(t) Leases (continued)

Accounting for leases - the Company as lessee

In contracts where the Company is a lessee, the Company 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 asset

A right-of-use asset is 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.

(u) Government grants

Grants from the government are recognised at the fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants are deferred and recognised in the profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross, under "Other revenue " in the statement of profit or loss and other comprehensive income.

3 Revenue

An analysis of the Company's revenue for the year is as follows:

	2019 HK$'000	2018 HK$'000
Fees and charges		
- Tuition fees	**276,428**	295,865
- Other tuition related fees	**3,509**	4,928
Total tuition revenue	**279,937**	300,793
Unrealised (loss)/ gains on managed funds	**48,881**	(1,023)
Other revenue		
- Interest income	**5,963**	3,610
- Other fees	**14,592**	16,740
- Managed funds distribution	**9,114**	1,452
Total other revenue	**29,669**	21,802
Total revenue	**358,487**	321,572

	2019 HK$'000	2018 HK$'000
Timing of revenue recognition		
Revenue recognised over time	**276,428**	295,865
Revenue recognised at a point in time	**3,509**	4,928
Total tuition revenue	**279,937**	300,793

4 Expenses

The result for the year includes the following specific expenses:

	2019 HK$'000	2018 HK$'000
Depreciation		
- Leasehold improvements	**2,250**	2,189
- Plant & Equipment	**155**	109
- Computer equipment	**340**	232
- Right of use assets	**42,255**	-
Total depreciation	**45,000**	2,530
Amortisation		
- Accreditation	**4,544**	1,500
- software	**1,337**	-
Total depreciation and amortisation	**50,881**	4,030
Contributions to defined contribution retirement scheme	**3,082**	3,325
Rental expenses relating to operating leases		
- Minimum lease payments	**-**	22,850

5 Income tax expense

UOWCHK is exempted from payment of Hong Kong Profits Tax by virtue of section 88 of the Hong Kong Inland Revenue Ordinance.

6 Cash and cash equivalents

	2019 HK$'000	2018 HK$'000
Bank balances	**46,558**	79,931
Short-term deposits	**241,338**	190,212
Cash on hand	**30**	59
	287,926	270,202

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 23.

7 Trade and other receivables

	Note	2019 HK$'000	2018 HK$'000
Net receivable from related parties			
- CCCU Trust	24(b)	**360**	320
- UOW Malaysia KDU Penang University College Sdn Bhd	24(b)	**342**	-
Students		**8,218**	1,797
		8,920	2,117
Other receivables		**1,242**	1,172
Prepayments and deposits		**18,412**	19,087
Total current receivables		**28,574**	22,376

(a) Past due but not impaired

As 31 December, the ageing analysis of trade receivables is as follows:

	2019 HK$'000	2018 HK$'000
0-30 days	**3,882**	340
31 - 60 days	**-**	89
61 - 90 days	**29**	1,685
91 + days	**5,009**	3
	8,920	2,117

Receivables past due but not considered impaired are $5,038,000 (2018: $1,777,000) for the Company as management have undertaken a review of the current receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(b) Deposits held as security

The amount of UOWCHK's trade and other receivables expected to be recovered after more than one year is $13,717,000 (2018: $13,058,000) and represents various deposits held as security.

(c) Fair value and credit risk

Due to the short term nature of the current receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

8 Other financial assets- Investment in CCCU Trust

	2019	2018
	HK$'000	HK$'000
Funds invested in CCCU Trust	**961,478**	903,846

(a) Transfer of funds to CCCU Trust

Upon the transfer of stewardship of UOWCHK from City University of Hong Kong (CityU) to UOW on 1 July 2015, CityU held the funds as trustee for UOWCHK in accordance with the Trust Deed dated 1 July 2015 ("CCCU Trust"). The Trust Deed was entered into among CityU, UOWCHK and UOWD Ltd, a wholly-owned subsidiary of UOW for which CityU holds the funds on trust to invest or apply for operation of UOWCHK subject to the powers and provisions set out in the Trust Deed.

The amount of the funds transferred to CCCU Trust, effective 1 July 2015 was $879,805,000.

(b) Impairment and risk exposure

None of the other financial assets are either past due or impaired.

With the exception of 8(c) below, all other financial assets are denominated in Hong Kong currency. As a result, there is no exposure to foreign currency risk.

(c) Managed funds

In late 2016, UOWCHK entered into an agreement for investment advisory services from Mercer Global Investments Europe Limited. In late January 2017, the initial transfer of HK$800,000,000 was transferred from bank term deposits to an investment in a range of US dollar denominated managed funds, on behalf of the Trust.

The revised investment mandate will firstly provide an exposure to movements in the US dollar and secondly result in more variable investment returns when compared to the returns from Hong Kong bank term deposits.

The Trust recognises managed fund distributions in accordance with the accounting policy outlined in note 2(k).

Unrealised gains or losses on fair value of managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit and loss.

Refer to note 23(c)(i) for details of foreign currency exposure.

Valuation assumptions

The fair value of the funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

9 Property, plant and equipment

	Capital works in progress HK$'000	Leasehold improvements HK$'000	Plant and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Year ended 31 December 2019					
Opening net book amount	272	3,904	339	332	4,847
Additions	4,473	498	293	1,140	6,404
Depreciation	-	(2,250)	(155)	(340)	(2,745)
Closing net book amount	4,745	2,152	477	1,132	8,506
As at 31 December 2019					
Cost	4,745	58,203	834	5,834	69,616
Accumulated depreciation	-	(56,051)	(357)	(4,702)	(61,110)
Net book amount	4,745	2,152	477	1,132	8,506

	Capital works in progress HK$'000	Leasehold improvements HK$'000	Plant and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Year ended 31 December 2018					
Opening net book amount	-	6,093	264	395	6,752
Additions	272	-	184	169	625
Depreciation	-	(2,189)	(109)	(232)	(2,530)
Closing net book amount	272	3,904	339	332	4,847
At 31 December 2018					
Cost	272	57,706	540	4,719	63,237
Accumulated depreciation	-	(53,802)	(201)	(4,387)	(58,390)
Net book amount	272	3,904	339	332	4,847

10 Intangible assets

	Computer software HK$'000	Accreditation costs HK$'000	Total HK$'000
Year ended 31 December 2019			
Opening net book amount	-	6,581	6,581
Additions	11,163	7,448	18,611
Amortisation	(1,337)	(4,544)	(5,881)
Closing net book amount	9,826	9,485	19,311
At 31 December 2019			
Cost	11,163	13,613	24,776
Accumulated depreciation	(1,337)	(4,128)	(5,465)
Net book amount	9,826	9,485	19,311

	Computer software HK$'000	Accreditation costs HK$'000	Total HK$'000
Year ended 31 December 2018			
Opening net book amount	-	3,914	3,914
Additions	-	4,167	4,167
Amortisation	-	(1,500)	(1,500)
Closing net book amount	-	6,581	6,581
At 31 December 2018			
Cost	-	9,005	9,005
Accumulated depreciation	-	(2,424)	(2,424)
Net book amount	-	6,581	6,581

11 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

11 Leases (continued)
Terms and conditions of leases

The company leases buildings for their offices and educational activities. The leases are generally between 3-5 years. The leases include periodic fixed increases.

Right-of-use assets

	Buildings HK$'000	Total HK$'000
Year ended 31 December 2019		
Balance at the beginning of the year	169,452	169,452
Depreciation	(42,255)	(42,255)
Additions to right-of-use assets	608	608
Balance at end of year	127,805	127,805

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year HK$'000	1 - 5 years HK$'000	> 5 years HK$'000	Total undiscounted lease liabilities HK$'000	Lease liabilities included in this Statement Of Financial Position HK$'000
2019					
Lease liabilities	34,886	116,659	-	151,545	132,165

Extension options

There are no enforceable extension options included in the leases.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2019 HK$'000	2018 HK$'000
Interest expense on lease liabilities	(7,956)	-
Depreciation of right-of-use assets	(42,255)	-
	(50,211)	-

Statement of Cash Flows

	2019 HK$'000	2018 HK$'000
Total cash outflow for leases	45,856	-

12 Trade and other payables

	Note	2019 HK$'000	2018 HK$'000
Trade Payables			
- University of Wollongong	24	**4,445**	838
- UOWC Ltd	24	**97**	5,424
- UOW Malaysia KDU Penang University College Sdn Bhd	24	**105**	-
- City University of Hong Kong	24	**16,448**	17,469
- Other		**1,222**	572
Non-trade payables and accruals		**4,441**	4,929
		26,758	29,232

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Liquidity risk

Information regarding liquidity risk exposure is set out in note 23.

13 Provisions

Provisions - current

	2019 HK$'000	2018 HK$'000
Liability for annual leave	**3,505**	3,974
Liability for long service leave	**368**	393
	3,873	4,367

The current provision for the Company includes $173,000 of annual leave entitlements accrued but not expected to be taken within 12 months (2018: $196,000)

The current provision for the Company includes $294,000 of long service leave accrued but not expected to be taken within 12 months (2018: $236,000)

14 Other liabilities

	2019 HK$'000	2018 HK$'000
Tuition fees and amounts received in advance	**15,658**	13,632
Deferred government subvention	**1,157**	2,516
	16,815	16,148

15 Long term funding arrangements

(a) Credit card facility

	2019 HK$'000	2018 HK$'000
Available facility	**50**	50
Used at balance date	**-**	6
Unused at balance date	**50**	44

The line of credit is not secured by way of lien over any UOWCHK assets or undertakings.

16 Capital contribution reserve

	2019 HK$'000	2018 HK$'000
Balance at 31 December	**38,851**	38,851

The balance of capital contribution reserve represents the identifiable net assets at 1 July 2004 transferred to UOWCHK as the initial capital contribution upon the incorporation of UOWCHK as a separate entity.

Capital management

UOWCHK's objective is to establish and maintain as an education institution. UOWCHK is limited by guarantee and has no share capital. It is not the subject to any externally imposed capital requirements. UOWCHK's activities are mainly funded by capital contribution and surplus from operations.

The development funds of UOWCHK is managed according to the financial management guidelines and procedure of UOWCHK in meeting its objectives with the view of safeguarding the entity's ability to continue as a going concern.

17 Reserve

	2019 HK$'000	2018 HK$'000
Surplus reserve		
Balance at beginning of financial year	**1,119,254**	1,063,274
Net profit for the period	**95,884**	55,980
Balance at end of the financial year	**1,215,138**	1,119,254

18 Auditors' remuneration

	2019 HKD	2018 HKD
Auditors of the Company		
- The Audit Office of New South Wales	**200,000**	179,714
Total remuneration for audit and other assurance services	**200,000**	179,714

The Company has also accrued and expensed HK$70,000 (2018: HK$64,585) for the audit fee payable on behalf of the CCCU Trust, for the preparation of financial statements for Australian reporting compliance.

19 Key management personnel disclosures

The following were members of the Board of Governors of the Company at any time during the reporting period unless other wise indicated.

Peter Hammond ROBSON
Nicholas BROOKE
CHOW Wing-shing, Vincent *
FONG Man Hung, David
MOK Wai Kun, Barbara
PANG Yuk Wing, Joseph
Robert James RYAN
Gregory Charles WEST *
CHIU Lai Har, Rebecca
FENG Gang, Gary
Clayton MACKENZIE
Paul William WELLINGS
Alessandro FRINO *
Jose Fernando CHICHARO
Damien John ISRAEL *
Marisa MASTROIANNI *
NG Glok-hong, Jennifer (i) *

(i) Jennifer Ng Glok-Hong, Principal of UOWCHK, also had authority and responsibility for planning, directing, and controlling the activities of the Company during the year.

* Indicates the members of the previous Board of Management during the previous financial year and up to 1 March 2019.

19 Key management personnel disclosures (continued)

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

Name	Position
Vanessa Bourne	Chief of Staff
Charlie Choi	Vice-President (Planning)
Lilian Vrijmoed	Vice-President (Academic) - Appointed 1 February 2019
Wanda Lau	Vice- President (Academic) - resigned 28 February 2019
YB Chan	Secretary for Finance and Operations

In addition to their salary, the Company also provides non-cash benefits to the executive officer, and contributes to a post employment defined contributions retirement plan.

(a) Key management personnel compensation

Remuneration paid or payable to Key Management Personnel is disclosed as follows:

	2019 HKD	2018 HKD
Short-term employee benefits	**9,554,752**	6,696,800
Post-employment benefits	**72,000**	54,000
Total compensation paid	**9,626,752**	6,750,800

(b) Loans to key management personnel

No loans have been made to the members of the Board of Governors and other key management personnel of the Company, including their personally related parties.

20 Reconciliation of net result to net cash flow from operating activities

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

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and held-to-maturity investments. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.

	2019 HK$'000	2018 HK$'000
As per Statement of Financial Position		
Cash and cash equivalents	**287,926**	270,202
As per Statement of Cash Flows	**287,926**	270,202

(b) Reconciliation of profit to net cash flows from operating activities:

	2019 HK$'000	2018 HK$'000
Profit for the financial year	**95,884**	55,980
Adjustment for:		
- Depreciation and amortisation	**50,881**	4,030
- Net gain on disposal of property, plant and equipment	**-**	-
Interest received	**(5,963)**	(3,610)
Managed fund distribution	**(9,114)**	(1,452)
Net gain/(loss) arising on financial assets designated as at fair value	**(48,881)**	-
Net cash provided by operating activities before change in assets and liabilities	**82,807**	54,948
(Increase) in trade and other receivables	**(5,748)**	(3,566)
Decrease / (increase) in other financial assets	**675**	2,534
(Decrease) in trade and other payables	**(2,170)**	(759)
(Decrease) in other liabilities	**667**	(784)
(Decrease) / increase in other provisions	**(494)**	(17)
Net cash flows from operating activities	**75,737**	52,356

21 Capital and leasing commitments

(a) Capital expenditure commitments

	2019 HK$'000	2018 HK$'000
Contracted commitments for:		
Payable		
- Less than 1 year	**4,134**	6,181
	4,134	6,181

22 Deferred government subvention

	2019 HK$'000	2018 HK$'000
Matching Grant for the Pilot Mainland Experience Scheme for PS Students	**21**	21
Non-Means-Tested Mainland Experience Scheme for PS Students (MES)	**75**	-
Scheme for Subsidy on Exchange for PS Students (SSE) (Means-Tested)	**218**	708
Scheme for Subsidy on Exchange to "Belt and Roads" Regions for PS Students (Means-Tested)	**100**	100
Scheme for Subsidy on Exchange to "Belt and Roads" Regions for PS Students (Non-Means-Tested)	**871**	-
Self-Financing Post Secondary Scholarship Scheme	**430**	40
Non-means-tested Subsidy Scheme for Self-Financing Undergraduate Studies in Hong Kong	**(3,693)**	-
QESS - Career Advisory Resources & Training Services Project	**-**	(43)
QESS - Student Counselling Services and Personal Development Centre	**190**	7
QESS - Project See U	**(269)**	212
QFSS - Accreditation Grant Scheme for Self-Financing Program	**3,215**	1,471
Total	**1,158**	2,516

Deferred government subvention mainly includes the unspent balance of the following schemes:

(a) Matching Grant for the Pilot Mainland Experience Scheme for Post-secondary Students

The Matching Grant for the Pilot Mainland Experience Scheme for Post-secondary Students (the Scheme) was a five-year scheme launched by the Education Bureau of HKSAR in 2011-2012 to subsidise the post-secondary students participating in short-term internship or learning programmes in the Mainland on matching basis. UOWCHK has complied with the requirements of the Scheme and the details of Matching Grants, Matched Donations of the Scheme and their related expenditure are separately disclosed as follows:

	Matching Grants		Matched Donations	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Balance at the beginning on the financial year	**21**	21	**21**	21
Expenditure				
Internship Programme	**-**	-	**-**	-
Balance at the end of the financial year	**21**	21	**21**	21

(b) Scheme for Subsidy on Exchange for Post-secondary Students

The Scheme for Subsidy on Exchange for Post-secondary Students (SSE) was launched in January 2015 to subsidize financially needy students studying full time locally accredited undergraduate (including top up) and sub degree programs to participate in outbound exchange programs. UOWCHK has complied with the requirements of the SSE and the details of the income and expenditure of SSE are separately disclosed as follows:

22 Deferred government subvention (continued)

(b) Scheme for Subsidy on Exchange for Post-secondary Students (continued)

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**708**	4,264
Income		
Subsidy received	**926**	1,174
	1,634	5,438
Expenditure		
Subsidy to students	**(266)**	(225)
Returned to the Government	**(1,150)**	(4,505)
Balance at the end of the financial year	**218**	708

(c) Non-Means tested Mainland Experience Scheme for Post-secondary Students (MES)

To encourage more post-secondary students to pursue exchange activities in the Mainland, a new scheme, namely Non-means-tested Mainland Experience Scheme for Post-secondary Students (MES), was launched in July 2019. UOWCHK has complied with the requirements of the MES and the details of the income and expenditure of the MES are separately disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**-**	-
Income		
Subsidy received	**75**	-
	75	-
Expenditure		
Subsidy to students	**-**	-
Returned to the Government	**-**	-
Balance at the end of the financial year	**75**	-

22 Deferred government subvention (continued)

(d) Scheme for Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Means-Tested)

To capitalize on the new opportunities created by the "one belt one road" initiatives as well as strengthen and promote further educational exchanges between Hong Kong and the nearby countries along the "Belt and Road" (B&R), the Scheme for Means-tested Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Means-tested SSEBR) was launched in July 2016 to encourage and support students in need to go on exchanges in the B&R regions. UOWCHK has complied with the requirements of the Means-tested SSEBR and the details of the income and expenditure of the Means-tested SSEBR are separately disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**100**	4,276
Income		
Subsidy received	**200**	200
	300	4,476
Expenditure		
Subsidy to students	**(8)**	-
Returned to the Government	**(192)**	(4,376)
Balance at the end of the financial year	**100**	100

(e) Scheme for Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Non-Means-Tested)

To encourage more post-secondary students to pursue exchange activities in the Belt and Road (B&R) regions, a new scheme, namely Scheme for Non-means-tested Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Non-means-tested SSEBR), was launched in July 2019. UOWCHK has complied with the requirements of the Non-means-tested SSEBR and the details of the income and expenditure of the Non-means-tested SSEBR are separately disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	-	-
Income		
Subsidy received	**871**	-
	871	-
Expenditure		
Subsidy to students	-	-
Returned to the Government	-	-
Balance at the end of the financial year	**871**	-

22 Deferred government subvention (continued)

(f) Self-financing Post-Secondary Scholarship Scheme

To promote the development of the self-financing Post-secondary sector, the Self-financing Post-secondary Scholarship Scheme is set up under the Self Financing Post-Secondary Education Fund to offer scholarships and awards to students pursuing full time locally accredited self-financing sub degree or bachelor's degree (including top up degree) programs at non-profit making education institutions. UOWCHK has complied with the requirements of the Scheme and the details of the income and expenditure of the Scheme are separately disclosed below:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**40**	423
Income		
Subsidy received	**7,040**	7,630
	7,080	8,053
Expenditure		
Subsidy to students	**(6,410)**	(7,580)
Returned to the Government	**(240)**	(433)
Balance at the end of the financial year	**430**	40

22 Deferred government subvention (continued)

(g) QESS - Career Advisory Resources & Training Services Project

With the support of the Quality Enhancement Support Scheme under the Education Bureau, a two-year "Career Advisory Resources & Training Services Project" (Project CARATS) that aims to equip our students for eventually joining the workforce began in September 2016. It is designed to improve students' employability upon graduation by providing them with comprehensive career-related skills training and support. A series of career preparation training seminars, workshops, company visits and internship programs are organised for participating students to acquire practical knowledge and realistic understanding of the employment market, reflect on their interest in the relevant industry and enhance their personal attributes like self-confidence, communication and self-presentation skills. UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**(43)**	192
Income		
Subsidy received	**43**	283
	-	475
Expenditure		
Subsidy to students	**-**	(518)
Balance at the end of the financial year	**-**	(43)

(h) QESS - Student Counselling Services and Personal Development Centre

With the support of the Quality Enhancement Support Scheme under the Education Bureau, a two-year project titled "Student Counselling Services and Personal Development Centre" has begun in September 2017. This project aims to enhance the provision and effectiveness of personal development, counselling services and mental health awareness education to students of UOWCHK. A wide range of activities and programmes in relation to personal development and mental health education for students with different academic and cultural backgrounds are organised. UOWCHK has complied with the requirements of the Scheme and the related expenditure are disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**7**	285
Income		
Subsidy received	**821**	474
	828	759
Expenditure		
Subsidy to students	**(638)**	(752)
Balance at the end of the financial year	**190**	7

22 Deferred government subvention (continued)

(i) QESS - Project See U

With the Support of the Quality Enhancement Support Scheme under the Education Bureau, a two-year Project titled "Student English Enhancement Unit (Project SEE U)" has begun in September 2018. This projects aims to strengthen students' English language at the foundation level. The pedagogical activities in SEE U Project have been designed to cater to the students' needs, aiming at improving their English linguistic competencies in reading, writing, speaking and listening. It is intended that this Project provides supplementary support to the College's mainstream curricula, assisting the College in its delivery of students with good academic quality. UOWCHK has complied with the requirements of the Scheme and the related expenditure are disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**212**	-
Income		
Subsidy received	**484**	530
	696	530
Expenditure		
Subsidy to students	**(965)**	(318)
Balance at the end of the financial year	**(269)**	212

(j) QESS - Accreditation Grant for Self-financing Program

The Qualifications Framework (QF) was launched to promote lifelong learning. A robust quality assurance mechanism is in place to benchmark and safeguard the quality of learning programs under the QF, mainly through accreditation by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). After successful accreditation by, the College can apply for the Accreditation Grant for Self-financing Programs which covers the fees charged by the HKCAAVQ for various types of accreditation services provided, including Initial Evaluation, Institutional Review, Learning Program Accreditation and Learning Program Re accreditation. UOWCHK has complied with the requirements of the scheme and the details of its income and expenditure are separately disclosed as follows:

	2019 HK$'000	2018 HK$'000
Balance at the beginning of the financial year	**1,471**	1,970
Income		
Subsidy received	**3,177**	246
	4,648	2,216
Expenditure		
Subsidy to students	**(1,433)**	(745)
Balance at the end of the financial year	**3,215**	1,471

22 Deferred government subvention (continued)

(k) Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong (NMTSS)

The Government provides a non-means-tested annual subsidy for eligible students pursuing full-time locally accredited local and non-local self-financing undergraduate (including top-up degree) programmes in Hong Kong (save for those enrolled in places already supported under the Study Subsidy Scheme for Designated Professions/Sectors) offered by eligible institutions. Under the NMTSS, a non-means-tested annual subsidy will be provided to Hong Kong students who have attained (a) "3322" in the Hong Kong Diploma for Secondary Education Examination (i.e. level 3 for Chinese Language and English Language and level 2 for Mathematics Compulsory Part and Liberal Studies) when they are enrolled in eligible self-financing first-year-first-degree programmes; or (b) sub-degree qualifications (i.e. after completing relevant locally accredited Associate Degree or Higher Diploma programmes) when they are enrolled in eligible self-financing top-up degree programmes. UOWCHK has complied with the requirements of the NNTSS and the details of the income and expenditure of NNTSS are separately disclosed as follows:

	2019 HK$'000
Balance at the beginning of the financial year	-
Income	
Subsidy received	-
	-
Expenditure	
Subsidy to students	(3,693)
Balance at the end of the financial year	(3,693)

23 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments; credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

23 Financial risk management (continued)

The Audit & Risk Committee overseas how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

UOWCHK deposits its cash with a reputable financial institution which is one of Hong Kong's largest listed financial institutions in terms of market capitalisation.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2019 HK$'000	2018 HK$'000
Education	**8,218**	1,797
Related Parties	**702**	320
	8,920	2,117

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

23 Financial risk management (continued)

(b) Liquidity risk (continued)

	Within 1 year		1 to 5 years		Total	
	2019	2018	2019	2018	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial Assets:						
Cash and cash equivalents	**289,051**	271,387	**-**	-	**289,051**	271,387
Trade & other receivables	**9,037**	2,354	**-**	-	**9,037**	2,354
Other financial assets	**-**	-	**961,478**	903,846	**961,478**	903,846
	298,088	273,741	**961,478**	903,846	**1,259,566**	1,177,587
Financial Liabilities:						
Trade and other payables	**(26,758)**	(29,232)	**-**	-	**(26,758)**	(29,232)
Lease liabilities	**(34,886)**	-	**(116,659)**	-	**(151,545)**	-
Total Financial Liabilities	**(61,644)**	(29,232)	**(116,659)**	-	**(178,303)**	(29,232)
Total contractual outflows	**236,444**	244,509	**844,819**	903,846	**1,081,263**	1,148,355

The amounts presented in the above tables comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian dollar (AUD).

The Company, via CCCU Trust is exposed to currency risks on other financial assets held in managed funds, which are denominated in US dollars. The Trust does not currently use any hedging instruments when dealing with foreign currency. At the reporting date, the Trust had $897,233,000 (2018: $839,238,000) in managed funds denominated in US dollars.

A 5% change in USD:HKD exchange rate would result in a +- HK$44,862,000 (2018: HK$41,962,000) change in the fair value of the managed funds, which would be recorded in the statement of profit or loss and other comprehensive income.

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2019, the Company had an exposure to AUD denominated trade and other payables of $4,581,000 (2018: 6,518,000).

23 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents and other financial assets. The Company's trade receivables are non-interest bearing.

The Company does not currently use hedging instruments when dealing with interest rates.

The Company has introduced a treasury policy which encourages excess cash reserves to be placed in short term fixed interest term deposits. At the reporting date $241,338,286 (2018: $190,212,000) is in short term deposits with interest rates of 2.10% - 2.30% (2018: 1.85% - 2.05%).

At the reporting date, the only financial asset the Company has that it is exposed to Hong Kong variable interest rate risk is cash and cash equivalents. The value at the reporting date is $46,558,483 (2018: $79,931,000).

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, a reasonably possible change of 20 basis points in interest rates would have increased (decreased) profit by the amounts shown below, with all other variables held constant.

31 December 2019	**Interest rate risk**			
	+20bps		**-20bps**	
	Profit	**Equity**	**Profit**	**Equity**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Cash and cash equivalents - at bank	93	93	93	93
Total increase/(decrease)	93	93	93	93

31 December 2018	**Interest rate risk**			
	+20bps		**-20bps**	
	Profit	**Equity**	**Profit**	**Equity**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Cash and cash equivalents - at bank	22	22	(22)	(22)
Total increase/(decrease)	22	22	(22)	(22)

24 Related parties

(a) Members of the Board of Governors

The names of each person holding a position on the Board of Governors of UOWCHK during the financial year ended 31 December 2019 as disclosed in note 19.

No Board of Governors member has entered into a contract with the Company since the end of the previous financial year and there are no contracts involving Board of Governors members' interests at year end.

(b) Non-member related parties

The classes of non-member related parties are:

- Controlling entity of the Company - UOWGE Ltd

- Ultimate controlling entity of the Company - University of Wollongong

- Entity controlled by the Company - CCCU Trust

Transactions with related parties

All transactions with non-member related parties are on normal terms and conditions.

Trade debtors are settled on normal 30 days terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-member related parties are non-interest bearing and repayable at call.

The Company, in accordance with the Trust Deed, is entitled to the distribution of interest income earned by the CCCU Trust. The Company can also, subject to approval from the trustee, seek distribution of funds for activities that relate to the transition from its reliance on services and facilities of City University of Hong Kong.

The Company engages its ultimate controlling entity to provide course materials and accreditation for courses developed by the entity.

24 Related parties (continued)

(b) Non-member related parties (continued)

Other related parties

The Company enters into transactions with other entities controlled by UOWGE Ltd, including UOWC Ltd.

UOWGE Ltd and UOWC Ltd provide management and transitional services to UOWCHK. These services are passed through to the Company on commercial terms.

The aggregate amounts included in the profit for the financial year that resulted from transactions with non-director related parties are:

	2019 HK$'000	2018 HK$'000
Sale of goods and services		
Interest income		
- Entity controlled by the Company	**1,534**	1,288
Total Income	**1,534**	1,288
Purchase of goods and services		
Department fees		
- Ultimate controlling entity of the Company	**3,296**	2,890
Fees and charges for reimbursable services		
- Ultimate controlling entity of the Company	**97**	97
- Entities owned by the controlling entity	**574**	1,066
- Controlling entity of the company	**86**	1,066
Management fees		
- Entities owned by the controlling entity	**10,359**	10,928
Facilities and services fee		
- City University of Hong Kong	**77,644**	61,417
	92,056	77,464

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

	2019 HK$'000	2018 HK$'000
Current receivables (sales of goods and services)		
- Entity controlled by the Company	**360**	320
- Entities owned by the controlling entity	**342**	-
Current payables (purchases of goods and services)		
Trade Creditors		
- Ultimate controlling entity of the Company	**4,445**	838
- Entities owned by the controlling entity	**202**	5,424
- City University of Hong Kong	**16,448**	17,469

25 Events after the reporting period

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

26 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 December 2019 (2018: nil).

