

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Financial Statements

For the Year Ended 30 June 2020

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Responsible Persons' Declaration	18
Independent Audit Report	19



Crowe Audit Australia
ABN 13 969 921 386

22 Walker Street
Townsville QLD 4810
PO Box 537
Townsville QLD 4810
Australia

Tel +61 (07) 4722 9525
Fax +61 (07) 4722 9599
www.crowe.com.au

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of CRC for Developing Northern Australia Ltd

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Audit Australia
CROWE AUDIT AUSTRALIA

Donna Sinanian
Partner

Townsville, 21 / 10 / 2020 .

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.
© 2020 Findex (Aust) Pty Ltd

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	5	10,974,942	10,224,316
Employee benefits expense		(1,008,487)	(787,566)
Depreciation and amortisation expense		(59,355)	(17,571)
Finance costs		(4,987)	(1,048)
Other expenses	6	(5,709,717)	(3,906,018)
Surplus for the year		4,192,396	5,512,113
Other comprehensive income for the year		-	-
Total comprehensive income for the year		4,192,396	5,512,113

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Statement of Financial Position

30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	15,137,209	10,213,088
Trade and other receivables	8	49,814	762,772
Other assets		92,486	53,546
TOTAL CURRENT ASSETS		15,279,509	11,029,406
NON-CURRENT ASSETS			
Property, plant and equipment		54,083	68,557
Right-of-use asset		75,965	-
TOTAL NON-CURRENT ASSETS		130,048	68,557
TOTAL ASSETS		15,409,557	11,097,963
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	465,478	1,100,227
Contract liabilities		647,589	-
Employee benefits		63,188	35,728
Lease liabilities		78,898	-
TOTAL CURRENT LIABILITIES		1,255,153	1,135,955
TOTAL LIABILITIES		1,255,153	1,135,955
NET ASSETS		14,154,404	9,962,008
EQUITY			
Retained surplus		9,962,008	4,449,895
Surplus for the year		4,192,396	5,512,113
TOTAL EQUITY		14,154,404	9,962,008

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	9,962,008	9,962,008
Total other comprehensive income for the period	4,192,396	4,192,396
Balance at 30 June 2020	14,154,404	14,154,404

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	4,449,895	4,449,895
Total other comprehensive income for the period	5,512,113	5,512,113
Balance at 30 June 2019	9,962,008	9,962,008

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from other customers	2,533,709	953,455
Payments to suppliers and employees	(6,716,842)	(4,308,156)
Receipts from Commonwealth Government	8,500,000	8,500,000
Interest received	54,190	59,670
Finance costs	(1,088)	(1,048)
Receipts from State Governments	600,000	600,000
Net cash provided by/(used in) operating activities	<u>4,969,969</u>	<u>5,803,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant & equipment	<u>(5,247)</u>	<u>(4,003)</u>
Net cash provided by/(used in) investing activities	<u>(5,247)</u>	<u>(4,003)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease liability repayments	<u>(40,601)</u>	-
Net cash provided by/(used in) financing activities	<u>(40,601)</u>	-
Net increase/(decrease) in cash and cash equivalents held	4,924,121	5,799,918
Cash and cash equivalents at beginning of year	<u>10,213,088</u>	<u>4,413,170</u>
Cash and cash equivalents at end of the period	7 <u>15,137,209</u>	<u>10,213,088</u>

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

The financial report covers CRC for Developing Northern Australia Ltd as an individual entity. CRC for Developing Northern Australia Ltd is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the period ended 30 June 2020 were to improve the competitiveness, productivity and sustainability of the Northern Australian economy by building on the particular strengths of Northern Australia including agriculture, food and Northern health service delivery. The company assists industry to solve the challenges of doing business in Northern Australia and reduce the barriers to investment, and brings together industry, research organisations and all Northern jurisdictions and international partners to grow business opportunities in Northern Australia.

The functional and presentation currency of CRC for Developing Northern Australia Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 on the Company's financial statements for the period ended 30 June 2020.

Statement of Profit or Loss and Other Comprehensive Income

The table below shows for comparability purposes the statement of profit or loss and other comprehensive income for the period ended 30 June 2020 under AASB 15 / AASB 1058 and the 'old' standards, as if AASB 15 and AASB 1058 had not been adopted.

