

ANNUAL REPORT

2016 FINANCIAL STATEMENTS



Charles Darwin University and its Controlled Entities

2016 Financial Statements



Contents

Report by Members of Council.....	7
Financial Statements	13
Income Statement.....	13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows.....	17
Notes to the Financial Statements	19
Members of Council Certification.....	84
Independent Auditor's Report.....	85

Report by Members of Council

The members of the Council of Charles Darwin University present their report on the consolidated entity and the entities it controlled as at the end of, or during, the year ended 31 December 2016.

Members

The following persons were members of the Council of Charles Darwin University during the whole of the year and up to the date of this report:

Mr Neil Balnaves AO	appointed Chancellor on 22 April 2016 and continues in office until the date of this report
The Honourable Sally Thomas AC	appointed Chancellor on 1 January 2010 and retired from office on 22 April 2016
Professor Simon Maddocks	appointed a member on 24 March 2014 and continues in office until the date of this report
Associate Professor Steve Shanahan	appointed a member on 1 July 2013 and continues in office until the date of this report
Mr Ken Davies	appointed a member on 28 June 2013 and continues in office at the date of this report
Mr Alan Morris	appointed a member on 25 January 2009 and continues in office at the date of this report
Ms Jodie Ryan	appointed a member on 11 August 2014 and continues in office at the date of this report
Mr Richard Ryan AO	appointed a member on 15 March 2010 and continues in office at the date of this report
Ms Marion Scrymgour	appointed a member on 18 April 2016 and continues in office at the date of this report
Mr Lorenzo Strano OAM	appointed a member on 29 September 2015 and continues in office at the date of this report
Professor Judith Whitworth AC	appointed a member on 29 September 2015 and continues in office at the date of this report
Professor Keith Christian	appointed a member on 1 January 2014 and continued in until the expiry of the term on 31 December 2016
Ms Catherine Jones	appointed a member on 1 January 2016 and continues in office at the date of this report
Mr Jeffery Gaden	appointed a member on 1 January 2015 and continued in office until his resignation on 16 June 2016
Ms Louise King	appointed a member on 11 August 2015 and continued in office until the expiry of the term on 31 December 2016
Mr Bryan Baker	Appointed a member on 1 January 2017 and continues in office at the date of this report
Mr Ray Simpson	Appointed a member on 1 January 2017 and continues in office at the date of this report
Dr Aggie Wegner	Appointed a member on 1 January 2017 and continues in office at the date of this report

Meetings of Members

The number of meetings of the members of the Council of Charles Darwin University and each Council committee held during the year ended 31 December 2016, and the number of meetings attended by each member were:

	Meetings of Committees									
	Council Meetings		Finance and Infrastructure Development		Audit and Risk		Nominations Honorary Awards and Legislation		Executive	
	A	B	A	B	A	B	A	B	A	B
Sally Thomas AC	1	1	1	1	-	1	2	2	-	-
Neil Balnaves AO	4	5	4	5	-	3	2	2	1	1
Simon Maddocks	6	6	6	6	4	4	4	4	1	1
Steve Shanahan	5	6	-	-	-	-	3	4	-	-
Ken Davies	4	6	-	-	-	-	-	-	-	-
Alan Morris	5	6	4	6	3	4	-	-	1	1
Jodie Ryan	5	6	4	6	-	-	-	-	-	-
Richard Ryan AO	5	6	4	6	3	4	2	4	-	1
Marion Scrymgour	-	4	-	-	-	-	-	-	-	-
Lorenzo Strano OAM	2	2	-	-	-	-	-	-	-	-
Judith Whitworth AC	4	6	-	-	-	-	-	-	-	-
Keith Christian	6	6	-	-	-	-	-	-	-	-
Catherine Jones	5	6	-	-	-	-	-	-	-	-
Jeffery Gaden	3	3	-	-	-	-	-	-	-	-
Louise King	6	6	-	-	-	-	-	-	-	-

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 consolidated entity were:

- to undertake teaching activities that fulfil the requirements of an undergraduate and postgraduate university education and training and further education by way of a course of instruction that is, or is preparatory to, a course of a kind relevant to a trade, technical or other vocational education;
- to undertake research (taking advantage of the human and physical resources of the University) and, where appropriate, to consider commercial exploitation of research that is undertaken;
- to undertake teaching activities to provide other education and training as determined by the Council;
- to co-operate with other universities and with institutions of higher education, training and further education or research (whether within or outside of Australia);
- to liaise with industry and professional organisations, training committees and the community;
- to disseminate knowledge and advance skills and their practical application;

- g) to provide consultative and research services and facilities;
- h) to administer schemes of financial and other assistance for students of the University and persons studying or carrying out research at the University including, in the case of students, financial assistance in the form of loans;
- i) to provide library and other educational facilities that may be used by the public on conditions as determined by the Council; and
- j) to carry out any other function that is conferred on it by or under the *Charles Darwin University Act* and any other Act.

Review of Operations

Introduction

The University's high level of research intensity was reflected in the University achieving a ranking in the 251-300 category in the Times Higher Education World University Rankings 2016-2017 and ranking 31st in the top 150 universities under 50 years old for 2016.

Capital Works

Construction was completed on the following capital projects during 2016:

- Casuarina Purple precinct – refurbishment
- Casuarina Theatre building - refurbishment
- Casuarina Orange 4 – construction of new offices and classrooms
- Casuarina Pink 8 – new commercial shed and carpark structure
- Casuarina Orange 10 – training rooms and ablutions block upgrades
- Katherine Rural Campus - trade trading and cattle yard upgrades
- Sydney – level 9 fitout.

Construction commenced or was continuing on the following capital projects during 2016:

- Alice Springs - Trade Training Facility.
- Sydney – fitout of level 11 for a clinical training suite for nursing.