End of audited financial statements

CCCU Trust

Financial statements for the year ended
31 December 2019

INDEPENDENT AUDITOR'S REPORT

CCCU Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of CCCU Trust (the Trust), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 December 2019, and of its financial performance and its 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 Trust in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in the Trust's annual report for the year ended 31 December 2019, other than the financial statements and my Independent Auditor's Report thereon. The Trustees of the Trust are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Certificate under the *Public Finance and Audit Act 1983*.

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.

The Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Trustees 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 Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Dominika Ryan
Director, Financial

Delegate of the Auditor-General for New South Wales

25 March 2020
SYDNEY

Certificate under the Public Finance and Audit Act 1983

Pursuant to the requirements of the *Public Finance and Audit Act, 1983*, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of the CCCU Trust as at 31 December 2019 and financial performance for the period then ended.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act, 1983*, and the *Public Finance and Audit Regulation 2015*.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

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

Jennifer Ng

Ng Glok-hong, Jennifer

Dated this 24th day of March 2020.

Hong Kong

Start of audited financial statements
CCCU Trust
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue			
Interest Income	3	**1,534**	1,288
Managed Fund distributions	4	**9,114**	1,452
Unrealised (loss)/gain on Managed Funds	4	**48,881**	(1,023)
		59,529	1,717
Expenditure			
Administration expenses	10	**300**	300
Bank charges		**1**	2
Audit Fees	8	**62**	59
Profit for the period		**59,166**	1,356
Other comprehensive income		**-**	-
Total comprehensive income for the period		**59,166**	1,356
Attributable to:			
Beneficiaries of the CCCU Trust		**59,166**	1,356
Total comprehensive income for the period attributable to beneficiaries		**59,166**	1,356

The accompanying notes form part of these financial statements.

CCCU Trust
Statement of financial position
as at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**64,307**	64,666
Receivables		**360**	320
Total current assets		**64,667**	64,986
Non-current assets			
Other Financial Assets	4	**897,233**	839,238
Total non-current assets		**897,233**	839,238
Total assets		**961,900**	904,224
LIABILITIES			
Current liabilities			
Payables		**422**	378
Total current liabilities		**422**	378
Total liabilities		**422**	378
Net assets		**961,478**	903,846
Equity			
Contributed funds and retained earnings		**961,478**	903,846
Total equity		**961,478**	903,846

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash payments to suppliers		**(359)**	(323)
Net cash from operating activities	7(b)	**(359)**	(323)
Cash flows from investing activities			
Interest received		**1,494**	1,020
Managed Fund distributions	4	**9,114**	1,452
Re-investment in Managed Funds		**(9,114)**	(1,452)
Net cash from investing activities		**1,494**	1,020
Cash flows from financing activities			
Distribution to UOW College Hong Kong Ltd		**(1,494)**	(2,170)
Net cash from financing activities		**(1,494)**	(2,170)
Net (decrease)/increase in cash and cash equivalents		**(359)**	(1,473)
Cash and cash equivalents at beginning of the period		**64,666**	66,139
Cash and cash equivalents at end of the period	7(a)	**64,307**	64,666

The accompanying notes form part of these financial statements.

	Notes	Contributed funds HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2019		**865,773**	**38,073**	**903,846**
Profit for the period		**-**	**59,166**	**59,166**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the period		**-**	**59,166**	**59,166**
Transactions with owners in their capacity as owners:				
Distributions paid	2,3,10	**-**	**(1,174)**	**(1,174)**
Distributions payable	10	**-**	**(360)**	**(360)**
At 31 December 2019		**865,773**	**95,705**	**961,478**

	Notes	Contributed funds HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2018		866,923	38,005	904,928
Profit for the period		-	1,356	1,356
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	1,356	1,356
Transactions with owners in their capacity as owners:				
Distributions paid	2,3,10	(1,150)	(968)	(2,118)
Distributions payable	10	-	(320)	(320)
At 31 December 2018		865,773	38,073	903,846

The accompanying notes form part of these financial statements.

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements prepared for Australian reporting requirements, are general purpose financial statements which have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purposes of financial reporting the Trust is a not-for-profit entity.

The financial statements were authorised for issue on the 24th of March 2020.

(b) Statement of compliance

The financial statements are prepared on an accruals basis and are prepared on a historical cost basis.

The financial statements are presented in Hong Kong Dollars (HK$) as it is the functional currency for the Trust and figures are rounded to the nearest thousand dollars (000's). The operations and financial transactions of the Trust occur solely within Hong Kong.

The preparation of the financial statements requires the trustee to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. The Trustees have assessed that there are no material accounting estimates.

1 Summary of significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Receivables

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that the Trust will not be able to collect the receivable.

(e) Other financial assets

Other financial assets, comprising managed funds, are non-derivatives that are designated in this category. They are classified as non-current assets unless the Trust intends to dispose of the investment within 12 months of the reporting date.

(f) Classification of financial assets

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 Summary of significant accounting policies (continued)

(g) Payables

Payables, including accruals not yet billed, are recognised when the Trust becomes obliged to make future payments as a result of a claim or purchase of goods or services. They are carried at fair value which is usually the transaction cost. Due to their short term nature they are not discounted. The carrying amounts of trade and other accounts payable are considered to approximate their net fair values.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the future economic benefits will flow to the Trust and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

Interest Income

Interest income as it accrues using the effective interest method.

Managed Fund distributions

Managed Fund distributions are recognised as income when they are declared by the Managed Fund manager.

(i) Impairment of assets

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

As at 31 December 2019 no assets have been assessed as being impaired (2018: nil).

(j) New Accounting Standards effective on or after 1 January 2020

It is unlikely that accounting standards effective on or after 1 January 2020 will have a material effect on the financial statements.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Trust has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

2 Creation of CCCU Trust

On November 2014, City University of Hong Kong (CityU), Community College of City University Ltd (subsequently renamed UOW College Hong Kong Ltd (UOWCHK)), UOWD Ltd (UOWD) and the University of Wollongong (UOW) executed a Co-operation Deed, in relation to the change of

2 Creation of CCCU Trust (continued)

stewardship of UOWCHK from CityU to UOWD. Pursuant to the Co-Operation Deed, CityU agreed to hold certain funds as trustee for UOWCHK in accordance with the terms of a Trust Deed (Trust Deed). This Trust Deed was executed on 1 July 2015.

Upon the execution of the Trust Deed, UOWCHK transferred to CityU to hold on trust, the amount of HK$879,804,753. This has been recognised by the Trust as contributed funds in the statement of changes in equity in the previous financial period.

The Trust Deed contains certain conditions for the release of the trust funds to UOWCHK. These conditions relate to activities being undertaken to transition UOWCHK as an education institution independent from its reliance on services and facilities of CityU. The release of trust funds paid to UOWCHK is separately disclosed as a distribution in the statement of changes in equity.

The trust period ends and the balance of the trust funds will be paid to UOWCHK on the date which UOWCHK has vacated all spaces currently utilised by UOWCHK on CityU's Kowloon Tong campus.

The Trustee will use its reasonable endeavours to invest the Trust Funds in accordance with the investment instruction given from time to time from UOWCHK, in accordance with the Trust Deed and with the Trustee having absolute discretion for the approval of the investment instruction.

3 Interest income and distribution

The Trust recognises interest income in accordance with the accounting policy outlined in note 1(h).

The Trustee will pay all the interest received on such investments to UOWCHK, on an agreed quarterly basis, by the end of the quarter in which the interest has been received. The distribution of interest income paid to UOWCHK is separately disclosed as a distribution in the statement of changes in equity.

Refer to note 10.

4 Managed Funds

In late 2016, UOWCHK entered into an agreement for investment advisory services from Mercer Ltd. In late January 2017, the initial transfer of HK$800,000,000 was transferred from bank term deposits to an investment in a range of US dollar denominated managed funds, on behalf of the Trust.

The revised investment mandate will firstly provide an exposure to movements in the US dollar and secondly result in more variable investment returns when compared to the returns from Hong Kong bank term deposits.

The Trust recognises managed fund distributions in accordance with the accounting policy outlined in note 1(h).

Unrealised gains on the fair value of the managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit or loss.

Valuation assumptions

The fair value of the managed funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

5 Income tax

According to Hong Kong tax legislation, the trust is not subject to tax.

6 Cash and cash equivalents

	Notes	2019 HK$'000	2018 HK$'000
Cash in the bank		**307**	666
Cash held in short term deposits		**64,000**	64,000
		64,307	64,666

7 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at end of period

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank. Cash and cash equivalents as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	6	**64,307**	64,666

(b) Reconciliation of profit for the period to cash flows from operating activities

Profit for the period	**59,166**	1,356
Adjustments for:		
Interest income	**(1,534)**	(1,288)
Managed Fund distributions	**(9,114)**	(1,452)
Unrealised (loss)/gain on Managed Funds	**(48,881)**	1,023
Operating result before change in assets and liabilities	**(363)**	(361)
Changes in assets and liabilities		
Increase in receivables	**(40)**	(268)
Increase in payables	**44**	306
Net cash from operating activities	**(359)**	(323)

8 Auditors remuneration

	HK$	HK$
Auditors of the Trust		
KPMG		
Audit of the Hong Kong financial statements	**61,600**	58,600
Audit Office of New South Wales (a)		
Audit of the Australian financial statements	**64,585**	64,585
	126,185	123,185

(a) The audit fee payable to the Audit Office of New South Wales has been paid on behalf of the Trust by UOWCHK.

9 Financial risk management objectives and policies

The Trust's principal financial instruments comprise of cash and cash equivalents, receivables, other financial assets and payables.

The Trust has exposure to the following risks from their use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate and foreign currency risk).

The Trust does not have any derivative instruments as at 31 December 2019 (2018: nil).

Risk exposures and responses

Credit risk

Credit risk arises from cash and cash equivalents. The Trust's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Trust's financial assets represents the maximum credit exposure. Exposure at balance date is addressed in each applicable note to the financial statements.

The Trust does not have significant exposure to any counter party. The Trust manages credit risk by maintaining short term deposits with an established financial institution, which is one of Hong Kong's largest in terms of market capitalisation.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

It is expected that the current financial assets and financial liabilities of the Trust will mature within the next 12 months.

Interest rate risk

The Trust's exposure to market interest rates relates primarily to the cash and cash equivalents held. The Trust's receivables are non-interest bearing. The amounts payable to UOWCHK are interest free and payable at the end of each financial quarter upon the receipt of any interest income from the funds invested.

The Trust does not use any hedging instruments when dealing with interest rates.

At the reporting date, the Trust had HK$64,000,000 (2018: HK$64,000,000) in Hong Kong short term deposits with an interest rate of 2.70% (2018: 2.40%).

Foreign exchange risk

The Trust is exposed to currency risks on other financial assets held in managed funds, which are denominated in US dollars. The Trust does not currently use any hedging instruments when managing foreign currency. At the reporting date, the Trust had HK$897,029,000 (2018: HK$839,238,000) in managed funds denominated in US dollars.

A 5% change in the USD:HKD exchange rate would result in a +- HK$44,851,000 (2018: HK$41,962,000) change in the fair value of the managed funds, which would be recorded in the statement of profit or loss and other comprehensive income.

9 Financial risk management objectives and policies (continued)

Fair value measurement

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

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on.

The only asset or liability of the Trust that is measured and recognised at fair value at year end are the Managed Funds classified as Non- Current – Other Financial Assets (refer note 4).

The funds have been measured under level 2 of the fair value hierarchy which includes quoted prices (in non-active markets or in active markets for similar assets or liabilities), observable inputs other than quoted prices and inputs that are not directly observable, but are corroborated by observable market data.

Reconciliation of Level 2 investments

	2019	2018
	HK$'000	HK$'000
Opening balance at the beginning of the period	**839,238**	838,809
Reinvestment of realised distributions	**9,114**	1,452
Unrealised (loss)/gains recognised in profit or loss	**48,881**	(1,023)
	897,233	839,238

10 Related parties

(a) Trustee

The names of each person or entity holding the position of trustee of the Trust during the period ended 31 December 2019 is; City University of Hong Kong.

No remuneration was paid to the trustee by the Trust during the period.

The trustee is entitled to be reimbursed for any reasonable expenses incurred on behalf of the Trust, including any in-house costs and expenses of City University of Hong Kong. During the period, the trustee was reimbursed HK$300,000 (2018: HK$300,000) for administration expenses.

No trustee has entered into a contract with the Trust since the end of the previous financial period and there were no contracts involving trustees' interests at period end.

(b) Non-trustee related parties

The classes of non-trustee related parties are:

- Controlling entity of the Trust – UOW College Hong Kong Ltd

- Ultimate controlling entity of the Trust – University of Wollongong

10 Related parties (continued)

Transactions

All transactions with non-trustee related parties are on normal terms and conditions**.**

UOWCHK is entitled to claim from the Trust for the reimbursement of funds expended in accordance with the terms of the Trust Deed. During the period, UOWCHK was reimbursed for nil for claim entitlements (2018: HK$1,150,000).

UOWCHK is also entitled to the distribution of interest income earned and received from the Trust Funds. During the period, HK$1,494,000 (2018: HK$1,020,000) was distributed to UOWCHK in the form of interest distributions, of which HK$320,000 had previously been recognised as payable (2018: HK$51,000). At balance date, an amount of HK$360,000 (2018: HK$320,000) was accrued for interest income earned but not yet received from the Trust Funds. This was recognised as interest distributable to UOWCHK.

The Trust did not enter into any transactions with other entities controlled by the University of Wollongong or other entities controlled by UOWD Ltd.

11 Commitments for expenditure

The Trust had no commitments as at 31 December 2019 (2018: nil).

12 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

13 Contingent assets and liabilities

There were no contingent assets or liabilities at balance date (2018: nil).

End of audited financial statements

UOWM Sdn Bhd and its controlled entities

Registration No: 201801041617 (1303649-W)

Financial Statements

For the Period Ended 31 December 2019

Contents

For the Period Ended 31 December 2019

These financial statements are the consolidated financial statements of the consolidated entity consisting of UOWM Sdn Bhd and its controlled entities. The financial statements are presented in Malaysian Ringgit. These financial statements are the first financial statements for the company and cover the period from incorporation, on 14 November 2018, to 31 December 2019 (financial period).

UOWM Sdn Bhd is a company limited by shares, incorporated in Malaysia. Its registered office and principal place of business is:

UOWM SDN BHD

Level 19-1, Menara Milenium Jalan Damanlela Pusat Bandar Damansara

50490 Kuala Lumpur W.P.

Malaysia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 3 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 March 2020. The directors have the power to amend and reissue the financial statements.

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of UOWM Sdn Bhd and the entities it controlled at the end of, or during the period ended 31 December 2019.

General information

Directors

The names of the directors of UOWM Sdn Bhd (hereafter referred to as the Company) in office at any time during, or since the end of, the period are:

Names	Position	
Mr Noel Cornish AM	Independent Director	Appointed 14 November 2018
Mr Damien Israel	Director	Appointed 14 November 2018
Ms Marisa Mastroianni	Executive Director	Appointed 14 November 2018
Ms Ng Glok-hong	Executive Director	Appointed 14 November 2018

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activities of the Group during the course of the period covered by these financial statements, were the provision of education services which enable it to add value to the strategic goals and objectives of the University of Wollongong.

These primary activity areas include delivery of university pathway education (UOW Malaysia College) and the delivery of University College education in Malaysia (UOW Malaysia University College and UOW Malaysia Penang University College).

Review of operations

The Company, was incorporated in Malaysia on 14 November 2018. On 3 September 2019, the Company acquired three higher education institutions located in Malaysia, these entities comprise the Group for reporting purposes.

The consolidated profit after income tax of the Group, for the period amounted to RM 4,800,000.

The operating loss after income tax of the Company for the period amounted to RM 928,000.

Dividends

In respect of the period ended 31 December 2019, no dividends have been declared or paid.

State of affairs

Apart from the matters referred to above, there was no other significant changes in the state of affairs of the Group that occurred during the period ended 31 December 2019.

Environmental regulation

The Group adheres to environmental regulation and standards at each of its operating locations. The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to reporting date

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

Likely developments

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

Company secretary

Zaid Ibrahim & Co has been the legal secretary for the entire period. Zaid Ibrahim & Co is the largest private law firm in Malaysia.

Meetings of Directors

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Mr Noel Cornish AM	3	3
Mr Damien Israel	3	3
Ms Marisa Mastroianni	3	3
Ms Ng Glok-hong	3	3

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors and CEO, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Rounding off

Amounts in the financial statements have been rounded off in accordance to the nearest thousand Ringgit Malaysia (RM), or in certain cases, the nearest RM.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

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

Director: ....

Mr N Cornish AM

Director: ....

Ms M Mastroianni

Dated 31st March 2020 Wollongong

Certificate under the Public Finance and Audit Act 1983

For the Period Ended 31 December 2019

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWM Sdn Bhd and its controlled entities as at 31 December 2019 and financial performance for the period then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

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

Director:..

Mr N Cornish AM

Director:..

Ms M Mastroianni

Dated 31st March 2020

Wollongong

Directors' Declaration
For the Period Ended 31 December 2019

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial period then ended;
- The Financial Statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;
- The Financial Statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

Signed in accordance with a resolution of the directors:

Director: ....
Mr N Cornish AM

Director: ....
Ms M Mastroianni

Dated 31st March

2020 Wollongong

INDEPENDENT AUDITOR'S REPORT

UOWM Sdn Bhd

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOWM Sdn Bhd (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the period 14 November 2018 to 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the period 14 November 2018 to 31 December 2019, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Company and the consolidated entity. The consolidated entity comprises the Company 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 Company and the consolidated entity as at 31 December 2019, and of their financial performance and cash flows for the period 14 November 2018 to 31 December 2019 in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

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

Basis for Opinion

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

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

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

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

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

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

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

Other Information

The Company's annual report for the period 14 November 2018 to 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Directors' Declaration
- Certificate under the *Public Finance and Audit Act 1983.*

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.

The Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 April 2020
SYDNEY

Start of audited financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 31 December 2019

	Note	Consolidated 2019 RM000's	Company 2019 RM000's
Revenue	2	**31,670**	**-**
Other income	2	**372**	**-**
Total Revenue		**32,042**	**-**
Employee related expenses		**(15,222)**	**-**
Depreciation expense	3	**(2,923)**	**-**
Other expenses		**(14,399)**	**(928)**
Finance costs		**(572)**	**-**
Profit/(loss) before income tax		**(1,074)**	**(928)**
Income tax credit	4	**5,875**	**-**
Profit/(loss) for the period		**4,800**	**(928)**
Other comprehensive income:			
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**4,800**	**(928)**
Profit/(loss) attributable to:			
Owners of UOWM Sdn Bhd		**2,385**	**(928)**
Non-controlling interests		**2,415**	**-**
		4,800	**(928)**
Total comprehensive income attributable to:			
Owners of UOWM Sdn Bhd		**2,385**	**(928)**
Non-controlling interest		**2,415**	**-**
		4,800	**(928)**

The accompanying notes form part of these financial statements

Statement of Financial Position
As At 31 December 2019

	Note	Consolidated 2019 RM000's	Company 2019 RM000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**28,850**	**-**
Other financial assets	7	**314**	**-**
Income tax recoverable		**96**	**-**
Trade and other receivables	6	**5,174**	**-**
TOTAL CURRENT ASSETS		**34,434**	**-**
NON-CURRENT ASSETS			
Investment in subsidiaries	23	**-**	**38,500**
Property, plant and equipment	8	**23,376**	**-**
Right of Use Assets	9	**24,455**	**-**
Goodwill	15	**29,537**	**-**
Deferred tax assets	13	**9,380**	**-**
TOTAL NON-CURRENT ASSETS		**86,748**	**38,500**
TOTAL ASSETS		**121,182**	**38,500**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**46,431**	**10,528**
Provisions	11	**1,150**	**-**
Lease liability	9	**3,197**	**-**
Contract liabilities	12	**4,759**	**-**
TOTAL CURRENT LIABILITIES		**55,537**	**10,528**
NON-CURRENT LIABILITIES			
Lease Liabilities	9	**27,582**	**-**
TOTAL NON-CURRENT LIABILITIES		**27,582**	**-**
TOTAL LIABILITIES		**83,118**	**10,528**
NET ASSETS		**38,063**	**27,972**
EQUITY			
Issued capital	14	**39,371**	**39,371**
Reserves	16(a)	**(10,471)**	**(10,471)**
Retained earnings	16(b)	**2,386**	**(928)**
Non-controlling interest		**6,778**	**-**
TOTAL EQUITY		**38,063**	**27,972**

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the Period Ended 31 December 2019

	Note	Consolidated 2019 RM000's	Company 2019 RM000's
Cash flows from operating activities			
Receipts from customers		33,040	-
Payments to creditors and employees		(25,488)	(500)
Interest paid		(572)	-
Income taxes paid		549	-
Net cash flows generated from / (used in) operating activities	19(b)	7,529	(500)
Cash flows from investing activities			
Purchase of property, plant and equipment		(694)	-
Payment to acquire subsidiaries		(38,500)	(38,500)
Cash obtained upon acquisition of subsidiaries		3,127	-
Government grants received		7,245	-
Interest received		93	-
Proceeds from the disposal of property, plant & equipment		4	-
Net cash flows used in investing activities		(28,725)	(38,500)
Cash flows from financing activities			
Principal portion of lease payments		(1,020)	-
Loan from parent		42,878	39,000
Repayment of loan to parent		(39,371)	(39,371)
Proceeds from completion adjustment		8,188	-
Capital issued		39,371	39,371
Net cash flows from financing activities		50,046	39,000
Net increase in cash and cash equivalents		28,850	-
Cash and cash equivalents as at 14 November 2018		-	-
Cash and cash equivalents at 31 December 2019		28,850	-

The accompanying notes form part of these financial statements

Consolidated

	Issued Capital RM000's	Retained earnings RM000's	Transactions with NCI RM000's	Total: Owners of the Parent RM000's	Non-controlling interests RM000's	Total RM000's
Opening balance	-	-	-	**-**	-	**-**
Issue of share capital	39,371	-	-	**39,371**		**39,371**
Non-controlling interests on acquisition	-	-	-	**-**	4,363	**4,363**
Profit for the period	-	2,386	-	**2,386**	2,415	**4,800**
Transactions with NCI	-	-	(10,471)	**(10,471)**	-	**(10,471)**
Balance at 31 December 2019	**39,371**	**2,386**	**(10,471)**	**31,286**	**6,778**	**38,063**

Company

	Issued Capital RM000's	Retained earnings RM000's	Other Reserves RM000's	Total: Owners of the Parent RM000's
Opening balance	-	-	-	**-**
Issue of share capital	39,371	-	-	**39,371**
Loss for the period	-	(928)	-	**(928)**
Transactions with NCI	-		(10,471)	**(10,471)**
Balance at 31 December 2019	**39,371**	**(928)**	**(10,471)**	**27,972**

The accompanying notes form part of these financial statements

The financial report includes the consolidated financial statements and notes of UOWM Sdn Bhd and controlled entities (the Group) and the separate financial statements and notes of UOWM Sdn Bhd as an individual entity (Company). The financial report covers the period from the date of incorporation of the Company on 14 November 2018 to 31 December 2019 (financial period).

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared for Australia and are general purpose financial statements that have been prepared on an accrual basis in accordance with the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purposes of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the directors on 31 March 2020.

(b) Statement of compliance

The financial statements are prepared on the historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM) which is the Group's functional currency, unless otherwise noted. All values are rounded to the nearest thousand dollars (RM000) unless otherwise noted.

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7- Other financial assets
- Note 11 - Provisions

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. These accounting policies have been applied consistently to all periods in these consolidated financial statements, and have been applied consistently by the controlled entities, unless otherwise stated.

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWM Sdn Bhd at the end of the reporting period. A controlled entity is any entity over which UOWM Sdn Bhd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Non-controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWM Sdn Bhd.

(d) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration

1 Summary of Significant Accounting Policies (continued)

transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not re-measured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(f) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables and advances, with no stated interest rate are measured at the original invoice or contract amount, where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for credit loss is recognised when there is objective evidence that the Group will not be able to collect the receivable or if the receivable is more than two years overdue.

(g) Leases

For current period

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

1 Summary of Significant Accounting Policies (continued)

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

(i) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of plant and equipment less than RM 1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

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.

1 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate %**
Leasehold improvements	10, 20 or duration of lease
Plant and Equipment	10 to 33.3
Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1 Summary of Significant Accounting Policies (continued)

(k) Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(l) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees’ services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Long service leave

The Group’s net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1 Summary of Significant Accounting Policies (continued)

(o) Provisions (continued)

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Annual leave

The provision is the best estimate of the present value of the expenditure required to settle the employee annual leave obligation at the reporting date, based on current legal requirements and employment costs.

The provision is entirely current due to the operative result of Malaysian employment regulations which appoints an expiration date to annual leave of less than 12 months.

(p) Revenue and other income

Revenue arises mainly from the delivery of higher education university pathway courses, delivery of vocational training and the delivery of university education in Malaysia.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

All revenue is earned and generated in Malaysia.

Tuition fees

Tuition fees, are course fees relating to the provision of the above mentioned educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Group to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Group expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial year. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as “Contract Liabilities” – refer note 12.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

1 Summary of Significant Accounting Policies (continued)

(o) Revenue and other income (continued)

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of sales tax where applicable.

Further disclosure on revenue is provided in note 2.

(i) Provision of tuition services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year-end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iv) Rental Income

Rental income is recognised on a straight line basis over the lease terms.

1 Summary of Significant Accounting Policies (continued)

(p) Foreign currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Ringgit Malaysia (RM) which is the Group's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(q) Income tax

Income tax arising on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 Summary of Significant Accounting Policies (continued)

(r) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(s) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes

1 Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Group, as the Group is not in the business of issuing insurance contracts. Early adoption is permitted as the Group early adopted AASB 9, however no such early adoption has occurred.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(w) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")

1 Summary of Significant Accounting Policies (continued)

(w) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets
- All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments that were previously classified as held-to-maturity under AASB 139.

Trade receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses,

1 Summary of Significant Accounting Policies (continued)

(w) Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

’12 month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument

(iv) Financial liabilities

The financial liabilities of the Group comprise trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

(v) Offsetting of financial instruments

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

2 Revenue

	Consolidated 2019 RM000's	Company 2019 RM000's
Sales Revenue		
Rendering of services	31,670	-
	31,670	**-**
Other income	372	**-**
Total Revenue	**32,042**	**-**
Timing of revenue recognition		
Revenue recognized over time	28,299	-
Revenue recognized at a point in time	3,371	-
	31,670	**-**
Revenue dissection by country		
Malaysia	**31,670**	-

3 Expenses

	Consolidated 2019 RM000's	Company 2019 RM000's
The result for the period includes the following items:		
Depreciation		
- Plant and equipment	1,521	-
- Computer equipment	14	-
- Right of use Assets	1,388	-
Total depreciation	**2,923**	**-**
The result for the period includes the following specific expense		
Goodwill impairment expense	1,081	-

4 Income tax credit

	Consolidated 2019 RM000's	Company 2019 RM000's
Malaysian income tax		
Current income tax	(740)	-
	(740)	**-**
Deferred Tax (Note 13)		-
- Origination and reversal of temporary differences	(2,467)	-
- (Under)/over recognition of deferred tax assets in prior year	(2,668)	-
Total recognised in income statement	**(5,135)**	**-**
Total tax credit	**(5,875)**	**-**

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the period ended 31 December 2019 is as follows:

	Consolidated 2019 RM000's	Company 2019 RM000's
Loss before tax	(1,074)	(928)
Taxation at Malaysian statutory tax rate of 24%	(258)	(223)
Expenses not deductible for tax purposes	457	-
Income not subject to taxation	(6,210)	-
Deferred tax assets not recognised	-	223
Effect of income subject to real property tax deduction	2,431	-
Deferred tax recognized on change in expected manner of asset recovery	373	-
Over provision of deferred tax in prior year	(2,668)	-
Income tax (credit)/expense	**(5,875)**	**-**

Deferred tax assets have not been recognized in respect of the following items:

	Consolidated 2019 RM000's	Company 2019 RM000's
Unused tax losses	6,611	928
Other deductible temporary differences	1,797	-
	8,408	**928**

Deferred tax assets have not been recognised in respect of the above items as it is not probable that the Group and Company will have sufficient future taxable profits available against which the deductible temporary differences can be utilised. The availability of unused tax losses for offsetting against future taxable profits of the Group or Company is subject to no substantial changes in shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

5 Current assets - Cash and cash equivalents

	Consolidated 2019 RM000's	Company 2019 RM000's
Cash at bank and on hand	28,850	-
Petty cash	-	-
Total Cash and cash equivalents	**28,850**	**-**

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 21.