Notes to the Financial Statements
For the Year Ended 30 June 2020

2 Change in Accounting Policy

	AASB 15 / AASB 1058 balance per Statement of Profit or Loss and Other Comprehensive Income under AASB 15 and AASB 1058	Re- measurement	Balance prior to adoption of AASB 15 and AASB 1058
	\$	\$	\$
Revenue	10,974,942	(219,715)	10,755,227
Employee benefits expense	(1,008,487)	-	(1,008,487)
Depreciation and amortisation expense	(59,355)	-	(59,355)
Other expenses	(5,709,717)	-	(5,709,717)
Finance expenses	(4,987)	-	(4,987)
Surplus for the period	4,192,396	(219,715)	3,972,681
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	4,192,396	(219,715)	3,972,681

(a) Revenue re-measurement - in prior years under the 'old' standards co-contributions received were recognised in the Statement of Profit or Loss and Other Comprehensive Income when the Company had obtained control of the co-contribution and it was probable that the economic benefits gained from the co-contribution would flow to the entity. The re-measurement has been caused by the implementation of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is to be recognised as sufficiently specific performance obligations are met under AASB 15, or where no performance obligations exist, revenue is recognised as income on receipt in line with AASB 1058. This resulted in recognition of co-contribution revenue upon receipt where it had previously been recognised as a liability until the milestone payments per the project agreements had been delivered to the project participant.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Statement of Financial Position

The table below shows for comparability purposes the statement of financial position as at 30 June 2020 under AASB 15 / AASB 1058 and the 'old' standards, as if AASB 15 and AASB 1058 had not been adopted.

	AASB 15 and AASB 1058 carrying amount per Statement of Financial Position	Re- measurement	Carrying amount prior to adoption of AASB 15 and AASB 1058
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15,137,209	-	15,137,209
Trade and other receivables	49,814	-	49,814
Other assets	92,486	-	92,486
TOTAL CURRENT ASSETS	15,279,509	-	15,279,509
NON-CURRENT ASSETS			
Property, plant and equipment	54,083	-	54,083
Right-of-use assets	75,965	-	75,965
TOTAL NON-CURRENT ASSETS	130,048	-	130,048
TOTAL ASSETS	15,409,557	-	15,409,557
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	465,478	867,304	1,332,782
Contract liabilities	647,589	(647,589)	-
Employee benefits	63,188	-	63,188
Lease liabilities	78,898	-	78,898
TOTAL CURRENT LIABILITIES	1,255,153	219,715	1,474,868
TOTAL LIABILITIES	1,255,153	219,715	1,474,868
NET ASSETS	(14,154,404)	219,715	(13,934,689)
EQUITY			
Retained surplus	14,154,404	(219,715)	13,934,689
TOTAL EQUITY	14,154,404	(219,715)	13,934,689

(a) Liability re-measurement - in prior years under the 'old' standards co-contributions received were recognised in the Statement of Profit or Loss and Other Comprehensive Income when the Company had obtained control of the co-contribution and it was probable that the economic benefits gained from the co-contribution would flow to the entity. The re-measurement has been caused by the implementation of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is to be recognised as sufficiently specific performance obligations are met under AASB 15, or where no performance obligations exist, revenue is recognised as income on receipt in line with AASB 1058. This resulted in recognition of co-contribution revenue upon receipt where it had previously been recognised as a liability until the milestone payments per the project agreements had been delivered to the project participant

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Statement of Cash Flows

The statement of cash flows is not materially different under AASB 15 / AASB 1058 from that which was presented under the previous revenue standards.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the period ended 30 June 2019 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:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 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;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 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

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16 lease;

- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$115,600 and lease liabilities of \$115,600 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.08%.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

For comparative period

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue from contracts with customers - from 1 July 2019

For current period

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the statement of assets and liabilities as a liability until those conditions are satisfied.

CRC for Developing Northern Australia Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Participant Co-contribution Revenue

The Company receives cash co-contributions from successful project applicants. The co-contributions are held on behalf of the participant to ensure that they are co-invested in the research being undertaken and then subsequently released back to the participant in line with the project milestones as set out in each signed research agreement.

Cash co-contributions are recognised when received as the Company has no enforceable sufficiently specific performance obligations in relation to those funds under the research agreements.

Co-Funding Cash Contributions

The Company receives cash co-funding from other entities. The contributions are held on behalf of the participant and then subsequently released to the project participant in line with the project milestones as set out in each signed research agreement.

Cash co-funding is recognised when received or receivable per the co-funding agreement. Any co-funding for specific projects that are received in advance of CRC for Developing Northern Australia Ltd making a distribution of the project funds are recognised as a contract liability.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(a) Revenue and other income
Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Other income

Other income is recognised when it is received or when the Company is entitled to it.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST 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.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Leases

For comparative period

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

For current period

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(e) 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.

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.