Palmerston Residential Estate

The residential development, known as The Heights, Durack progressed during 2016. A total of 362 blocks were sold through to 31 December 2016 (328 - 2015). The development includes a neighbourhood centre, parklands, wetland as well as a retirement village. Works will continue during 2017. Common areas including roads and parks with a value of \$4.6 million were disposed from property plant and equipment during the year.

Specific Purpose Grants

Included in income from continuing operations is capital funding received of \$2.28 million that is committed to fund specific capital projects. This funding was received as specific purpose grant funds from the Federal and the Northern Territory Governments. The bulk of this funding was for VET training facilities.

Capital funding received in 2016 and recorded as revenue included specific grants for the following projects:

- \$0.06 million Education Investment Fund
- \$2.22million Northern Territory Government Capital funding

Significant Changes in the State of Affairs

On 11 November 2016, CDU Amenities Limited (a wholly owned subsidiary of the University) purchased a language school in Cairns which included the following entities:

- Cairns Language Centre Pty Limited;
- Cairns Business College Pty Limited and
- Cairns Education Australia Pty Limited

Apart from this there have been no significant changes in the economic entity's state of affairs occurred during the financial year.

Matters Subsequent to the End of the Financial Year

On 30 January 2017, CDU Amenities Limited purchased the shares of ICHM Pty Limited. Apart from this there are no other matters or circumstances which significantly affected or may affect the operations of the economic entity, the results of those operations, or the state of the affairs of the economic entity in future financial years, refer to Note 41.

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:

- *Gene Technology Act 2000 (amended 2008) and Gene Technology Regulations 2001*
- *Gene Technology (Northern Territory) Act 2004*
- *Radiation Protection Act 2009 and Radiation Protection Regulations 2011*
- *Dangerous Goods Act 2012 and Dangerous Goods Regulations 2012*
- *Transport of Dangerous Goods by Rail and Road (National Uniform Legislation) Act 2010*
- *Waste Disposal on Royal Darwin Hospital Campus Regulations*
- *Waste Management and Pollution Control Act 2011 and Regulations*
- *International Air Transport Association (IATA) Dangerous Goods Regulations*

Insurance of officers

The Group has insurance in place to insure the members of the Council and its Committees and the Officers against claims arising from their involvement in the activities of the economic entity. The cover for Menzies School of Health Research is \$5 million and for Charles Darwin University is \$10 million.

Proceedings on behalf of the entity

There were no material proceedings ongoing against the University at the end of 2016.

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

Signed at Darwin this 27 day of April 2017



CHANCELLOR



VICE-CHANCELLOR AND PRESIDENT

Financial Statements

Income Statement

For the year ended 31 December 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	105,602	99,624	89,928	82,272
HELP - Australian Government payments	3	27,745	24,061	27,745	24,061
NT Government financial assistance	4	71,887	68,445	62,100	63,805
HECS - HELP student payments		5,384	5,342	5,382	5,347
Fees and charges	5	52,354	45,289	50,232	43,969
Investment revenue and income	6	3,136	4,001	2,182	3,135
Consultancy and contracts	7	25,632	19,875	16,692	13,414
Other revenue	8	24,122	32,582	23,759	32,701
Gains on disposal of assets	30	-	8,636	-	-
Share of profit or loss on investments accounted for using the equity method	23	27	148	27	148
Total income from continuing operations		315,889	308,003	278,047	268,852
Expenses from continuing operations					
Employee-related expenses	9	186,195	177,040	162,290	154,034
Depreciation and amortisation	10	24,714	25,622	22,122	23,256
Repairs and maintenance	11	9,567	7,741	9,338	7,671
Impairment of assets	12	827	894	827	894
Losses on disposal of assets	30	3,977	-	3,985	265
Other expenses	13	104,711	110,602	98,219	104,880
Total expenses from continuing operations		329,991	321,899	296,781	291,000
Net result before income tax		(14,102)	(13,896)	(18,734)	(22,148)
Income tax expense	14	(12)	-	-	-
Net result after income tax for the period		(14,114)	(13,896)	(18,734)	(22,148)
Discontinued operations					
Loss on disposal of discontinued operation	39	(3,183)	-	(3,183)	-
Net result		(17,297)	(13,896)	(21,917)	(22,148)
Net result from continuing operations		(17,297)	(13,896)	(21,917)	(22,148)

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

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Net result after income tax for the period		(17,297)	(13,896)	(21,917)	(22,148)
<u>Items that may be reclassified to profit or loss</u>					
Gain/(loss) on fair value of available for sale financial assets, net of tax	31(a)	(3)	4	-	-
<u>Items that will not be reclassified to profit or loss</u>					
Gain/(loss) on revaluation on property, plant and equipment, net of tax	31(a)	(3,394)	660	(3,394)	660
Total other comprehensive income		(3,397)	664	(3,394)	660
Total comprehensive income		(20,694)	(13,232)	(25,311)	(21,488)
Total comprehensive income from continuing operations		(20,694)	(13,232)	(25,311)	(21,488)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	106,140	108,190	94,576	101,711
Receivables	16	9,621	7,615	9,069	6,330
Inventories	17	1,011	1,161	1,011	1,161
Other financial assets	20	839	844	839	824
Non-current assets classified as held for sale	21	11,218	16,244	11,218	16,244
Other non-financial assets	22	7,587	5,206	7,260	5,066
Total current assets		136,416	139,260	123,973	131,336
Non-current assets					
Biological assets	18	498	718	498	718
Investment property	19	300	285	-	-
Investments accounted for using the equity method	23	603	576	603	576
Other financial assets	20	304	307	-	-
Deferred tax asset	14(d)	41	-	-	-
Property, plant and equipment	24	475,868	492,254	473,351	489,348
Intangible assets	25	30,560	32,239	390	521
Total non-current assets		508,174	526,379	474,842	491,163
Total assets		644,590	665,639	598,815	622,499
LIABILITIES					
Current liabilities					
Trade and other payables	26	9,313	5,978	8,659	9,641
Current tax liability	14(c)	8	-	-	-
Borrowings	27	2,000	2,000	2,000	2,000
Provisions	28	24,487	23,022	20,697	19,552
Other liabilities	29	12,214	16,011	41,203	38,375
Total current liabilities		48,022	47,011	72,559	69,568
Non-current liabilities					
Borrowings	27	-	2,000	-	2,000
Provisions	28	6,201	5,566	5,721	5,085
Total non-current liabilities		6,201	7,566	5,721	7,085
Total liabilities		54,223	54,577	78,280	76,653
Net assets		590,367	611,062	520,535	545,846
Equity					
Reserves	31(a)	233,808	244,970	226,802	238,708
Restricted funds	31(b)	27,609	28,968	27,608	28,968
Retained earnings	31(c)	328,950	337,124	266,125	278,170
Total equity		590,367	611,062	520,535	545,846