6 Current assets- Trade and other receivables

	Consolidated 2019 RM000's	Company 2019 RM000's
Current		
Net receivables from related parties	197	-
Students	1,112	-
Less: allowance for credit losses	(409)	-
Other receivables	543	-
Deposits	2,861	-
Prepayments	870	-
Total current trade & other receivables	**5,174**	**-**

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	Consolidated 2019 RM000's	Company 2019 RM000's
0 - 30 days	1	-
31 - 60 days	3	-
61 - 90 days	4	-
91+ days	401	-
	409	**-**

Allowance for credit loss

A credit gain net of recouped amounts of RM 27,000 has been recognised by the Group and a credit loss of nil has been recognised by the Company for the current period. These amounts have been included in the 'other expenses' line item on the statement of profit or loss and other comprehensive income. No individual amount within the credit loss allowance is material.

	Consolidated 2019 RM000's	Company 2019 RM000's
Balance on acquisition of UOWM KDU entities	630	-
Credit losses for the period	(27)	-
Write-offs	(194)	-
	409	**-**

(b) Past due but not impaired

Receivables past due but not considered impaired are RM 703,000 for the Group and RM0 for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within current trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

At 31 December, the ageing analysis of trade receivables is as follows:

	Consolidated 2019 RM000's	Company 2019 RM000's
0 - 30 days	295	-
31 - 60 days	42	-
61 - 90 days	184	-
91+ days	182	-
	703	**-**

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

7 Current assets - Other financial assets

	Consolidated 2019 RM000's	Company 2019 RM000's
Other deposits	314	-
	314	**-**

Other Deposits
Included in other deposits with licensed banks are deposit pledged as security for bank guarantee facility granted by a licensed bank of RM 277,771 and deposit maturing more than 90 days from reporting date of RM35,833. The said deposits are placed for a period of four months and six months respectively and earn interest of 2.85% per annum.

Impairment and risk exposure – Other Deposits

None of the other deposits are either past due or impaired.

All deposits are denominated in Ringgit Malaysia (RM). As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the assets will be held to maturity.

8 Non-current assets - Property, plant and equipment

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

Consolidated

	Plant and equipment RM000's	Computer equipment RM000's	Capital work in progress RM000's	Total RM000's
Balance at 31 December 2019				
Acquisition of UOWM KDU entities	**18,649**	**78**	**5,490**	**24,217**
Additions	**678**	**16**	**-**	**694**
Depreciation charge	**(1,521)**	**(14)**	**-**	**(1,535)**
Closing net book amount	**17,806**	**80**	**5,490**	**23,376**
At 31 December 2019				
Cost	**74,137**	**246**	**5,490**	**79,873**
Accumulated depreciation	**(56,331)**	**(166)**	**-**	**(56,497)**
Net book amount	**17,806**	**80**	**5,490**	**23,376**

9 Leases

The Group as a lessee

The Group has leases over a range of assets including buildings, vehicles and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Group leases buildings for their corporate offices and education institutions, the leases are up to 7 years.

9 Leases (continued)

The corporate office lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Leases for IT equipment are generally considered to be for low value assets.

(a) Right-of-use assets

	Office equipment	Buildings	Total
	RM000's	RM000's	RM000's
Consolidated			
Period ended 31 December 2019			
Balance on acquisition of UOWM KDU entities	46	25,797	25,843
Depreciation charge	(4)	(1,384)	(1,388)
Balance at 31 December 2019	**42**	**24,413**	**24,455**

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated				
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	RM000's	RM000's	RM000's	RM000's	RM000's
2019					
Lease liabilities	**4,754**	**28,509**	**4,586**	**37,849**	**30,779**

Extension options

There are no enforceable extension options included in any leases.

Statement of Profit or Loss and other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated 2019 RM000's	Company 2019 RM000's
Income from sub-leasing right-of-use assets	1,098	-
Interest expense on lease liabilities	556	-
Variable lease payments not included in the measurement of lease liabilities	147	-
Expense relating to short-term leases	16	-
Expense relating to leases of low value assets	139	
Depreciation of right-of-use assets	1,388	
Total expense	**2,246**	**-**

9 Leases (continued)

Statement of Cash Flows

	Consolidated 2019 RM000's	Company 2019 RM000's
Total cash outflow for leases	**1,576**	**-**

(c) Leases as lessor

The group leases out buildings for retail purposes on its campuses. The group has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to ownership of the asset.

Rental income recognised by the Group during for the period ending 31 December 2019 was RM 1,098,000

The following table sets out the maturity analysis of the non-cancellable lease payments, showing the undiscounted lease payments to be received after the reporting date.

Consolidated

	<1 Year RM '000	1-5 Years RM '000	Total RM '000
2019			
Operating leases	**338**	**252**	**590**

10 Current liabilities - Trade and other payables

	Consolidated 2019 RM000's	Company 2019 RM000's
Due to related parties	5,588	-
Accruals	15,583	10,528
Refundable deposits	4,895	-
Sundry payables	20,365	-
Total Trade and other payables	**46,430**	**10,528**

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 21.

11 Current liabilities - Provisions

	Consolidated 2019 RM000's	Company 2019 RM000's
Annual leave provision	1,150	-
Total provisions	**1,150**	**-**

The current provision for the Group includes RM 1,150,000 of annual leave entitlements, the entire balance is expected to be taken within 12 months due to the regulatory environment in Malaysia which legislates annual leave will expire within 12 months if not taken, hence, the entire balance is recorded as a current liability.

12 Current liabilities - Contract liabilities

	Consolidated 2019 RM000's	Company 2019 RM000's
Fees received in advance	4,759	-
Total Contract liabilities	**4,759**	**-**

13 Deferred Tax Assets and Liabilities

Deferred Tax Assets	Consolidated 2019 RM000's	Company 2019 RM000's
Recognised on acquisition	4,245	-
Recognised in income statement	5,135	-
	9,380	**-**

Presented after appropriate offsetting as follows:

Deferred tax assets	13,130	-
Deferred tax liabilities	(3,750)	-
	9,380	**-**

Consolidated	Opening Balance RM000's	Recognised on acquisition RM000's	Recognised in income statement RM000's	At 31 December 2019 RM000's
Property, plant and Equipment	-	(9,781)	934	(8,847)
Unused tax losses	-	4,311	-	4,311
Unabsorbed capital allowance	-	6,141	1,553	7,694
Leased assets	-	-	1,514	1,514
Fees in advance	-	267	(187)	79
Others	-	3,307	1,321	4,628
	-	**4,245**	**5,135**	**9,380**

14 Issued capital

	Consolidated 2019 RM000's	Company 2019 RM000's
At beginning of the period		
Issuance of share capital	39,371	39,371
Balance at 31 December 2019	**39,371**	**39,371**

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

Capital management

When managing capital, the Board of Director's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Group currently manages issued capital of RM 39,371,000.

15 Non-current assets – Goodwill

Balance as at 31 December 2019	Consolidated RM '000s	Company RM '000s
Acquisition of KDU entities	30,618	-
Impairment	(1,081)	-
Closing net book value	**29,537**	**-**

Goodwill has an indefinite life and is not amortised.

Impairment

For the purpose of impairment testing, goodwill is allocated to cash-generating units which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

Balance as at 31 December 2019	Consolidated RM '000s	Company RM '000s
UOW Malaysia KDU University College Sdn. Bhd.	6,615	-
UOW Malaysia KDU Penang University College Sdn. Bhd.	22,422	-
UOW Malaysia KDU College Sdn. Bhd.	500	-
Closing net book value	**29,537**	**-**

16 Reserves and retained earnings

	Consolidated 2019 RM000's	Company 2019 RM000's
(a) Reserves		
Transactions with NCI	10,471	10,471
Balance at 31 December 2019	**10,471**	**10,471**

	Consolidated 2019 RM000's	Company 2019 RM000's
(b) Retained earnings		
Opening balance	-	-
Profit for the year attributable to owners of UOWM Sdn Bhd	2,386	(928)
Balance at 31 December 2019	**2,386**	**(928)**

(c) Transactions with NCI

The Transactions with NCI balance results from transactions between the Group and non-controlling shareholders that did not result in a change in ownership.

17 Auditors remuneration

	Consolidated 2019 RM	Company 2019 RM
Auditors of the Company		
The Audit Office of New South Wales - Audit of the Australian financial statements	75,000	12,500
Grant Thornton – Audit of the Malaysian financial statements	29,000	5,000
Total remuneration	**104,000**	**17,500**

18 Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were directors of UOWM Sdn Bhd during the period ended 31 December 2019:

Mr Noel Cornish AM
Mr Damien Israel
Ms Marisa Mastroianni
Ms Ng Glok-hong

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the period ended 31 December 2019:

Name	Position	Employer
Ms Ng Glok-hong	CEO Asia	UOW College Hong Kong Ltd

(b) Transactions with key management personnel

Remuneration of key management personnel is paid by the controlling entity of the Company and entities controlled by the controlling entity of the company.

(c) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group or Company, including their personally related parties.

19 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at 31 December 2019

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2019 RM000's	Company 2019 RM000's
As per Statement of Financial Position		
Cash and Cash equivalents	**28,850**	**-**
As per Statement of Cash Flows	**28,850**	**-**

(b) Reconciliation of profit for the period to net cash flows from operating activities.

	Consolidated 2019 RM000's	Company 2019 RM000's
Profit / (Loss) for the year after income tax	**4,800**	**(928)**
Adjustments for:		
Goodwill impairment expense	1,081	-
Depreciation	2,923	-
Net loss on disposal of non-current assets	(3)	-
Non-cash income tax expense	(549)	-
Interest income	(93)	-
Foreign exchange losses	371	371
Operating profit/(loss) before changes in assets and liabilities	8,530	(557)
Decrease in trade and other receivables	4,446	-
Increase in other financial assets	(3)	-
Increase in deferred tax assets	(5,135)	-
Increase in trade and other payables	459	57
Decrease in contract liabilities	(768)	-
Net cash in-flow/(out-flow) from operating activities	**7,529**	**(500)**

20 Capital and leasing commitments

(a) Capital expenditure commitments

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

	Consolidated 2019 RM000's	Company 2019 RM000's
Property, plant & equipment		
Payable:		
Within 1 year	291	
Between 1 year and 5 years	-	-
More than 5 years	-	-
	291	-

21 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets (current and non-current) and trade and other payables.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk relating arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

21 Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated 2019 RM000's	Company 2019 RM000's
Education	1,111	-
Related parties	197	-
Other	-	-
	1,308	**-**

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions:

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

	Consolidated 2019 RM000's	Company 2019 RM000's
Malaysia	**28,850**	**-**
	28,850	**-**

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the following table reflect a balanced view of cash inflows and outflows of financial assets and liabilities.

21 Financial risk management (continued)

(b) Liquidity risk (continued)

Maturity analysis - Non-derivative

	Within 1 Year	Between 1 and 5 Years	Over 5 Years	Total
	2019	2019	2019	2019
Consolidated	RM000s	RM000s	RM000s	RM000s
Financial Assets				
Cash and Cash Equivalents	28,850	-	-	28,850
Trade and other receivables	1,246	-	-	1,246
Other financial assets – current	314	-	-	314
	30,410	**-**	**-**	**30,410**
Financial Liabilities				
Trade and other payables	46,430	-	-	46,430
Lease liabilities	4,754	28,509	4,586	37,849
	51,184	28,509	4,586	84,279
Net Exposure	(20,774)	(28,509)	(4,586)	(53,869)
Company				
Financial Liabilities				
Trade and other payables	10,528	-	-	10,528
	10,528	-	-	10,528
Net Exposure	(10,528)	-	-	(10,528)

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

21 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Malaysian Ringgit (RM). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in, is the Great Britain Pound.

The Group does not currently use any hedging instruments when dealing with foreign

currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Summarised sensitivity analysis

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

Consolidated	**Profit/(loss) before tax (decrease)/increase**
	RM000s
GBP/RM – strengthened 6%	(23)
GBP/RM – weakened 2%	8
AUD/RM – strengthened 2%	(74)
AUD/RM – weakened 2%	74

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables and payables are non-interest bearing.

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves be placed in short term fixed interest rate term deposits. At the reporting date, the Group had RM 35,833 and the Company had RM 0 in Malaysian short term deposits with interest rates of 2.85% for the Group and 0% for the Company.

At the reporting date, the only financial asset the Group had that is exposed to Malaysian variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is RM 27,761,343

21 Financial risk management (continued)

(c) Market risk (continued)

(iii) Summarised sensitivity analysis

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

	Consolidated		Company	
	Profit	**Equity**	**Profit**	**Equity**
	RM000's	**RM000's**	**RM000's**	**RM000's**
Period ended 31 December 2019				
Cash and Cash Equivalents – at bank				
Increase of 25bps	**52**	**52**	-	-
Decrease of 25bps	**(52)**	**(52)**	-	-

22 Business combinations

(a) Summary of acquisition of UOWM KDU entities

On 3 September 2019, the Group obtained control of:

- KDU University College (PG) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU Penang University College Sdn Bhd.) by acquiring 65% of the voting shares;
- KDU University College Sdn. Bhd.(subsequently renamed UOW Malaysia KDU University College Sdn. Bhd.) by acquiring 65% of the voting shares; and
- KDU College (PJ) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU College Sdn. Bhd.) by acquiring 70% of the voting shares.

The acquisition was made to extend the global presence of UOW in alignment with the UOW Global Strategy.

The Group has options to acquire 5% of the voting shares in UOW Malaysia KDU Penang University College Sdn Bhd. and 5% of the voting shares in UOW Malaysia KDU University College Sdn Bhd. in 4 years. The fair value of these forwards has been included on the balance sheet as a liability and in the other equity reserves as a transaction with NCI that does not change the percentage ownership.

The Group has call options to acquire the remaining 30% voting shares in both UOW Malaysia KDU Penang University College Sdn Bhd. and UOW Malaysia KDU University College Sdn Bhd. In years 5-7. As at 31 December 2019 management estimates that the fair value of these options is insignificant.

As of 31 December 2019 the purchase price accounting is provisional.

Purchase consideration

	Consolidated 2019 RM000's
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**38,500**
Less: Cash Balance acquired	**(3,127)**
Outflow of cash	**35,373**

The assets and liabilities arising from the acquisition are as follows:

	Consolidated 2019 RM000's
Cash & cash equivalents	3,127
Trade and other receivables	18,360
Deferred Tax Assets	11,451
Property, Plant and equipment	24,217
Right of Use Assets	25,843
Trade and other Payables	(25,390)
Lease Liabilities	(31,800)
Other liabilities	(6,358)
Deferred tax liabilities	(7,206)
Non-controlling interest	(4,362)
Net identifiable assets acquired on acquisition	7,848
Goodwill arising on acquisition	**30,618**

Contribution to Group

The acquired businesses contributed revenues of RM 32,041,000 and a net profit of RM 6,810,000 to the Group for the period from 3 September 2019 to 31 December 2019.

23 Controlled entities

	Company 2019 RM000's
Investments in subsidiaries, at cost	**38,500**
	38,500

	Country of incorporation	Percentage owned % 2019
Controlled entities:		
UOW Malaysia KDU University College Sdn. Bhd.	Malaysia	**65**
UOW Malaysia KDU College Sdn. Bhd.	Malaysia	**70**
UOW Malaysia KDU Penang University College Sdn. Bhd.	Malaysia	**65**

Refer to note 22 for details of the acquisition of the UOW Malaysia KDU entities.

24 Subsidiaries with Material Non-Controlling Interests

Subsidiaries that have non-controlling interests that are material to the reporting entity are listed below:

Name of entity	Principal place of business	Ownership interest/voting rights held by non-controlling interests %	Profit or (loss) allocated to non-controlling interest RM000's	Accumulated non-controlling interest RM000's
UOW Malaysia KDU University College Sdn Bhd	Malaysia	35%	708	**5,761**
UOW Malaysia KDU Penang University College Sdn Bhd	Malaysia	35%	1,895	**1,668**
UOW Malaysia KDU College Sdn Bhd	Malaysia	30%	(188)	**(651)**

Summarised financial information (before inter-company eliminations) for subsidiaries that have non-controlling interests that are material are disclosed below:

	UOW Malaysia KDU University College Sdn Bhd RM000's	UOW Malaysia KDU Penang University College Sdn Bhd RM000's	UOW Malaysia KDU College Sdn Bhd RM000's
Current Assets	14,898	17,984	1,860
Non-Current Assets	53,034	7,436	492
Total Assets	**67,932**	**25,420**	**2,352**
Current Liabilities	24,313	16,482	4,523
Non-Current Liabilities	27,160	4,173	-
Total Liabilities	**51,473**	**20,655**	**4,523**
Equity attributable to owners of the Parent	10,698	3,097	(1,520)
Non-controlling interest	5,761	1,668	(651)
Revenue and other income	18,276	11,629	2,137
Profit attributable to owners of the Parent	1,314	3,520	(439)
Profit attributable to non-controlling interest	708	1,895	(188)
Total profit	**2,022**	**5,415**	**(626)**
Net cash from operating activities	3,047	4,587	910
Net cash (used in) / from investing activities	(385)	7,087	(55)
Net cash (used in) / from financing activities	7,444	3,088	-
Net cash inflow	**10,106**	**14,762**	**855**

25 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are:

Mr Noel Cornish AM
Mr Damien Israel
Ms Marisa Mastroianni
Ms Ng Glok-hong

Details of key management personnel compensation are set out in note 18 to the financial statements.

Apart from the details disclosed in note 18, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Parent entity and ultimate parent company

The parent entity of the Group is UOWGE Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Controlled entities

UOW Malaysia KDU University College Sdn. Bhd. UOW Malaysia KDU College Sdn. Bhd

UOW Malaysia KDU Penang University College Sdn. Bhd.

Transactions with the parent entity

The Parent entity charges a corporate charge for management and administrative services provided to controlled entities.

The Parent charges interest to controlled entities for loans provided and pays interest to controlled entities that have provided loans to the company.

The Group enters into transactions with other entities controlled by the University of Wollongong.

Transactions

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

Transactions with related parties

The aggregate amounts included in the profit before income tax expense that resulted from transactions with non-director related parties are:

	Consolidated 2019 RM000's	Company 2019 RM000's
Management fees charged by controlling entity	1,514	-
Interest expense charged by controlling entity	16	-
Employee expenses charged by an entity controlled by the controlling entity	180	-
	1,710	**-**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

	Consolidated 2019 RM000's	Company 2019 RM000's
Receivables		
Controlling entity	71	-
Ultimate controlling entity	71	-
Entity controlled by the controlling entity	55	
	197	-
Payables		
Controlling entity	5,408	-
Entity controlled by the controlling entity	180	-
	5,588	**-**

26 Financing arrangements

The Group has access to the following lines of credit with the Hong Leong Bank and May Bank as at 31 December

	Consolidated 2019 RM000's	Company 2019 RM000's
Available at balance sheet date		
Bank overdraft	8,000	-
Bank guarantee	7,000	-
Credit card facility	65	
	15,065	**-**
Used at balance sheet date		
Bank overdraft	-	-
Bank guarantee	2,514	-
Credit card facility	7	-
	2,521	-
Unused at balance sheet date		
Bank overdraft	8,000	-
Bank guarantee	4,486	-
Credit card facility	58	-
	12,544	**-**

27 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

28 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2019.

End of audited financial statements

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(76997-T)
(Incorporated in Malaysia)

Audited Financial Statements
31 December 2019

198101010870 (76997-T)

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

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UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
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Directors' report

The Directors of UOW Malaysia KDU University College Sdn. Bhd. (the "Company") have the pleasure of presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Principal activity

The principal activity of the Company is providing educational services.

Change of name

The Company changed its name from KDU University College Sdn. Bhd. to UOW Malaysia KDU University College Sdn. Bhd. on 27 November 2019.

Results

	RM
Profit net of tax	42,168,688

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of AASB 16 Leases as disclosed in Note 2.2 to the financial statements.

Dividend

The amount of dividend paid by the Company since 31 December 2018 was as follows:

	RM
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Interim single-tier dividend of 156.4 sen on 15,000,000 ordinary shares, declared on 22 August 2019 and paid on 22 August 2019	23,460,000

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datin Teh Geok Lian	
Chew Sun Teong	
Noel Harold Cornish	(appointed on 3 September 2019)
Marisa Mastroianni	(appointed on 3 September 2019)
Ng Glok Hong	(appointed on 3 September 2019)
Dato' Teo Chiang Quan	(resigned on 4 September 2019)
Benjamin Teo Jong Hian	(resigned on 4 September 2019)
Dato' Rohana Tan Sri Mahmood	(resigned on 4 September 2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there exist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company or the fixed salary of a full-time employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

Directors' indemnity

The holding company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Company. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

UOW Malaysia KDU University College Sdn. Bhd.
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Holding company

The holding company in the previous financial year was Paramount Corporation Berhad ("PCB"), which is incorporated in Malaysia. On 3 September 2019, PCB had completed the share sale of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM Sdn. Bhd. ("UOWM"). As a result, UOWM is the holding company of the Company as at the end of the financial year. The ultimate parent company is University of Wollongong.

Redemption of shares

On 22 July 2019, the Company fully redeemed a total of 25,200 Non-cumulative Redeemable Convertible Preference Shares by way of setting off against an equivalent amount of RM126,000,000 due from PCB.

Significant events

Significant events during the year are disclosed in Note 32 to the financial statements.

Auditors

For Australian reporting compliance, the auditors are The Audit Office of New South Wales.

Auditors' remuneration is disclosed in Note 7 to the financial statements.

Indemnification of auditors

There was no payment made or insurance effected to indemnify the auditors during the financial year and the period from 1 January 2019 to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2020

Director ______________________
Mr N Cornish AM

Director ______________________
Ms M Mastroianni

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UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

Directors Declaration
For the year ended 31 December 2019

In accordance with a resolution of the Board of Directors, we state that;

(i) The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial year then ended;

(ii) The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;

(iii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;

(iv) The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;

(v) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and

(vi) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board

Director ______________________
Mr N Cornish AM

Director ______________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

198101010870 (76997-T)

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

Certificate under the Public Finance and Audit Act 1983
For the year ended 31 December 2019

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

(i) The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU University College Sdn. Bhd. as at 31 December 2019 and financial performance for the financial year then ended.
(ii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
(iii) The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Public Finance Audit Regulation 2015.

Further we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Director ______________________
Mr N Cornish AM

Director ______________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU University College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU University College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its 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 Company in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in the Company’s annual report for the year ended 31 December 2019, other than the financial statements and my Independent Auditor’s Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor’s Report, the other information I have received comprise the:

- Directors’ Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors’ Declaration.

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.

The Directors’ Responsibilities for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 April 2020
SYDNEY

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	4	50,483,813	47,263,766
Other income	4	45,289,420	6,592,410
Employee benefits expense	5	(25,052,260)	(24,796,334)
Depreciation		(5,432,235)	(7,101,108)
Other expenses		(21,859,707)	(22,231,776)
Finance costs	6	(4,562,244)	(5,530,786)
Profit/(loss) before tax	7	38,866,787	(5,803,828)
Income tax credit/(expense)	8	3,301,901	(1,672,460)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		42,168,688	(7,476,288)

The accompanying notes form an integral part of the financial statements.

Statement of financial position
As at 31 December 2019

	Note	2019 RM	2018 RM
Assets			
Non-current assets			
Property, plant and equipment	10	16,330,680	19,176,853
Right-of-use asset	11	23,572,755	-
Deferred tax assets	12	13,130,426	9,803,001
		53,033,861	28,979,854
Current assets			
Trade receivables	13	65,832	229,432
Other receivables	14	2,919,198	1,911,164
Amounts due from fellow subsidiaries	15	230,410	93,995
Tax recoverable		13,382	13,579
Other investments	16	313,604	304,344
Cash and bank balances	17	11,355,811	9,260,948
		14,898,237	11,813,462
Assets held for sale	18	-	206,369,097
		14,898,237	218,182,559
Total assets		67,932,098	247,162,413
Equity and liabilities			
Current liabilities			
Other payables	19	14,339,257	16,123,965
Contract liability	20	3,796,937	2,371,719
Amounts due to related companies	21	3,456,267	9,778,311
Borrowing	22	-	100,093,343
Lease liability	23	2,720,605	-
		24,313,066	128,367,338
Net current (liabilities)/assets		(9,414,829)	89,815,221
Non-current liability			
Lease liability	23	27,160,290	-
Total liabilities		51,473,356	128,367,338

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
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Statement of financial position
As at 31 December 2019 (cont'd.)

	Note	2019 RM	2018 RM
Equity			
Share capital	24	16,059,000	16,059,000
Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	25	-	126,000,000
Equity contribution from minority shareholder/parent	26	5,683,899	728,920
Accumulated losses		(5,284,157)	(23,992,845)
Total equity		16,458,742	118,795,075
Total equity and liabilities		67,932,098	247,162,413

The accompanying notes form an integral part of the financial statements.

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UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Profit/(loss) before tax	38,866,787	(5,803,828)
Adjustments for:		
Depreciation	5,432,235	7,101,108
Property, plant and equipment written off	1,456	111,413
Unrealised foreign exchange losses/(gains)	104,190	(19,743)
Allowance for/(reversal of) impairment losses on:		
- trade receivables	148,309	216,351
- other receivables	1,779	(13,507)
Interest income from licensed banks	(106,348)	(125,008)
Derivative loss on interest rate swap	-	1,891
Finance costs	4,562,244	5,530,786
Share-based payment	-	426,167
Gain arising from sale and leaseback transaction	(38,405,949)	-
Gain on disposal of property, plant and equipment	(2,737)	(40,999)
Operating profit before changes in working capital	10,601,966	7,384,631
Changes in working capital:		
Increase in receivables	(994,522)	(577,113)
Decrease in payables	(277,650)	1,689,079
Changes in related company balances	(9,917,299)	(5,368,781)
Cash flows (used in) / generated from operations	(587,505)	3,127,816
Income taxes paid	(25,327)	(37,587)
Net cash flows (used in)/generated from operating activities	(612,832)	3,090,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(918,938)	(2,690,852)
Interest received	106,348	125,008
Increase in other investments	(9,260)	(9,033)
Proceeds from disposal of property, plant and equipment	3,279	41,000
Proceeds from disposal of assets held for sale	250,000,000	-
Net cash flows generated from/(used in) investing activities	249,181,429	(2,533,877)

The accompanying notes form an integral part of the financial statements.

Statement of cash flows
For the financial year ended 31 December 2019 (cont'd.)

	2019 RM	2018 RM
Cash flows from financing activities		
Interest paid	(3,026,828)	(5,331,783)
Decrease/(increase) in placements in banks restricted for use	2,799,252	(93,304)
Lease payments	(1,415,230)	-
Proceeds from completion adjustment	4,954,979	-
Loan from related party	3,363,345	-
Redemption of Islamic Medium Term Notes ("iMTN")	(100,890,000)	-
Dividend paid	(23,460,000)	-
Redemption of NCRCPS	(126,000,000)	-
Net cash flows used in financing activities	(243,674,482)	(5,425,087)
Net increase/(decrease) in cash and cash equivalents	4,894,115	(4,868,735)
Cash and cash equivalents at 1 January	6,461,696	11,330,431
Cash and cash equivalents at 31 December (Note 17)	11,355,811	6,461,696

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU University College Sdn. Bhd.
(formerly known as KDU University College Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2019

	Share capital RM	NCRCPS RM	Non-distributable Equity contribution from minority shareholder/parent RM	Accumulated losses RM	Total equity RM
At 1 January 2019	16,059,000	126,000,000	728,920	(23,992,845)	118,795,075
Total comprehensive income	-	-	-	42,168,688	42,168,688
Transactions with owner					
Completion adjustment (Note 26)	-	-	4,954,979	-	4,954,979
Redemption of NCRCPS (Note 25)	-	(126,000,000)	-	-	(126,000,000)
Dividend on ordinary shares (Note 9)	-	-	-	(23,460,000)	(23,460,000)
At 31 December 2019	16,059,000	-	5,683,899	(5,284,157)	16,458,742
At 1 January 2018	16,059,000	126,000,000	728,920	(16,516,557)	126,271,363
Total comprehensive loss	-	-	-	(7,476,288)	(7,476,288)
At 31 December 2018	16,059,000	126,000,000	728,920	(23,992,845)	118,795,075

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2019

1. Corporate information

UOW Malaysia KDU University College Sdn. Bhd. (formerly known as KDU University College Sdn. Bhd.) ("the Company") is a private limited liability company incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate holding company and ultimate holding company of the Company are UOWM Sdn. Bhd. ("UOWM") and University of Wollongong ("UOW"), which are incorporated in Malaysia and Australia respectively. UOW produces financial statements available for public use.

The principal activity of the Company is providing educational services.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared for Australia and are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

The financial statements have been prepared for the 12 months up to and including 31 December 2019.

The financial statements have been prepared on the historical cost basis except as disclosed in accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

The financial statements of the Company have been prepared under the going concern basis as UOWGE Ltd has agreed to provide the Company with financial support to meet its liabilities as and when they fall due.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

On 1 January 2019, the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2019:

- AASB 9 Prepayment Features with Negative Compensation (Amendments to AASB 9)
- AASB 16 Leases
- nua
- AASB 119 Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Except for the new AASB discussed below, adoption of the above pronouncements did not have any material effect on the financial performance or position of the Company.

