



Northern Territory Auditor-General's Office
Auditing for Parliament

170096 - Ministerial Transmittal

The Honourable Eva Lawler MLA
Minister for Education
c/- Parliament House
State Square
Darwin NT 0800

16 June 2017

Dear Minister

Batchelor Institute of Indigenous Tertiary Education

In accordance with Section 46(3) of the *Batchelor Institute of Indigenous Tertiary Education Act* the Director of Batchelor Institute of Indigenous Tertiary Education has submitted for my audit a financial statement comprising a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and associated notes to the financial statement. A copy of the financial statement is enclosed together with my audit report thereon.

In accordance with Section 47 of the Act a copy of my audit report and the financial statement should be laid before the Legislative Assembly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie Crisp'.

Julie Crisp
Auditor-General for the Northern Territory

attach

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
REPORT BY MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2016**

The members of the Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute) Council present their report on the economic entity for the year ended 31 December 2016.

The Batchelor Institute Council consists of nine specialist members. At the end of 2016, six members, including the Chairperson, were Indigenous. Professor Markham Rose is the Chairperson and, along with the other Council members, provide relevant and diverse industry and cultural representation. The following persons were members of Batchelor Institute Council during the whole of the year and up to the date of this report:

Professor Markham Rose (Chairperson)

Ms Catherine Curry (Deputy Chair)

Ms Kerri-Anne Butler

Dr Kevin Gillan

Mr Peter McCaffrey

Professor Boni Robertson

Mr Robert Somerville AM

Ms Stephanie Barber was appointed a member on 12 May 2016 and continues in office at the date of this report.

Ms Louise Wellington was appointed a member on 19 December 2016 and continues in office at the date of this report.

Mr Costa Bulsey was a member from the beginning of the year until his term of office was completed on 12 May 2016.

Professor Steven Larkin was a member from the beginning of the year until his resignation on 2 June 2016.

Meeting of Members

The numbers of meetings of the members of Batchelor Institute Council and of the Finance, Audit and Risk Management Committee held during the year ended 31 December 2016, and the numbers of meetings attended by each member were:

Member's Name	Council Meetings		Finance, Audit and Risk Management Committee	
	A	B	A	B
Professor Markham Rose	4	4		
Ms Catherine Curry	3	4		
Ms Kerri-Anne Butler	4	4		
Dr Kevin Gillan	3	4		
Mr Peter McCaffrey	3	4	4	4
Professor Boni Robertson	1	4		
Mr Robert Somerville AM	4	4	3	4
Ms Stephanie Barber	2	2		
Ms Louise Wellington	-	-		
Mr Costa Bulsey	2	2		
Professor Steven Larkin	1	2		
Ms Naomi Anstess			2	4
Ms Melissa Kerr			2	4
Mr Ross Springolo			3	4
Mr Cameron Wilson			4	4

A = Number of meetings attended.

B = Number of meetings held during the time the member held office or was a member of the committee during the year.

Principal activities

During the year, the principal continuing activities of the economic entity consisted of:

- a) the provision of Higher Education and Vocational Education and Training; and
- b) the undertaking of research and consultancy services.

Review of operations

Financial performance and position

For 2016 Batchelor Institute recorded an operating deficit of \$6.9 million (2015: \$3.2 million). Income decreased by \$1.5 million in comparison to the previous year due to decreases relating to Australian Government funding primarily for Indigenous Professional Support Unit (\$0.8 million) and Away From Base (\$0.5 million). Employee expenditure increased in 2016 by \$0.9 million (3.1%) representing the general increase in salaries. The Institute increased expenditure in repairs and maintenance of \$0.5 million (93%) over the prior year in order increase the asset quality and enhance the Institute's image. The cash position of Batchelor Institute decreased by \$10.6 million representing the decrease in government funding of \$1.5 million, the delay in receiving in the final Away From Base payment of \$3.1 million, and \$3 million of cash surpluses was utilised for assets repairs, maintenance and purchases.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
REPORT BY MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2016**

Asset purchases and capital works

During 2016, Batchelor Institute undertook major capital works projects including the refurbishment of the student accommodation and also the bore irrigation project commenced. The Institute also invested \$1.1 million in repairs and maintenance to Institute assets.

Significant changes in the state of affairs

In the opinion of the members there were no significant changes in the state of affairs that occurred under the financial year under review.

Matters subsequent to the end of the financial year

There were no material events after balance date required to be incorporated into the Financial Statements or disclosed in the Notes to the Financial Statements.

Likely developments and expected results of operations

Likely developments in the operations of the economic entity 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 economic entity.

Environmental regulation

The economic entity is subject to the following environmental regulations:

- Dangerous Goods Act 2012 and Dangerous Goods Regulations 2012
- Transport of Dangerous Goods by Rail and Road (National Uniform Legislation) Act 2010
- Waste Management and Pollution Control Act 2011 and Regulations

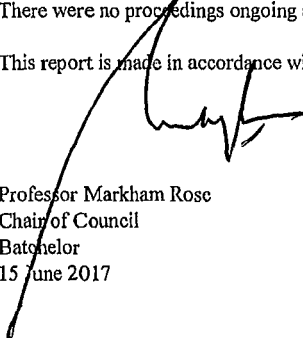
Insurance of officers

The economic entity has insurance in place to insure the members of the Council and its committees and officers against claims arising from their involvement in the activities of the economic entity. The cover for Batchelor Institute is \$10 million.

Proceedings on behalf of Batchelor Institute

There were no proceedings ongoing against Batchelor Institute as at the end of the reporting period.

This report is made in accordance with a resolution of the members of the Council.



Professor Markham Rose
Chair of Council
Batchelor
15 June 2017

**BATCHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

CONTENTS	PAGE
Financial Report	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Statement by the Chief Executive Officer	42
Auditor's Report	43

The financial report was authorised for issue by the members on 15 June 2017. The Batchelor Institute of Indigenous Tertiary Education has the power to amend and reissue the financial report.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>Economic Entity</u>	
		2016	2015
		\$'000	\$'000
Income from continuing operations			
Australian Government financial assistance	3	16,648	18,004
NT Government financial assistance	4	16,430	16,511
Fees and charges	5	2,472	2,206
Investment revenue	6	309	493
Consultancy and contracts	7	3,077	3,571
Other revenue	8	818	512
Total income from continuing operations		<u>39,754</u>	<u>41,297</u>
Expenses from continuing operations			
Employee related expenses	9	29,626	28,739
Depreciation and amortisation	10	1,646	1,631
Repairs and maintenance	11	1,085	561
Impairment of assets	12	276	6
Other expenses	13	14,001	13,546
Total expenses from continuing operations		<u>46,634</u>	<u>44,483</u>
Net result before income tax		(6,880)	(3,186)
Income tax expense	1(d)	-	-
Net result after income tax for the period		<u>(6,880)</u>	<u>(3,186)</u>

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

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Economic Entity	
		2016	2015
		\$'000	\$'000
Net result after income tax for the period		(6,880)	(3,186)
(Loss) on revaluation of cultural and heritage assets	24	(55)	-
Total comprehensive income		(6,935)	(3,186)

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

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	<u>Note</u>	<u>Economic Entity</u>	
		2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	5,340	15,916
Receivables	16	4,383	2,126
Inventories	17	-	15
Other non-financial assets	18	683	451
Total current assets		<u>10,406</u>	<u>18,508</u>
Non-current assets			
Property, plant and equipment	19	33,274	33,060
Intangible assets	20	-	-
Total non-current assets		<u>33,274</u>	<u>33,060</u>
Total assets		<u>43,680</u>	<u>51,568</u>
Current liabilities			
Trade and other payables	21	2,705	1,114
Provisions	22	3,586	4,012
Other liabilities	23	326	2,377
Total current liabilities		<u>6,617</u>	<u>7,503</u>
Non-current liabilities			
Provisions	22	917	984
Total non-current liabilities		<u>917</u>	<u>984</u>
Total liabilities		<u>7,534</u>	<u>8,487</u>
Net assets		<u>36,146</u>	<u>43,081</u>
Equity			
Reserves	24	30,338	30,393
Retained earnings	24	5,808	12,688
Total equity		<u>36,146</u>	<u>43,081</u>