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2016

Consolidated

Balance at 1 January 2015
Net result
Gain/(loss) on revaluation on property, plant and equipment, net of tax
Gain/(loss) on fair value of available for sale financial assets, net of tax
Total comprehensive income
Transfers to/(from) restricted reserves
Transfers to/(from) revaluation reserves
Balance at 31 December 2015

Balance at 1 January 2016

Net result
Gain/(loss) on revaluation on property, plant and equipment, net of tax
Gain/(loss) on fair value of available for sale financial assets, net of tax
Total comprehensive income
Transfers to/(from) restricted reserves
Transfers to/(from) revaluation reserves
Transfers from retained earnings
Balance at 31 December 2016

Parent

Balance at 1 January 2015
Net result
Other comprehensive income
Total comprehensive income
Transfers to/(from) restricted reserves
Transfers to/(from) revaluation reserves
Distribution from Subsidiaries
Balance at 31 December 2015

Balance at 1 January 2016

Net result
Other comprehensive income
Total comprehensive income
Transfers to/(from) restricted reserves
Transfers to/(from) revaluation reserves
Transfers to retained earnings
Balance at 31 December 2016

Restricted Funds \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
40,683	250,969	332,642	624,294
-	-	(13,896)	(13,896)
-	660	-	660
-	4	-	4
-	664	(13,896)	(13,232)
(11,715)	-	11,715	-
-	(6,663)	6,663	-
28,968	244,970	337,124	611,062
28,968	244,970	337,124	611,062
-	-	(17,297)	(17,297)
-	(3,394)	-	(3,394)
-	(3)	-	(3)
-	(3,397)	(17,297)	(20,694)
(1,359)	-	1,359	-
-	(7,764)	6,744	(1,020)
-	-	1,020	1,020
27,609	233,809	328,950	590,367
40,683	243,969	282,541	567,193
-	-	(22,148)	(22,148)
-	660	-	660
-	660	(22,148)	(21,488)
(11,715)	-	11,715	-
-	(5,921)	5,921	-
-	-	141	141
28,968	238,708	278,170	545,846
28,968	238,708	278,170	545,846
-	-	(21,917)	(21,917)
-	(3,394)	-	(3,394)
-	(3,394)	(21,917)	(25,311)
(1,360)	-	1,360	-
-	(8,512)	7,492	(1,020)
-	-	1,020	1,020
27,608	226,802	266,125	520,535

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2016

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Australian Government Grants	3(h)	134,010	128,191	117,916	108,000
OS-HELP (net)	3(h)	21	(15)	21	(15)
Superannuation Supplementation	3(h)	11	29	11	29
State Government Grants		71,887	82,515	62,100	77,875
HECS-HELP student payments		5,382	5,342	5,382	5,347
Receipts from student fees and other customers		86,084	96,880	77,810	110,827
Interest received		3,409	3,957	2,471	3,087
Proceeds from sale of biological assets		-	1,851	-	1,851
Payments to suppliers and employees		(289,780)	(296,817)	(259,712)	(264,059)
Net cash provided by operating activities	42	11,024	21,933	5,999	42,942
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		1,170	1,679	1,162	1,679
Payments for property, plant and equipment		(12,318)	(20,765)	(11,992)	(18,761)
Other investing outflows		-	-	(304)	-
Net cash used in investing activities		(11,148)	(19,086)	(11,134)	(17,082)
Cash flows from financing activities					
Repayment of borrowings		(2,000)	(2,000)	(2,000)	(2,000)
Net cash used in financing activities		(2,000)	(2,000)	(2,000)	(2,000)
Net (decrease) / increase in cash and cash equivalents		(2,124)	847	(7,135)	23,860
Cash and cash equivalents at the beginning of the financial year		108,190	107,343	101,711	77,851
Cash acquired on acquisition		74	-	-	-
Cash and cash equivalents at the end of the financial year	15	106,140	108,190	94,576	101,711

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies	21
Note 2: Disaggregated Information	36
Note 3: Australian Government Financial Assistance including Australian Government Loan Programs (HELP).....	40
Note 4: Northern Territory Government Financial Assistance.....	42
Note 5: Fees and Charges	43
Note 6: Investment Revenue and Income	43
Note 7: Consultancy and Contracts	43
Note 8: Other Revenue and Income	44
Note 9: Employee-Related Expenses	44
Note 10: Depreciation and Amortisation	45
Note 11: Repairs and Maintenance	45
Note 12: Impairment of Assets	45
Note 13: Other Expenses	46
Note 14: Income Tax.....	46
Note 15: Cash and Cash Equivalents.....	48
Note 16: Receivables	49
Note 17: Inventories	50
Note 18: Biological Assets.....	50
Note 19: Investment Property.....	51
Note 20: Other Financial Assets.....	51
Note 21: Non-Current Assets Classified as Held for Sale	52
Note 22: Other Non-Financial Assets.....	52
Note 23: Investments Accounted for Using the Equity Method	52
Note 24: Property, Plant and Equipment.....	54
Note 25: Intangible Assets	58
Note 26: Trade and Other Payables.....	58
Note 27: Borrowings.....	59
Note 28: Provisions.....	59
Note 29: Other Liabilities	60
Note 30: Gain / (Loss) On Disposal of Assets	60
Note 31: Reserves, Restricted Funds and Accumulated Funds.....	60
Note 32: Key Management Personnel Disclosures	62
Note 33: Remuneration of Auditors	65