AASB 16 Leases

AASB 16 Leases sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing AASB 117 Leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, apart from those where the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis, including non-cancellable lease payments as well as payments to be made in optional periods if the lessee is reasonably certain to exercise the option of not terminating the lease.

There is no financial impact arising from the initial application of the standard as at 1 January 2019.

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to AASB 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020

The new or revised AASBs and amendments to AASBs that are not yet effective are not expected to have a material impact on the Company in the current or future reporting periods.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Renovation	5 to 10 years
Furniture, fixtures and fittings, books, computers, equipment and motor vehicles	3 to 10 years

Freehold land has an unlimited useful life and therefore is not depreciated.

2. Summary of significant accounting policies (cont'd.)

2.4 Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Leases

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

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

Land and building	7 years

2. Summary of significant accounting policies (cont'd.)

2.5 Leases (cont'd.)

(a) As lessee (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases (cont'd.)

(b) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.13(b).

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments

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.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss. All financial assets of the Company are classified as financial assets at amortised cost (debt instruments). The Company's financial assets at amortised cost include trade receivables, other receivables, amounts due from fellow subsidiaries, cash and bank balances and other investments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

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

The Company'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 Company commits to purchase or sell the asset.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company has retained.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Derecognition (cont'd.)

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 Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 (if any).

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at either fair value through profit or loss or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

The Company’s financial liabilities include other payables, amounts due to related companies, borrowing and lease liability.

Subsequent measurement

After initial recognition, payables, amount due to holding company and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of the 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.

2. Summary of significant accounting policies (cont'd.)

2.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and on hand, deposits with licensed banks and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.10 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares and NCRCPS are equity instruments.

Ordinary shares and NCRCPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares and NCRCPS are classified as equity. Dividends on ordinary shares and preferential dividends on NCRCPS are recognised in equity in the period in which they are declared.

2.11 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Summary of significant accounting policies (cont'd.)

2.11 Employee benefits (cont'd.)

(a) Short term benefits (cont'd.)

The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share scheme

In the previous financial year, the Paramount Corporation Berhad Employee Share Scheme, a long term incentive plan ("LTIP"), granted the ordinary shares of PCB to the employees of the Company. The total fair value of shares granted to employees of the Company was recognised as an employee cost with a corresponding backcharge by PCB. The fair value of shares was measured at grant date, taking into account, if any, the market conditions and non-vesting conditions. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

2.12 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd.)

2.12 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd.)

2.13 Revenue and other income recognition

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(a) Revenue from educational fees

Revenue from educational fees is recognised on a straight-line basis over the period of instruction.

(b) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.14 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“functional currency”). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Summary of significant accounting policies (cont'd.)

2.15 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company’s external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Company’s external valuers present the valuation results to the audit committee and the Company’s independent auditors. This includes a discussion of the major assumptions used in the valuations.

2. Summary of significant accounting policies (cont'd.)

2.15 Fair value measurement (cont'd.)

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets are measured in accordance to Note 2.4. Thereafter, on initial classification as held for sale, the assets are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss. Assets once classified as held for sale are not depreciated.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

An asset held for sale is derecognised upon disposal and any gain or loss on derecognition is included in profit or loss in the year it is derecognised.

2. Summary of significant accounting policies (cont'd.)

2.18 Current and non-current classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.19 Contract liability

A contract liability is the obligation to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. In the case of education contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include downpayment received from customer and other deferred income where the Company have billed and collected the payment before the goods are delivered or services are provided to the customers.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

No major judgements have been made by management in applying the Company's accounting policies that have a significant risk of causing a material adjustment as at the reporting date.

3.2 Key sources of estimation uncertainty

The key assumption concerning the future and other key source of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. Details of the deferred tax assets are disclosed in Note 12.

4. Revenue and other income

	2019 RM	2018 RM
Type of goods and service		
Educational fees	50,483,813	47,263,766
Timing of revenue recognition		
Goods transferred at a point in time	1,523,198	1,948,813
Services transferred over time	48,960,615	45,314,953
	50,483,813	47,263,766
Other income		
Rental revenue	2,605,964	2,572,963
Interest income	106,348	125,008
other income	4,168,421	3,853,440
Gain on disposal of properties	38,408,686	40,999
	45,289,419	6,592,410

5. Employee benefits expense

	2019 RM	2018 RM
Wages and salaries	21,269,390	20,776,051
Contributions to defined contribution plan	2,367,666	2,276,257
Share-based payment	-	426,167
Other benefits	1,415,204	1,317,859
	25,052,260	24,796,334

6. Finance costs

	2019 RM	2018 RM
Interest expense on:		
- iMTN (Islamic Medium Term Notes)	2,996,802	5,317,253
- interest rate swap	-	349
- bank overdrafts	16,308	14,181
- amount due to immediate holding company	13,718	-
- lease liabilities	738,759	-
Amortisation of borrowing transaction cost	796,657	199,003
Total finance costs	4,562,244	5,530,786

7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	2019 RM	2018 RM
Auditor's remuneration	35,000	30,000
Non-executive directors' remuneration - fees	10,966	19,498
Depreciation of property, plant and equipment (Note 10)	3,795,649	7,101,108
Depreciation of right-of-use asset (Note 11)	1,636,586	-
Operating leases:		
- minimum lease payments on premises	-	620
- minimum lease payments on equipment	-	99,726
Lease expense relating to short-term leases	14,400	-
Lease expense relating to leases of low value assets	78,000	-
Lease expense relating to variable lease payments	146,546	-

7. Profit/(loss) before tax (cont'd.)

The following items have been included in arriving at profit/(loss) before tax (cont'd.):

	2019 RM	2018 RM
Allowance for/(reversal of) impairment losses on:		
- trade receivables (Note 13)	148,309	216,351
- other receivables (Note 14)	1,779	(13,507)
Derivative loss on interest rate swap	-	1,891
Net foreign exchange (gains)/losses:		
- realised	(108,977)	(16,111)
- unrealised	104,190	(19,743)
Property, plant and equipment written off	1,456	111,413
Interest income from licensed banks	(106,348)	(125,008)
Rental income	(2,605,964)	(2,572,963)
Gain arising from sale and leaseback transaction (see note 32(a))	(38,405,949)	-
Gain on disposal of property, plant and equipment	(2,737)	(40,999)

8. Income tax (credit)/expense

	2019 RM	2018 RM
Malaysian income tax		
Current income tax	25,524	30,002
Deferred tax (Note 12):		
Origination and reversal of temporary differences	(1,592,148)	(362,444)
(Under)/over recognition of deferred tax assets in prior year	(1,735,277)	2,004,902
	(3,327,425)	1,642,458
Income tax (credit)/expense	(3,301,901)	1,672,460

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

8. Income tax (credit)/expense (cont'd.)

The reconciliation between tax (credit)/expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019 RM	2018 RM
Profit/(loss) before tax	38,866,787	(5,803,828)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	9,328,029	(1,392,919)
Expenses not deductible for tax purposes	325,729	1,060,477
Income not subject to taxation	(11,220,382)	-
(Over)/under recognition of deferred tax assets in prior year	(1,735,277)	2,004,902
Income tax (credit)/expense	(3,301,901)	1,672,460

9. Dividend

	2019 Amount RM	2019 Dividend per ordinary share sen
Recognised during the financial year:		
For the financial year ended 31 December 2019		
Interim single-tier dividend of 156.4 sen	23,460,000	156.40

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10. Property, plant and equipment

	Freehold land RM	Building RM	Renovation RM	Furniture, fixtures and fittings, books, computers, equipment and motor vehicles RM	Total RM
Cost					
At 1 January 2018	33,314,411	185,383,231	6,545,292	60,335,821	285,578,755
Additions	-	16,118	589,441	2,085,293	2,690,852
Write-offs	-	-	-	(121,540)	(121,540)
Disposals	-	-	-	(146,568)	(146,568)
Transfer to assets held for sale	(33,314,411)	(185,399,349)	(2,309,455)	-	(221,023,215)
At 31 December 2018	-	-	4,825,278	62,153,006	66,978,284
Additions	-	-	-	918,938	918,938
Write-offs	-	-	-	(2,079)	(2,079)
Disposals	-	-	-	(1,794,330)	(1,794,330)
At 31 December 2019	-	-	4,825,278	61,275,535	66,100,813

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10. Property, plant and equipment (cont'd.)

	Freehold land RM	Building RM	Renovation RM	Furniture, fixtures and fittings, books, computers, equipment and motor vehicles RM	Total RM
Accumulated depreciation					
At 1 January 2018	-	11,005,178	5,235,709	39,270,248	55,511,135
Depreciation charge for the year (Note 7)	-	3,089,947	148,562	3,862,599	7,101,108
Write-offs	-	-	-	(10,127)	(10,127)
Disposals	-	-	-	(146,567)	(146,567)
Transfer to assets held for sale	-	(14,095,125)	(558,993)	-	(14,654,118)
At 31 December 2018	-	-	4,825,278	42,976,153	47,801,431
Depreciation charge for the year (Note 7)	-	-	-	3,795,649	3,795,649
Transfer to assets held for sale	-	-	-	(32,536)	(32,536)
Write-offs	-	-	-	(623)	(623)
Disposals	-	-	-	(1,793,788)	(1,793,788)
At 31 December 2019	-	-	4,825,278	44,944,855	49,770,133
Net carrying amount					
At 31 December 2019	-	-	-	16,330,680	16,330,680
At 31 December 2018	-	-	-	19,176,853	19,176,853

10. Property, plant and equipment (cont'd.)

During the previous financial year, the Company entered into a conditional sale and purchase agreement to dispose its property, plant and equipment amounting to RM206,369,097 to Dynamic Gates Sdn. Bhd. The sale and purchase agreement was completed during the current financial year. The details are as disclosed in Note 18.

11. Right-of-use asset

	Land and building RM
Cost	
At 1 January 2019	-
Addition	25,209,341
At 31 December 2019	25,209,341
Accumulated depreciation	
At 1 January 2019	-
Depreciation charge for the year (Note 7)	1,636,586
At 31 December 2019	1,636,586
Net carrying amount	
At 31 December 2019	23,572,755

12. Deferred tax assets

	2019 RM	2018 RM
At 1 January	9,803,001	11,445,459
Recognised in income statement (Note 8)	3,327,425	(1,642,458)
At 31 December	13,130,426	9,803,001

Presented after appropriate offsetting as follows:

	2019 RM	2018 RM
Deferred tax asset	18,009,201	15,751,734
Deferred tax liability	(4,878,775)	(5,948,733)
	13,130,426	9,803,001

12. Deferred tax assets (cont'd.)

	At 1 January 2019 RM	Recognised in income statement (Note 8) RM	At 31 December 2019 RM
Property, plant and equipment	(5,948,733)	1,069,958	(4,878,775)
Unused tax losses	4,310,945	-	4,310,945
Unabsorbed capital allowances	10,218,505	(2,524,080)	7,694,425
Right-of-use asset	-	1,513,953	1,513,953
Others	1,222,284	3,267,594	4,489,878
	9,803,001	3,327,425	13,130,426

	At 1 January 2018 RM	Recognised in income statement (Note 8) RM	At 31 December 2018 RM
Property, plant and equipment	(4,492,096)	(1,456,637)	(5,948,733)
Unused tax losses	4,310,945	-	4,310,945
Unabsorbed capital allowances	10,145,404	73,101	10,218,505
Others	1,481,206	(258,922)	1,222,284
	11,445,459	(1,642,458)	9,803,001

13. Trade receivables

	2019 RM	2018 RM
Trade receivables	314,287	520,612
Less: Allowance for impairment	(248,455)	(291,180)
Trade receivables, net	65,832	229,432

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2018: 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2019 RM	2018 RM
1 to 30 days past due but not impaired	-	105,045
31 to 60 days past due but not impaired	-	34,818
61 to 90 days past due but not impaired	-	10,451
More than 90 days past due but not impaired	65,832	79,118
	65,832	229,432
Impaired	248,455	291,180
	314,287	520,612

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. There is no concern on the creditworthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Company's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	2019 RM	2018 RM
Trade receivables - nominal amounts	248,455	291,180
Less: Allowance for impairment	(248,455)	(291,180)
	-	-

Movement in allowance account:

	2019 RM	2018 RM
At 1 January	291,180	240,751
Allowance for impairment losses (Note 7)	148,309	216,351
Write off	(191,034)	(165,922)
At 31 December	248,455	291,180

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

14. Other receivables

	2019 RM	2018 RM
Sundry receivables	251,118	165,463
Less: Allowance for impairment	(13,447)	(11,668)
	237,671	153,795
Deposits	2,298,450	969,198
Prepayments	383,077	788,171
Other receivables, net	2,919,198	1,911,164

Receivables that are past due but not impaired

Sundry receivables that are past due but not impaired are unsecured in nature. There is no concern on the creditworthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Company's sundry receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	2019 RM	2018 RM
Sundry receivables - nominal amounts	13,447	11,668
Less: Allowance for impairment	(13,447)	(11,668)
	-	-

Movement in allowance account:

	2019 RM	2018 RM
At 1 January	11,668	25,175
Allowance for/(reversal of) impairment losses (Note 7)	1,779	(13,507)
At 31 December	13,447	11,668

Sundry receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral.

15. Amounts due from fellow subsidiaries

The amounts due from fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

16. Other investments

	2019 RM	2018 RM
Proceeds account	-	34,785
Other deposits with licensed banks	313,604	269,559
	313,604	304,344

In the previous financial year, pursuant to the iMTN ("Sukuk Programme") as disclosed in Note 21, the Company maintained a Proceeds Account and a Finance Service Reserve Account ("FSRA"). Both the Proceeds Account and FSRA were secured against the Sukuk Programme as disclosed in Note 22.

The Proceeds Account was maintained and operated solely by the Company while there was no occurrence of an event of default. Upon occurrence of an event of default, and if not remedied within the remedy period, the account was to be operated solely by the security agent appointed by the lenders ("Security Agent").

The Proceeds Account was to capture all proceeds from the issuance of the Sukuk Programme, proceeds from the operations of the Company and any shareholder's contribution and/or advances remitted to the Company.

The FSRA was to be operated solely by the Security Agent. The Company was to maintain an amount equivalent to the aggregate Sukuk Profit distribution payments under the Sukuk Programme for the following six months in the FSRA at all times.

As at 31 December 2018, the balance in the Proceeds Account was placed in short term deposits for six months and earned interest of 3.10% per annum.

Included in other deposits with licensed banks are deposit pledged as security for bank guarantee facility granted by a licensed bank of RM277,771 (2018: RM269,559) and deposit maturing more than 90 days from reporting date of RM35,833 (2018: Nil). The said deposits are placed for a period of four months (2018: four months) and six months (2018: Nil) respectively and earn interest of 2.85% (2018: 3.10%) per annum.

17. Cash and bank balances

	2019 RM	2018 RM
Cash at banks and on hand	11,355,811	1,461,696
Short term deposits with licensed banks	-	7,799,252
Cash and bank balances	11,355,811	9,260,948
Deposits restricted for use	-	(2,799,252)
Cash and cash equivalents	11,355,811	6,461,696

Included in cash at banks and on hand are interest bearing bank balances amounting to RM10,938,808 (2018: RM590,434) which earn interest of 1.28% to 1.48% (2018: 1.28% to 1.48%) per annum.

Short term deposits with licensed banks in the previous financial year included an amount of RM2,799,252 in the FSRA. The FSRA was secured against the Sukuk Programme as disclosed in Note 22.

Short term deposits with licensed banks in the previous financial year were made for varying periods of between two days and one month depending on the immediate cash requirements of the Company, and earned interest at the respective short term deposit rates. The effective interest rates as at 31 December 2019 for the Company ranged from 2.20% to 3.33% per annum.

18. Assets held for sale

In the previous financial year, the Company entered into a conditional sale and purchase agreement to dispose its property, plant and equipment to Dynamic Gates Sdn. Bhd. The sale was completed during the current financial year as disclosed in Note 32(a). The assets disposed were as follows:

	2018 RM
Property, plant and equipment:	
Freehold land	33,314,411
Building	171,304,224
Renovation	1,750,462
At 31 December	206,369,097

In the previous financial year, the Company's building was pledged as security for iMTN (Note 22).

19. Other payables

	2019 RM	2018 RM
Accruals	3,054,436	1,547,992
Refundable deposits	3,329,586	3,320,334
Sundry payables	7,955,235	11,255,639
	14,339,257	16,123,965

Sundry payables are non-interest bearing and are normally settled on an average term of 2 months (2018: 2 months). Sundry payables include advance payments received from receivables and short-term accumulated compensated absences amounting to RM1,922,857 (2018: RM2,624,476).

20. Contract liability

	2019 RM	2018 RM
Fees in advance	3,796,937	2,371,719

Set out below is the amount of revenue recognised from:

	2019 RM	2018 RM
Amount included in contract liabilities at the beginning of the year	2,371,719	2,221,883

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM3,796,937 which is expected to be recognised within one year.

21. Amounts due to related companies

	2019 RM	2018 RM
Due to fellow subsidiaries	164,832	3,114,488
Due to immediate holding company	3,291,435	6,663,823
	3,456,267	9,778,311

The amounts due to related companies are non-trade in nature, unsecured, non-interest bearing and are repayable on demand, except for the amount due to immediate holding company which bears interest at 5.50% (2018: Nil) per annum.

22. Borrowing

	2019 RM	2018 RM
Current		
Secured:		
iMTN Sukuk Programme - floating rate	-	100,093,343

On 31 January 2013, the Company received approval from the Securities Commission in Malaysia for the issuance of up to RM350,000,000 iMTN pursuant to the Sukuk Programme.

The Sukuk Programme bore interest ("Sukuk Profit") at the prevailing cost of fund of the iMTN holder ("Cost of Fund") plus 0.75% per annum for the first four years since the first drawdown date and Cost of Fund plus 1.00% per annum from the fifth year up to the seventh year. The average effective Sukuk Profit rate was 5.38% (2018: 5.31%) per annum during the financial year.

The Sukuk Programme was secured by the following:

(a) First legal charge over the building as disclosed in Note 18;

(b) A debenture incorporating a fixed and floating charge on the assets of the Company both present and future;

(c) A legal assignment of all relevant takaful/insurance policies taken up by the Company in respect of the building and the endorsement of the security agent appointed by the lenders as loss payee;

(d) A legal charge and assignment of the Proceeds Account and FSRA as disclosed in Note 16 and Note 17; and

(e) Assignment of all construction contracts and performance bonds (if any) taken out over the construction of the building as disclosed in Note 18.

On 19 July 2019, the Sukuk Programme was fully redeemed by the Company.

23. Lease liability

	2019 RM
Current	2,720,605
Non-current	27,160,290
Total lease liability	29,880,895

The movement of lease liability during the year is as follows:

	RM
Addition	30,557,366
Lease payments	(1,415,230)
Accretion of interest	738,759
At 31 December 2019	29,880,895

The maturity of the lease liability as at 31 December 2019 is as follows:

	RM
Within one year	2,720,605
More than 1 year but not later than 2 years	2,875,058
More than 2 years but not later than 5 years	3,879,987
More than 5 years	20,405,245
	29,880,895

24. Share capital

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At 1 January and 31 December	15,000,000	15,000,000	16,059,000	16,059,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

25. Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")

	Number of NCRCPS		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At 1 January	25,200	25,200	126,000,000	126,000,000
Redeemed during the year	(25,200)	-	(126,000,000)	-
At 31 December	-	25,200	-	126,000,000

On 22 July 2019, the Company fully redeemed the NCRCPS by way of setting off against an equivalent amount of RM126,000,000 due from PCB.

The salient terms of the NCRCPS are summarised below:

(i) Preferential non-cumulative dividends were payable at a rate to be mutually agreed and were payable on a date determined by the Company subject to availability of profits.

(ii) The NCRCPS were redeemable at the Company’s option at any time out of profits or out of fresh issue of shares.

(iii) The NCRCPS were convertible at the Company’s option at any time into ordinary shares in the Company at a conversion rate to be determined by the Company.

(iv) The NCRCPS holders did not carry any right to vote at any general meeting of the Company except on resolutions to amend the NCRCPS holder's rights, to reduce the capital of the Company, to dispose the whole of the Company’s property, business and undertakings and to wind up the Company in the event the declared dividend or part of the dividend on the NCRCPS was in arrears for more than six months.

26. Equity contribution from minority shareholder/parent

	(a)	(b)	Total
At 1 January 2018 and 31 December 2018	-	728,920	728,920
Completion adjustment	4,954,979	-	4,954,979
At 31 December 2019	4,954,979	728,920	5,683,899

(a) This reserve is made up of a completion adjustment in accordance with the share sale by PCB of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM.

(b) This reserve is made up of the cumulative value of services received from employees recorded on grant of share incentives of PCB to its employees under the equity-settled share options ("ESOS") scheme. The ESOS expired on 29 August 2010.

27. Operating lease commitments

The Company as lessor

The Company has entered into non-cancellable operating sublease agreements on the property leased. These leases have remaining non-cancellable lease terms of between one and two years.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2019 RM	2018 RM
Not later than 1 year	333,800	515,920
Later than 1 year but not later than 5 years	247,750	572,500
	581,550	1,088,420

28. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2019 RM	2018 RM
Management fees charged by minority shareholder/ holding company	1,064,714	1,796,887
Management fees charged by immediate holding company	680,797	-
Interest expense charged by immediate holding company	13,718	-
Long term incentive plan paid to holding company	-	426,167
Rental charged to a former fellow subsidiary/ fellow subsidiary, KDU Management Development Centre Sdn. Bhd.	(102,000)	(102,000)
Rental charged to a former fellow subsidiary/ fellow subsidiary, R.E.A.L Education Group Sdn. Bhd.	(237,120)	(39,520)

28. Related party transactions (cont'd.)

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The remuneration of key management during the year are as follows:

	2019 RM	2018 RM
Short term employee benefits	1,412,400	1,540,318
Contribution to defined contribution plan	163,500	184,956
Share-based payment	-	196,433
	1,575,900	1,921,707

29. Classification of financial instruments

	Note	2019 RM	2018 RM
Trade receivables	13	65,832	229,432
Other receivables	*	2,536,121	1,122,993
Amounts due from fellow subsidiaries		230,410	93,995
Other investments	16	313,604	304,344
Cash and bank balances	17	11,355,811	9,260,948
Total financial assets carried at amortised cost		14,501,778	11,011,712
Other payables (other than derivative liability)	*	12,244,265	13,499,489
Amounts due to fellow subsidiaries	21	164,832	3,114,488
Amount due to holding company	21	3,291,435	6,663,823
Borrowing	22	-	100,093,343
Lease liability	23	29,880,895	-
Total financial liabilities carried at amortised cost		45,581,427	123,371,143

* These balances exclude non-financial instruments balances which are not within the scope of AASB 9 Financial Instruments.

30. Fair values of assets and liabilities

The carrying amounts of the Company's financial instruments are reasonable approximations of fair values, either due to their short-term nature or in the case of the borrowing, due to it being a floating rate instrument that was re-priced to market interest rates on or near the reporting date.

31. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Company’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company’s exposure to credit risk arises primarily from trade and other receivables. For other investments and cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable licensed banks.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position and the Company has no significant concentration of credit risk.

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 and Note 14.

31. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company manages liquidity risk by maintaining sufficient cash. In addition, the Company maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2019			
	On demand or within one year RM	**One to five years RM**	**More than five years RM**	**Total RM**
Financial liabilities				
Other payables	12,244,265	-	-	12,244,265
Amounts due to fellow subsidiaries	164,832	-	-	164,832
Amount due to holding company	3,472,464	-	-	3,472,464
Lease liability	4,245,691	28,076,433	3,645,820	35,967,944
Total undiscounted financial liabilities	20,127,252	28,076,433	3,645,820	51,849,505

	2018
	On demand or within one year, representing total RM
Financial liabilities	
Other payables	13,499,489
Amounts due to fellow subsidiaries	3,114,488
Amount due to holding company	6,663,823
Borrowing	106,307,793
Total undiscounted financial liabilities	129,585,593

31. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

In the previous financial year, the Company's exposure to interest rate risk arose primarily from its floating rate borrowing. The Company's interest rates profile is disclosed in Notes 17, 21 and 22.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from receipts and payments that are denominated in a currency other than the functional currency of the Company. The foreign currencies in which these transactions are denominated are mainly Great Britain Pound Sterling ("GBP"), Euro ("EUR") and Australian Dollar ("AUD").

The Company's foreign currency risk management policy is to minimise economic and significant transactional exposures arising from currency movements.

At the reporting date, the Company's exposure to foreign currency risk based on net carrying amount of financial liabilities are as follows:

	2019 RM	**2018 RM**
Other payables		
Denominated in:		
GBP	(56,683)	(62,258)
EUR	(1,994)	(104,754)
Amounts due to related companies		
Denominated in:		
AUD	(3,363,345)	-

31. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit/(loss) before tax to a reasonably possible change in the GBP, EUR and AUD exchange rates against the functional currency of the Company, with all other variables held constant.

	Profit/(loss) before tax (Decrease)/increase	
	2019 RM	2018 RM
GBP/RM - strengthened 6% (2018: 6%)	(3,401)	3,735
- weakened 2% (2018: 1%)	1,134	(623)
EUR/RM - strengthened 2% (2018: 3%)	(40)	3,143
- weakened 2% (2018: 3%)	40	(3,143)
AUD/RM - strengthened 5%	(168,167)	-
- weakened 5%	168,167	-

32. Significant events

(a) Sale and leaseback of property

On 25 October 2018, the Company entered into the following conditional sale and purchase agreement ("SPA") with Dynamic Gates Sdn. Bhd. ("DGSB" or "Purchaser"). The sale and purchase between the Company as the vendor and DGSB as the purchaser in relation to the Utropolis Glenmarie Campus Premise held under title bearing particulars Geran No. 312848, Lot No. 91902 Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan ("Utropolis Glenmarie Campus Property") for a total disposal consideration of RM250,000,000.

On 6 December 2018, Janahasil Sdn. Bhd. ("Janahasil"), a subsidiary of PCB, entered into a master lease agreement with DGSB which would take effect upon the completion of the SPA to lease the Utropolis Glenmarie Campus Property from DGSB for a lease tenure of seven years. On 2 August 2019, the Company entered into a sublease agreement with Janahasil to sublease the Utropolis Glenmarie Campus Property to the Company for the same lease period.

On 19 July 2019, this sale and leaseback transaction was deemed completed upon completion of conditions precedent and the sublease on the property commenced on the said date.

32. Significant events (cont'd.)

(b) Change of holding company

On 3 September 2019, PCB completed the share sale of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM. As a result, UOWM is the holding company of the Company.

33. Capital management

The primary objective of the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in line with changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company relies on UOWGE Ltd to provide financial support to meet its liabilities as and when they fall due.

34. Financing arrangments

The Company has access to the following lines of credit with Hong Leong Bank and May Bank as at 31 December:

	2019 RM	2018 RM
Available facilities		
Bank overdraft	7,000,000	7,000,000
Bank guarantee	6,000,000	11,000,000
Credit card facility	15,000	-
	13,015,000	18,000,000
Used on 31 December		
Bank overdraft	-	-
Bank guarantee	2,000,000	2,000,000
Credit card facility	1,657	-
	2,001,657	2,000,000
Unused on 31 December		
Bank overdraft	7,000,000	7,000,000
Bank guarantee	4,000,000	9,000,000
Credit card facility	13,343	-
	11,013,343	16,000,000

35. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

36. Contingencies

There were no contingent assets or liabilities for the Company at 31 December 2019.

End of audited financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

(formerly known as KDU University College (PG) Sdn. Bhd.)
(879357-X)

Annual Financial Statements

For the year ended 31 December 2019

200901036235 (879357-X)

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

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UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
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Directors' report

The directors of KDU University College (PG) Sdn. Bhd. (the "Company") have the pleasure of presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Principal activity

The principal activity of the Company is providing educational services.

Results

	RM
Profit for the 12 months ended 31 December 2019 net of tax	30,209,874

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividend paid by the Company since 31 December 2018 is as follows:

	RM
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Interim single-tier dividend of 3.1581 sen on 15,000,000 ordinary shares, declared on 22 August 2019 and deemed as paid to Paramount by way of setting off against the equivalent sum of RM47,371,000 due from Paramount.	47,371,000

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Teo Chiang Quan	(Resigned 4 September 2019)
Chew Sun Teong	
Datin Teh Geok Lian	
Benjamin Teo Jong Hian	(Resigned 4 September 2019)
Faizah Binti Khairuddin	(Resigned 15 August 2019)
Noel Harold Cornish	(Appointed on 3 September 2019)
Marisa Mastroianni	(Appointed on 3 September 2019)
Ng Glok Hong	(Appointed on 3 September 2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there exist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company or the fixed salary or a full-time employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

Directors' indemnity

The holding company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Company. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Holding company

The holding company was Paramount Corporation Berhad ("PCB"), which is incorporated in Malaysia. On 3 September 2019, PCB had completed the share sale of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM Sdn. Bhd. ("UOWM"). As a result, UOWM is the holding company of the Company as at the end of the financial year.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 32 to the financial statements.

Auditors

For Australian reporting compliance, the auditors are The Audit Office of New South Wales.