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

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Economic Entity		
		\$'000	\$'000	\$'000
		Reserves	Retained Earnings	Total
Balance at 1 January 2015		30,393	15,874	46,267
Net result		-	(3,186)	(3,186)
Balance at 31 December 2015	24	<u>30,393</u>	<u>12,688</u>	<u>43,081</u>
Balance at 1 January 2016		30,393	12,688	43,081
Net result		-	(6,880)	(6,880)
(Loss) on revaluation of cultural and heritage assets		(55)	-	(55)
Balance at 31 December 2016	24	<u>30,338</u>	<u>5,808</u>	<u>36,146</u>

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

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>Economic Entity</u>	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Australian Government grants	3	12,858	17,997
NT Government grants		15,332	15,997
Receipts from student fees and other customers		7,021	6,752
Interest received		338	374
Payments to suppliers and employees		(44,221)	(41,736)
GST recovered		39	139
Net cash (used in) operating activities	31	<u>(8,633)</u>	<u>(477)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	19	<u>(1,943)</u>	<u>(524)</u>
Net cash (used in) investing activities		<u>(1,943)</u>	<u>(524)</u>
Net (decrease) in cash and cash equivalents		(10,576)	(1,001)
Cash and cash equivalents at the beginning of the financial year		<u>15,916</u>	<u>16,917</u>
Cash and cash equivalents at the end of the financial year	15	<u>5,340</u>	<u>15,916</u>

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

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Note	Contents of the notes to the financial statements
1	Summary of significant accounting policies
2	Disaggregated information
Income	
3	Australian Government financial assistance including HECS-HELP and other Australian Government loan programs
4	Northern Territory Government financial assistance
5	Fees and charges
6	Investment revenue and income
7	Consultancy and contracts
8	Other revenue and income
Expenses	
9	Employee related expenses
10	Depreciation and amortisation
11	Repairs and maintenance
12	Impairment of assets
13	Other expenses
14	Services received free of charge
Assets	
15	Cash and cash equivalents
16	Receivables
17	Inventories
18	Other non-financial assets
19	Property, plant and equipment
20	Intangibles
Liabilities	
21	Trade and other payables
22	Provisions
23	Other liabilities
Equity	
24	Reserves and retained earnings
25	Key management personnel disclosures
26	Remuneration of auditors
27	Contingencies
28	Commitments
29	Economic dependency
30	Events occurring after the balance sheet date
31	Reconciliation of operating result after income tax to net cash flows from operating activities
32	Financial risk management
33	Fair value measurements
34	Acquittal of Australian Government financial assistance
35	Disaggregated results by source of funds

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Batchelor College was established as a Body Corporate on 1 July 1989 under Section 41 of the *Education Act*. On 1 April 1995 the College became an Agency under the *Financial Management Act* and the *Public Sector Employment and Management Act*. On 1 July 1999 the *Batchelor Institute of Indigenous Tertiary Education Act* (the Act) came into operation and the Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute) was established. The functions of the Institute are detailed in Section 7 of the Act. The review of the Act was completed during 2011 and the amended Act was passed by Parliament in February 2012.

Batchelor Institute is a not-for-profit entity and these statements have been prepared on that basis. It is a multi-campus, dual-sector institution, providing both Higher Education and Vocational Education and Training courses.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years reported unless otherwise stated.

(a) Basis of preparation

Section 46 of the *Batchelor Institute of Indigenous Tertiary Education Act* requires the Director, at the end of each financial year, to prepare and have audited, financial statements in respect of the financial year. The annual financial statements represent the audited general purpose financial statements of Batchelor Institute. They have been prepared on a going concern and accrual basis in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the requirements of the Department of Education and Training and other state/ Australian Government legislative requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the members of Batchelor Institute on 15 June 2017.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of non-current assets, which are disclosed at fair value.

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 Batchelor Institute's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Estimates and judgments incorporated into the financial report are based on historical knowledge and the 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 Batchelor Institute. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

(b) Investments in other entities

Batchelor Institute, through a joint venture agreement with Centre for Appropriate Technology Inc., has a 50% interest in the Desert Peoples Centre Inc., an association incorporated under the *Associations Act*. The fair value of this investment has been deemed to be \$0 due to the not-for-profit status of the Desert Peoples Centre Inc. and its constitution which precludes any profits being shared between the partners.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances rebates and amounts collected on behalf of third parties. Batchelor Institute recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to Batchelor Institute and specific criteria have been met for each of Batchelor Institute's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Batchelor Institute 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.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

(i) Government grants

Batchelor Institute treats operating grants received from Australian Government entities as income in the year of receipt. Grants are recognised at their fair value where Batchelor Institute obtains control of the right to receive a grant, it is probable that economic benefits will flow to Batchelor Institute and the grant can be reliably measured. A liability is recognised where there is a present obligation to repay unspent grants.

(ii) Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(iii) Consultancy and contracts/ fee for service

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

(iv) Investment revenue

Investment revenue is recognised on an accrual basis using the effective interest method.

(v) Other revenue

Non-government grants are recognised in accordance with the substance of the relevant agreements. Revenue in the form of donations and bequests is brought to account when received. Revenue from the sale of minor assets is recognised when the entity has passed control to the buyer.

(d) Income tax

Batchelor Institute is a public authority within the meaning of Section 50-25 of the *Income Tax Assessment Act 1997* and its income is exempt under the provisions of that Act.

(e) Leases

Leases of property, plant and equipment where Batchelor Institute, 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. Batchelor Institute does not have any finance leases. 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 (Note 28). 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.

(f) Impairment of assets

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

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

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

(h) Trade receivables

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

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

(i) Inventories

Raw materials are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

(j) Investments and other financial assets

Classification

Batchelor Institute classifies its investments in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

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

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

The financial instruments of Batchelor Institute comprise deposits with banks, short term money market investments, receivables and trade creditors. All the above were initially measured at cost, which is the fair value of the consideration given to acquire the financial asset or liability. All Batchelor Institute's financial assets are classified as loans and receivables and are recorded at amortised cost.

Subsequent measurement

Investments are carried at amortised cost using the effective interest method.

Impairment

Batchelor Institute assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Fair value estimation

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

(l) Property, plant and equipment

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

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 Batchelor Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Batchelor Institute controls building assets that are situated on land where the legal title is held by entities other than Batchelor Institute. Buildings at Bloomfield Street, Alice Springs, are situated on Crown land that is controlled by the Commonwealth of Australia. Certain building assets that are situated in Batchelor township, but which do not form part of the main Batchelor Institute campus, are located on Crown land that is controlled by the Northern Territory of Australia. All remote building assets are situated on land that is owned by entities other than Batchelor Institute.

Initial expenditure for buildings under construction are capitalised as incurred and depreciation commences once the building is complete and ready for use.

(i) Valuations

Batchelor Institute revalues property, plant and equipment once every five years by an external independent valuer. In addition to the external valuation every five years, the library and artwork collections are subject to periodic review by electronic means.

Land, buildings and infrastructure in Alice Springs and Batchelor were revalued in September 2012 by the Australian Valuation Office, with values reflected as at 31 December 2012. Land, buildings and infrastructure in remote locations were revalued in September 2012, with the values reflected as at 31 December 2012. This resulted in an increase of \$2.8 million which has been reflected in the comparative year's financial statements.

The library collection was revalued in September 2012 by Rodney Hyman Asset Services Pty Ltd, with the values reflected as at 31 December 2012. This resulted in an increase of \$59,000 which is reflected in the comparative year's financial statements.

The artwork collection was revalued in November 2016 by Paul Johnstone Gallery, with the values reflected as at 31 December 2016. This resulted in a decrease of \$82,549 which is reflected in this year's financial statements. In accordance with AASB116.40.1, \$54,471 has been recognised against the credit balance in the revaluation reserve for this asset class (refer Note 24) and the balance of \$28,077 has been recognised in the profit and loss (refer Note 13).