Note 34: Contingencies	65
Note 35: Commitments	65
Note 36: Related Parties	67
Note 37: Subsidiaries	69
Note 38: Joint Operations.....	69
Note 39: Discontinued operations.....	71
Note 40: Economic Dependency	73
Note 41: Events Subsequent to the end of the Financial Year.....	73
Note 42: Reconciliation of Operating Result to Net Cash Flows from Operating Activities	73
Note 43: Financial Risk Management	74
Note 44: Fair Value Measurements	76
Note 45: Acquittal of Australian Government Financial Assistance	78

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies

Charles Darwin University was enacted as a Body Corporate on 5 November 2003 by the *Charles Darwin University Act 2003* (the Act) and is domiciled in Australia. The University is subject to all directions of the Council of the University. The functions of the University are set out in Section 5 of the Act. Under the provisions of the Act, at its commencement, Charles Darwin University assumed all the property, rights and liabilities of Northern Territory University, Centralian College (Alice Springs based), and Northern Territory Rural College (Katherine based), except for the superannuation liability for Centralian College which remained with the Northern Territory Government's Central Holding Authority. Subsequently as per the *Charles Darwin University Act 2003* and amendment to the *Menzies School of Health Research Act*, the Menzies School of Health Research became a controlled entity of the University from 1 January 2004.

The principal address of Charles Darwin University is Ellengowan Drive, Casuarina, Darwin.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported, unless otherwise stated. The financial statements include separate statements of Charles Darwin University as the parent entity and the consolidated entity consisting of Charles Darwin University and its controlled entities, refer Note 37.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of Charles Darwin University. They have been prepared on an accrual basis and comply with Australian Accounting Standards, AASB Interpretations, *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013*, the requirements of the Department of Education and other State/Australian Government legislative requirements.

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

Accounting for Government grants

AASB 1004 "Contributions" requires contributions received or receivable to be recognised immediately as revenue when: the entity obtains control of the contribution or the right to receive the contribution; it is probable that the economic benefits comprising the contribution will flow to the entity; and the amount of the contribution can be measured reliably.

Date of authorisation for issue

The financial statements were authorised for issue by the members' Council of Charles Darwin University on 17 April 2017.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, certain classes of property, plant and equipment and investment property.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Charles Darwin University'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, have been explained in the accounting policy notes.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Charles Darwin University ("parent entity") as at 31 December 2016 and the results of all subsidiaries for the year/period then ended. Charles Darwin University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

Entities controlled by Charles Darwin University and forming part of the Charles Darwin University consolidated entity are as follows:

- Charles Darwin University
- Charles Darwin University Foundation Trust
- Charles Darwin University Charitable Trust
- Menzies School of Health Research
- CDU Amenities Limited, which includes:
 - Cairns Language Centre Pty Limited
 - Cairns Education Australia Pty Limited
 - Cairns Business College Pty Limited

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

(ii) Joint arrangements

Joint operations

The Charles Darwin University share of assets, liabilities, revenue and expenses of a joint operation have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 38.

Joint venture entities

The interests in joint venture entities are accounted for in the consolidated financial statements using the equity method. Details relating to joint ventures are set out in Note 23. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and the statement of changes in equity.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Amounts receivable and payable in foreign currencies are translated at the rate of exchange ruling at balance date. Translation differences on non-monetary financial assets and liabilities are recognised in the income statement as part of the fair value gain or loss.

(iii) Group entities

The results and financial position of all the Group is presented in Australian dollars.

(d) Revenue recognition

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

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

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Revenue is recognised for the major business activities as follows:

(i) Government grants

The Group treats operating grants received from Australian Government entities as income in the year of receipt. Grants from the government are recognised at their fair value: where the Group obtains control of the right to receive the grant it is probable that economic benefits will flow to the Group; and it can be reliably measured.

(ii) HELP (Higher Education Loan Program) payments

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

(iii) 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 receipts (or portion thereof) is treated as income in advance in other liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

(iv) Consultancy and Contracts/Fee for Service

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is determined within the individual contracts.

(v) Sale of goods and disposal of assets

Revenue from the sale of goods and disposal of assets is recognised when the group has passed control to the buyer.

(vi) Contribution of assets

Revenue arising from the contribution of assets is recognised when the group gains control of the contribution or the right to receive the contribution.

(vii) Liabilities forgiven

The gross amount of a liability forgiven by a credit provider is recognised as revenue.

(e) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash-on-hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the leased item's useful life and the lease term (using the straight-line method).

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the lease term. Lease expenditure relating to leases deemed to be "operating leases" is expensed as incurred.

(g) Impairment of assets

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

(h) Trade receivables

Trade receivables are recognised initially at fair value being original invoice amount, subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within no more than 30 days.

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

(i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs of disposal, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

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

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

(k) Investments and other financial assets

Classification

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. The University does not enter into derivative contracts. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Subsequent measurement

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

Fair value

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

Impairment

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

(I) Fair value measurement

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

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

The fair value of assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at the reporting date. The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

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

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

(m) Biological assets

Livestock

Livestock consists of cattle and horses located at Katherine Rural Campus. Livestock are measured at their fair value less estimated point of sale costs. The fair value of the livestock is determined by an independent valuation based on market prices for livestock in the local area, at the time of sale. Changes in the fair value less estimated point of sale costs are recognised in the income statement in the year they arise plus purchases of livestock are recorded as cash flows used in operating activities. Further details are disclosed in Note 18.