Auditors' remuneration is disclosed in Note 7 to the financial statements.

Indemnification of auditors

There was no payment made or insurance effected to indemnify the auditors during the financial year and the period from 1 January 2019 to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2020.

Director ______________________

Mr N Cornish AM

Director ______________________

Ms M Mastroianni

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UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Directors' Declaration
For the year ended 31 December 2019

In accordance with a resolution of the Board of Directors, we state that;

(i) The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial year then ended;

(ii) The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;

(iii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;

(iv) The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;

(v) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and

(vi) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board

Director ______________________
Mr N Cormish AM

Director ______________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

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UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Certificate under the Public Finance and Audit Act 1983
For the year ended 31 December 2019

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

(i) The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU Penang University College Sdn. Bhd. as at 31 December 2019 and financial performance for the financial year then ended.
(ii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
(iii) The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Public Finance Audit Regulation 2015.

Further we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Director ______________________
Mr N Cormish AM

Director ______________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU Penang University College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU Penang University College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its 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 Company in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in the Company's annual report for the year ended 31 December 2019, other than the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

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.

The Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 April 2020
SYDNEY

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2019

	Note	2019 RM	2018 RM (Restated)
Revenue	4	26,403,288	28,578,924
Other income	4	32,071,623	4,844,953
Employee benefits expense	5	(16,144,132)	(16,076,753)
Depreciation		(1,040,304)	(1,378,886)
Other expenses		(11,467,942)	(11,712,551)
Finance cost	6	(2,190,537)	-
Profit before tax	7	27,631,996	4,255,687
Income tax expense	8	2,577,878	(7,288,986)
Profit net of tax, representing total comprehensive income for the period/year		30,209,874	(3,033,299)

The accompanying notes form an integral part of the financial statements.

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UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2019

	Note	2019 RM	2018 RM (Restated)
Non-current asset			
Property, plant and equipment	10	6,553,610	1,286,808
Right-of-use asset	11	882,114	-
		7,435,724	1,286,808
Current assets			
Trade receivables	12	284,155	75,461
Other receivables	13	1,257,569	1,522,567
Amounts due from fellow subsidiaries	14	110,533	10,000
Tax recoverable		82,366	1,070,961
Cash and bank balances	15	16,249,261	3,392,394
		17,983,884	6,071,383
Assets held for sale	16	-	156,361,824
		17,983,884	162,433,207
Total assets		25,419,608	163,720,015
Equity and liabilities			
Current liabilities			
Other payables	17	15,467,914	7,003,214
Amount due to holding company	14	-	343,678
Amounts due to fellow subsidiaries	14	215,033	26,717,573
Contract liability	18	321,841	252,930
Lease liabilities	19	476,665	-
Borrowings	20	-	53,659,596
		16,481,453	87,976,991
Net current assets		1,502,431	74,456,216
Non-current liabilities			
Deferred tax liabilities	21	3,750,817	7,713,012
Lease liabilities	19	422,194	-
		4,173,011	7,713,012
Total liabilities		20,654,464	95,690,003

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of financial position (cont'd.)
As at 31 December 2019

	Note	2019 RM	2018 RM
Equity			
Share capital	22	15,003,300	15,003,300
Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	23	-	30,000,000
Equity contribution from parent	24	3,663,273	430,420
Retained earnings		(13,901,429)	22,596,292
Total equity		4,765,144	68,030,012
Total equity and liabilities		25,419,608	163,720,015

The accompanying notes form an integral part of the financial statements.

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UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Profit before tax	27,631,996	4,255,687
Adjustments for:		
Depreciation	1,040,304	1,378,886
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(27,661,908)	(5,447)
Share-based payment	-	321,990
Bad debts written off	37,649	67,083
Allowance for impairment loss on trade receivables	(19,102)	26,972
Net unrealised foreign exchange loss	38,091	11,174
Finance cost	2,190,537	-
Interest income	(118,204)	(65,370)
Operating profit before changes in working capital	3,139,363	5,990,976
Decrease/(increase) in receivables	37,757	(417,685)
Increase/(decrease) in payables	1,250,466	(97,417)
Changes in intercompany balances	(1,276,452)	1,736,737
Cash generated from operations	3,151,134	7,212,611
Lease rental payments	(506,700)	-
Income taxes refunded	1,449,277	-
Income taxes paid	(1,149,000)	(1,185,641)
Net cash flows generated from operating activities	2,944,711	6,026,970
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,828,863)	(29,084,527)
Government grant received	7,245,054	-
Additions on capital work-in-progress classified as held for sale	(8,972,268)	-
Proceeds from disposals of property, plant and equipment	-	6,075
Interest received	118,204	65,370
Net cash flows used in investing activities	(7,437,873)	(29,013,082)
Cash flows from financing activities		
Decrease/(increase) in placements in banks restricted for use	1,459,245	(710,724)
Drawdown of borrowing	14,859,000	24,824,877
Interest paid	(741,824)	-
Other equity contribution by a shareholder	3,232,853	-
Net cash flows generated from financing activities	18,809,274	24,114,153
Net increase in cash and cash equivalents	14,316,112	1,128,041
Cash and cash equivalents at 1 January	1,933,149	805,108
Cash and cash equivalents at 31 December (Note 15)	16,249,261	1,933,149

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of cash flows
For the financial period ended 31 December 2019 (cont'd.)

Note:

(a) Reconciliation of liabilities arising from financing activities:

	2019 RM	2018 RM
Borrowings		
At 1 January	53,659,596	28,771,431
Drawdown during the year	14,859,000	24,890,000
Transaction cost paid	-	(65,123)
Amortisation of loan transaction cost	1,230,404	63,288
Repayment during the year paid by Paramount Corporation Berhad ("PCB")	(69,749,000)	-
At 31 December	-	53,659,596

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU Penang University College Sdn. Bhd.
(formerly known as KDU University College (PG) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2019

		Non-cumulative Redeemable Convertible Preference	Non-distributable	Distributable	
	Ordinary shares	Shares	Equity contribution from parent	Retained earnings	Total equity
	RM	RM	RM	RM	RM
At 1 January 2019	15,003,300	30,000,000	430,420	22,596,292	68,030,012
Total comprehensive income	-	-	-	30,209,874	30,209,874
Redemption of NCRCPS (Note 23)	-	(30,000,000)	-	-	(30,000,000)
Dividend on ordinary shares (Note 9(a))	-	-	-	(47,371,000)	(47,371,000)
Waiver of debts (Note 9(b))	-	-	-	(19,336,595)	(19,336,595)
Other equity contribution from parent	-	-	3,232,853	-	3,232,853
At 31 December 2019	15,003,300	-	3,663,273	(13,901,429)	4,765,144
At 1 January 2018	15,003,300	30,000,000	430,420	25,629,591	71,063,311
Total comprehensive income	-	-	-	-	-
- As previously reported	-	-	-	3,993,446	3,993,446
- Prior year adjustment (Note 33)	-	-	-	(7,026,745)	(7,026,745)
	-	-	-	(3,033,299)	(3,033,299)
At 31 December 2018	15,003,300	30,000,000	430,420	22,596,292	68,030,012

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2019

1. Corporate information

UOW Malaysia KDU Penang University College Sdn. Bhd. (formerly known as KDU University College (PG) Sdn. Bhd.) ("the Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at 32 Jalan Anson, 10400 Penang.

The immediate holding company and ultimate holding company of the Company are UOWM Sdn. Bhd. ("UOWM") and University of Wollongong ("UOW"), which are incorporated in Malaysia and Australia respectively. UOW produces financial statements available for public use.

The principal activity of the Company is providing educational services.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2020

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Australian Financial Reporting Standards ("AASB") issued by the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS") and the requirements of the Public Finance and Audit Act 1983.

The financial statements have been prepared on the historical cost basis except as disclosed in accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

On 1 January 2019, the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2019:

- AASB 9 Prepayment Features with Negative Compensation (Amendments to AASB 9)
- AASB 16 Leases
- AASB 119 Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Except for the new AASB discussed below, adoption of the above pronouncements did not have any material effect on the financial performance or position of the Company.

<u>AASB 16 Leases</u>

AASB 16 Leases sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing AASB 117 Leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, apart from those where the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis, including non-cancellable lease payments as well as payments to be made in optional periods if the lessee is reasonably certain to exercise the option of not terminating the lease.

The Company adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The Company has also elected to apply the practical expedient not to apply the requirements of AASB 16 for leases that ends within 12 months of the date of initial application and account for these leases the same as short-term lease.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

The impact of changes to the statements of financial position of the Company resulting from the adoption of AASB 16 Leases as at 1 January 2019 is as follows:

	As at 31 December 2018 RM	Effect of adoption of AASB 16 RM	As at 1 January 2019 RM
Non-current asset			
Right-of-use asset	-	256,057	256,057
Current liabilities			
Lease liability	-	149,799	149,799
Non-current liabilities			
Lease liability	-	106,258	106,258

2.3 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to AASB 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020

The new or revised AASBs and amendments to AASBs that are not yet effective are not expected to have a material impact on the Company in the current or future reporting periods.

2. Summary of significant accounting policies (cont'd.)

2.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life as follows:

Building	50 years
Renovation	5 years
Furniture, fixtures and fittings, books, computers, equipment and motor vehicles	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases

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

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

Building	2 to 3 years
Other equipment	3 to 5 years

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Summary of significant accounting policies (cont'd.)

2.5 Leases (cont'd.)

(a) As lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.14(b).

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial instruments

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.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss. All financial assets of the Company are classified as financial assets at amortised cost (debt instruments). The Company's financial assets at amortised cost include trade receivables, other receivables, amounts due from fellow subsidiaries and cash and bank balances.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

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

The Company'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.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

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 Company commits to purchase or sell the asset.

Subsequent measurement

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

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

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

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 Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Derecognition (cont'd.)

When the Company 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 nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 (if any).

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities, and measured at either fair value through profit or loss or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

The Company’s financial liabilities include other payables, amounts due to holding company and fellow subsidiaries and borrowings.

Subsequent measurement

After initial recognition, payables, amount due to related company and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial instruments (cont'd.)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of the 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.

2.8 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and at banks which are subject to an insignificant risks of changes in value.

2.9 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.10 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares and Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS") are equity instruments.

Ordinary shares and NCRCPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares and preferential dividends on NCRCPS are recognised in equity in the period in which they are declared.

2. Summary of significant accounting policies (cont'd.)

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Company participates in the national pension schemes as defined by the Malaysian laws. The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd.)

2.13 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Summary of significant accounting policies (cont'd.)

2.13 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Revenue and other income recognition

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(a) Revenue from educational fees

Revenue from educational fees is recognised on a straight-line basis over the duration of the course.

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.15 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company is measured using the currency of the primary economic environment in which the Company operates (“functional currency”). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.16 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. Summary of significant accounting policies (cont'd.)

2.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. Summary of significant accounting policies (cont'd.)

2.17 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company’s external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Company’s external valuers present the valuation results to the audit committee and the Company’s independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Summary of significant accounting policies (cont'd.)

2.18 Current and non-current classification

The Company presents assets and liabilities in statement of financial position based on current and non-current classification.

An asset is classified as current when it is:
(i) expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.19 Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets are measured in accordance to Note 2.4 to the financial statements. Thereafter, on initial classification as held for sale, the assets are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss. Assets once classified as held for sale are not depreciated.

2. Summary of significant accounting policies (cont'd.)

2.19 Assets held for sale (cont'd.)

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

An asset held for sale is derecognised upon disposal and any gain or loss on derecognition is included in profit or loss in the year it is derecognised.

2.20 Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. In the case of education contracts, contract liability is the excess of the billings to date over the cummulative revenue earned. Contract liabilities include downpayment received from customer and other deferred income where the Company have billed and collected the payment before the goods are delivered or services are provided to the customers.

3. Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

No major judgements have been made by management in applying the Company's accounting policies as at reporting date that have a significant risk of causing a material adjustment.

3. Significant accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty

The Company has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years RM	More than five years RM	Total RM
Extension options expected not to be exercised	1,540,575	98,925	1,639,500

4. Revenue and other income

	2019 RM	2018 RM
Type of goods and service		
Educational fees	26,403,288	28,578,924
Timing of revenue recognition		
Goods transferred at a point in time	1,420,773	1,445,131
Services transferred over time	24,982,515	27,133,793
	26,403,288	28,578,924
Other income		
Rental revenue	1,071,780	1,385,311
Interest income	118,204	65,370
Other income	1,936,691	2,008,595
Income from mobility programs	1,158,098	1,288,430
Gain on disposal of Property, Plant & Equipment	27,661,908	5,447
Admission fees	124,942	91,800
Total other income	32,071,623	4,844,953

5. Employee benefits expense

	2019 RM	2018 RM
Wages and salaries	13,492,244	13,252,930
Contributions to defined contribution plan	1,659,900	1,615,627
Share-based payment	-	321,990
Other benefits	991,988	886,206
	16,144,132	16,076,753

6. Finance cost

	2019 RM
Interest expense on:	
- iMTN	741,824
- amount due from related company	210,821
- lease liabilities (Note 19)	45,202
Amortisation of borrowing transaction cost	1,192,690
Total finance costs	2,190,537

7. Profit before tax

Profit before tax are derived after charging/(crediting):

	2019 RM	2018 RM
Auditor's remuneration	18,000	18,000
Bad debts written off	37,649	67,083
Depreciation of property, plant and equipment (Note 10)	562,061	1,378,886
Depreciation of right-of-use asset (Note 11)	478,243	-
Property, plant and equipment written off	-	1
Gain on disposal of property, plant & equipment (Note 16)	(27,661,908)	(5,447)
Allowance for impairment loss on trade receivables (Note 12)	(19,102)	26,972
Lease expense relating to short-term leases	111,400	-
Lease expense relating to leases of low value assets	314,513	-
Rental of premises	-	606,525
Rental of equipment	-	85,731
Net (gains)/losses on foreign exchange:		
- realised	(293,864)	(267,823)
- unrealised	38,092	11,174
Interest income from deposits with licensed banks	(118,204)	(65,370)
Rental income	(1,071,780)	(1,385,311)

8. Income tax expense

	2019 RM	2018 RM (Restated)
Current income tax:		
Malaysian income tax	236,579	828,848
Over provision in prior year	(275,225)	(569,808)
Real property gains tax	1,422,963	-
	1,384,317	259,040
Deferred tax (Note 21):		
Relating to origination and reversal of temporary differences	(2,644,793)	7,031,401
Under/(over) provision in prior year	(1,317,402)	(1,455)
	(3,962,195)	7,029,946
Income tax expense	(2,577,878)	7,288,986

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2018: 24%) of the estimated assessable profit for the period/year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2019 and 31 December 2018 are as follows:

	2019 RM	2018 RM
Profit before tax	27,631,996	4,255,687
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	6,631,679	1,021,365
Expenses not deductible for tax purposes	392,286	380,224
Income not subject to taxation	(9,121,945)	-
Effect of income subject to real property gains tax	1,422,963	-
Interest capitalised allowable as tax deduction	(310,234)	(568,085)
Deferred tax recognised on change in expected manner of asset recovery	-	7,026,745
Over provision of deferred tax in prior year	(1,317,402)	(1,455)
Over provision of income tax in prior year	(275,225)	(569,808)
Income tax expense	(2,577,878)	7,288,986

9. Dividend and waiver of debts

(a) Dividend

	Amount		Dividend per ordinary share	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**sen**	**sen**
Recognised during the financial year:				
For the financial year ended 31 December 2019				
Interim single-tier dividend of 3.1581 sen	47,371,000	-	3.1581	-

(b) Waiver of debts

During the financial period, the Company waived amount owing by its holding company, PCB amounting to RM19,336,595.

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10. Property, plant and equipment

	Freehold land RM	Building RM	Renovation RM	Furniture, fixtures and fittings, books, computers, equipment, and motor vehicles RM	Capital work-in-progress RM	Total RM
Cost						
At 1 January 2018	43,830,644	37,720,000	1,384,126	10,486,917	52,851,510	146,273,197
Additions	-	-	111,092	616,558	28,420,164	29,147,814
Disposal	-	-	-	(1,273)	-	(1,273)
Transfer to assets held for sale (Note 16)	(43,830,644)	(37,720,000)	(1,495,218)	-	(81,271,674)	(164,317,536)
Write-off	-	-	-	(75,900)	-	(75,900)
At 31 December 2018	-	-	-	11,026,302	-	11,026,302
Additions	-	-	-	338,629	5,490,234	5,828,863
At 31 December 2019	-	-	-	11,364,931	5,490,234	16,855,165

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10. Property, plant and equipment (cont'd.)

	Freehold land RM	Building RM	Renovation RM	Furniture, fixtures and fittings, books, computers, equipment, and motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation						
At 1 January 2018	-	6,054,963	1,204,355	9,133,546	-	16,392,864
Depreciation (Note 7)	-	636,991	59,403	682,492	-	1,378,886
Disposal	-	-	-	(645)	-	(645)
Transfer to assets held for sale (Note 16)	-	(6,691,954)	(1,263,758)	-	-	(7,955,712)
Write-off	-	-	-	(75,899)	-	(75,899)
At 31 December 2018	-	-	-	9,739,494	-	9,739,494
Depreciation (Note 7)	-			562,061	-	562,061
At 31 December 2019	-	-	-	10,301,555	-	10,301,555
Net carrying amount						
At 31 December 2019	-	-	-	1,063,376	5,490,234	6,553,610
At 31 December 2018	-	-	-	1,286,808	-	1,286,808

10. Property, plant and equipment (cont'd.)

(a) Included in the Company's capital work-in-progress in prior year were borrowing costs capitalised arising from borrowings drawdown and amounts due to holding company and related company specifically for the purpose of the construction of the building amounted to RM1,697,124 and RM669,897 respectively.

(b) During the previous financial year, the Company entered into conditional sale and purchase agreements to dispose its property, plant and equipment amounting to RM156,361,824 to Dynamic Gates Sdn. Bhd.. The details are disclosed in Note 16.

(c) Included in plant and equipment of the Company are fully depreciated assets amounted to RM16,879,395 (2018: RM6,879,823).

11. Right-of-use asset

	Office Equipment RM	Building RM	Total RM
Cost			
At 1 January 2019	-	-	-
Effects of AASB 16 Leases (Note 2.2)	53,623	202,434	256,057
Additions during the period	-	1,104,300	1,104,300
At 31 December 2019	53,623	1,306,734	1,360,357
Accumulated depreciation			
At 1 January 2019	-	-	-
Depreciation charge for the period (Note 7)	12,142	466,101	478,243
At 31 December 2019	12,142	466,101	478,243
Net carrying amount			
At 31 December 2019	41,481	840,633	882,114

12. Trade receivables

	2019 RM	2018 RM
Trade receivables	362,618	173,026
Less: Allowance for impairment	(78,463)	(97,565)
Trade receivables, net	284,155	75,461

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2018: 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2019 RM	2018 RM
1 to 30 days past due not impaired	25,048	12,374
31 to 60 days past due not impaired	23,485	5,936
61 to 90 days past due not impaired	181,750	35,963
91 to 120 days past due not impaired	53,872	21,188
	284,155	75,461
Impaired	78,463	97,565
	362,618	173,026

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. There is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Company's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2019 RM	2018 RM
Trade receivables - nominal amounts	78,463	97,565
Less: Allowance for impairment	(78,463)	(97,565)
	-	-

12. Trade receivables (cont'd.)

Movement in allowance account:

Receivables that are impaired (cont'd.)

	2019 RM	2018 RM
At 1 January	97,565	70,593
Allowance for impairment losses (Note 7)	(19,102)	26,972
At 31 December	78,463	97,565

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

13. Other receivables

	2019 RM	2018 RM
Sundry receivable	286,299	198,240
Deposits	538,758	480,373
Prepayments	432,512	843,954
	1,257,569	1,522,567

14. Amounts due from/(to) related parties

The amounts due from/(to) holding company are non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

The amounts due from/(to) fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and are repayable on demand. Amount due to a fellow subsidiary bears interest at 4.95% (2018: 4.95%) per annum.

15. Cash and bank balances

	2019 RM	2018 RM
Cash on hand and at banks	16,249,261	2,025,316
Deposits with licensed bank	-	1,367,078
Cash and bank balances	16,249,261	3,392,394
Deposits restricted for use	-	(1,459,245)
Cash and cash equivalents	16,249,261	1,933,149

Cash at banks earn interest at floating rates based on daily bank deposit rates. Included in cash at banks are interest bearing bank balances amounting to RM16,049,346 (2018: RM1,987,847) which earn interest ranged from 0.25% to 2.80% (2018: 0.25% to 2.80%) per annum.

Included in deposits with licensed bank and cash at banks of the Company in the previous financial year was RM1,459,245 in the Financial Service Reserve Account ("FSRA") and Trustee account ("TRA") which were restricted in usage and do not form part of cash and cash equivalents. The FSRA and TRA were secured against the Sukuk Programme as disclosed in Note 20.

16. Assets held for sale

In the previous financial year, the Company entered into conditional sale and purchase agreements to dispose its property, plant and equipment to Dynamic Gates Sdn. Bhd. The sale was completed during the current financial year as disclosed in Note 32. The assets disposed are as follows:

	2018 RM
Property, plant and equipment:	
Freehold land	43,830,644
Building	31,028,046
Renovation	231,460
Capital work-in-progress	81,271,674
At 31 December	156,361,824

During the year, the Company incurred additions amounted to RM8,972,268 on the capital work-in-progress prior to the completion of the sale.

In the previous financial year, the Company's building was pledged as security for iMTN (Note 20).

17. Other payables

	2019 RM	2018 RM
Accruals	2,284,625	973,813
Refundable deposits	1,565,711	1,593,394
Sundry payables	11,617,578	4,436,007
	15,467,914	7,003,214

Sundry payables are non-interest bearing and are normally settled on an average term of 1 month (2018: average term of 1 month).

18. Contract liability

	2019 RM	2018 RM
Fees in advance	321,841	252,930

Set out below is the amount of revenue recognised from:

	2019 RM	2018 RM
Amount included in contract liabilities at the beginning of the period/year	252,930	268,084

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM321,841 which expected to be recognised within one year.

19. Lease liabilities

	2019 RM
Non-current	
Lease liabilities	422,194
Current	
Lease liabilities	476,665
Total lease liabilities	898,859

19. Lease liabilities (cont'd.)

The movement of lease liabilities during the year is as follows:

	2019 RM
As at 1 January	256,057
Additions	1,104,300
Payments	(506,700)
Accretion of interest (Note 6)	45,202
As at 31 December	898,859

The maturities of the lease liabilities as at 31 December 2019 is as follows:

	2019 RM
Within one year	476,665
More than 1 year but not later than 2 years	350,891
More than 2 years but not later than 5 years	71,303
	898,859

20. Borrowing

	2019 RM	2018 RM
Current		
Secured iMTN - floating rate	-	53,659,596

On 30 August 2016, the Company received approval from the Securities Commission in Malaysia for the issuance of up to RM300,000,000 iMTN pursuant to an iMTN Programme ("Sukuk Programme"). The initial issuance is up to RM160,000,000. The Sukuk Programme bore interest ("Sukuk Profit") at the prevailing cost of funds of the iMTN holder ("Cost of Funds") plus 1.0% per annum for the first issuance.

During the period, the Company has drawdown RM14,859,000 (2018: RM24,890,000) of the total iMTN approved. The average effective Sukuk Profit rate is from 4.70% to 5.18% (2018: 4.70% to 4.95%) per annum. The total iMTN RM69,749,000 was fully redeemed on 19 July 2019.

20. Borrowing (cont'd.)

The Sukuk Programme was secured by the following:

(i) First legal charge over the project land as disclosed in Note 16;

(ii) A completion guarantee undertaking from PCB;

(iii) A debenture incorporating a fixed and floating charge on the assets of the Company both present and future;

(iv) A legal assignment of all relevant takaful/insurance policies taken up by the Company in respect of the capital work-in-progress and the endorsement of the security agent appointed by the lenders as loss payee;

(v) A legal charge and assignment of the FSRA as disclosed in Note 15; and

(vi) Assignment of all construction contracts and performance bonds (if any) taken out over the construction of the building as disclosed in Note 16.

The management of the interest rate risk of the Company is disclosed in Note 30(c).

21. Deferred tax liabilities

	2019 RM	2018 RM (Restated)
At 1 January	7,713,012	683,066
Recognised in income statement (Note 8)	(3,962,195)	7,029,946
At 31 December	3,750,817	7,713,012

Presented after appropriate offsetting as follows:

	2019 RM	2018 RM
Deferred tax assets	(437,835)	(204,462)
Deferred tax liabilities	4,188,652	7,917,474
	3,750,817	7,713,012

21. Deferred tax liabilities (cont'd.)

	At 1 January 2019 RM (Restated)	Recognised in income statement RM	At December 2019 RM
Property, plant and equipment	7,917,474	(7,951,855)	(34,381)
Fees in advance	(60,703)	(18,736)	(79,439)
Deferred balancing charge	-	3,976,945	3,976,945
Others	(143,759)	31,451	(112,308)
	7,713,012	(3,962,195)	3,750,817

	At 1 January 2018 RM	Recognised in income statement RM (Restated)	At 31 December 2018 RM (Restated)
Property, plant and equipment	886,518	7,030,956	7,917,474
Fees in advance	(68,660)	7,957	(60,703)
Others	(134,792)	(8,967)	(143,759)
	683,066	7,029,946	7,713,012

22. Share capital

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid:				
At 1 January and December	15,000,000	15,000,000	15,003,300	15,003,300

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares ranked pari passu with regard to the Company's residual assets.

23. Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")

	Number of NCRCPS		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At 1 January	6,000	6,000	30,000,000	30,000,000
Redeemed during the period/year	(6,000)	-	(30,000,000)	-
At 31 December 2019	-	6,000	-	30,000,000

On 22 July 2019, the Company fully redeemed the NCRCPS by way of setting off against an equivalent amount of RM126,000,000 due from its holding company, PCB.

The salient terms of the NCRCPS issued are summarised below:

(i) Preferential non-cumulative dividends are payable at a rate to be mutually agreed and are payable on a date determined by the issuer subject to availability of profits.

(ii) The NCRCPS are redeemable at the Company's option at any time out of profits or out of fresh issue of shares.

(iii) The NCRCPS are convertible at the Company's option at any time into ordinary shares in the Company at a conversion rate to be determined by the Company.

(iv) In the event of winding up, the NCRCPS holders shall be entitled to a repayment of capital pari passu with the ordinary shares of the Company.

(iv) The NCRCPS holders do not carry any right to vote at any general meeting of the Company except on resolutions to amend the NCRCPS holder's rights, to reduce the capital of the Company, to dispose the whole of the Company's property, business and undertakings, to wind up the Company or in the event the declared dividend or part of the dividend on the NCRCPS is in arrears for more than six months.

24. Equity contribution from parent

	(a) RM	(b) RM	Total RM
At 1 January 2018 and 31 December 2018	430,420	-	430,420
Completion adjustment	-	3,232,853	3,232,853
At 31 December 2019	430,420	3,232,853	3,663,273

(a) The equity contribution from parent represents ESOS and share incentives scheme of PCB granted to employees of the Company. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options of PCB. The ESOS expired on 29 August 2010.

(b) This reserve is made up of a completion adjustment in accordance with the share sale by PCB of 9,750,000 ordinary shares of the Company, repesenting 65% equity interest to UOWM Sdn. Bhd.

25. Leases

The Company as a lessor

The Company has entered into non-cancellable operating lease agreements on its property. These leases have remaining non-cancellable lease terms of between 2 and 12 months.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2019 RM	2018 RM
Not later than 1 year	-	94,800

26. Capital commitments

Capital commitments as at the reporting date is as follows:

	2019 RM	2018 RM
Capital expenditure - property, plant and equipment		
- Approved and contracted for	291,163	34,437,848
- Approved but not contracted for	4,218,602	1,675,675
	4,509,765	36,113,523

27. Related party transactions

(a) Sale and purchase of goods and services

In addition to the significant related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related party took place at terms agreed between the party during the financial period:

	2019 RM	2018 RM
Management fee charged by holding company,		
Paramount Corporation Berhad	843,402	1,302,890
UOWGE Sdn Bhd	680,797	-
Construction works charged by a fellow subsidiary,		
Paramount Construction (PG) Sdn. Bhd	11,508,369	26,038,643
Interest expense charged by:		
- related company	223,429	349,018
- holding company	-	320,879

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The remuneration of key management during the period are as follows:

	2019 RM	2018 RM
Short term employee benefits	1,013,968	1,163,154
Defined contribution plan	101,503	163,197
	1,115,471	1,326,351

28. Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Note	2019 RM	2018 RM
Trade receivables	12	284,155	75,461
Other receivables	*	825,057	678,613
Amounts due from fellow subsidiaries	14	110,533	10,000
Cash and cash balances	15	16,249,261	3,392,394
Total financial assets at amortised cost		17,469,006	4,156,468
Other payables	*	14,011,880	6,388,860
Amount due to holding company	14	-	343,678
Amounts due to fellow subsidiaries	14	215,033	26,717,573
Lease liabilities	19	898,859	-
Borrowings	20	-	53,659,596
Total financial liabilities at amortised cost		15,125,772	87,109,707

* These balances exclude non-financial instruments balances which are not within the scope of AASB 9 Financial Instruments.