Land, building and infrastructure assets have been measured using the fair value methodology. As there is no current active and liquid market for facilities of this type, and it is Batchelor Institute's intention to retain these assets in their current usage, fair value has been measured at depreciated replacement cost.

**BATCHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment (continued)

(ii) Depreciation

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

Buildings including demountables and improvements	7-50 years
Infrastructure	10-40 years
Plant and equipment	5-20 years
Computer hardware	5 years
Transport equipment	5-7 years

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

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

(iii) Amortisation of intangibles

Preliminary expenses in respect of the development of computer software are capitalised as they are incurred but amortisation does not commence until the software development is completed and ready for use. The following estimated useful life was used in the calculation of amortised intangibles for the current and prior year:

Computer software	3 years
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(m) Trade and other payables

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

(n) Provisions

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

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

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

(o) Employee benefits

(i) Short-term obligations

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

(ii) Annual leave

The liability for long-term employee benefits such as annual leave is recognised in current provisions for employee benefits if it is due to be settled within 12 months after the end of the reporting period. It is measured at the amount expected to be paid when the liability is 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.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(iii) 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currently that match, as closely as possible, the estimated future cash outflows.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Batchelor Institute recognises the expense and liability for termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

(p) Superannuation

Batchelor Institute contributes to several superannuation schemes, including the Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS), the Commonwealth Superannuation Scheme (CSS) and various private sector schemes. Casual employees superannuation benefits are provided for through approved contribution schemes.

Until 30 June 1999 benefits from NTGPASS were supplemented by an additional productivity benefit from the Northern Territory Supplementary Superannuation Scheme (NTSSS). The NTSSS benefit was entirely employer funded and did not require employee contributions. It was provided to all employees whom completed at least three months service. NTGPASS closed to new employees commencing service with the Northern Territory Government after 9 August 1999. The NTGPASS, NTSSS and the defined contribution scheme provide lump sum benefits while the CSS provides a mixture of lump sum and pension benefits. In respect of the entity's superannuation plans, any contributions made to the superannuation plans by the entity are recognised against profits when due.

Employee contributions in respect of NTGPASS members are based on an elected rate of 2% to 6% of salary. CSS members must contribute 5% of salary and may elect to contribute up to an additional 5% of salary as supplementary contributions. Contributions to other approved contribution schemes are made at a rate of 9.75% of the employee's salary. Until 30 June 1999 the cost of employer financed benefits was met by the Northern Territory Government. Batchelor Institute was under no legal obligation to make up any shortfall in relation to payouts to employees or contributions on behalf of employees. Since 1 July 1999 Batchelor Institute has received funding directly from the Northern Territory and Commonwealth Governments to fund superannuation contributions to approved funds.

(q) Rounding of amounts

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

(r) Goods and Services Tax (GST)

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

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

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

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Comparative amounts

Where necessary, comparatives have been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(t) Services received free of charge

Batchelor Institute receives various human resources, payroll and financial services from the Northern Territory Government at no charge (Note 14). This general purpose financial report has been prepared on a going concern basis in the expectation that these services and support will continue.

(u) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods. Batchelor Institute has elected not to adopt any of the standards. Batchelor Institute is assessing the potential impact on its financial statements resulting from the application of the following new standards and interpretations.

Standard/ Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018.	1 January 2018	31 December 2018
AASB 15 Revenue from Contracts with Customers.	1 January 2018	31 December 2018
AASB 16 Leases effective for the annual periods beginning on or after 1 January 2019. There will be no material impact on the entity.	1 January 2019	31 December 2019
AASB 107 Statement of Cash Flows (August 2015) require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	31 December 2017
AASB 1058 Income of Not-for-Profits Entities, AASB 1058 and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases. AASB 1004 Contributions is also amended, with many of its requirements being revised and relocated AASB 1058. The scope of AASB 1004 is effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context. AASB 1058 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided AASB 15 Revenue from Contracts with Customers is applied on or before the date of initial application.	1 January 2019	1 January 2019

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2: DISAGGREGATED INFORMATION

(a) Industry - Dual Sector Providers (Economic Entity)

Operating revenues and expenses for Higher Education and Vocational Education and Training (VET) are shown in the following tables. They have been determined by identifying specific revenues and expenses for each sector, and apportioning the remainder relative to direct costs of course delivery (Higher Education 19% : VET 81%).

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016	Note	Higher	VET	Total	Higher	VET	Total
		Education		Economic	Education		Economic
		2016	2016	2016	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations							
Australian Government financial assistance	3	10,818	5,830	16,648	9,905	8,099	18,004
NT Government financial assistance	4	-	16,430	16,430	-	16,511	16,511
Fees and charges	5	470	2,002	2,472	485	1,721	2,206
Investment revenue	6	59	250	309	108	385	493
Consultancy and contracts	7	585	2,492	3,077	2,704	867	3,571
Other revenue	8	155	663	818	112	400	512
Total income from continuing operations		12,087	27,667	39,754	13,314	27,983	41,297
Expenses from continuing operations							
Employee related expenses	9	5,629	23,997	29,626	6,323	22,416	28,739
Depreciation and amortisation	10	313	1,333	1,646	359	1,272	1,631
Repairs and maintenance	11	206	879	1,085	123	438	561
Impairment of assets	12	52	224	276	1	5	6
Other expenses	13	3,097	10,904	14,001	3,401	10,145	13,546
Total expenses from continuing operations		9,297	37,337	46,634	10,207	34,276	44,483
Net result before income tax expense		2,790	(9,670)	(6,880)	3,107	(6,293)	(3,186)
Income tax expense	1(d)	-	-	-	-	-	-
Net result after income tax for the period		2,790	(9,670)	(6,880)	3,107	(6,293)	(3,186)
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016	Note	Higher	VET	Total	Higher	VET	Total
		2016	2016	2016	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net result after income tax for the period		2,790	(9,670)	(6,880)	3,107	(6,293)	(3,186)
(Loss) on revaluation of cultural and heritage assets		(10)	(45)	(55)	-	-	-
Total comprehensive income		2,780	(9,715)	(6,935)	3,107	(6,293)	(3,186)

**BATCHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 2: DISAGGREGATED INFORMATION

(a) Industry - Dual Sector Providers (Economic Entity) (continued)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016	Note	Higher Education 2016 \$'000	VET 2016 \$'000	Total Economic 2016 \$'000	Higher Education 2015 \$'000	VET 2015 \$'000	Total Economic 2015 \$'000
Assets							
Current assets							
Cash and cash equivalents	15	36,095	(30,755)	5,340	33,873	(17,957)	15,916
Receivables	16	738	3,645	4,383	468	1,658	2,126
Inventories	17	-	-	-	-	15	15
Other non-financial assets	18	130	553	683	99	352	451
Total current assets		36,963	(26,557)	10,406	34,440	(15,932)	18,508
Non-current assets							
Property, plant and equipment	19	15,548	17,726	33,274	15,513	17,547	33,060
Intangible assets	20	-	-	-	-	-	-
Total non-current assets		15,548	17,726	33,274	15,513	17,547	33,060
Total assets		52,511	(8,831)	43,680	49,953	1,615	51,568
Liabilities							
Current liabilities							
Trade and other payables	21	787	1,918	2,705	245	869	1,114
Provisions	22	681	2,905	3,586	883	3,129	4,012
Other liabilities	23	186	140	326	523	1,854	2,377
Total current liabilities		1,654	4,963	6,617	1,651	5,852	7,503
Non-current liabilities							
Provisions	22	174	743	917	399	585	984
Total non-current liabilities		174	743	917	399	585	984
Total liabilities		1,828	5,706	7,534	2,050	6,437	8,487
Net assets		50,683	(14,537)	36,146	47,903	(4,822)	43,081
Equity							
Reserves	24	23,447	6,891	30,338	23,457	6,936	30,393
Retained earnings	24	27,236	(21,428)	5,808	24,446	(11,758)	12,688
Total equity		50,683	(14,537)	36,146	47,903	(4,822)	43,081

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2: DISAGGREGATED INFORMATION