(n) Property, plant and equipment

Land and buildings (except for investment properties - refer to Note 19) are shown at fair value, based on periodic, but at least triennial, valuations by external 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 net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land, land improvements, buildings, works of art and library books and periodicals are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading property, plant and equipment revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are also firstly recognised in other comprehensive income before reducing the balance of revaluation surpluses in equity, to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Land and Works of Art 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:

	2016	2015
Buildings including demountables	50 years	50 years
Building improvements	5-50 years	5-50 years
Leasehold land and improvements	Useful life or unexpired period of the lease, whichever is shorter	Useful life or unexpired period of the lease, whichever is shorter
Plant and equipment	3-8 years	3-8 years
Library books and periodicals	10 years	10 years
Furniture and fittings	5 years	5 years
Motor vehicles	3-4 years	3-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Charles Darwin University has adopted the policy of revaluing its land and buildings once every three years unless there is a material change in the market value. AssetVal Pty Limited carried out a full valuation of land, buildings, demountable and land improvements as at 31 December 2016. The basis of the valuation was fair value methodology. The fair value of an asset generally equates to the asset's market price and where reliable evidence was not available the asset's depreciated replacement cost has been assumed to be its fair value. All additions during 2016 have been recorded at cost which equates approximately to fair value.

The library assets were revalued by AssetVal Pty Limited as at 31 December 2016. The basis of the valuation was fair value.

The works of art collections were revalued by Miller Fine Art as at 31 December 2016. The basis of the valuation was fair value.

(o) Repairs and Maintenance

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

(p) Intangible assets

(i) Software is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over their estimated useful lives.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

(ii) Right of use of research building - is carried at the present value of lease payments measured at fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the present value of lease payments measured at fair value.

Amortisation of intangible assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	2016	2015
Intangible assets	5-20 years	5-20 years

(q) Trade and other payables

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

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and does not expect to settle the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they occurred.

(t) Employee benefits

(i) Short-term obligations

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

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

(ii) Other long-term obligations

Long-term obligations are those that are not expected to be settled wholly before twelve months after the end of the annual reporting period. Long-term employee benefits include such things as annual leave and long service leave liabilities.

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

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

(iii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the entity's positive adjusted operating result. The Group recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefit obligations

The Group does not have any retirement benefit obligations.

(v) Termination benefits

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

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

(u) Superannuation

The Group contributes to several superannuation funds on a pay-as-you-go basis. Employee contributions are based on various percentages of their gross salaries. After serving a qualifying period, all employees are entitled to benefits on retirement, disability or death. Under these schemes the Group's legal obligation is limited to the amount that it agrees to contribute to the fund and the actuarial and investment risks fall on the employee.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Most of the funds provide defined benefits based on years of service, employee contributions and final average salary. The Group is under no legal obligation to make up any shortfall in the fund's assets to meet payments due to employees.

(v) Rounding of amounts

The Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Report by Council Members and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(w) Provisions

Provisions for legal claims and service warranties are recognised when there is a present legal or constructive obligation as a result of past event; and 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.

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

(x) Website costs

Costs in relation to web sites controlled by the University are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit.

(y) Taxation

Charles Darwin University 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. However, its subsidiaries which include Cairns Language Centre Pty Limited, Cairns Business College Pty Limited and Cairns Education Australia Pty Limited are not exempt from income tax, refer to Note 14.

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the Australian Tax Office, the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Payroll Tax

The University incurs Payroll Tax at the rate determined by the state and territory governments for payments made to and benefits received by employees.

(z) Investment property

Investment properties exclude properties held to meet service delivery objectives of the Group.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Group. Where an investment property is acquired at no cost or for nominal consideration, its cost shall be deemed to be its fair value as at the date of acquisition, refer to Note 19.

Subsequent to initial recognition at cost, the investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in the income statement as part of investment revenue and income.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Rental revenue from the leasing of investment properties is recognised in the income statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

(aa) Comparative amounts

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

(bb) New accounting standards and interpretations

Adoption of new and revised accounting standards

In the current year Charles Darwin University has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the accounting policies of the Group.

At the date of authorisation of the financial report, the following standards and interpretations had been issued but were not mandatory for the financial year.

Standards/Interpretation	Effective for Annual Reporting Period Beginning On or After	Expected to be initially applied in the financial year ending	Likely impact on initial application
<i>AASB 9 'Financial Instruments', and the relevant amending standards</i>	1 January 2018	31 December 2018	There will be no material impact on the entity
<i>AASB 15 'Revenue from Contracts with Customers'</i>	1 January 2018	31 December 2018	The entity has not yet assessed the full impact of this Standard
<i>AASB 16 'Leases'</i>	1 January 2019	31 December 2019	The entity has not yet assessed the full impact of this Standard
<i>AASB 2014-5 'Amendments to Australian Accounting Standards – 'Revenue from Contracts with Customers'</i>	1 January 2018	31 December 2018	The entity has not yet assessed the full impact of this Standard
<i>AASB 2014-7 'Amendments to Australian Accounting Standards – Financial Instruments'</i>	1 January 2018	31 December 2018	There will be no material impact on the entity
<i>AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'</i>	1 January 2018	31 December 2018	There will be no material impact on the entity

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1: Summary of Significant of Accounting Policies (continued)

Standards/Interpretation	Effective for Annual Reporting Period Beginning On or After	Expected to be initially applied in the financial year ending	Likely impact on initial application
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	31 December 2017	There will be no material impact on the entity
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 December 2017	There will be no material impact on the entity
AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	31 December 2018	There will be no material impact on the entity
AASB 2016-4 'Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017	31 December 2017	The entity has not yet assessed the full impact of this Standard

Notes to the Financial Statements

For the year ended 31 December 2016

Note 2: Disaggregated Information

(a) Industry - Dual Sector Providers (Parent)

Operating revenues and expenses for Higher Education and Vocational Education and Training are shown in the following tables. The figures refer only to the parent entity; consolidated totals are not included. Discrete sets of accounts are not maintained for these divisions. They have been derived based on the results of costings determined via Activity Based Costing.