29. Fair values of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the Company's financial instruments are reasonable approximation of fair values, either due to their short-term nature or in the case of the borrowing, due to it being a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

30. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Company’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company’s exposure to credit risk arises primarily from trade and other receivables. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable licensed banks.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position and the Company has no significant concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from other payables, due to holding company and fellow subsidiaries, and borrowing.

In this regard, the Company’s policies and procedures involve obtaining funding from its holding company to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due.

30. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2019		
	On demand or within one year RM	**One to five years RM**	**Total RM**
Financial liabilities			
Other payables	14,011,880	-	14,011,880
Amounts due to fellow subsidiaries	215,033	-	215,033
Lease liabilities	507,850	432,575	940,425
Total financial liabilities carried at amortised cost	14,734,763	432,575	15,167,338

Financial liabilities	**2018 On demand or within one year, representing total RM**
Other payables	6,388,860
Amount due to holding company	343,678
Amounts due to fellow subsidiaries	27,637,406
Borrowing	57,607,055
Total financial liabilities carried at amortised cost	91,976,999

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

In the previous financial year, the Company's exposure to interest rate risk arises primarily from its floating rate borrowing. The Company's interest rate profile is disclosed in Note 20.

30. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from payments that are denominated in a currency other than the functional currency of the Company. The foreign currency which these transactions are denominated is mainly Great Britain Pound Sterling ("GBP").

The Company's foreign currency risk management policy is to minimise economic and significant transactional exposures arising from currency movements.

At the reporting date, the Company does not have significant foreign currency exposure.

31. Capital management

The primary objective of the Company’s capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in line with changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company relies on its ultimate holding company, University of Wollongong, to provide financial support to meet its liabilities as and when they fall due.

32. Significant events during the financial year

On 25 October 2018, the Company entered into conditional sale and purchase agreements ("SPAs") with Dynamic Gates Sdn Bhd ("DGSB" or "Purchaser"). The sale and purchase between the Company as the vendor and DGSB as the purchaser in relation to the KDU Penang University College Campus premises located in Bandar George Town, Daerah Timor Laut, Pulau Pinang ("Jalan Anson Campus Property") and Batu Kawan, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang ("Batu Kawan Campus Property") for a total disposal consideration of RM50,000,000 and RM120,000,000 respectively (KDU Penang University College Campuses are hereinafter collectively referred to as the "Subject Campus Properties").

On 6 December 2018, Janahasil Sdn. Bhd. ("Janahasil"), a fellow subsidiary, entered into a master lease agreement with DGSB which will take effect upon the completion of the SPAs to lease the Subject Campus Properties from DGSB for lease tenure of 7 years. On 2 August 2019 and 27 August 2019, the Company entered into sublease agreements with Janahasil to sublease the Jalan Anson Campus Property and Batu Kawan Campus Property respectively to the Company for the same lease period.

On 19 July 2019, this sale and leaseback transaction was deemed completed upon completion of conditions precedent and the sublease on the property commenced on the said date.

On 3 September 2019, Paramount Corporation Berhad completed the share sale of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM Sdn. Bhd. As a result, UOWM Sdn. Bhd. is the holding company of the Company.

33. Prior year adjustment

In 2018, the Company changed the expected manner of recovery for the Company's freehold land, building, renovation and capital work-in-progress from held for use to recovery through sale. Following the change, the deferred tax liabilities have been restated to reflect the expected manner of recovery.

As a result, the following comparatives of the Company for the financial year ended 31 December 2018 have been adjusted as below:

Statement of financial position
As at 31 December 2018

	As previously reported RM	Effects of prior year adjustment RM	As restated RM
Non-current liabilities			
Deferred tax liabilities	686,267	7,026,745	7,713,012
Equity			
Retained earnings	29,623,037	(7,026,745)	22,596,292

Income statement
For the financial year ended 31 December 2018

	As previously reported RM	Effects of prior year adjustment RM	As restated RM
Income tax expense	(262,241)	(7,026,745)	(7,288,986)

34 Financing arrangements

The Company has access to the following lines of credit with May Bank as at 31 December:

	2019 RM	2018 RM
Available facilities		
Bank overdraft	1,000,000	1,000,000
Bank guarantee	1,000,000	1,000,000
Credit card facility	50,000	50,000
	2,050,000	2,050,000
Used on 31 December		
Bank overdraft	-	-
Bank guarantee	513,600	533,600
Credit card facility	5,401	4,768
	519,001	538,368
Unused on 31 December		
Bank overdraft	1,000,000	1,000,000
Bank guarantee	486,400	466,400
Credit card facility	44,599	45,232
	1,530,999	1,511,632

35. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

36. Contingencies

There were no contingent assets or liabilities for the Company at 31 December

End of audited financial statements

UOW Malaysia KDU College Sdn. Bhd.
(formerly known as KDU College (PJ) Sdn. Bhd.)
(879955-T)
(Incorporated in Malaysia)

Audited Financial Statements
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Directors' report

The Directors of UOW Malaysia KDU College Sdn. Bhd. (the "Company") have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Principal activity

The principal activity of the Company is providing educational services.

Change of name

The Company changed its name from KDU College (PJ) Sdn. Bhd. to UOW Malaysia KDU College Sdn. Bhd. on 27 November 2019.

Results

	RM
Profit for the year ended 31 December 2019 net of tax	17,772,033

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividend paid by the Company since 31 December 2018 was as follows:

	RM
In respect of the financial year ended 31 December 2019:	
Interim single-tier dividend of 216.6 sen on 5,000,000 ordinary shares, declared on 22 August 2019 and paid on 22 August 2019	10,829,000

UOW Malaysia KDU College Sdn. Bhd.
(formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Noel Harold Cornish	(appointed on 3 September 2019)
Marisa Mastroianni	(appointed on 3 September 2019)
Ng Glok Hong	(appointed on 3 September 2019)
Dato' Teo Chiang Quan	(resigned on 4 September 2019)
Datin Teh Geok Lian	(resigned on 4 September 2019)
Chew Sun Teong	(resigned on 4 September 2019)
Benjamin Teo Jong Hian	(resigned on 4 September 2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there exist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company or the fixed salary of a full-time employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which they are a member, or with a company in which they are a substantial financial interest.

Directors' indemnity

The holding company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Company. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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Holding company

The holding company in the previous financial year was Paramount Corporation Berhad ("PCB"), which is incorporated in Malaysia. On 3 September 2019, PCB had completed the share sale of 70% and 30% of the 5,000,000 ordinary shares of the Company, to UOWM Sdn. Bhd. ("UOWM") and Zahrulannuar bin Mat Desa respectively. As a result, UOWM is the holding company of the Company as at the end of the financial year.

Redemption of shares

On 22 July 2019, the Company fully redeemed a total of 9,980 Non-cumulative Redeemable Convertible Preference Shares by way of setting off against an equivalent amount of RM49,900,000 due from PCB.

Significant events

Significant events during the year are disclosed in Note 26 to the financial statements.

Auditors

For Australian reporting compliance, the auditors are The Audit Office of New South Wales.

Auditors' remuneration is disclosed in Note 6 to the financial statements.

Indemnification of auditors

There was no payment made or insurance effected to indemnify the auditors during the financial year and the period from 1 January 2019 to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2020

Director ________________________
Mr N Cornish AM

Director ________________________
Ms M Mastroianni

200901036828 (879955-T)

UOW Malaysia KDU College Sdn. Bhd.
(formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

Directors' Declaration
For the year ended 31 December 2019

In accordance with a resolution of the Board of Directors, we state that;

(i) The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2019 and of the performance for the financial year then ended;

(ii) The financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;

(iii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;

(iv) The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;

(v) We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and

(vi) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board

Director ______________________________
Mr N Cornish AM

Director ______________________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

200901036828 (879955-T)

UOW Malaysia KDU College Sdn. Bhd.
(formerly known as KDU College (PJ) Sdn. Bhd.)
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Certificate under the Public Finance and Audit Act 1983
For the year ended 31 December 2019

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with the resolution of the Board of Directors, we declare that in our opinion:

(i) The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU College Sdn. Bhd. as at 31 December 2019 and financial performance for the financial year then ended.
(ii) The financial statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
(iii) The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Public Finance Audit Regulation 2015.

Further we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Director ______________________
Mr N Cornish AM

Director ______________________
Ms M Mastroianni

Dated this the 31st day of March 2020
Wollongong

INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its 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 Company in accordance with the requirements of the:

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

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

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

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

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

Other Information

Other information comprises the information included in the Company's annual report for the year ended 31 December 2019, other than the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

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.

The Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 April 2020
SYDNEY

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UOW Malaysia KDU College Sdn. Bhd.
(formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	4	5,693,227	6,736,734
Other income	4	21,181,707	2,400,841
Employee benefits expense	5	(4,943,768)	(5,457,365)
Depreciation	9	(313,330)	(1,407,669)
Other expenses		(3,292,512)	(4,578,527)
Finance cost	7	(2,099)	(27,558)
Profit/(loss) before tax	6	18,323,225	(2,333,544)
Income tax expense	8	(551,192)	-
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year		17,772,033	(2,333,544)

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU College Sdn. Bhd.
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Statement of financial position
As at 31 December 2019

	Note	2019 RM	2018 RM
Assets			
Non-current assets			
Property, plant and equipment	10	491,759	676,899
Current assets			
Trade receivables	12	352,723	190,536
Other receivables	13	97,480	243,392
Due from fellow subsidiaries	14	164,833	2,641,893
Income tax recoverable		-	108,243
Cash and bank balances	15	1,245,410	767,032
		1,860,446	3,951,096
Assets held for sale	16	-	40,357,003
		1,860,446	44,308,099
Total assets		2,352,205	44,984,998
Equity and liabilities			
Current liabilities			
Other payables	17	3,367,814	3,645,891
Contract liability	18	640,587	421,833
Due to immediate holding company	14	514,611	115,414
Due to a fellow subsidiary	14	-	15,700
Total liabilities		4,523,012	4,198,838
Net current (liabilities)/assets		(2,662,566)	40,109,261
Equity			
Share capital	19	5,000,500	5,000,500
Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	20	-	49,900,000
Accumulated losses		(7,171,307)	(14,114,340)
Total equity		(2,170,807)	40,786,160
Total equity and liabilities		2,352,205	44,984,998

The accompanying notes form an integral part of the financial statements.

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UOW Malaysia KDU College Sdn. Bhd.
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(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Profit/(loss) before tax	18,323,225	(2,333,544)
Adjustments for:		
Depreciation	313,330	1,407,669
(Writeback of)/allowance for impairment losses on:		
- trade receivables	(25,093)	58,895
- other receivables	500	2,560
Property, plant and equipment written off	7,782	32,058
(Gain)/loss on disposal of property, plant and equipment	(249)	3,014
Interest income	(61,736)	(154,948)
Unrealised foreign exchange losses	21,990	7,338
Gain on disposal of assets held for sale	(19,642,997)	-
Operating loss before changes in working capital	(1,063,248)	(976,958)
Changes in working capital:		
Decrease in receivables	8,318	136,934
(Decrease)/increase in payables	(66,702)	253,205
Changes in related company balances	2,331,335	531,319
Cash flows generated from/(used in) operations	1,209,703	(55,500)
Income taxes paid	(442,949)	-
Net cash flows generated from/(used in) operating activities	766,754	(55,500)
Cash flows from investing activities		
Purchase of property, plant and equipment	(140,223)	(136,589)
Interest received	61,736	154,948
Proceeds from disposal of assets held for sale	60,000,000	-
Proceeds from disposal of property, plant and equipment	4,500	1,800
Net cash flows generated from investing activities	59,926,013	20,159
Cash flows from financing activities		
Redemption of NCRCPS	(49,900,000)	-
Loan from related party	514,611	-
Dividend paid	(10,829,000)	-
Net cash flows used in financing activities	(60,214,389)	-
Net increase/(decrease) in cash and cash equivalents	478,378	(35,341)
Cash and cash equivalents at 1 January	767,032	802,373
Cash and cash equivalents at 31 December	1,245,410	767,032

The accompanying notes form an integral part of the financial statements.

UOW Malaysia KDU College Sdn. Bhd. (formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2019

	Share capital RM	NCRCPS RM	Accumulated losses RM	Total equity RM
At 1 January 2019	5,000,500	49,900,000	(14,114,340)	40,786,160
Total comprehensive income	-	-	17,772,033	17,772,033
Transactions with owner				
Redemption of NCRCPS (Note 20)	-	(49,900,000)	-	(49,900,000)
Dividend on ordinary shares (Note 9)	-	-	(10,829,000)	(10,829,000)
At 31 December 2019	5,000,500	-	(7,171,307)	(2,170,807)
At 1 January 2018	5,000,500	49,900,000	(11,780,796)	43,119,704
Total comprehensive loss	-	-	(2,333,544)	(2,333,544)
At 31 December 2018	5,000,500	49,900,000	(14,114,340)	40,786,160

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2019

1. Corporate information

UOW Malaysia KDU College Sdn. Bhd. (formerly known as KDU College (PJ) Sdn. Bhd.) ("the Company") is a private limited liability company incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at Jalan SS22/41, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan.

The immediate holding company and ultimate holding company of the Company are UOWM Sdn. Bhd. ("UOWM") and University of Wollongong ("UOW"), which are incorporated in Malaysia and Australia respectively. UOW produces financial statements available for public use.

The principal activity of the Company is providing educational services.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared for Australia and are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

The financial statements have been prepared for the 12 months up to and including 31 December 2019.

The financial statements have been prepared on the historical cost basis except as disclosed in accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

The financial statements of the Company have been prepared under the going concern basis as UOWGE Ltd has agreed to provide the Company with financial support to meet its liabilities as and when they fall due.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

On 1 January 2019, the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2019:

- AASB 9 Prepayment Features with Negative Compensation (Amendments to AASB 9)
- AASB 16 Leases
- Annual Improvements to AASB Standards 2015–2017
- AASB 119 Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Adoption of the above pronouncements did not have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards and amendments to standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to AASB 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020

The new or revised AASBs and amendments to AASBs that are not yet effective are not expected to have a material impact on the Company in the current or future reporting periods.

2. Summary of significant accounting policies (cont'd.)

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Renovation	5 years
Computers	3 years
Furniture, fixtures and fittings, books and equipment	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2. Summary of significant accounting policies (cont'd.)

2.4 Property, plant and equipment (cont'd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.6 Financial instruments

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.

2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments (cont'd.)

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss. All financial assets of the Company are classified as financial assets at amortised cost (debt instruments). The Company’s financial assets at amortised cost include trade receivables, other receivables, amounts due from fellow subsidiaries and cash and bank balances.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’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 Company commits to purchase or sell the asset.

2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement

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

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

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

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 Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company has retained.

2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Derecognition (cont'd.)

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 Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 (if any).

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd.)

2.6 Financial instruments (cont'd.)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at either fair value through profit or loss or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include other payables and amounts due to immediate holding company and a fellow subsidiary.

Subsequent measurement

After initial recognition, other payables and amounts due to immediate holding company and a fellow subsidiary are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents solely comprise cash at bank and on hand.

2. Summary of significant accounting policies (cont'd.)

2.8 Employee benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.9 Leases

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

(a) As lessee

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

(b) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.10(c).

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.10 Revenue and other income recognition

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

(a) Revenue from educational fees

Revenue from educational fees is recognised on a straight-line basis over the period of instruction.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

2.11 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2. Summary of significant accounting policies (cont'd.)

2.11 Taxes (cont'd.)

(a) Current tax (cont'd.)

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. Summary of significant accounting policies (cont'd.)

2.11 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.12 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares and NCRCPS are equity instruments.

Ordinary shares and NCRCPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares and NCRCPS are classified as equity. Dividends on ordinary shares and preferential dividends on NCRCPS are recognised in equity in the period in which they are declared.

2.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

2. Summary of significant accounting policies (cont'd.)

2.13 Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

2. Summary of significant accounting policies (cont'd.)

2.13 Fair value measurement (cont'd.)

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Company's external valuers present the valuation results to the audit committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (cont'd.)

2.14 Foreign currency (cont'd.)

(b) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.15 Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets are measured in accordance to Note 2.4. Thereafter, on initial classification as held for sale, the assets are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss. Assets once classified as held for sale are not depreciated.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

An asset held for sale is derecognised upon disposal and any gain or loss on derecognition is included in profit or loss in the year it is derecognised.

2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. Summary of significant accounting policies (cont'd.)

2.16 Provisions (cont'd.)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Current and non-current classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

2.18 Contract liability

A contract liability is the obligation to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. In the case of education contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include downpayment received from customer and other deferred income where the Company have billed and collected the payment before the goods are delivered or services are provided to the customers.

2. Summary of significant accounting policies (cont'd.)

2.19 Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

No major judgements have been made by management in applying the Company's accounting policies that have a significant risk of causing a material adjustment as at the reporting date.

3.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty as at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue and other income

	2019 RM	2018 RM
Type of goods and service		
Educational fees	5,693,227	6,736,734
Timing of revenue recognition		
Goods transferred at a point in time	342,727	406,960
Services transferred over time	5,350,500	6,329,774
	5,693,227	6,736,734
Other income		
Rental revenue	1,226,412	1,631,232
Interest income	61,736	154,948
Other income	250,314	382,565
Gain on disposal of properties	19,643,246	3,014
Forex gain	-	229,082
	21,181,708	2,400,841

5. Employee benefits expense

	2019 RM	2018 RM
Wages and salaries	3,831,913	4,154,093
Contributions to defined contribution plan	519,743	569,537
Other benefits	592,112	733,735
	4,943,768	5,457,365

6. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	2019 RM	2018 RM
Auditor's remuneration	8,000	8,000
Depreciation of property, plant and equipment (Note 10)	313,330	1,407,669
Gain on disposal of assets held for sale (Note 16)	(19,642,997)	-
(Gain)/loss on disposal of property, plant and equipment	(249)	3,014
Operating leases - minimum lease payments on premises	-	428,393
Lease expense relating to short-term leases	82,300	-
Lease expense relating to leases of low value assets	72,001	-
Property, plant and equipment written off	7,782	32,058
Net foreign exchange (gains)/losses		
- realised	(191,276)	(229,082)
- unrealised	21,990	7,338
(Writeback of)/allowance for impairment losses on:		
- trade receivables (Note 12)	(25,093)	58,895
- other receivables (Note 13)	500	2,560
Interest income	(61,736)	(154,948)
Rental income	(1,226,412)	(1,631,232)

7. Finance cost

Finance cost during the current and previous financial year represents interest expense on amount due to immediate holding company and amount due to a fellow subsidiary respectively.

8. Income tax expense

	2019 RM	2018 RM
Current income tax:		
Real property gains tax representing income tax expense	551,192	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019 RM	2018 RM
Profit/(loss) before tax	18,323,225	(2,333,544)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	4,397,574	(560,051)
Non-deductible expenses	26,710	258,501
Effect of income subject to real property gains tax	(4,163,186)	-
Deferred tax assets not recognised	290,094	301,550
Income tax expense	551,192	-

9. Dividend

	2019 Amount RM	Dividend per ordinary share sen
Recognised during the financial year:		
For the financial year ended 31 December 2019		
Interim single-tier dividend of 216.6 sen	10,829,000	216.60

UOW Malaysia KDU College Sdn. Bhd. (formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

10. Property, plant and equipment

	Freehold land RM	Building RM	Renovation RM	Computers RM	Furniture, fixtures and fittings, books and equipment RM	Total RM
Cost						
At 1 January 2018	28,000,000	17,000,000	3,997,447	161,843	4,009,189	53,168,479
Additions	-	-	-	33,360	103,229	136,589
Write-offs	-	-	(44,156)	-	(86,278)	(130,434)
Disposals	-	-	-	-	(17,803)	(17,803)
Transfer to assets held for sale	(28,000,000)	(17,000,000)	(3,953,291)	-	(2,563,548)	(51,516,839)
At 31 December 2018	-	-	-	195,203	1,444,789	1,639,992
Additions	-	-	-	50,998	89,225	140,223
Write-offs	-	-	-	-	(22,487)	(22,487)
Disposals	-	-	-	-	(15,620)	(15,620)
At 31 December 2019	-	-	-	246,201	1,495,907	1,742,108

UOW Malaysia KDU College Sdn. Bhd. (formerly known as KDU College (PJ) Sdn. Bhd.)
(Incorporated in Malaysia)

10. Property, plant and equipment (cont'd.)

	Freehold land RM	Building RM	Renovation RM	Computers RM	Furniture, fixtures and fittings, books and equipment RM	Total RM
Accumulated depreciation						
At 1 January 2018	-	5,441,828	3,102,075	89,971	2,192,751	10,826,625
Depreciation charge for the year (Note 6)	-	566,667	300,672	38,789	501,541	1,407,669
Write-offs	-	-	(34,572)	-	(63,804)	(98,376)
Disposals	-	-	-	-	(12,989)	(12,989)
Transfer to assets held for sale	-	(6,008,495)	(3,368,175)	-	(1,783,166)	(11,159,836)
At 31 December 2018	-	-	-	128,760	834,333	963,093
Depreciation charge for the year (Note 6)	-	-	-	37,157	276,173	313,330
Write-offs	-	-	-	-	(14,705)	(14,705)
Disposals	-	-	-	-	(11,369)	(11,369)
At 31 December 2019	-	-	-	165,917	1,084,432	1,250,349
Net carrying amount						
At 31 December 2019	-	-	-	80,284	411,475	491,759
At 31 December 2018	-	-	-	66,443	610,456	676,899

10. Property, plant and equipment (cont'd.)

During the previous financial year, the Company entered into a conditional sale and purchase agreement to dispose its property, plant and equipment amounting to RM40,357,003 to its related company, Paramount Greencity Sdn. Bhd. The sale and purchase agreement was completed during the current financial year. The details are disclosed in Note 16.

11. Deferred tax assets

	2019 RM	2018 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	26,070	705,354
Deferred tax liability	(26,070)	(705,354)
	-	-

	At 1 January 2019 RM	Recognised in income statement (Note 8) RM	At 31 December 2019 RM
Deferred tax assets:			
Unabsorbed capital allowances	633,723	(633,723)	-
Others	71,631	(45,561)	26,070
Deferred tax liability:			
Property, plant and equipment	(705,354)	679,284	(26,070)
	-	-	-

	At 1 January 2018 RM	Recognised in income statement (Note 8) RM	At 31 December 2018 RM
Deferred tax assets:			
Unabsorbed capital allowances	231,236	402,487	633,723
Others	-	71,631	71,631
Deferred tax liability:			
Property, plant and equipment	(231,236)	(474,118)	(705,354)
	-	-	-

11. Deferred tax assets (cont'd.)

Deferred tax assets have not been recognised in respect of these items:

	2019 RM	2018 RM
Unused tax losses	5,682,808	4,818,058
Other deductible temporary differences	1,797,191	539,286
	7,479,999	5,357,344

Deferred tax assets have not been recognised in respect of the above items as it is not probable that the Company will have sufficient future taxable profits available against which the deductible temporary differences can be utilised.

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company is subject to no substantial changes in shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

12. Trade receivables

	2019 RM	2018 RM
Trade receivables	434,455	307,989
Less: Allowance for impairment	(81,732)	(117,453)
Trade receivables, net	352,723	190,536

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2018: 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Company's trade receivables is as follows:

	2019 RM	2018 RM
1 to 30 days past due but not impaired	269,505	15,354
31 to 60 days past due but not impaired	18,299	18,437
61 to 90 days past due but not impaired	2,402	23,998
More than 90 days past due but not impaired	62,517	132,747
	352,723	190,536
Impaired	81,732	117,453
	434,455	307,989

12. Trade receivables (cont'd.)

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. There is no concern on the creditworthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Company's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	2019 RM	2018 RM
Trade receivables - nominal amounts	81,732	117,453
Less: Allowance for impairment	(81,732)	(117,453)
	-	-

Movement in allowance account:

	2019 RM	2018 RM
At 1 January	117,453	75,345
(Writeback of)/allowance for impairment losses (Note 6)	(25,093)	58,895
Write-off	(10,628)	(16,787)
At 31 December	81,732	117,453

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

13. Other receivables

	2019 RM	2018 RM
Sundry receivables	20,570	25,749
Less: Allowance for impairment	(1,500)	(1,000)
	19,070	24,749
Deposits	23,620	102,020
Prepayments	54,790	116,623
Other receivables, net	97,480	243,392

13. Other receivables (cont'd.)

Receivables that are past due but not impaired

Sundry receivables that are past due but not impaired are unsecured in nature. There is no concern on the creditworthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Company's sundry receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	2019 RM	2018 RM
Sundry receivables - nominal amounts	1,500	1,000
Less: Allowance for impairment	(1,500)	(1,000)
	-	-

Movement in allowance account:

	2019 RM	2018 RM
At 1 January	1,000	2,434
Allowance for impairment losses (Note 6)	500	2,560
Write-off	-	(3,994)
At 31 December	1,500	1,000

Sundry receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral.

14. Related company balances

The amounts due from/(to) fellow subsidiaries and immediate holding company are unsecured, repayable on demand and non-interest bearing, other than the amount due to immediate holding company as at current reporting date which bears interest at 5.50% (2018: Nil) per annum and the amount due from a fellow subsidiary as at previous reporting date which bore interest at 4.70% per annum.

15. Cash and bank balances

Included in cash and bank balances are interest bearing bank balances amounting to RM773,189 (2018: RM400,301) which earn interest of 1.28% to 1.48% (2018: 1.28% to 1.48%) per annum.

16. Assets held for sale

In the previous financial year, the Company entered into a conditional sale and purchase agreement to dispose its property, plant and equipment to its related company, Paramount Greencity Sdn. Bhd. The sale was completed during the current financial year as disclosed in Note 26(a). The assets disposed were as follows:

	2018 **RM**
Property, plant and equipment:	
Freehold land	28,000,000
Building	10,991,505
Renovation	585,116
Equipment	780,382
At 31 December	40,357,003

17. Other payables

	2019 **RM**	**2018** **RM**
Sundry payables	2,340,742	2,718,324
Refundable deposits	703,841	822,105
Accruals	323,231	105,462
	3,367,814	3,645,891

Sundry payables are non-interest bearing and are normally settled on an average term of 2 months (2018: 2 months). Sundry payables include advance payments received from receivables and short-term accumulated compensated absences amounting to RM876,595 (2018: RM117,456).

18. Contract liability

	2019 RM	2018 RM
Fees in advance	640,587	421,833

Set out below is the amount of revenue recognised from:

	2019 RM	2018 RM
Amount included in contract liabilities at the beginning of the year	421,833	388,929

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 is RM640,587 which is expected to be recognised within one year.

19. Share capital

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At 1 January and 31 December	5,000,000	5,000,000	5,000,500	5,000,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

20. Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")

	Number of NCRCPS		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At 1 January	9,980	9,980	49,900,000	49,900,000
Redeemed during the year	(9,980)	-	(49,900,000)	-
At 31 December	-	9,980	-	49,900,000

20. Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS") (cont'd.)

On 22 July 2019, the Company fully redeemed the NCRCPS by way of setting off against an equivalent amount of RM49,900,000 due from PCB.

The salient terms of the NCRCPS are summarised below:

(i) Preferential non-cumulative dividends were payable at a rate to be mutually agreed and were payable on a date determined by the Company subject to availability of profits.

(ii) The NCRCPS were redeemable at the Company's option at any time out of profits or out of fresh issue of shares.

(iii) The NCRCPS were convertible at the Company's option at any time into ordinary shares in the Company at a conversion rate to be determined by the Company.

(iv) The NCRCPS holders did not carry any right to vote at any general meeting of the Company except on resolutions to amend the NCRCPS holder's rights, to reduce the capital of the Company, to dispose the whole of the Company's property, business and undertakings and to wind up the Company in the event the declared dividend or part of the dividend on the NCRCPS was in arrears for more than six months.

21. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2019 RM	2018 RM
Management fees charged by minority shareholder/ immediate holding company	275,656	431,166
Management fees charged by immediate holding company	152,246	-
Rental paid to a former fellow subsidiary/fellow subsidiary	31,400	195,173
Interest expense charged by a former fellow subsidiary/ fellow subsidiary	-	27,558
Interest expense charged by immediate holding company	2,099	-
Interest income received from a former fellow subsidiary/ fellow subsidiary	(53,611)	(18,094)
Interest income received from minority shareholder/ immediate holding company	-	(130,147)

21. Related party transactions (cont'd.)

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The remuneration of key management during the year are as follows:

	2019 RM	2018 RM
Short term employee benefits	20,400	-
Contribution to defined contribution plan	2,160	-
	22,560	-

22. Operating lease commitments

The Company as lessor

The Company has entered into non-cancellable operating lease agreements on the property leased. These leases have remaining non-cancellable lease terms of between 7 and 33 months.