(a) Industry - Dual Sector Providers (Economic Entity) (continued)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Higher Education			VET		
		Reserves	Retained Earnings	Total	Reserves	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015		23,457	21,339	44,796	6,936	(5,465)	1,471
Net result		-	3,107	3,107	-	(6,293)	(6,293)
Balance at 31 December 2015	24	<u>23,457</u>	<u>24,446</u>	<u>47,903</u>	<u>6,936</u>	<u>(11,758)</u>	<u>(4,822)</u>
Balance at 1 January 2016		23,457	24,446	47,903	6,936	(11,758)	(4,822)
Net result		-	2,790	2,790	-	(9,670)	(9,670)
(Loss) on revaluation of cultural and heritage assets		(10)	-	(10)	(45)	-	(45)
Balance at 31 December 2016	24	<u>23,447</u>	<u>27,236</u>	<u>50,683</u>	<u>6,891</u>	<u>(21,428)</u>	<u>(14,537)</u>

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 2: DISAGGREGATED INFORMATION

(a) Industry - Dual Sector Providers (Economic Entity) (continued)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016	Note	Higher Education 2016 \$'000	VET 2016 \$'000	Total Economic 2016 \$'000	Higher Education 2015 \$'000	VET 2015 \$'000	Total Economic 2015 \$'000
Cash Flows from Operating Activities							
Australian Government Grants	3	9,567	3,291	12,858	9,198	8,799	17,997
NT Government Grants		-	15,332	15,332	-	15,998	15,998
Receipts from student fees and other customers		1,795	5,226	7,021	3,405	3,347	6,752
Interest received		64	274	338	83	291	374
Payments to suppliers and employees		(8,842)	(35,379)	(44,221)	(9,177)	(32,560)	(41,737)
GST recovered / (paid)		7	32	39	31	108	139
Net cash provided by / (used in) operating activities	31	2,591	(11,224)	(8,633)	3,540	(4,017)	(477)
Cash flows from investing activities							
Payments for property, plant and equipment	19	(369)	(1,574)	(1,943)	(115)	(409)	(524)
Net cash / (used in) investing activities		(369)	(1,574)	(1,943)	(115)	(409)	(524)
Net increase / (decrease) in cash and cash equivalents		2,222	(12,798)	(10,576)	3,425	(4,426)	(1,001)
Cash and cash equivalents at the beginning of the financial year		33,873	(17,957)	15,916	30,448	(13,531)	16,917
Cash and cash equivalents at the end of the financial year	15	36,095	(30,755)	5,340	33,873	(17,957)	15,916

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Economic Entity	
		2016 \$'000	2015 \$'000
NOTE 3: AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND OTHER AUSTRALIAN GOVERNMENT LOAN PROGRAMS			
(a) Commonwealth Grant Scheme and other grants	34.1		
Indigenous Support Program		2,838	2,791
Disability Support Program		-	1
National Institutes ¹		4,511	4,436
Promotion of Excellence in Learning and Teaching		-	30
Total Commonwealth Grant Scheme and other grants		7,349	7,258
¹ Includes Indigenous Education Agreement - National Indigenous English Literacy and Numeracy Strategy			
(b) Higher Education Loan Programs	34.2		
VET Fee-Help		33	-
Total Higher Education Loan Programs		33	-
(c) Scholarships	34.3		
Australian Postgraduate Awards		81	80
Total Scholarships		81	80
(d) Education research grants	34.4		
Joint Research Engagement Program		134	139
Research Training Scheme		135	140
Research Infrastructure Block Grants		2	3
Sustainable Research Excellence in Universities		5	6
Total education research grants		276	288
(e) Other Australian Government financial assistance			
Indigenous Education Agreement - Away From Base		6,789	7,254
Indigenous Professional Support Unit		-	778
Office of the Arts Indigenous Broadcasting and Languages Projects		1,752	1,305
Childcare support		348	418
Collaborative Research Networks		-	153
DIISRTE		-	405
Other project funding		20	65
Total other Australian Government financial assistance		8,909	10,378
Total Australian Government financial assistance		16,648	18,004
Reconciliation			
Australian Government grants (a+b+c+d+e)		16,648	18,004
Total Australian Government financial assistance		16,648	18,004
(g) Australian Government grants received - cash basis			
Commonwealth Grants Scheme and other DEEWR Grants		7,349	7,258
Higher Education Loan Programs		12	-
Scholarships		81	80
Education Research		276	288
Other Australian Government grants		5,140	10,371
Total Australian Government grants received - cash basis		12,858	17,997
Total Australian Government funding received - cash basis		12,858	17,997

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

<u>Note</u>	<u>Economic Entity</u>	
	2016	2015
	\$'000	\$'000
NOTE 4: NORTHERN TERRITORY GOVERNMENT FINANCIAL ASSISTANCE		
General Purpose		
General Purpose	11,609	11,583
Total General Purpose	11,609	11,583
Specific Purpose		
Department of Business		
Supplementary Recurrent Assistance	806	806
Indigenous Tutorial Assistance Scheme (VET)	182	182
Capital Works	523	523
Work, Health and Safety fund	-	680
Structure adjustment training fund	-	210
Vocational Education and Training Equipment Grant	153	149
User Choice	-	57
Department of Education		
Vocational Education and Training in Schools	107	49
Training for Assistant Teachers in Remote Schools	1,545	909
Community Services	-	27
Department of Children and Families		
Department of Attorney-General and Justice	1,370	1,247
Department of Housing and Community Development		
Other Revenue	131	-
	4	75
Total Specific Purpose	4,821	4,928
Total Northern Territory Government financial assistance	16,430	16,511

NOTE 5: FEES AND CHARGES

Course fees and charges		
Other domestic course fees and charges ²	2,138	1,705
Total fees and charges	2,138	1,705
² Includes white card training, first aid training and short courses		
Other non-course fees and charges		
Rental charges	219	151
Facility hire	105	172
Other	10	178
Total other fees and charges	334	501
Total fees and charges	2,472	2,206

NOTE 6: INVESTMENT REVENUE AND INCOME

Interest	309	493
Total investment revenue	309	493

NOTE 7: CONSULTANCY AND CONTRACTS

Consultancy	1,201	965
ACIKE - Charles Darwin University ³	1,837	2,460
Other contract revenue	39	146
Total consultancy and contracts	3,077	3,571

³ Includes the basic CGS grant amount and CGS - Regional Loading, HECS

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Economic Entity	
		2016 \$'000	2015 \$'000
NOTE 8: OTHER REVENUE AND INCOME			
Donations and bequests		190	5
Scholarships and prizes		7	6
Non-government grants		285	236
Merchandise and meal sales		305	94
Insurance rebates and other revenue		7	167
Sale of assets		24	4
Total other revenue and income		818	512
NOTE 9: EMPLOYEE RELATED EXPENSES			
Employee related expenses			
Academic			
Salaries		11,002	10,644
Contributions to superannuation and pension schemes		1,453	1,696
Payroll tax		812	762
Worker's compensation		7	62
Long service leave		252	295
Annual leave		1,497	1,686
Other		12	(2)
Total academic		15,035	15,143
Non-academic			
Salaries		10,677	10,083
Contributions to superannuation and pension schemes		1,410	1,179
Payroll tax		788	684
Worker's compensation		7	31
Long service leave		245	218
Annual leave		1,452	1,402
Other		12	(1)
Total non-academic		14,591	13,596
Total employee related expenses		29,626	28,739
NOTE 10: DEPRECIATION AND AMORTISATION			
Depreciation			
Buildings		1,444	1,406
Infrastructure		48	43
Plant and equipment		83	70
Computer hardware		53	68
Transport equipment		18	44
Total depreciation		1,646	1,631
Amortisation			
Intangible assets		-	-
Total amortisation		-	-
Total depreciation and amortisation		1,646	1,631
NOTE 11: REPAIRS AND MAINTENANCE			
Repairs and maintenance on buildings		1,085	561
Total repairs and maintenance		1,085	561

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Economic Entity	
		2016	2015
		\$'000	\$'000
NOTE 12: IMPAIRMENT OF ASSETS			
Bad and doubtful debts		276	6
Total impairment of assets		276	6

NOTE 13: OTHER EXPENSES

Advertising, marketing and promotional expenses		118	43
Communications and utilities		3,074	2,410
Consumables		1,277	1,125
Contracted services		1,831	1,442
Insurance		449	456
Motor vehicles		1,119	1,151
Non-capitalised equipment		671	930
Property management		978	1,312
Recruitment		96	156
Refund of prior year grants		-	171
Rent and leasing		369	436
Revaluation decrease on artworks		28	-
Scholarships, grants and prizes		84	66
Training and study		87	120
Travel		2,999	2,843
Other		821	885
Total other expenses		14,001	13,546

NOTE 14: SERVICES RECEIVED FREE OF CHARGE

Batchelor Institute receives various human resources, payroll and financial services from the Northern Territory Government free of charge.