	Note	Parent Entity			Parent Entity		
		Higher Education	VET	Total Parent	Higher Education	VET	Total Parent
		2016	2016	2016	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT							
Income from continuing operations							
Australian Government financial assistance							
Australian Government grants	3	83,589	6,339	89,928	75,816	6,456	82,272
HECS - HELP Australian Government payments	3	27,371	374	27,745	23,699	362	24,061
NT Government financial assistance	4	10,592	51,508	62,100	11,676	52,129	63,805
HECS - HELP student payments		5,382	-	5,382	5,347	-	5,347
Fees and charges	5	42,881	7,351	50,232	37,275	6,694	43,969
Investment revenue	6	1,410	772	2,182	2,025	1,110	3,135
Consultancy and contracts	7	16,372	320	16,692	12,990	424	13,414
Other revenue	8	13,646	10,113	23,759	21,356	11,345	32,701
Share of profit or loss on investments accounted for using the equity method	23	27	-	27	148	-	148
Total income from continuing operations		201,270	76,777	278,047	190,332	78,520	268,852
Expenses from continuing operations							
Employee related expenses	9	104,896	57,394	162,290	99,506	54,528	154,034
Depreciation and amortisation	10	14,298	7,823	22,121	15,023	8,233	23,256
Repairs and maintenance	11	6,036	3,302	9,338	4,956	2,715	7,671
Impairment of assets	12	535	293	828	578	316	894
Losses on disposal of assets	30	2,576	1,409	3,985	(622)	887	265
Other expenses	13	63,484	34,736	98,219	67,752	37,128	104,880
Total expenses from continuing operations		191,825	104,957	296,781	187,193	103,807	291,000
Net result before income tax		9,445	(28,180)	(18,734)	3,139	(25,287)	(22,148)
Income tax expense	14	-	-	-	-	-	-
Net result after income tax for the period		9,445	(28,180)	(18,734)	3,139	(25,287)	(22,148)
Discontinued operations							
Loss on disposal of the discontinued operation	39	(3,183)	-	(3,183)	-	-	-
Net result		6,263	(28,180)	(21,917)	3,139	(25,287)	(22,148)
Net result attributable to non-controlling interest		-	-	-	-	-	-
Net result from continuing operations		6,263	(28,180)	(21,917)	3,139	(25,287)	(22,148)

Notes to the Financial Statements

For the year ended 31 December 2016

Note 2: Disaggregated Information (continued)

(a) Industry - Dual Sector Providers (Parent)

	Note	Parent Entity			Parent Entity		
		Higher Education	VET	Total Parent	Higher Education	VET	Total Parent
		2016	2016	2016	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Current assets							
Cash and cash equivalents	15	98,038	(3,463)	94,576	81,855	19,856	101,711
Receivables	16	6,241	2,828	9,069	4,774	1,556	6,330
Inventories	17	696	315	1,011	785	376	1,161
Other financial assets	20	577	262	839	557	267	824
Non-current assets classified as held for sale	21	7,720	3,498	11,218	10,981	5,263	16,244
Other non-financial assets	22	4,996	2,264	7,260	3,425	1,641	5,066
Total current assets		118,268	5,705	123,973	102,377	28,959	131,336
Non-current assets							
Biological assets	18	-	498	498	-	718	718
Investments accounted for using the equity method	23	603	-	603	576	-	576
Property, plant and equipment	24	325,737	147,614	473,351	352,589	136,759	489,348
Intangible assets	25	268	122	390	352	169	521
Total non-current assets		326,608	148,234	474,842	353,517	137,646	491,163
Total assets		444,876	153,939	598,815	455,894	166,605	622,499
LIABILITIES							
Current liabilities							
Trade and other payables	26	5,959	2,700	8,659	6,517	3,124	9,641
Borrowings	27	1,376	624	2,000	1,352	648	2,000
Provisions	28	14,243	6,454	20,697	15,140	7,256	22,396
Other liabilities	29	28,354	12,849	41,203	26,437	11,938	38,375
Total current liabilities		49,931	22,628	72,559	49,446	22,966	72,412
Non-current liabilities							
Borrowings	27	-	-	-	1,352	648	2,000
Provisions	28	3,938	1,783	5,721	1,515	726	2,241
Total non-current liabilities		3,938	1,783	5,721	2,867	1,374	4,241
Total liabilities		53,869	24,411	78,280	52,313	24,340	76,653
Net assets		391,008	129,528	520,535	403,581	142,265	545,846
Equity							
Reserves	31(a)	152,601	74,202	226,802	176,493	62,215	238,708
Restricted funds	31(b)	20,739	6,870	27,609	21,418	7,550	28,968
Retained earnings	31(c)	217,668	48,456	266,124	205,670	72,500	278,170
Total equity		391,008	129,528	520,535	403,581	142,265	545,846

Notes to the Financial Statements

For the year ended 31 December 2016

Note 2: Disaggregated Information (continued)

(a) Industry - Dual Sector Providers (Parent)

STATEMENT OF CHANGES IN EQUITY

Parent

	Higher Education \$'000	VET \$'000	Total Parent \$'000
Balance at 1 January 2015	399,924	167,269	567,193
Net result	3,139	(25,287)	(22,148)
Gain/(loss) on revaluation on property, plant and equipment, net of tax	426	234	660
Total comprehensive income	3,565	(25,053)	(21,488)
Distribution from Subsidiaries	92	49	141
Balance at 31 December 2015	403,581	142,265	545,846
Balance at 1 January 2016	403,581	142,265	545,846
Net result	6,263	(28,180)	(21,917)
Gain/(loss) on revaluation on property, plant and equipment, net of tax	(18,134)	14,740	(3,394)
Total comprehensive income	(11,871)	(13,440)	(25,311)
Transfers to/(from) restricted reserves	-	-	-
Transfers to/(from) revaluation reserves	(5,858)	4,837	(1,020)
Distribution from Subsidiaries	5,156	(4,135)	1,020
Balance at 31 December 2016	391,008	129,528	520,535