Future minimum rental receivables under the non-cancellable operating leases at the reporting date are as follows:

	2019 RM	2018 RM
Not later than 1 year	3,840	133,360
Later than 1 year and not later than 5 years	3,840	92,610
	7,680	225,970

23. Classification of financial instruments

	Note	2019 RM	2018 RM
Trade receivables	12	352,723	190,536
Other receivables	*	42,690	126,769
Due from fellow subsidiaries		164,833	2,641,893
Cash and bank balances	15	1,245,410	767,032
Total financial assets carried at amortised cost		1,805,656	3,726,230
Other payables	17	3,250,358	3,528,435
Due to immediate holding company		514,611	115,414
Due to a fellow subsidiary		-	15,700
Total financial liabilities carried at amortised cost		3,764,969	3,659,549

* These balances exclude non-financial instruments balances which are not within the scope of AASB 9 Financial Instruments.

24. Fair value of assets and liabilities

The carrying amounts of the Company's financial assets and liabilities are reasonable approximations of fair values due to the short-term maturity of these financial instruments.

25. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Company’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

25. Financial risk management objectives and policies (cont'd.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company’s exposure to credit risk arises primarily from trade and other receivables. For cash and cash equivalents, the Company minimises credit risk by dealing exclusively with reputable licensed banks.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position and the Company has no significant concentration of credit risk.

Information regarding financial assets that are either past due or impaired is disclosed in Notes 12 and 13.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company manages liquidity risk by maintaining sufficient cash to ensure it will have sufficient liquidity to meet its liabilities when they fall due. At the reporting date, all financial liabilities of the Company are either repayable on demand or due within one year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company’s financial instruments will fluctuate because of changes in market interest rates.

The Company's interest rates profile is disclosed in Notes 14 and 15.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from receipts and payments that are denominated in a currency other than the functional currency of the Company. The foreign currencies in which these transactions are denominated are Great Britain Pound Sterling ("GBP") and Australian Dollar ("AUD").

25. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

The Company's foreign currency risk management policy is to minimise economic and significant transactional exposures arising from currency movements.

At the reporting date, the Company's exposure to foreign currency risk based on net carrying amount of financial asset/(liabilities) are as follows:

	2019 RM	2018 RM
Cash and cash equivalents		
Denominated in:		
GBP	4,247	4,328
Other payables		
Denominated in:		
GBP	(330,327)	(455,456)
Amount due to immediate holding company		
Denominated in:		
AUD	(314,611)	-

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit/(loss) before tax to a reasonably possible change in the GBP and AUD exchange rates against the functional currency of the Company, with all other variables held constant.

	Profit/(loss) before tax (Decrease)/increase 2019 RM	 2018 RM
GBP/RM - strengthened 6% (2018: 6%)	(19,565)	27,068
- weakened 1% (2018: 1%)	3,261	(4,511)
AUD/RM - strengthened 5%	(15,731)	-
- weakened 5%	15,731	-

26. Significant events

(a) Sale and leaseback of property

On 26 December 2018, the Company entered into the following conditional sale and purchase agreement ("SPA") with Paramount Greencity Sdn. Bhd. ("PGSB" or "Purchaser"). The sale and purchase between the Company as the vendor and PGSB as the purchaser in relation to the Damansara Jaya Campus Premise held under title bearing particulars Geran No. 40139, Lot No. 32182 Seksyen 39, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan ("Damansara Jaya Campus Property") for a total disposal consideration of RM60,000,000. On 19 July 2019, the SPA was deemed completed upon completion of conditions precedent.

On 27 August 2019, the Company entered into a lease agreement with PGSB to lease the Damansara Jaya Campus Property to the Company for a lease tenure of two years commencing 3 September 2019. The yearly rental amount is RM1 and as a result no Right of Use Asset or lease liability has been recognised in relation to this lease.

(b) Change of holding company

On 3 September 2019, PCB had completed the share sale of 70% and 30% of the 5,000,000 ordinary shares of the Company, to UOWM and Zahrulannuar bin Mat Desa respectively. As a result, UOWM is the holding company of the Company.

27. Capital management

The primary objective of the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in line with changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company relies on UOW to provide financial support to meet its liabilities as and when they fall due.

29 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

30 Contingencies

There were no contingent assets or liabilities for the Company at 31 December 2019.

End of audited financial statements

UOW Pulse Limited

Financial Statements

For the Year Ended 31 December 2019

UOW Pulse Limited

ABN: 28 915 832 337

Financial Statements

For the Year Ended 31 December 2019

DIRECTOR’S DECLARATION

In the opinion of the Directors’ of UOW Pulse Ltd (“the Company”):

1. The financial statements and notes, are in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, including:

    (a) Giving a true and fair view of the financial position of the Company as at 31 December 2019 and of their performance, as represented by the results of its operations and their cash flows, for the year ended on that date; and

    (b) Complying with Australian Accounting Standards and the Corporations Regulations 2001;

    and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Wollongong, 16 April 2020.

Signed in accordance with a resolution of the Directors.

SIGNATURES:

Sue Chapman Chair of the UOW Pulse Ltd Board	Alf Maccioni Chief Executive Officer

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
UOW Pulse Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOW Pulse Limited for the year ended 31 December 2019, I declare, to the best of my knowledge and belief, there have been no contraventions of:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 April 2020
SYDNEY

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INDEPENDENT AUDITOR'S REPORT

UOW Pulse Limited

To Members of the New South Wales Parliament and Members of UOW Pulse Limited

Opinion

I have audited the accompanying financial statements of UOW Pulse Limited (the Company), which comprise the Statement of Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 16 April 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Other Information

The Company's annual report for the year ended 31 December 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report and the draft Annual Report endorsed by the Company's Board of Directors.

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

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

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

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

17 April 2020
SYDNEY

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 $	2018 Restated $
Revenue from continuing operations	3	**29,153,785**	26,936,325
Gain/(loss) on disposal of assets	4	**(62,046)**	(28,292)
Raw materials and consumables used		**(5,139,072)**	(6,005,832)
Employee related expenses	5(a)	**(15,184,827)**	(14,630,609)
Depreciation and amortisation expense	5(b)	**(1,313,696)**	(1,378,889)
Other expenses	5(c)	**(6,034,988)**	(6,061,089)
Finance costs		**(10,990)**	(18,356)
Operating Result before income tax		**1,408,166**	(1,186,742)
Income tax expense	1(d)	**-**	-
Operating Result for the year		**1,408,166**	(1,186,742)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**1,408,166**	(1,186,742)

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

Statement of Financial Position
As at 31 December 2019

	Note	2019	2018 Restated	1 Jan 2018 Restated
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	6	**4,291,578**	2,800,288	4,356,586
Trade and other receivables	7	**4,561,290**	6,206,125	1,609,746
Inventories	8	**955,298**	1,277,312	1,886,729
Other non-financial assets	9	**269,442**	191,813	392,991
Total current assets		**10,077,608**	10,475,538	8,246,052
Non current assets				
Property, plant and equipment	10	**31,830,572**	8,769,149	2,554,055
Intangible assets	11	**48,483**	45,511	7,295,893
Total non current assets		**31,879,055**	8,814,660	9,849,948
Total assets		**41,956,663**	19,290,198	18,096,000
LIABILITIES				
Current liabilities				
Trade and other payables	12	**6,417,466**	9,021,395	6,744,619
Borrowings	13	**-**	166,838	159,475
Provisions	15	**1,520,003**	1,441,778	1,354,427
Other current liabilities	16	**1,288,155**	309,305	223,981
Total current liabilities		**9,225,624**	10,939,316	8,482,502
Non current liabilities				
Borrowings	13	**-**	151,542	318,380
Provisions	15	**284,372**	287,295	196,331
Other non current liabilities	16	**23,126,456**	-	-
Total non current liabilities		**23,410,828**	438,837	514,711
Total liabilities		**32,636,452**	11,378,153	8,997,213
Net assets		**9,320,211**	7,912,045	9,098,787
EQUITY				
Retained earnings	17	**9,320,211**	7,912,045	9,098,787
Total equity		**9,320,211**	7,912,045	9,098,787

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

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Note	Retained Earnings $
Balance at 1 January 2019	17	**9,590,778**
Correction of prior period error	23	**(1,678,733)**
Restated Balance at 1 January 2019	17	**7,912,045**
Total comprehensive income for the year	17	**1,408,166**
Balance at 31 December 2019		**9,320,211**

2018

	Note	Retained Earnings $
Balance at 1 January 2018	17	10,062,766
Correction of prior period error	23	(963,979)
Restated Balance at 1 January 2018	17	9,098,787
Correction of prior period error	23	(714,754)
Total comprehensive income for the year		(471,988)
Restated Total comprehensive income for the year	17	(1,186,742)
Restated Balance at 31 December 2018		7,912,045

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

Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**29,875,304**	23,781,052
Payments to suppliers and employees		**(25,680,598)**	(24,850,103)
Interest received		**69,482**	62,476
Interest paid		**(10,990)**	(18,356)
Short -term lease payments		**(1,999,150)**	-
Lease payments for leases of low-value assets		**(95,456)**	-
Net cash flows from operating activities	26	**2,158,592**	(1,024,931)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment		**(481,215)**	(371,892)
Purchases of intangibles		**(19,250)**	-
Net cash used in investing activities		**(500,465)**	(371,892)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(166,837)**	(159,475)
Net cash used in financing activities		**(166,837)**	(159,475)
Net increase/(decrease) in cash and cash equivalents held		**1,491,290**	(1,556,298)
Cash and cash equivalents at beginning of year		**2,800,288**	4,356,586
Cash and cash equivalents at the end of the year	6	**4,291,578**	2,800,288

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

UOW Pulse Limited (the "Company") is a company limited by guarantee incorporated and domiciled in Australia. If the Company is wound up, each 'member' is liable to contribute a maximum of $1.00 towards the costs, charges and expenses of winding up the Company and payment of debts and liabilities of the Company. The address of the Company's registered office is Northfields Avenue, North Wollongong NSW 2500.

The ultimate parent of the entity is the University of Wollongong Consolidated Entity.

The financial statement covers UOW Pulse Limited for the year ended 31 December 2019.

The nature of the operations and principal activities of the Company are providing services primarily to students including childcare, entertainment, student engagement activities, retail and food, sporting, leisure, recreation and health and fitness.

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board, the *Public Finance and Audit Act 1983* and *the Corporations Act 2001.*

These statements were authorised for issue on the 16th of April, 2020.

The financial statements are presented in Australian dollars.

Compliance with Australian Charities and Not-for-profit Commission
The financial statement have been prepared in accordance with the *Australian Charities and Not-for-profits Commissions Act 2012*.

Compliance with IFRS
The financial statements of the Company do not comply with IFRS because the Company has adopted the not for profit requirements of the Australian Accounting Standards which are inconsistent with IFRS requirements.

Historical cost convention
The financial statements have been prepared under the historical cost convention except that the liability for long service leave is adjusted to net present value. Right of use assets are measured at the value of the lease liability at present value adjusted for lease payments before inception.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements
For the Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

(b) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods and rendering of services
Revenue from the sale of goods is recognised as revenue when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognised when the service is provided or by reference to the stage of completion.

(ii) Lease income
Lease income from operating leases is recognised as income on a straight line basis over the lease term.

*(iii) Interest incom*e
Interest income is recognised in the Statement of Comprehensive Income as it accrues.

(iv) Grants and contributions
Grants and contributions are generally recognised as revenues when the company obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

(c) Interest costs

Interest costs comprise interest payable on borrowings, which is recognised in the statement of comprehensive income as it accrues.

(d) Income tax

The operations of the Company are exempt from income tax under Section 50-5 of the *Income Tax Assessment Act(1997).*

The Company is subject to payroll tax resulting from the change to the Company's constitution in 2016.

1 Summary of Significant Accounting Policies

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities in the statement of financial position.

(g) Trade and other receivables

Trade and other receivables are recognised at the original invoice amount as this is not materially different to amortised cost, given the short term nature of these receivables. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are expected to be uncollectible are written off.

For trade receivables and other, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 amount of the provision is recognised in the statement of comprehensive income. Debt forgiveness is recognised as the amount receivable as at the time the debt is forgiven.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated selling costs.

(i) Investments and other financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

1 Summary of Significant Accounting Policies

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset.
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

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

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Impairment of Financial assets

AASB 9’s impairment requirements use more forward looking information to recognise expected credit losses - the ‘expected credit losses (ECL) model’. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Classification and measurement of financial liabilities

The Company’s financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

1 Summary of Significant Accounting Policies

(j) Property, plant and equipment

(i) Owned Assets
Property, plant and equipment is stated at historical cost less depreciation.

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

Generally property, plant and equipment and intangible assets with a greater value than $5,000 are capitalised except for computer equipment which is normally capitalised irrespective of the $5,000 threshold where it is considered to be part of a network of assets. Other property, plant and equipment items will be capitalised if they are individually less than $5,000 in value only if they collectively with other items exceed $5,000 combined and form one asset item.

Depreciation is calculated on a straight line basis over the estimated useful life of the specific assets as follows:

	2019	2018
Building improvements	5 -10 years	5 -10 years
Plant and equipment	3 -10 years	3 -10 years
Computer equipment	3 - 5 years	3 - 5 years
Motor vehicles	5 -10 years	5 -10 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

ii) Right of Use Assets

Right of use assets are measured at the value of the lease liability at present value adjusted for lease payments before inception. The right of use assets are recognised over the term of their respective leases:

	2019	2018
Buildings	20 Years	-
Leased finance assets	4 Years	-

(k) Intangible assets

(i) Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Computer Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will

1 Summary of Significant Accounting Policies

contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

(iii) Leasehold Improvements
The University as the parent entity holds legal title over all land and buildings the University and its subsidiaries (including the Company) occupy. Over time the Company has made improvements to buildings the Company occupied belonging to the Parent entity. The company recognises the expenditure as "Leasehold Improvements" effectively a right to use intangible assets and amortises the expense annually.

The Company pays rent to the Parent entity for use of its buildings. The Company has full ownership and control of these improvements, whilst the Parent retains ownership of the base assets.

	2019	2018
Leasehold Improvements	30 - 40 Years	30 - 40 Years

(l) Trade and other payables

Trade and other payables are stated at cost, which is considered to approximate amortised cost due to their short term nature and are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and does not expect to settle the liability for at least 12 months after the reporting date.

(n) Provisions

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

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

1 Summary of Significant Accounting Policies

(o) Employee benefits

(i) Short term obligations
Liabilities for wages and salaries (including non monetary benefits) and annual leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non current liability.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities. Leave is charged to the provision at the time leave is taken. The provision for long service leave for the year ended 31 December 2019 was assessed by PricewaterhouseCoopers. The assumptions used to calculate the long service leave provision include:

- Salary inflation rate per annum: 3% (2018: 3%)
- Discount rate: 1.04% (2018: 1.99%)
- Proportion of leave taken in service: 34% (2018: 18%)

(iii) Superannuation entitlements
Contributions to employee superannuation funds are charged against income as incurred. The Company is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

(p) Goods and Services Tax (GST)

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

(q) New accounting standards and interpretations

(i) AASB 15 Revenue from Contracts with Customers (effective 1 January 2019)

AASB 15 Revenue from Contracts with Customers has superseded AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 requires revenue to be recognised for the transfer of promised goods or services (performance

1 Summary of Significant Accounting Policies

obligations) from contracts with customers at an amount that reflects the consideration to which an entity expects to be entitled. Revenue is recognised when control of the goods or services transfers to a customer, being either at a point in time or over time.

The Company's performance obligations relate to retail operations, event management, child care, tenancy and sports & leisure. These performance obligations occur either immediately at the time of purchase or have an original expected duration of no longer than the current financial year.

Revenue relating to these performance obligations is recognised at a point in time. The adoption of AASB 15 did not impact on the timing of revenue recognition.

AASB 15 requires revenue from contracts to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Revenue has been disaggregated between the following categories: sports & leisure, event management, tenancy, child care, UOW, grants.

(ii) AASB 16 Leases (effective 1 January 2019)

The Company has adopted AASB16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. Under the modified approach, the Company has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at either:

(i) Its carrying amount as if AASB16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application, or

(ii) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In accordance with the provisions of this transition approach, the Company recognised the cumulative effect of applying this new standard as an adjustment to opening retained earnings at the date of initial application i.e. 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on leases - AASB117 and AASB Interpretation 4 Determining whether an arrangement contains a lease (Interpretation 4).

The nature and effect of the changes as a result of adoption of AASB16 are as described below:

Definition of lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Interpretation 4. Under AASB16, the Company will continue to assess at contract inception whether a contract is, or contains, a lease but now uses the new definition of a lease.

On transition to AASB16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are or contain leases. This means that for arrangements entered into before 1 January 2019, the Company has not reassessed whether they are, or contain, a lease in accordance with the new AASB16 lease definition. Consequently, contracts existing prior to 1 January 2019 which were assessed per the previous accounting policy described below in accordance with AASB117 and Interpretation 4 as a lease will be treated as a lease under AASB16. Whereas, contracts previously not identified as a lease, will not be reassessed to determine whether they would meet the new definition of a lease in accordance with AASB16. Therefore, the Company applied the recognition and measurement requirements of AASB16 only to contracts that were previously identified as leases, and does not apply AASB16 to contracts that were previously not identified as leases. The new definition of lease under AASB16 will only be applied to contracts entered into or modified on or after 1 January 2019.

The Company as a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the

1 Summary of Significant Accounting Policies

lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under AASB16, this classification no longer exists for the Company as a lessee. Instead, practically all leases are now recognised on the statement of financial position as right-of-use assets with corresponding lease liabilities comprising all amounts which are considered to be lease payments.

Leases previously classified as operating leases under AASB117

On transition to AASB16, the Company recognised lease liabilities for leases previously classified as operating leases by discounting the remaining lease payments using the incremental borrowing rate as at the date of initial application, i.e. 1 January 2019. The right-of-use assets were recognised at either:

a) Its carrying amount as if AASB16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application or

b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Company has applied the following practical expedients in transitioning existing operating leases:

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining lease term is 12 months or less from the date of initial application.

(c) Applied the exemption not to recognise right-of-use assets and lease liabilities where the underlying asset is of low value, being less than $5,000 when brand new.

Leases previously classified as finance leases under AASB117

On the date of initial application, right-of-use assets and lease liabilities continued to be recognised for leases previously classified as finance leases at the same carrying amounts of the leased assets and finance lease liabilities recognised in accordance with AASB117 immediately before the date of initial application.

Reconciliation of operating lease commitments under AASB117 and lease liabilities under AASB16

As a lessee, the weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 3.56%.

The difference between the operating lease commitments disclosed previously by applying AASB117 and the value of the lease liabilities recognised under AASB16 on 1 January 2019 is explained as follows:

	Parent
	1 January 2019
	$
Operating lease commitments disclosed at 31 December 2018	132,770
Discounted using the UOW Pulse Limited weighted average incremental borrowing rate of 3.56%	128,043
Add: Finance lease liabilities recognised as at 31 December 2018	318,380
(Less): Low-value leases recognised on a straight-line basis as an expense	(128,043)
Lease liability recognised as at 1 January 2019	318,380

1 Summary of Significant Accounting Policies

The following standards have been issued for the 31 December 2019 reporting period. The assessment and impact of these new standards and interpretations are set out below:

Standard	Application Date	Implications
AASB15 Revenue from Contracts	1 January 2019	No material impact
AASB1058 Income for Not-for-Profits	1 January 2019	No material impact
AASB1059 Service Concession Arrangements: Grantors	1 January 2019	No material impact

The Company's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in the financial statement or significantly impact the disclosures in relation to the Company.

2 Financial risk management objectives and policies

The Company's principal financial instruments comprise cash, investments, receivables, payables and borrowings.

The Company manages its exposure to the following financial risks, including credit risk, liquidity risk and market risk relating to interest rate and equity risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Risk Management and Compliance Committee, which is responsible for developing and monitoring risk management policies. The Committee reports to the Board on its activities.

(a) **Credit risk**

Credit risk refers to the risk that indebted counter parties will default on their contractual obligations, resulting in financial loss to the Company. Credit risk is monitored on an ongoing basis. The majority of the Company's business is conducted by cash or EFTPOS, and consequently the level of credit risk is low. In addition, the majority of trade and other debtors are with related entities. The Company does not require collateral in respect of financial assets. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 7.

Investments are allowed only in liquid securities. All funds invested are invested with the National Australia Bank.

The weighted average interest rate on interest earned by the Company is 0.92% (2018: 1.25%).

At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk by class of recognised financial assets is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Details with respect to credit risk of trade and other receivables are provided in Note 7.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Financial risk management objectives and policies

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

31 December 2019

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non Interest	Less than 1 Year	1 to 5 Years	5+ Years	Total
	%	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	0.92	4,291,578	-	-	4,291,578	-	-	4,291,578
Receivables	-	-	-	4,561,290	4,561,290	-	-	4,561,290
Other financial assets	1.60	-	120,000	-	120,000	-	-	120,000
Total Financial assets		4,291,578	120,000	4,561,290	8,972,868	-	-	8,972,868
Financial liabilities								
Payables	-	-	-	5,838,058	5,838,058	-	-	5,838,058
Lease liability	4.49	-	135,728	-	135,728	-	-	135,728
Lease liability	4.97	-	15,823	-	11,049	4,774	-	15,823
Total financial liabilities	-	-	151,551	5,838,058	5,984,835	4,774	-	5,989,609

31 December 2018

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non Interest	Less than 1 Year	1 to 5 Years	5+ Years	Total
	%	$	$	$	$	$	$	$
Financial assets								
Cash and cash equivalents	1.25	2,800,288	-	-	2,800,288	-	-	2,800,288
Receivables	-	-	-	6,206,125	6,206,125	-	-	6,206,125
Other financial assets	2.75	-	120,000	-	120,000	-	-	120,000
Total Financial assets		2,800,288	120,000	6,206,125	9,126,413	-	-	9,126,413
Financial liabilities								
Payables	-	-	-	6,829,158	6,829,158	-	-	6,829,158
Borrowings- NAB	4.49	-	292,048	-	156,324	135,724	-	292,048
Borrowings- NAB	4.97	-	26,332	-	10,515	15,817	-	26,332
Total Financial libilities	-	-	318,380	6,829,158	6,995,997	151,541	-	7,147,538

2 Financial risk management objectives and policies

(c) **Market risk**

(i) Foreign currency risk
The Company's only exposure to foreign currency risk is in relation to purchases of UniShop stock from overseas. These purchases are normally each less than $1,000 and in total are not material to the operations of UniShop as an individual business unit or to the Company. Sale price of these goods is set after the goods are paid for, thus the Australian Dollar amount is known, effectively passing on any foreign exchange cost or benefit to the customer.

(ii) Price risk
The Company and the parent entity maybe exposed to equity securities price risk. This arises from investments that may be held by the Company and classified on the statement of financial position as fair value through profit or loss. At reporting date, the value of the securities was nil (2018: $nil). The Company is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, investments held by the Company are diversified.

(iii) Cash flow and fair value interest rate risk
Interest Rate Risk is limited to interest on the balance of the National Australia Bank accounts, shown as cash and cash equivalents in Note 6. The forecast at the end of 2019 is an increase or decrease of 1% based on the current Reserve Bank of Australia cash rate of 0.92%. The Company's trade and other receivables are non interest bearing and all related party loans and receivables are interest free. Interest rates on Commercial Hire Purchase finance are fixed at the time of drawdown of each individual loan within the umbrella facility. The Company's trade and other payables are non interest bearing.

(iv) Summarised sensitivity analysis
The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and price risk.

31 December 2019		**Interest rate risk**				**Price risk**			
		-1%		**+1%**		**-1%**		**+1%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets									
Cash and Cash Equivalents	**4,291,578**	**(42,916)**	**(42,916)**	**42,916**	**42,916**	**-**	**-**	**-**	**-**
Accounts receivable	**4,561,290**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities									
Trade payables	**5,838,058**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current borrowings	**146,774**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-current borrowings	**4,769**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other financial liabilities	**14,105**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total increase/(decrease)		**(42,916)**	**(42,916)**	**42,916**	**42,916**	**-**	**-**	**-**	**-**

31 December 2018	Carrying amount	Interest rate risk -1% Profit	Interest rate risk -1% Equity	Interest rate risk +1% Profit	Interest rate risk +1% Equity	Price risk -1.304% Profit	Price risk -1.304% Equity	Price risk +1.304% Profit	Price risk +1.304% Equity
	$	$	$	$	$	$	$	$	$
Financial assets									
Cash and Cash Equivalents - Deposits at call	**2,800,288**	**(28,003)**	**(28,003)**	**28,003**	**28,003**	-	-	-	-
Accounts receivable	**6,206,125**	-	-	-	-	-	-	-	-
Financial liabilities									
Trade payables	**6,829,158**	-	-	-	-	-	-	-	-
Current borrowings	**166,838**	-	-	-	-	-	-	-	-
Non-current borrowings	**151,542**	-	-	-	-	-	-	-	-
Other financial liabilities	**13,823**	-	-	-	-	-	-	-	-
Total increase/(decrease)		**(28,003)**	**(28,003)**	**28,003**	**28,003**	-	-	-	-

3 Revenue

(a) From continuing operations

	2019	2018
	$	$
Sales revenue		
- Sale of goods	**10,295,113**	11,662,867
- Provision of services	**11,745,842**	10,745,835
	22,040,955	22,408,702
Other revenue		
- UOW Contribution	**2,799,150**	2,799,150
- Rental income	**1,655,649**	1,473,015
- UOW payroll tax contribution	**2,401,799**	-
- Kids Uni Grant from UOW	**185,000**	185,000
- Interest	**69,482**	62,476
- Other income	**1,750**	7,982
	7,112,830	4,527,623
	29,153,785	26,936,325

(b) Disaggregation of sales revenue from contracts with customers

The Company's performance obligations relate to retail operations, event management, child care, tenancy and Sports & Leisure. These performance obligations occur either immediately at the time of purchase or have an original expected duration of no longer than the current financial year. Revenue relating to these performance obligations is recognised at a point in time.

Revenue from contracts has been disaggregated between the following categories: sports & leisure, event management, tenancy, child care, UOW and grants.

Notes to the Financial Statements
For the Year Ended 31 December 2019

3 Revenue

(b) Disaggregation of sales revenue from contracts with customers

	Sources of funding						2019
	Event Mangement	Sport and Lesure	Tenancy	Child Care	Grants	UOW	Total Revenue from contracts with customers
Revenue and Income Streams	$	$	$	$	$	$	$
Fees and charges							
Events sales	1,623,946	-	-	-	-	-	1,623,946
Rent	-	-	1,655,650	-	-	-	1,655,650
Child Care fees	-	-	-	5,718,817	-	-	5,718,817
Child Care grant	-	-	-	-	225,828	-	225,828
Gym Membership fees	-	3,261,869	-	-	-	-	3,261,869
Contribution	-	-	-	-	-	3,144,745	3,144,745
Total Fees and charges	1,623,946	3,261,869	1,655,650	5,718,817	225,828	3,144,745	15,630,855

4 Gain/(loss) on disposal of assets

	2019	2018
	$	$
Gain/(loss) on disposal of assets	**(62,046)**	(28,292)
	(62,046)	(28,292)

5 Expenses

(a) Employee benefits expense

	2019	2018
	$	$
Wages and salaries	**11,830,657**	11,532,494
Payroll tax	**810,862**	714,754
Annual leave expense	**804,155**	750,979
Long service leave expense	**211,075**	256,657
Superannuation expense	**1,145,318**	1,139,346
Workers compensation expense	**274,381**	151,478
Other employee benefits	**108,379**	84,901
	15,184,827	14,630,609

Notes to the Financial Statements
For the Year Ended 31 December 2019

5 Expenses

Superannuation

The Company makes contributions to various third party defined contribution superannuation funds. Contributions are included in the income statement as employee benefit expense, as outlined in Note 5a. The Company does not contribute to, or have any connection with, any defined benefit superannuation funds.