Services received free of charge		819	822
Total services received free of charge		819	822

NOTE 15: CASH AND CASH EQUIVALENTS

Cash at bank and on hand		1,840	2,916
Deposits at call		3,500	13,000
Total cash and cash equivalents		5,340	15,916

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

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

Balances as above		5,340	15,916
Balance per statement of cash flows		5,340	15,916

(b) Cash at bank and on hand

Cash at bank and on hand had an effective interest rate of 1.5% (2015: 2.5%).

(c) Deposits at call

The deposits are bearing floating interest rates between 2.39% and 2.75% (2015: 2.50% and 2.90%). These deposits have a maturity of 30 days.

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Economic Entity	
		2016	2015
		\$'000	\$'000
NOTE 16: RECEIVABLES			
Current			
Trade receivables		768	1,946
Less: provision for impaired receivables		(3)	(7)
		<u>765</u>	<u>1,939</u>
Student fees		448	-
Less: provision for impaired receivables		(269)	-
		<u>179</u>	<u>-</u>
Accrued revenue		3,207	160
GST receivable		231	27
Total current receivables		<u>4,383</u>	<u>2,126</u>

As of 31 December 2016, current receivables of \$94,094 (2015: \$983,741) were past due but not impaired. These receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

Less than 3 months	11	800
3 to 6 months	2	38
6 to 12 months	1	146
Over 12 months	80	-
Total past due but not impaired current receivables	<u>94</u>	<u>984</u>

(a) Impaired receivables

As at 31 December 2016 current receivables with a nominal value of \$451,217 (2015: \$6,801) were impaired. The amount of the provision was \$271,860 (2015: \$6,801). The individually impaired receivables mainly relate to student fees, other student debt, and debts of past staff of Bachelor Institute. The ageing of the provision of these receivables is as follows:

Less than 3 months	-	2
3 to 6 months	59	4
6 to 12 months	213	-
Over 12 months	-	1
Total current impaired receivables	<u>272</u>	<u>7</u>

Movements in the provision for impaired receivables are as follows:

At 1 January	7	10
Provision for impairment recognised during the year	272	7
Receivables written off during the year as uncollectible	(5)	(7)
Unused amount reversed	(2)	(3)
At 31 December	<u>272</u>	<u>7</u>

The creation and release of the provision for impaired receivables has been included in 'impairment of assets expense' in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

NOTE 17: INVENTORIES

Current	-	15
Total current inventories	<u>-</u>	<u>15</u>

NOTE 18: OTHER NON-FINANCIAL ASSETS

Prepayments	683	451
Total other non-financial assets	<u>683</u>	<u>451</u>

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>Economic Entity</u>	
		2016	2015
		\$'000	\$'000
NOTE 19: PROPERTY PLANT AND EQUIPMENT			
Land			
At fair value		1,272	1,272
Total land		<u>1,272</u>	<u>1,272</u>
Buildings			
At fair value		33,833	32,322
Less: accumulated depreciation		(5,520)	(4,076)
Total buildings		<u>28,313</u>	<u>28,246</u>
Infrastructure			
At fair value		926	891
Less: accumulated depreciation		(176)	(128)
Total infrastructure		<u>750</u>	<u>763</u>
Plant and equipment			
At cost		1,180	1,132
Less: accumulated depreciation		(679)	(596)
Total plant and equipment		<u>501</u>	<u>536</u>
Computer hardware			
At cost		885	837
Less: accumulated depreciation		(671)	(618)
Total computer hardware		<u>214</u>	<u>219</u>
Transport equipment			
At cost		749	752
Less: accumulated depreciation		(718)	(700)
Total transport equipment		<u>31</u>	<u>52</u>
Heritage and cultural assets			
At fair value		1,890	1,972
Total heritage and cultural assets		<u>1,890</u>	<u>1,972</u>
Work in progress			
At cost		303	-
Total work in progress		<u>303</u>	<u>-</u>
Total property, plant and equipment		<u>33,274</u>	<u>33,060</u>

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 19: PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Plant and equipment ⁴	Computer hardware	Transport equipment	Heritage and cultural assets	Construction in progress	Total property, plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Economic entity									
At 1 January 2016									
Cost	-	2,388	75	1,132	837	752	-	-	5,184
Valuation	1,272	29,934	816	-	-	-	1,972	-	33,994
Accumulated depreciation	-	(4,076)	(128)	(596)	(618)	(700)	-	-	(6,118)
Net book amount	1,272	28,246	763	536	219	52	1,972	-	33,060
Year ended 31 December 2016									
Opening net book amount	1,272	28,246	763	536	219	52	1,972	-	33,060
Additions	-	1,511	35	48	48	-	-	303	1,945
Asset disposals	-	-	-	-	-	(3)	-	-	(3)
Depreciation expense	-	(1,444)	(48)	(83)	(53)	(18)	-	-	(1,646)
Revaluation decrement	-	-	-	-	-	-	(82)	-	(82)
Closing net book amount	1,272	28,313	750	501	214	31	1,890	303	33,274
At 31 December 2016									
Cost	-	3,899	110	1,180	885	749	-	303	7,126
Valuation	1,272	29,934	816	-	-	-	1,890	-	33,912
Accumulated depreciation	-	(5,520)	(176)	(679)	(671)	(718)	-	-	(7,764)
Net book amount	1,272	28,313	750	501	214	31	1,890	303	33,274

⁴ Plant and equipment includes all operational assets.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 19: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Infrastructure	Plant and equipment ⁴	Computer hardware	Transport equipment	Heritage and cultural assets	Construction in progress	Total property, plant and equipment
Economic entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015 ⁵									
Cost	-	2,312	-	1,015	599	733	-	-	4,659
Valuation	1,272	29,934	816	-	-	-	1,972	-	33,994
Accumulated depreciation	-	(2,670)	(85)	(526)	(550)	(656)	-	-	(4,487)
Net book amount	1,272	29,576	731	489	49	77	1,972	-	34,166
Year ended 31 December 2015									
Opening net book amount	1,272	29,576	731	489	49	77	1,972	-	34,166
Additions	-	76	75	117	238	19	-	-	525
Depreciation expense	-	(1,406)	(43)	(70)	(68)	(44)	-	-	(1,631)
Closing net book amount	1,272	28,246	763	536	219	52	1,972	-	33,060
At 31 December 2015									
Cost	-	2,388	75	1,132	837	752	-	-	5,184
Valuation	1,272	29,934	816	-	-	-	1,972	-	33,994
Accumulated depreciation	-	(4,076)	(128)	(596)	(618)	(700)	-	-	(6,118)
Net book amount	1,272	28,246	763	536	219	52	1,972	-	33,060

⁴ Plant and equipment includes all operational assets.

⁵ In 2014, the disposal of assets was incorrectly classified in accumulated depreciation. The opening balances for 2015 have been restated to correctly show the net book amounts.

**BATCHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>Economic</u>	<u>Entity</u>
		2016	2015
		\$'000	\$'000
NOTE 20: INTANGIBLES			
At 1 January			
Cost		201	201
Accumulated amortisation and impairment		(201)	(201)
Net book amount		<u>-</u>	<u>-</u>
At 31 December			
Cost		201	201
Accumulated amortisation and impairment		(201)	(201)
Net book amount		<u>-</u>	<u>-</u>
NOTE 21: TRADE AND OTHER PAYABLES			
Current			
Trade creditors		2,441	894
Accrued expenses		264	220
Total current trade and other payables		<u>2,705</u>	<u>1,114</u>
NOTE 22: PROVISIONS			
Current provisions expected to be settled within 12 months			
Annual leave		1,533	1,897
Annual leave fares		2	5
Annual leave loading		258	278
Long service leave		435	411
Other provisions ⁶		632	701
Total current provisions to be settled within 12 months		<u>2,860</u>	<u>3,292</u>
Current provisions expected to be settled after more than 12 months			
Long service leave		726	720
Total current provisions to be settled after more than 12 months		<u>726</u>	<u>720</u>
Total current provisions		<u>3,586</u>	<u>4,012</u>
Non-current provisions			
Long service leave		917	984
Total non-current provisions		<u>917</u>	<u>984</u>
Total provisions		<u>4,503</u>	<u>4,996</u>

⁶ Other provisions include fringe benefits tax, payroll tax, superannuation, and worker's compensation provisions amount.

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 22: PROVISIONS (continued)

(a) Movements in provisions

As at 31 December 2016

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

	Annual leave \$'000	Annual leave fares \$'000	Annual leave loading \$'000	Long service leave \$'000	Other \$'000	Total \$'000
Current						
Carrying amount at 1 January 2016	1,897	5	278	1,131	701	4,012
Additional provisions recognised	2,586	-	268	550	530	3,934
Amounts used	(2,950)	(3)	(288)	(520)	(599)	(4,360)
Carrying amount at 31 December 2016	1,533	2	258	1,161	632	3,586
	Long service leave \$'000	Total \$'000				
Non-current						
Carrying amount at 1 January 2016	984	984				
Unused amounts reversed	(67)	(67)				
Non-current amount at 31 December 2016	917	917				

As at 31 December 2015

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

	Annual leave \$'000	Annual leave fares \$'000	Annual leave loading \$'000	Long service leave \$'000	Other \$'000	Total \$'000
Current						
Carrying amount at 1 January 2015	1,584	4	210	1,026	601	3,425
Additional provisions recognised	2,762	1	324	399	577	4,063
Amounts used	(2,449)	-	(256)	(294)	(477)	(3,476)
Carrying amount at 31 December 2015	1,897	5	278	1,131	701	4,012
	Long service leave \$'000	Total \$'000				
Non-current						
Carrying amount at 1 January 2015	870	870				
Additional provisions recognised	114	114				
Non-current amount at 31 December 2015	984	984				

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Economic Entity	
		2016	2015
		\$'000	\$'000
NOTE 23: OTHER LIABILITIES			
Current			
Australian Government and NT Government unspent grants		326	2,377
Total current other liabilities		326	2,377
NOTE 24: RESERVES AND RETAINED EARNINGS			
(a) Reserves			
Property, plant and equipment revaluation surplus		14,721	14,776
Gifted asset reserve		15,617	15,617
Total reserves		30,338	30,393
<i>Property, plant and equipment revaluation surplus</i>			
Balance at 1 January		14,776	14,776
(Loss) on revaluation of cultural and heritage assets		(55)	-
Balance at 31 December		14,721	14,776
<i>Gifted asset reserve</i>			
Balance at 1 January		15,617	15,617
Balance at 31 December		15,617	15,617
(b) Retained earnings			
Movements in retained earnings were as follows:			
Retained earnings at 1 January		12,688	15,874
Operating result for the period		(6,880)	(3,186)
Retained earnings at 31 December		5,808	12,688

(c) Nature and purpose of reserves

Property, plant and equipment revaluation surplus

The property, plant and equipment revaluation surplus arises from the revaluation of non-current assets. Where a revalued asset is sold, the portion of the revaluation reserve which relates to that asset is transferred to retained earnings.

Gifted asset reserve

During the year ended 31 December 2002, the Northern Territory Government gifted to Batchelor Institute certain land and buildings which it occupied. The fair values of these land and buildings were determined on the basis of valuations performed by the Valuer-General as at 1 July 2002. The valuation was determined on the basis of fair value for land amounting to \$290,000 and depreciated replacement cost for buildings of \$15,109,000 making a total of \$15,399,000. These values were recognised in the financial statements during 2002 via the gifted asset revaluation. These and other assets have been revalued in accordance with Batchelor Institute's revaluation policy as described in Note 1(I).

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names of responsible persons and executive officers

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

Council Members

Professor Markham Rose (Chairperson)	Chairperson
Ms Catherine Curry (Deputy Chair)	Deputy Chair
Ms Kerri-Anne Butler	Member
Dr Kevin Gillan	Member
Mr Peter McCaffrey	Member
Professor Boni Robertson	Member
Mr Robert Somerville AM	Member
Ms Stephanie Barber	Member (appointed on 12 May 2016)
Ms Louise Wellington	Member (appointed on 19 December 2016)
Mr Costa Bulsey	Member (term of office was completed on 12 May 2016)
Professor Steven Larkin	Member (resigned on 2 June 2016)

(b) Other key management personnel

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

Mr Robert Somerville AM	Chief Executive Officer
Ms Dorothy Morrison	Deputy Chief Executive Officer
Ms Naomi Anstess	Executive Director Strategic and Shared Services
Dr Peter Stephenson	Executive Director Higher Education and Research
Dr Jurg Bronnimann	Executive Director Head of School, Higher Education and Research
Mr Cameron Wilson	Chief Financial Officer
Mr Ken Cunningham	Director Human Resources and Work Health and Safety
Mr David Curby	Director Workforce Development
Ms Kim Davis	Director Enterprise and Employment Pathways
Ms Eike Pakeha	Director Performance Monitoring and Review
Ms Melodie Bat	Executive Consultant VET Policy and Learning
Mr Michael Crowe	Executive Director Central Australia (resigned 28/12/2016)
Ms Claire Kilgariff	Executive Consultant VET Policy and Learning (resigned 27/05/2016)
Mr Peter Solly	Executive Director Innovation and Business Development (resigned 16/12/2016)

(c) Remuneration of board members and executives

Remuneration paid or payable or otherwise made available to responsible persons and executive officers of the entity:

	<u>Economic Entity</u>	
	2016 Number	2015 Number
Remuneration of Council Members		
Nil to \$9,999	3	2
Remuneration of Executives		
Nil to \$79,999	1	4
\$100,000 to \$169,999	6	9
\$170,000 to \$199,999	4	2
\$200,000 to \$219,999	2	-
\$240,000 to \$259,999	1	-
\$270,000 to \$309,999	-	1
\$310,000 to \$329,999	1	-

The remuneration of the Chief Executive Officer is disclosed in Remuneration of Executives as the remuneration relates to his role as the Chief Executive Officer.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Economic Entity	
	2016	2015
	\$'000	\$'000
NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)		
(d) Key management personnel compensation		
Short-term employee benefits	2,497	2,057
Post-employment benefits ⁷	236	197
Other long-term benefits ⁷	15	32
Termination benefits	-	25
Total	2,748	2,311

⁷ Post-employment benefits and other long-term benefits have been included as part of key management personnel compensation (AASB124.19).

NOTE 26: REMUNERATION OF AUDITORS

During the year, the following fees were payable for services provided by the auditor to Batchelor Institute:

Audit the financial statements

Fees payable to the Northern Territory Auditor-General's Office

Audit and review of financial reports	78	68
Total paid for audit	78	68

Other audit services

Fees payable for other audit services

Fees payable to KPMG	13	9
Fees payable to Merit Partners	22	42
Fees payable to other services	-	5
Total paid for audit	35	56

NOTE 27: CONTINGENCIES

There were no known material contingent liabilities as at the end of 2016.

NOTE 28: COMMITMENTS

(a) Lease commitments

All leases entered into by Batchelor Institute are operating leases. Batchelor Institute does not have any finance leases. Motor vehicle operating leases have been included in these statements as the Batchelor Institute is contractually obliged to pay.