Notes to the Financial Statements

For the year ended 31 December 2016

Note 2: Disaggregated Information (continued)

(a) Industry - Dual Sector Providers (Parent)

	Note	Parent Entity			Parent Entity		
		Higher Education	VET	Total Parent	Higher Education	VET	Total Parent
		2016	2016	2016	2015	2015	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
STATEMENT OF CASH FLOWS							
Cash Flows from operating activities							
Australian Government Grants	3(h)	111,217	6,699	117,916	100,174	7,826	108,000
OS-HELP (net)	3(h)	21	-	21	(15)	-	(15)
Superannuation Supplementation	3(h)	11	-	11	29	-	29
State Government Grants		10,592	51,508	62,100	17,811	60,064	77,875
HECS-HELP student payments		5,382	-	5,382	5,347	-	5,347
Receipts from student fees and other customers		64,305	13,505	77,810	84,989	25,838	110,827
Interest received		1,609	862	2,471	1,972	1,115	3,087
Proceeds from sale of biological assets		-	-	-	-	1,851	1,851
Payments to suppliers and employees (incl. of GST)		(167,867)	(91,845)	(259,712)	(169,828)	(94,231)	(264,059)
Net cash provided by / (used in) operating activities	42	25,270	(19,271)	5,999	40,479	2,463	42,942
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		751	411	1,162	1,084	595	1,679
Payments for property, plant and equipment		(8,252)	(3,740)	(11,992)	(8,972)	(9,789)	(18,761)
Other investing outflows		(209)	(95)	(304)	-	-	-
Net cash used in investing activities		(7,710)	(3,424)	(11,134)	(7,888)	(9,194)	(17,082)
Cash flows from financing activities							
Repayment of borrowings		(1,376)	(624)	(2,000)	(1,184)	(816)	(2,000)
Net cash used in financing activities		(1,376)	(624)	(2,000)	(1,184)	(816)	(2,000)
Net Increase / (decrease) in cash and cash equivalents		16,184	(23,319)	(7,135)	31,407	(7,547)	23,860
Cash and cash equivalents at the beginning of the financial year	15	81,855	19,856	101,711	50,448	27,403	77,851
Cash and cash equivalents at the end of the financial year	15	98,039	(3,463)	94,576	81,855	19,856	101,711

Notes to the Financial Statements

For the year ended 31 December 2016

Note 3: Australian Government Financial Assistance including Australian Government Loan Programs (HELP)

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Commonwealth Grant Scheme and Other Grants					
	45.1				
Commonwealth Grants Scheme #1		61,634	56,516	61,634	56,516
Indigenous Support Program		1,173	1,156	1,173	1,156
Partnership and Participation Program #2		4,286	1,805	4,286	1,805
Disability Support Program		14	11	14	11
Promotion of Excellence in Learning and Teaching		-	40	-	40
Total Commonwealth Grants Scheme and Other Grants		67,107	59,528	67,107	59,528
(b) Higher Education Loan Programs	45.2				
HECS-HELP		26,366	22,860	26,366	22,860
FEE-HELP #3		456	302	456	302
VET FEE-HELP		375	362	375	362
SA-HELP		548	537	548	537
Total Higher Education Loan Programs		27,745	24,061	27,745	24,061
(c) Scholarships	45.3				
Australian Postgraduate Awards		1,874	1,842	1,874	1,842
International Postgraduate Research Scholarship		137	135	137	135
Commonwealth Education Cost Scholarships#4		287	276	287	276
Commonwealth Accommodation Scholarships#4		57	(60)	57	(60)
Indigenous Access Scholarships		240	381	240	381
Total Scholarships		2,595	2,574	2,595	2,574
(d) EDUCATION - Research	45.4				
Joint Research Engagement Program#5		3,188	3,265	3,188	3,265
Joint Research Engagement Engineering Cadetship		56	51	56	51
Research Training Scheme		4,643	4,559	4,643	4,559
Research Infrastructure Block Grants		2,510	2,582	2,510	2,582
Sustainable Research Excellence in Universities		2,143	1,938	2,143	1,938
Total EDUCATION Research Grants		12,540	12,395	12,540	12,395
(e) Other Capital Funding					
Education Investment Fund	45.5	55	1,085	55	1,085
Total Other Capital Funding		55	1,085	55	1,085

Notes to the Financial Statements

For the year ended 31 December 2016

Note 3: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (continued)

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(f) Australian Research Council					
(i) Discovery	45.6				
Projects		276	262	276	262
Indigenous Researchers Development		36	-	36	-
Total Discovery		312	262	312	262
(ii) Linkages					
Infrastructure		-	143	-	143
Projects		216	151	216	151
Total Linkages		216	294	216	294
Total ARC		528	556	528	556
(g) Other Australian Government Financial Assistance					
Non-capital					
Department of Health and Aged Care Grants		2,351	3,539	-	-
AMEP		2,825	2,992	2,825	2,992
ITAS/ATAS		638	638	638	638
Away from Base		3,625	2,504	3,625	2,504
National Health and Medical Research Council Grants		11,687	12,452	-	-
Other		1,636	1,361	-	-
Total non-capital		22,762	23,486	7,088	6,134
Capital					
Department of Health and Aged Care		16	-	16	-
Total capital		16	-	16	-
Total Other Australian Government financial assistance		22,778	23,486	7,104	6,134
Australian Government grants (a+c+d+e+f+g)		105,602	99,624	89,928	82,272
HELP - Australian Government payments (b)		27,745	24,061	27,745	24,061
Total Australian Government financial assistance		133,347	123,685	117,673	106,333

^{#1} includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, Maths and Science Transition Loading, and Full Fee Places Transition Loading.