(b) Depreciation and Amortisation

	2019 $	2018 $
Depreciation		
Building improvements	**256,090**	268,166
Depreciation - motor vehicles	**1,394**	4,183
Leased plant & equipment	**161,235**	161,235
Plant and equipment	**259,778**	300,880
Computer equipment	**21,105**	48,273
Leasehold Improvements	**531,893**	531,893
Lease Depreciation	**72,323**	-
Total Depreciation	**1,303,818**	1,314,630
Amortisation		
Establishment costs	**-**	48,839
Computer software	**9,878**	15,420
Total amortisation	**9,878**	64,259
Total depreciation and amortisation	**1,313,696**	1,378,889

(c) Other Expenses

	2019 $	2018 $
Consultant fees	**189,798**	168,862
Maintenance	**449,348**	417,222
Advertising & Promotional	**90,857**	145,880
Computer rental	**88,573**	95,228
Auditor's remuneration - audit of financial statements	**73,450**	78,650
Security	**85,923**	88,543
Activity Expenses	**196,541**	185,970
Cleaning	**99,954**	98,347
Kids Uni Catering	**122,607**	117,842
Bank charges	**128,935**	118,561
Laundry	**74,999**	53,179
Nappy Services	**40,617**	30,847
Waste disposal	**171,742**	154,031
Leasing cost	**-**	7,156
Small Equipment	**68,003**	59,531
Legal expenses	**40,217**	41,044

5 Expenses

(c) Other Expenses

	2019	2018
	$	**$**
Materials and Consumables	**93,574**	96,920
Evening Entertainment	**43,855**	17,967
Lunch Entertainment	**278,992**	231,620
Electricity Expenses	**211,139**	166,740
Gas Charges	**148,657**	143,778
UOW Rent	**1,601,391**	1,999,150
Lease Interest Expenses (ROA)	**50,678**	-
UniLife Promotion	**168,933**	-
General expense	**296,353**	274,571
Evening Sound	**273,428**	81,275
Other	**946,424**	1,188,175
	6,034,988	6,061,089

6 Current assets - Cash and cash equivalents

	2019	2018
	$	**$**
Cash at bank and on hand	**4,291,578**	2,800,288

7 Current assets - Trade and other receivables

		2019	2018
		$	**$**
Trade receivables		**4,606,885**	6,209,518
Provision for impairment	(a)	**(45,595)**	(3,393)
Sub - Total		**4,561,290**	6,206,125
Total current trade and other receivables		**4,561,290**	6,206,125

7 Current assets - Trade and other receivables

(a) Impaired trade receivables

As at 31 December 2019 current trade receivables of the Company with a nominal value of $641,359 (2018: $2,305,019) were past due. Of this past due amount, $45,595 (2018: $3,393) was considered impaired and provided for. The individually impaired receivables mainly relate to Childrens Service, Events, UniActive, Tenancy and Unishop customers, who are in unexpectedly difficult economic situations.

Movements in the provision for impairment of receivables are as follows:

	2019	2018
	$	$
At 1 January	**(3,393)**	(1,365)
Provision for impairment recognised during the year	**(42,202)**	(2,028)
At 31 December	**(45,595)**	(3,393)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Information about the Company's exposure to credit risk, foreign currency and interest rate risk is provided in Note 2.

	Trade receivables Days Past due			
	30-90 days	91-180 days	>180 days	Total
2019				
Expected credit loss rate	**0.45 %**	**3.39 %**	**55.93 %**	**7.65 %**
Estimated total gross carrying amount at default	**273,632**	**258,482**	**63,651**	**595,764**
Expected credit loss	**1,231**	**8,762**	**35,602**	**45,595**
2018				
Expected credit loss rate	-	-	0.28 %	0.15 %
Estimated total gross carrying amount at default	494,961	581,813	1,224,852	2,301,626
Expected credit loss	-	-	3,393	3,393

As of 31 December 2019, trade receivables of $595,764 (2018: $2,301,626) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019	2018
	$	$
	2019	2018
	$	$
1 to 3 months	**273,632**	494,961
3 to 6 months	**258,482**	581,813
Over 6 months	**63,650**	1,224,852
At 31 December	**595,764**	2,301,626

8 Current assets - Inventories

	2019	2018
	$	$
Inventories - at cost	**955,298**	1,277,312
	955,298	1,277,312

Write downs of inventories to net realisable value recognised as an expense during the year ended 31 December 2019 amounted to $30,457 (2018: $52,986). The expense has been included in ‘raw materials and consumables used’ in profit or loss.

9 Current Assets- Other non-financial assets

	2019	2018
	$	$
Bank Guarantee	**120,000**	120,000
Prepayments	**149,442**	71,813
	269,442	191,813

10 Non current assets - Property, plant and equipment

	2019	2018
	$	$
Building improvements		
Cost	**4,203,084**	3,905,173
Accumulated depreciation	**(3,133,675)**	(3,004,448)
Total building improvements	**1,069,409**	900,725
Leased plant and equipment		
Cost	**-**	834,030
Accumulated depreciation	**-**	(546,368)
Total plant and equipment	**-**	287,662
Plant and equipment		
Cost	**2,910,633**	3,333,892
Accumulated depreciation	**(2,397,389)**	(2,486,822)
Total plant and equipment	**513,244**	847,070
Motor vehicles		
Cost	**63,495**	63,495
Accumulated depreciation	**(63,495)**	(62,101)
Total motor vehicles	**-**	1,394
Computer equipment		
Cost	**204,376**	204,596
Accumulated depreciation	**(144,597)**	(123,554)
Total computer equipment	**59,779**	81,042
Leasehold Improvements		
Cost	**17,290,265**	17,290,265
Accumulated depreciation	**(11,170,901)**	(10,639,009)
Total improvements	**6,119,364**	6,651,256
Right-of-use assets		
Cost	**24,848,703**	-
Accumulated depreciation	**(779,927)**	-
Total Right-of-use assets	**24,068,776**	-
Total property, plant and equipment	**31,830,572**	8,769,149

10 Non current assets - Property, plant and equipment

(a) Movements in Carrying Amounts

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

	Building improvements	Leased Plant & Equipment	Plant and equipment	Motor vehicles	Computer equipment	Leasehold Improvements	Right of Use Assets (ROA)	Total
	$	$	$	$	$	$	$	$
Year ended at 31 December 2019								
Balance at the beginning of year	**900,725**	-	**847,070**	**1,394**	**81,042**	**6,651,256**	**287,662**	**8,769,149**
Addition	**456,819**	-	**24,395**	-	-	-	**24,014,673**	**24,495,887**
Disposals - written down value	**(32,045)**	-	**(23,443)**	-	**(158)**	-	-	**(55,646)**
WIP write-off	-	-	**(75,000)**	-	-	-	-	**(75,000)**
Depreciation expense	**(256,090)**	-	**(259,778)**	**(1,394)**	**(21,105)**	**(531,893)**	**(233,558)**	**(1,303,818)**
Year ended at 31 December 2019	**1,069,409**	-	**513,244**	-	**59,779**	**6,119,364**	**24,068,776**	**31,830,572**
Year ended at 31 December 2018								
Balance at the beginning of year	931,429	448,896	1,110,818	5,577	57,335	-	-	2,554,055
Addition	237,462	-	53,552	-	80,878	-	-	371,892
Reclassification from Intangibles	-	-	-	-	-	7,183,149	-	7,183,149
Disposals - written down value	-	-	(16,420)	-	(8,898)	-	-	(25,318)
Depreciation expense	(268,166)	(161,235)	(300,880)	(4,183)	(48,273)	(531,893)	-	(1,314,630)
Year ended at 31 December 2018	900,725	287,662	847,070	1,394	81,042	6,651,256	-	8,769,149

10 Non current assets - Property, plant and equipment

(b) Right-of-use assets

Information about leases where UOW Pulse Limited is a lessee is presented below:

	2019	2018
	$	$
Right-of-use assets		
Buildings		
Additions of right-of-use assets	**24,014,673**	-
Depreciation charge	**(72,323)**	-
At 31 December 2019	**23,942,350**	-

	2019	2018
	$	$
Right-of-use assets		
Plant and Equipment		
At 1 January 2019	**287,662**	-
Depreciation charge	**(161,235)**	-
At 31 December 2019	**126,427**	-
Total right-of-use assets	**24,068,776**	-

11 Non current assets - Intangible Assets

	2019	2018
	$	$
Computer software		
Cost	**81,301**	68,451
Accumulated amortisation and impairment	**(49,150)**	(39,272)
Net carrying value	**32,151**	29,179
Goodwill		
Cost	**216,792**	216,792
Accumulated impairment	**(200,460)**	(200,460)
Net carrying value	**16,332**	16,332
Total Intangibles	**48,483**	45,511

11 Non current assets - Intangible Assets

(a) **Movements in Carrying Amounts**

	Computer software	Goodwill	Occupancy Contribution	Total
	$	$	$	$
Year ended 31 December 2019				
Net carrying amount at start of year	**29,179**	**16,332**	-	**45,511**
Additions	**19,250**	-	-	**19,250**
Disposals	**(6,400)**	-	-	**(6,400)**
Amortisation	**(9,878)**	-	-	**(9,878)**
Closing value at 31 December 2019	**32,151**	**16,332**	-	**48,483**
Year ended 31 December 2018				
Net carrying amount at start of year	47,572	65,172	7,183,149	7,295,893
Reclassification to Leasehold Improvements	-	-	(7,183,149)	(7,183,149)
Disposals	(2,974)	-	-	(2,974)
Amortisation	(15,420)	-	-	(15,420)
Impairment	-	(48,839)	-	(48,839)
Closing value at 31 December 2018	29,179	16,332	-	45,511

12 Current liabilities - Trade and other payables

	2019	Restated 2018
	$	$
Sundry creditors	**317,099**	37,285
Payroll tax payable	-	1,678,733
GST payable	**579,406**	513,504
Accrued expenses	**5,520,961**	6,791,873
Total Trade and other payables	**6,417,466**	9,021,395

Information about the Company’s exposure to foreign exchange risk is provided in Note 2.

13 Borrowings

(a) Current liabilities

	2019	2018
	$	$
Secured		
Financial lease Liability	-	166,838
Total current borrowings	-	166,838

Information about the Company's exposure to foreign exchange risk is provided in Note 2.

(b) Non-current liabilities

	2019	2018
	$	$
Secured		
Financial lease Liability	-	151,542
Total non-current borrowings	-	151,542
Total borrowings	-	318,380

14 Lessee

Amounts recognised in the income statement

	2019	2018
	$	$
Interest on lease liabilities	(61,668)	-
Income from sub-leasing right of use assets	1,655,649	-
Expenses relating to short-term leases	(1,601,391)	-
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	(88,574)	-
Depreciation of right-of-use assets	(233,558)	-
	(329,542)	-

Maturity analysis - undiscounted contractual cash flows

	2019	2018
	$	$
Less than one year	1,849,271	-
One to five years	6,801,427	-
More than 5 years	25,389,491	-
Total undiscounted lease payments receivable	34,040,189	-
Lease liabilities recognised in the statement of financial position	24,119,134	-
Current	992,677	-
Non-current	23,126,456	-

Amounts recognised in statement of cash flows

	2019	2018
	$	$
Total cash outflow for leases	2,265,552	-

Leases recognised in accordance with AASB 16 Leases are categorised as either Building or Leased Financial Assets:

(i) Buildings

The lease recognised in Buildings relates to the Funding and Service Agreement which provide the Company with a right to use and occupy space within buildings owned by the Parent. This agreement commenced in 2019 and is for a term of 20 years. There are no options to renew the agreement by the Company. The rent paid to the Parent is a fixed payment per annum.

(ii) Leased Financial Assets

The two leases recognised in Leased Financial Assets relate to gymnasium equipment. Both leases have a term of 4 years and expire in 2020 and 2021 respectively. Both leases include a payment schedule, which includes both fixed and interest payments over the term of the lease.

15 Provisions

(a) Current liabilities

	2019	2018
	$	$
Employee benefits - long service leave	**885,113**	834,232
Employee benefits - annual leave	**634,890**	607,546
Total current provisions	**1,520,003**	1,441,778

(b) Non current liabilities

	2019	2018
	$	$
Employee benefits - long service leave	**284,372**	287,295
Total Non current provisions	**284,372**	287,295

The current provision for long service leave and annual leave includes all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current. Based on past experience, the Company does not expect all employees to take the full amount of accrued current long service leave and annual leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2019	2018
	$	$
Long service leave obligation expected to be settled after 12 months	**824,307**	697,580
Annual leave obligation expected to be settled after 12 months	**95,693**	101,616

Expense recognised in the Statement of Comprehensive Income

Movements in provisions for annual leave and long service leave are included in the profit or loss as employee benefits expense, as outlined in Note 5a.

16 Other Current liabilities

	2019	2018
	$	$
Deposits held	**14,105**	13,823
Current Lease Liability	**992,677**	-
Income in advance	**281,373**	295,482
	1,288,155	309,305

	2019	2018
	$	$
Non-current Lease Liability	**23,126,456**	-
Total non-current liabilities	**23,126,456**	-

17 Retained Earnings

	2019	Restated 2018
	$	$
Balance 1 January	**7,912,045**	9,098,787
Operating Result for the year	**1,408,166**	(1,186,742)
Retained earnings at 31 December	**9,320,211**	7,912,045

18 Key Management Personnel Disclosures

(a) **Directors**

The following persons were directors of UOW Pulse Limited during the financial year:

(i) Chair

Sue Chapman

(ii) Executive Director

Baily Bond (Concluded: 10/12/2019)
Melva Crouch (Concluded: 31/08/2019)
Jo Fisher
Kathleen Packer (Commenced: 10/12/2019)
Matthew Wright (Commenced: 10/12/2019)

(iii) Non executive Directors

Paul Ell
Shiva Gopalan
Kath McCollim (Concluded: 13/08/2019)
Anita Mulrooney (Concluded: 18/06/2019)
Christine O'Toole (Commenced: 13/08/2019)
James Pearson

Aside from the remuneration for services rendered as an employee of the Company disclosed in Note 17(b) no Director has entered into any other material contract with the Company since the end of the previous financial

18 Key Management Personnel Disclosures

(a) **Directors**
year.

The totals of remuneration paid to the key management personnel of UOW Pulse Limited during the year are as follows:

(b) **Remuneration of Executive Officers**

	2019 $	2018 $
Remuneration payments made to Executive Officers		
Short term employee benefits	**729,644**	678,253
Other long term employee benefits	**-**	12,487
Termination benefits	**-**	28,928
Post-employment benefits	**70,687**	71,907
Total Remuneration	**800,331**	791,575

19 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

	2019 $	2018 $
Audit Office of NSW		
Auditors remuneration - parent entity	**73,450**	78,650

20 Commitments

(a) Lease commitments

(i) Operating lease commitments

Future Non Cancellable Operating Lease Rentals of Plant and Equipment

The Company has entered into a commercial lease for computer equipment. The computer equipment lease is for three years. There are no restrictions placed upon the lessee by entering into these leases.The GST component of operating lease commitments for the year 2019 is $9,546 (2018: $9,130)

	2019 $	2018 $
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	**60,959**	74,977
Later than one year but not later than five years	**35,432**	57,793
Total Operating lease commitments	**96,391**	132,770

20 Commitments

(ii) Operating lease commitments receivable

The Company has entered into commercial property leases for office space and food outlets.

These non cancellable leases have remaining terms of between one and five years. Leases are based on net sales and/or fixed amounts with a clause included to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum lease payments receivable under non cancellable operating leases in the aggregate and for each of the following periods are:

	2019	2018
	$	$
Receivable - minimum lease payments:		
Within one year	**997,553**	1,192,438
Later than one year but not later than five years	**1,837,257**	1,798,909
	2,834,810	2,991,347

Several tenants annual rent is based on a percentage of their turnover for the year. Contingent rent of $460,474 including GST (2018: $438,043) was received by the Company in the period. The total GST component of operating lease commitments receivable for the year 2019 is $257,710 (2018: $271,941)

(iii) Hire purchase commitments

The Commercial Hire Purchase Liability is an umbrella facility of up to $1,270,000 that the Company can draw on for the purchase of equipment. It is renewable every 12 months. Interest is payable on each drawdown within the facility at the market rate prevailing at the time of the drawdown. As at 31 December 2019 the unused portion of the facility was $1,118,448 (2018: $951,609) and the portion of the facility in use was $151,552 (2018:$318,391).

(b) **Capital commitments**

The Company has a contractual obligation to purchase within the next 12 months, $28,362 of plant and equipment at reporting date (2018: $21,534).

20 Commitments

(c) Finance Lease Commitments

	Note	2019 $	2018 $
Commitments in relation to finance lease are payable as follows:			
Within one year		**150,121**	177,828
Later than five years		**4,827**	154,949
Total		**154,948**	332,777
Less: Future lease finance charges		**(3,407)**	(14,397)
Recognised as a liability		**151,541**	318,380
Representing lease liabilities:			
Current (note 13(a))		**-**	166,838
Non-Current (note 13(b))		**-**	151,542
Total		**-**	318,380

21 Related Parties

(a) Directors' Transactions with UOW Pulse Limited

From time to time Directors of related parties or their Director related entities may purchase goods or services from UOW Pulse Limited. These purchases are on the same terms and conditions as those entered into by the employees of UOW Pulse Limited, or customers and are trivial or domestic in nature.

Aside from the remuneration for services rendered as an employee of the Company disclosed in Note 18(b) no Director has entered into any other material contract with the Company since the end of the previous financial year.

21 Related Parties

(b) **Transactions with related parties**

UOW Pulse Limited has a related party relationship with the following entities:
The University of Wollongong (Ultimate Controlling Entity)
UOW Global Enterprises and its controlled entities (UOWC Ltd and the Community College of City University Ltd)

Transactions with the controlling entity The University of Wollongong were as follows:

	2019	2018
	$	$
Sales of goods and services		
- Sales	**6,252,792**	6,821,142
- UOW payroll tax contribution	**2,401,799**	-
- Commissions	**41,469**	49,599
- Grants for specific purposes	**185,000**	185,000
Total	**8,881,060**	7,055,741

	2019	2018
	$	$
Purchases of goods		
- Goods and services	**2,910,144**	3,054,688

From time to time Related Parties of the University of Wollongong, including UOW Global Enterprises and its controlled entities (UOWC Ltd and the Community College of City University Ltd) may enter into transactions with the Controlled Entity. These transactions are on the same terms and conditions as those entered into by the Company's employees or customers.

(c) **Outstanding balances arising from sales/purchases of goods and services**

	2019	2018
Current receivables (sales of goods and services)		
Trade receivables	**4,143,355**	4,852,913
Current payables (purchases of goods)		
Trade creditors	**1,939,391**	2,261,560

22 Economic dependency

The Company's trading activities do not depend on a major customer or supplier. However, the Company is economically dependent on the continued existence of the University of Wollongong.

23 Retrospective correction of prior period error

The Company was previously exempt from payroll tax. However, this status changed after the Company changed its constitution in 2016. The Parent company dedicated significant resources to conduct a voluntary review of the Company's status. After this review, the Parent company disclosed that for a period of time, it did not consider the Company to be exempt from payroll tax. Subsequently, the Chief Commissioner of Revenue NSW also confirmed that for a period of time the exemption had ceased to apply as the Company is an educational company pursuant to Section 48 of the Payroll Tax Act 2007.

After review of payroll tax requirements, an amount of $1.7 million was adjusted in 2017-18 and prior periods financial statements. Due to the materiality of these adjustments, they have been recognised as prior period errors and corrected by restating each of the affected financial statement line items as described below.

The error has been corrected by restating each of the affected financial statement lines items for the prior period as follows:

a. Restatement of Comparatives - Statement of Financial Position extract

i. Current liabilities - trade and other payables

	2018 Restated	1 Jan 2018 Restated
Original amount included in previous financial statements	7,342,662	5,780,640
Adjustment for prior period error	1,678,733	963,979
Restated trade and other payables	9,021,395	6,744,619

ii. Total liabilities

	2018 Restated	1 Jan 2018 Restated
Original amount included in previous financial statements	9,699,420	8,033,234
Adjustment for prior period error	1,678,733	963,979
Restated total liabilities	11,378,153	8,997,213

iii. Total equity

	2018 Restated	1 Jan 2018 Restated
Original amount included in previous financial statements	9,590,778	10,062,766
Adjustment for prior period error	(1,678,733)	(963,979)
Restated total equity	7,912,045	9,098,787

iv. Retained Earnings

	2018 Restated	1 Jan 2018 Restated
Original amount included in previous financial statements	9,590,778	10,062,766
Adjustment for prior period error	(1,678,733)	(963,979)
Restated retained earnings	7,912,045	9,098,787

23 Retrospective correction of prior period error
b. Restatement of Comparatives - Statement of Comprehensive Income extract

i. Employee related expenses

	2018 Restated
Original amount included in previous financial statements	13,915,855
Adjustment for prior period error	714,754
Restated employee related expenses	14,630,609

ii. Operating result before income tax

	2018 Restated
Original amount included in previous financial statements	(471,988)
Adjustment for prior period error	(714,754)
Restated operating result before income tax	(1,186,742)

iii. Total comprehensive income for the year

	2018 Restated
Original amount included in previous financial statements	(471,988)
Adjustment for prior period error	(714,754)
Total comprehensive income for the year	(1,186,742)

24 Events Occurring After the Reporting Date

The Coronavirus (COVID-19) outbreak began in Wuhan, China and was first reported on 30 December 2019. The responses by the Australian Government and organisations both domestic and internationally, which highlighted the severity of the outbreak occurred after 31 December 2019. The World Health Organisation (WHO) declared a public health emergency of international concern over the outbreak on 20 January 2020.

Although the Coronavirus existed at 31 December 2019, the severity of the virus and the responses to the outbreak which may impact the Company's operations arose after the reporting period, as such the outbreak is a non-adjusting event for the reporting period ending 31 December 2019 and no adjustment will be made to the amounts recognised in the 31 December 2019 financial statements.

The Company is dependent on the operations of the Parent entity continuing in its traditional form and a disruption to those as a result of the Coronavirus could have a material impact to the Company's operations and financial performance. In addition to this the Coronavirus could potentially have a material impact on the Company's operations that are not dependant on the Parent entity as a result of the Australian Government's approach to manage the outbreak of Coronavirus. For example, the Government's decision to close principal places of gathering such as gyms and indoor sporting venues. Should it also decide to close Child Care facilities then the Company's facility located off campus would close operations.

The full extent of the impact of the Coronavirus on the Company is unknown and as such an estimate of the financial effect cannot be made.

25 Contingencies

There were no known contingent assets or liabilities existing at reporting date (nil at 31/12/2018).

Notes to the Financial Statements
For the Year Ended 31 December 2019

26 Reconciliation of Operating Results After Income Tax to Net Cash Flows From Operating Activities

	2019 $	2018 $
Operating result for the year	**1,408,166**	(1,186,742)
Non-cash flows in profit:		
Amortisation	**9,878**	64,260
Depreciation	**1,303,818**	1,314,629
ROU lease rent	**(47,081)**	-
WIP write off	**75,000**	-
Net (gain)/loss on sale of non current assets	**62,046**	28,292
Changes in assets and liabilities		
(Increase)/decrease in trade debtors	**1,602,633**	(4,592,851)
Decrease/(increase) in prepayments	**(77,629)**	195,622
(Increase)/decrease in inventories	**322,014**	609,417
(Increase)/decrease in allowance for impairment	**42,202**	2,028
(Decrease)/increase in income in advance	**(14,109)**	85,744
Increase/(decrease) in trade creditors/accruals	**(2,603,930)**	2,276,775
Increase/(decrease) in other operating liabilities	**282**	(420)
Increase/(decrease) in other provisions	**75,302**	178,315
Net cash inflow/(outflow) from operating activities	**2,158,592**	(1,024,931)

END OF AUDITED FINANCIAL REPORT.

University of Wollongong USA Foundation

Financial Statements

For the Year Ended 31 December 2019

The University of Wollongong USA Foundation

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For the Year Ended 31 December 2019

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Trustee's Certification

31 December 2019

In accordance with a resolution of the Board of The University of Wollongong USA Foundation and pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I state on behalf of the Board of Trustees that, in our opinion:

1. The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

2. The financial statements have been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

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

Trustee: ....

Paul Wellings CBE

Dated this 3 day of April 2020

INDEPENDENT AUDITOR'S REPORT

The University of Wollongong USA Foundation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the University of Wollongong USA Foundation (the Foundation), which comprise the Statement of Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising Summary of significant accounting policies and other explanatory information and the Trustee's Certification.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 31 December 2019, 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 Foundation 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' (APES 110).

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

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

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

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

Other Information

Other information comprises the Trustee's Certification for the year ended 31 December 2019. The Trustees of the Foundation are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Trustee's Certification.

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.

The Trustees' Responsibilities for the Financial Statements

The Trustees are 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 Trustees 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 Trustees are responsible for assessing the Foundation'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/ar3.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

8 April 2020
SYDNEY

The University of Wollongong USA Foundation

Statement of Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
Revenue			
Donation revenue		**7,877**	2,552
Contribution revenue - parent entity		**17,855**	-
Other income		**287**	-
Total Revenue		**26,019**	2,552
Expenses			
Finance costs		**(312)**	(55)
Scholarship Contribution		**(17,236)**	-
Accounting and tax management fees - parent entity		**(12,855)**	-
Auditors remuneration - parent entity		**(5,000)**	-
Total expenses		**(35,403)**	(55)
(Loss) / Profit before income tax		**(9,384)**	2,497
(Loss) / Profit from continuing operations		**(9,384)**	2,497
(Loss) / Profit for the year		**(9,384)**	2,497
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translation		**1,043**	14,354
Other comprehensive income for the year, net of tax		**1,043**	14,354
Total comprehensive income for the year		**(8,341)**	16,851

The accompanying notes form part of these financial statements.

The University of Wollongong USA Foundation

Statement of Financial Position

31 December 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**143,456**	151,797
TOTAL CURRENT ASSETS		**143,456**	151,797
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS		**-**	-
TOTAL ASSETS		**143,456**	151,797
LIABILITIES			
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES		**-**	-
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**-**	-
NET ASSETS		**143,456**	151,797
EQUITY			
Retained earnings		**128,646**	138,030
Reserves	6	**14,810**	13,767
TOTAL EQUITY		**143,456**	151,797

The accompanying notes form part of these financial statements.

The University of Wollongong USA Foundation

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Note	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2019		**138,030**	**13,767**	**151,797**
Net result for the year		**(9,384)**	**-**	**(9,384)**
Total other comprehensive income for the year		**-**	**1,043**	**1,043**
Balance at 31 December 2019		**128,646**	**14,810**	**143,456**

2018

	Note	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 January 2018		135,533	(587)	134,946
Net result for the year		2,497	-	2,497
Total other comprehensive income for the period		-	14,354	14,354
Balance at 31 December 2018		138,030	13,767	151,797

The accompanying notes form part of these financial statements.

The University of Wollongong USA Foundation

Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**$ 7,877**	$ 2,552
Other Income		**287**	-
Finance costs		**(312)**	(55)
Scholarship contribution		**(17,236)**	-
Net cash provided by/(used in) operating activities		**(9,384)**	2,497
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) / increase in cash and cash equivalents held		**(9,384)**	2,497
Cash and cash equivalents at beginning of year		**151,797**	134,946
Effects of exchange rate changes on cash and cash equivalents		**1,043**	14,354
Cash and cash equivalents at end of financial year	5	**$ 143,456**	$ 151,797

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Corporate Information

The University of Wollongong USA Foundation (The Foundation) is a corporate entity and was registered in Delaware USA on 20 March 2013. On registration the Foundation was initially named the Friends of the University of Wollongong Fund. On 28 August 2013 the name was changed to The University of Wollongong USA Foundation.

The Foundation is a controlled entity of the University of Wollongong. The Foundation's main purpose is to raise financial support from USA based alumni and friends. The Foundation is a public charity registered with the US Department of the Treasury.

The registered office and principal place of business of the company is:

The University of Wollongong USA Foundation
1300 Avenue of the Americas, Suite 23A
New York NY 10019

2 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared on an accrual basis in accordance with the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2018 (Regulation).

The financial statements of the Foundation have been prepared on a going concern basis.

The functional currency of the Foundation is US Dollars and the presentation currency of the Foundation is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

The financial statements have been prepared in accordance with the historical costs, except where specified otherwise.

Judgements, key assumptions and estimations made are disclosed in the relevant notes to the financial statements.

3 Changes in accounting policy including new or revised Australian Accounting Standards effective for the first time

Revenue from Contracts with Customers - Adoption of AASB 15

The Foundation has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 January 2019.

The Foundation receives it's income through donations and has not entered into contracts with customers in the reporting period. As a result there is no impact on the application of this standard.

The Foundation has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Changes in accounting policy including new or revised Australian Accounting Standards effective for the first time

Leases - Adoption of AASB 16

The Foundation has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The Foundation has not entered into any leases in the reporting period and there is no impact on the adoption of AASB 16.

4 Summary of Significant Accounting Policies

(a) Foreign currency transactions and balances

Transaction and balances

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in other comprehensive income.

5 Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and in hand	**143,456**	151,797
	143,456	151,797

6 Reserves

Foreign currency translation reserve

The exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve.

Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Retained Earnings

	2019	2018
	$	$
Retained earnings at 1 January	**138,030**	135,533
Net result for the year	**(9,384)**	2,497
Retained earnings at 31 December	**128,646**	138,030

8 Remuneration of Auditors

	2019	2018
	$	$
Remuneration of the auditor The Audit Office of New South Wales		
- auditing or reviewing the financial statements	**5,000**	-

Remuneration of the audit fees incurred by the Audit Office of NSW are covered by the parent entity, the University of Wollongong. In 2018, the audit fee was included in the fee for the parent entity.

9 Contingencies

In the opinion of the Trustees the Foundation did not have any contingencies at reporting date (nil as at 31 Dec 2018).

10 Related Parties

(a) Transactions with related parties

The University of Wollongong provides administrative and governance support for the Foundation. Services paid by the University of Wollongong on behalf of the Foundation in 2019 amounted to $17,855 (2018: $11,861).

No transactions occurred with key management personnel throughout the year.

11 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 Foundation, the results of those operations.

End of audited financial statements

CONTACT

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WRITTEN ENQUIRIES

Chief Operating Officer
University of Wollongong
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