Operating leases

Motor vehicles	769	1,164
Office equipment	375	246
Total operating leases	1,144	1,410

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	466	842
Between one and five years	678	568
Future minimum lease commitments	1,144	1,410

NOTE 29: ECONOMIC DEPENDENCY

Batchelor Institute is funded predominantly by annual appropriations from both the Australian and Northern Territory Governments to meet proposed cash expenditure on both operational and capital items in the current financial year. Also, the Northern Territory Government Department of Corporate and Information Services (DCIS) provides certain services and resources to Batchelor Institute at no charge (refer Note 14). This general purpose financial report has been prepared on a going concern basis in the expectation that such funding and support will continue.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note	Economic Entity	
	2016	2015
	\$'000	\$'000

NOTE 30: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material events after balance date required to be incorporated into the Financial Statements or disclosed in the Notes to the Financial Statements.

**NOTE 31: RECONCILIATION OF NET RESULT AFTER INCOME TAX TO
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES**

Net result for the period		(6,880)	(3,186)
Depreciation and amortisation	10	1,646	1,631
Revaluation decrease on artworks	13	28	-
		(5,206)	(1,555)
Change in operating assets and liabilities			
(Increase)/ decrease in receivables		(2,257)	103
(Increase)/ decrease in other operating assets		(217)	71
Increase in trade and other payables		1,591	364
(Decrease)/ increase in provisions		(493)	702
(Decrease) in other operating liabilities		(2,051)	(162)
		(3,427)	1,078
Net cash (used in) by operating activities		(8,633)	(477)

NOTE 32: FINANCIAL RISK MANAGEMENT

Batchelor Institute's financial instruments consist mainly of deposits with banks, short term money market investments, accounts receivable and payables. The main risks that Batchelor is exposed to through financial instruments are credit risk and interest rate risk though, as set out below, these risks are minimal.

Batchelor Institute is almost entirely dependent on government funding, with only a small amount of student fees and no foreign exchange dealings. Batchelor Institute has a policy of investing surplus cash only in secured term deposits. Therefore, Batchelor Institute's management of its financial risk is managed by ensuring cash flow is adequate through receiving government funds in a timely manner and investing in interest bearing bills that mature as required. This is managed by the financial services section of the Batchelor Institute with all bills purchased through National Australia Bank.

(a) Credit risk

At the end of the financial year, Batchelor Institute's maximum exposure to credit risk to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Batchelor Institute. The carrying amount of the financial assets recorded in the statement of financial position, net of any provision for losses, represents Batchelor Institute's maximum exposure to credit risk. To manage credit risk associated with its cash balances, Batchelor Institute deposits its funds with Australia's Big 4 banks or Government guaranteed financial institutions. Batchelor Institute also requires students to pay all debts prior to graduating. All other debts, including those of students who have discontinued their studies, are sent to a debt collector after 60 days if there is a reasonable chance of collection. Minor debts are written off, however students cannot re-enrol until they have settled any previous outstanding debt. All debts managed by the debt collector are recorded in the provision for doubtful debts as disclosed in Note 16.

(b) Interest rate risk

Batchelor Institute has no debt and therefore no interest rate risk in this regard. In terms of investment, the level of risk relates to the movement in interest rates earned on income deposited and the timeliness of grant payments paid to the Institute. The impact on Batchelor Institute is immaterial.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 32: FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk (continued)

Summarised sensitivity analysis

The following tables summarise the sensitivity of the financial assets to interest rate risk.

31 December 2016	Interest rate risk				
	Carrying amount \$'000	+1% Result \$'000	+1% Equity \$'000	-1% Result \$'000	-1% Equity \$'000
Cash and cash equivalents	1,840	18	18	(18)	(18)
Term deposits	3,500	35	35	(35)	(35)
Total increase/(decrease)	5,340	53	53	(53)	(53)

31 December 2015	Interest rate risk				
	Carrying amount \$'000	+1% Result \$'000	+1% Equity \$'000	-1% Result \$'000	-1% Equity \$'000
Cash and cash equivalents	2,916	29	29	(29)	(29)
Term deposits	13,000	130	130	(130)	(130)
Total increase/(decrease)	15,916	159	159	(159)	(159)

(c) Liquidity risk

The Institute receives over 83% of its funding in government grants and therefore is able to manage its liquidity risk based on known income and approximate payment dates. Funds which are surplus to operating requirements are invested until required. Budget management processes are in place so as to guard against the risk of over expenditure.

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

	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate Maturity			Non-Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
2016							
Financial assets							
Cash at bank	1.50	1,840	-	-	-	-	1,840
Short term money market	-	-	-	-	-	-	-
Term deposits	2.71	-	3,500	-	-	-	3,500
Receivables	-	-	-	-	-	4,383	4,383
Total financial assets	-	1,840	3,500	-	-	4,383	9,723
Financial liabilities							
Payables	-	-	-	-	-	2,705	2,705
Total financial liabilities	-	-	-	-	-	2,705	2,705

	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate Maturity			Non-Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
2015							
Financial assets							
Cash at bank	2.00	2,916	-	-	-	-	2,916
Short term money market	-	-	-	-	-	-	-
Term deposits	2.57	-	13,000	-	-	-	13,000
Receivables	-	-	-	-	-	2,126	2,126
Total financial assets	-	2,916	13,000	-	-	2,126	18,042
Financial liabilities							
Payables	-	-	-	-	-	1,114	1,114
Total financial liabilities	-	-	-	-	-	1,114	1,114

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 33: FAIR VALUE MEASUREMENTS

(a) Fair value measurements

The fair value financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Due to the short-term nature of the current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due. The carrying amounts and aggregate fair values of financial assets and liabilities at balance date are:

Economic Entity	Carrying Amount / Net Fair Value	
	2016	2015
	\$'000	\$'000
Financial assets		
Cash at bank	1,840	2,916
Short term money market	-	-
Term deposits	3,500	13,000
Receivables	4,383	2,126
Total financial assets	9,723	18,042
Financial liabilities		
Payables	2,705	1,114
Total financial liabilities	2,705	1,114

Batchelor Institute measures and recognises the following assets at fair value on a recurring basis:

- Land and buildings
- Infrastructure
- Heritage and cultural assets

(b) Fair value hierarchy

Batchelor Institute categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurements.

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

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2016. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

	Note	2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
Non-financial assets					
Land and buildings	19	29,585	-	29,585	-
Infrastructure	19	750	-	750	-
Heritage and cultural assets	19	1,890	-	1,890	-
Total non-financial assets		32,225	-	32,225	-

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. Batchelor Institute's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 33: FAIR VALUE MEASUREMENTS (continued)

(c) Valuation techniques used to derive level 2 fair values

The fair value of non-financial assets is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Land and buildings, infrastructure, and heritage and cultural assets are shown at fair value based on periodic, but at least quinquennial valuations by independent valuers, less subsequent depreciation for buildings and infrastructure. At the end of each reporting period, Batchelor Institute updates the assessment of the fair value of each property, taking into account the most recent independent valuations. Batchelor Institute determines the property's value within a range of reasonable fair value estimates. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

- depreciated replacement cost for land and buildings, and infrastructure. It involves a calculation for the current cost of replacing an asset with its modern equivalent asset, and less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.
- a sales comparison approach for heritage and cultural assets, based on secondary-market evidence and depreciation trends. It considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 34: ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

NOTE 34.1: DEEWR - CGS AND OTHER DEEWR GRANTS

	Economic Entity							
	Indigenous Support Program		Disability Support Program		National Institutes ⁸		Capital Development Pool ⁹	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assistance received in CASH during reporting period (total cash received from the Australian Government for the Programs)	2,838	2,791	-	1	4,511	4,436	-	-
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	2,838	2,791	-	1	4,511	4,436	-	-
Surplus from the previous year	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	2,838	2,791	-	1	4,511	4,436	-	-
Less expenses including accrued expenses	(2,838)	(2,791)	-	(1)	(4,511)	(4,436)	-	-
Surplus for reporting period	-	-	-	-	-	-	-	-

	Economic Entity					
	Promotion of Excellence in Learning and Teaching in HE		Diversity and Structural Adjustment Fund ¹⁰		Total ¹¹	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assistance received in CASH during reporting period (total cash received from the Australian Government for the Programs)	-	30	-	-	7,349	7,258
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	-	30	-	-	7,349	7,258
Surplus from the previous year	7	5	-	53	7	58
Total revenue including accrued revenue	7	35	-	53	7,356	7,316
Less expenses including accrued expenses	-	(28)	-	(53)	(7,349)	(7,309)
Surplus for reporting period	7	7	-	-	7	7

⁸ Includes National Indigenous English Literacy and Numeracy Strategy Program.