(f) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(g) Economic dependence

CRC for Developing Northern Australia Ltd is dependent on the Department of Industry, Science, Energy and Resources (the Department) for the majority of its revenue used to operate the business. A funding agreement has been signed with the Department, committing funding annually to 2026-27. At the date of this report the directors have no reason to believe the Department will not continue to support CRC for Developing Northern Australia Ltd.

(h) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has caused material adjustments to the reported financial position and performance of the Company, refer to Note 2 for details of the changes due to standards adopted.

4 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

4 Critical Accounting Estimates and Judgments

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

5 Revenue and Other Income

	2020	2019
	\$	\$
DIIS grant income	8,500,000	8,500,000
Co-contributions received	1,751,779	1,039,110
State government partnership fees	600,000	600,000
Bank interest received	54,190	59,669
Other income	51,673	11,837
Membership income	17,300	13,700
Total revenue	<u>10,974,942</u>	<u>10,224,316</u>

\$6,881,600 of grant funds received from the Commonwealth and recognised as revenue have been allocated by CRCNA to specific research projects to be expended during the period 1 July 2020 to 30 June 2027 as project milestones are met.

6 Other Expenses

Administration and project management fees	4,594,234	2,724,880
Contractor fees	387,662	400,528
Director costs	253,323	241,408
Travel - domestic	106,195	120,969
Travel - overseas	-	52,731
Staff amenities	31,452	33,769
Insurance	15,230	13,570
Scholarships and bursaries	20,000	-
Other Expenses	301,621	318,163
Total other expenses	<u>5,709,717</u>	<u>3,906,018</u>

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

7 Cash and Cash Equivalents

Westpac cheque account	10,553,159	5,676,120
Westpac term deposit	4,584,050	4,537,095
Electronic clearing account	-	(127)
Total cash and cash equivalents	<u>15,137,209</u>	<u>10,213,088</u>

The cash and cash equivalents disclosed above and in the statement of cash flows includes \$8,052,490 which has been allocated by CRCNA to research projects to be expended during the period 1 July 2020 to 30 June 2027.

8 Trade and other receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	50,694	763,652
Provision for impairment	(880)	(880)
Total current trade and other receivables	<u>49,814</u>	<u>762,772</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	220,988	17,696
Accrued wages and super	43,506	28,775
GST payable	137,910	236,428
Unspent Grant Funds	-	645,000
Accrued expenses	15,266	137,642
Credit cards	(394)	4,853
PAYG Withholding payable	32,812	18,320
Superannuation payable	15,390	11,513
Total trade and other payables	<u>465,478</u>	<u>1,100,227</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

10 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Company. At 30 June 2020 the number of members was 170 (2019: 141).

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

11 Key Management Personnel Remuneration

The total remuneration paid to the key management personnel of CRC for Developing Northern Australia Ltd during the period was \$512,910.

12 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

13 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 11.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Purchases	Sales
	\$	\$
Key Management Personnel Related Parties		
Reef and Rainforest Research Centre	2,249	-
Fodder King	-	100
Wharton and Co	-	100
Richmond Shire Council	1,246	-
Cattle Council Australia	-	100
L H Philbey	143,388	-

14 Events after the end of the Reporting Period

The financial report was authorised for issue on the date of signing the Responsible Persons' Declaration by those charged with governance.

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

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Notes to the Financial Statements For the Year Ended 30 June 2020

15 Statutory Information

The registered office and principal place of business of the company is:

CRC for Developing Northern Australia Ltd
Unit 2, 214-216 Charters Towers Road
HERMIT PARK QLD 4812

16 Commitments

To undertake the core activities specified in the CRC for Developing Northern Australia Ltd's Commonwealth Funding Agreement, the CRCNA directors have committed \$16,559,285 to projects which will be expended during the period 1 July 2020 to 30 June 2027. This is made up of \$5,999,478 CRCNA funding which has been contractually committed at 30 June 2020 and a further \$10,599,807 of current and future CRCNA funding which has been allocated to future projects identified by the directors and are in the process of being contracted.

CRC for Developing Northern Australia Ltd

ABN: 43 618 131 150

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Responsible person



Responsible person

Dated 19/10/2020

Independent Auditor's Report to the Members of CRC for Developing Northern Australia Ltd

Opinion

We have audited the financial report of CRC for Developing Northern Australia Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Economic Dependency

Without qualification to the opinion above, we bring users attention to Note 3(g) to the financial statements which outlines the economic dependency which the company has on funding bodies to conduct its principal activities. Without the continued support of government funding bodies the company's operations would not be viable.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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.

Independent Auditor's Report

to the Members of CRC for Developing Northern Australia (cont.)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA



Donna Sinanian

Partner

Townsville, 21 / 10 / 2020 .