⁹ Calculation errors resulted in a recorded deficit for the Capital Development Pool in 2014 of \$54,000. This program was fully expended in 2014 and there should have been a nil balance in 2015.

¹⁰ Includes Collaboration and Structural Adjustment Program.

¹¹ Calculation errors in the total 2015 reported a deficit of \$146,000 in 2015 when this should have been a surplus of \$7,000. Figures have been restated to the correct amount of \$7,000.

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 34: ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

NOTE 34.2: HIGHER EDUCATION LOAN PROGRAMS (EXCL OS-HELP)

	Economic Entity			
	VET Fee-Help		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash payable/ (receivable) at beginning of year	-	-	-	-
Financial assistance received in CASH during the reporting period	12	-	12	-
Cash available for period	12	-	12	-
Revenue earned	33	-	33	-
Cash (receivable) at end of year	(21)	-	(21)	-

NOTE 34.3: SCHOLARSHIPS

	Economic Entity			
	Australian Postgraduate Awards		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assistance received in CASH during reporting period (total cash received from the Australian Government for the Programs)	81	80	81	80
Net accrual adjustments	-	-	-	-
Revenue for the period	81	80	81	80
Surplus from the previous year	168	152	168	152
Total revenue including accrued revenue	249	232	249	232
Less expenses including accrued expenses	(80)	(64)	(80)	(64)
Surplus for reporting period	169	168	169	168

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

NOTE 34: ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

NOTE 34.4: RESEARCH

Financial Assistance received in CASH during reporting period (total cash received from the Australian Government for the Programs)
Net accrual adjustments
Revenue for the period
Surplus/ (deficit) from the previous year
Total revenue including accrued revenue
Less expenses including accrued expenses
Surplus/ (deficit) for reporting period

Economic Entity									
Joint Research Engagement Programme		Research Training Scheme		Research Infrastructure Block Grants		Sustainable Research Excellence in Universities		Total	
2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
134	139	135	140	2	3	5	6	276	288
-	-	-	-	-	-	-	-	-	-
134	139	135	140	2	3	5	6	276	288
84	36	203	148	6	17	3	(2)	296	199
218	175	338	288	8	20	8	4	572	487
(120)	(91)	(384)	(85)	-	(14)	-	(1)	(504)	(191)
98	84	(46)	203	8	6	8	3	68	296

BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 35: DISAGGREGATED RESULTS BY SOURCE OF FUNDS

Batchelor Institute classifies all activity into three sources: core, Away From Base (AFB), and project funding sources. AFB and project funding arise from monies received where the use of which is subject to contractual obligations and include activity reporting and acquittal of finances. Away From Base is an Australian Government funded program designed to cover travel costs for Vocational Education and Training and Higher Education students studying an approved nationally accredited course that is delivered through a combination of distance education and face-to-face teaching. Core funding is utilised to provide the primary delivery of Higher Education, Vocational Education and Training and research activities of Batchelor Institute.

	Note	Economic Entity			
		Core	AFB	Project	Total
		2016	2016	2016	2016
		\$'000	\$'000	\$'000	\$'000
Total income from continuing operations		23,137	6,791	9,826	39,754
Total expenses from continuing operations		27,013	7,675	11,946	46,634
Operating result		(3,876)	(884)	(2,120)	(6,880)
(Loss) on revaluation of cultural and heritage assets		(55)	-	-	(55)
Total comprehensive income		(3,931)	(884)	(2,120)	(6,935)
Cash and cash equivalents at 1 January 2016		12,395	701	2,820	15,916
Net (decrease) in cash and cash equivalents		(5,544)	(3,454)	(1,578)	(10,576)
Cash and cash equivalents at 31 December 2016	15	6,851	(2,753)	1,242	5,340

	Note	Economic Entity			
		Core	AFB	Project	Total
		2015	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000
Total income from continuing operations		27,894	7,254	10,593	45,741
Total expenses from continuing operations		25,083	7,254	12,146	44,483
Operating result		2,811	-	(1,553)	1,258
Total comprehensive income		2,811	-	(1,553)	1,258
Cash and cash equivalents at 1 January 2015		12,485	778	3,654	16,917
Net (decrease) in cash and cash equivalents		(90)	(77)	(834)	(1,001)
Cash and cash equivalents at 31 December 2015	15	12,395	701	2,820	15,916

**BACHELOR INSTITUTE OF INDIGENOUS TERTIARY EDUCATION
STATEMENT BY CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. In my opinion:

(a) the accompanying financial statements of the Batchelor Institute of Indigenous Tertiary Education (Batchelor Institute) are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2016, and the results for the year ended on that date, of Batchelor Institute, and

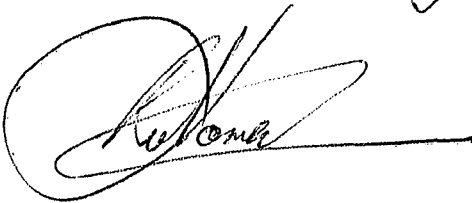
(b) at the date of this statement there are reasonable grounds to believe that Batchelor Institute will be able to pay its debts as and when they fall due.

2. The accompanying financial statements and notes thereto of Batchelor Institute have been made out in accordance with the *Batchelor Institute of Indigenous Tertiary Education Act*, Australian Accounting Standards, the *Australian Charities and Not-for-Profits Commission Act 2012 Act* and as per the Department of Education and Training Financial Statement Guidelines for Australian Higher Education Providers for the 2016 Reporting Period.

3. The amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was provided.

4. Batchelor Institute has complied with the requirements of various programme guidelines that apply to the Australian Government financial assistance identified in the financial statements.

Signed at Batchelor this 15 day of June 2017.



**Professor Robert Somerville AM, FAIM
Chief Executive Officer**



Auditor-General

Independent Auditor's Report to the Minister for Education

Batchelor Institute of Indigenous Tertiary Education

Year Ended 31 December 2016

Page 1 of 3

Opinion

I have audited the accompanying Financial Report of the Batchelor Institute of Indigenous Tertiary Education ("the Institute").

The Financial Report comprises the statement of financial position as at 31 December 2016, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Chief Executive Officer.

In my opinion, the accompanying Financial Report of the Batchelor Institute of Indigenous Tertiary Education has been prepared 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 financial position of the Institute as at 31 December 2016, and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion.

My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of my report.

I am independent of the Institute 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 the audit of the Financial Report in Australia. I have fulfilled my other ethical responsibilities in accordance with the Code.

Other Information

Other information is financial and non-financial information in the Institute's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Council of the Institute (the Council) is responsible for the Other Information.

The Other Information I obtained prior to the date of this Auditor's Report was the "*Report by Members of the Council*" shown on page 1 of the Financial Report.

My opinion on the Financial Report does not cover the Other Information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with the audit of the Financial Report, my responsibility is to read the Other Information. In doing so, I consider whether the Other Information is materially inconsistent with the Financial Report or the knowledge obtained in the audit, or otherwise appears to be materially misstated.



Auditor-General

Page 2 of 3

I am required to report if I conclude that there is a material misstatement of this Other Information, and based on the work I have performed on the Other Information that I obtained prior to the date of this Auditor's Report I have nothing to report.

Responsibilities of the Council for the Financial Report

The Council is responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards; the *Australian Charities and Not-for-profits Commission Act 2012*; the requirements of the Commonwealth Department of Education and Training and other State and Commonwealth Government legislative requirements and for implementing necessary internal control to enable the preparation of 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 Council is responsible for assessing the Institute's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Institute or cease operations, or have no realistic alternatives but to do so.

The Council is responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objective 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify my auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.



Auditor-General

Page 3 of 3

- 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.

I 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 I identify during the audit.

A handwritten signature in cursive script, appearing to read 'Julie Crisp'.

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

16 June 2017