^{#2} Includes Equity Support Program.

^{#3} Programs is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

^{#4} Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

^{#5} Includes Institutional Grants Scheme.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 3: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (continued)

	Note	Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Reconciliation					
Australian Government Grants (a+c+d+e+f+g)		105,602	99,624	89,928	82,272
HECS-HELP Payments		26,366	22,860	26,366	22,860
FEE-HELP payments		456	302	456	302
VET FEE-HELP payments		375	362	375	362
SA-HELP payments		548	537	548	537
Total Australian Government financial assistance		133,347	123,685	117,673	106,333
(h) Australian Government Grants received - cash basis					
CGS and Other EDUCATION Grants		67,107	59,528	67,107	59,528
Higher Education Loan Programs		27,745	24,061	27,745	24,061
Scholarships		2,963	2,113	2,963	2,113
EDUCATION Research		12,540	12,395	12,540	12,395
Other Capital Funding		55	3,931	55	3,931
ARC Grants - Discovery		312	262	312	262
ARC Grants - Linkages		216	294	216	294
Other Australian Government Grants		23,072	25,607	6,978	5,416
Total Australian Government Grants received - cash basis		134,010	128,191	117,916	108,000
OS-HELP (Net)	45.7	21	(15)	21	(15)
Superannuation Supplementation	45.8	11	29	11	29
Total Australian Government funding received - cash basis		134,042	128,205	117,948	108,014

Note 4: Northern Territory Government Financial Assistance

		Consolidated		Parent Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Non-Capital					
Vocational Educational and Training		49,290	49,662	49,290	49,662
NTG - other financial assistance		20,379	15,815	10,592	11,175
Total Non-Capital		69,669	65,477	59,882	60,837
Capital					
Vocational Education and Training		2,218	2,468	2,218	2,468
NTG - specific purpose infrastructure funding		-	500	-	500
Total Capital		2,218	2,968	2,218	2,968
Total Northern Territory Government Financial Assistance		71,887	68,445	62,100	63,805

Notes to the Financial Statements

For the year ended 31 December 2016

Note 5: Fees and Charges

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Course fees and charges				
Fee-paying onshore overseas students	41,488	36,723	41,320	36,756
Continuing education	5,762	4,797	5,762	4,797
Fee-paying domestic postgraduate students	306	337	262	321
Fee-paying domestic undergraduate students	158	108	158	108
Fee-paying domestic non-award students	879	724	879	725
Total course fees and charges	48,593	42,689	48,381	42,707
Other non-course fees and charges				
Application fees	61	63	61	63
Administration fees and charges	318	498	318	497
Other	3,382	2,039	1,472	702
Total other fees and charges	3,761	2,600	1,851	1,262
Total fees and charges	52,354	45,289	50,232	43,969

Note 6: Investment Revenue and Income

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest	3,093	3,724	2,182	2,872
Dividends	14	280	-	263
Investment property - Fair value movement	15	(15)	-	-
Investment property rental	14	12	-	-
Total investment revenue	3,136	4,001	2,182	3,135

Note 7: Consultancy and Contracts

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contract research	23,727	18,506	14,786	12,045
Miscellaneous consultancy non-research related	1,905	1,369	1,906	1,369
Total consultancy and contracts	25,632	19,875	16,692	13,414

Notes to the Financial Statements

For the year ended 31 December 2016

Note 8: Other Revenue and Income

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Other revenue					
Donations - CDUFT and other		1,564	1,570	64	681
Scholarships and prizes		1,503	2,497	1,239	2,401
Financial assistance/grants		301	427	301	427
Sales		5,446	6,748	6,191	7,596
Facility and equipment hire		1,341	1,255	1,349	1,243
Catering		148	171	145	165
Guest accommodation		3,367	3,450	3,342	3,467
Joint venture operations		8,366	14,146	8,366	14,146
Sundry income		852	955	1,476	1,073
Other		1,112	838	1,164	977
Total other revenue		24,000	32,057	23,637	32,176
Other income					
Change in fair value less point of sale cost of livestock	18	122	525	122	525
Total other income		122	525	122	525
Total other revenue and income		24,122	32,582	23,759	32,701

Note 9: Employee-Related Expenses

		Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Academic					
Salaries		82,054	70,441	67,654	58,764
Contributions to superannuation and pension schemes:					
- Funded		12,051	11,312	10,274	9,873
Payroll tax		5,226	4,876	4,368	4,167
Worker's compensation		529	549	446	463
Long service leave expense		2,655	1,349	2,289	1,026
Annual leave		3,440	8,262	1,539	6,653
Total academic		105,955	96,789	86,570	80,946
Non-academic					
Salaries		63,123	57,060	59,685	51,788
Contributions to superannuation and pension schemes:					
- Funded		9,958	9,713	9,462	8,983
Payroll tax		3,986	3,891	3,823	3,693
Worker's compensation		407	442	390	406
Long service leave expense		1,026	2,163	1,007	1,848
Annual leave		1,643	6,871	1,257	6,259
Other		97	111	96	111
Total non-academic		80,240	80,251	75,720	73,088
Total employee related expenses		186,195	177,040	162,290	154,034

Notes to the Financial Statements

For the year ended 31 December 2016

Note 10: Depreciation and Amortisation

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Depreciation					
Leased Land, buildings and demountables		14,989	14,860	14,989	14,860
Plant and equipment		5,148	6,498	4,271	5,622
Leasehold improvements		943	672	943	672
Land improvements		905	1,106	905	1,106
Books and periodicals		883	871	883	871
Total depreciation	24	22,868	24,007	21,991	23,131
Amortisation					
Intangible asset	25	1,846	1,615	131	125
Total amortisation		1,846	1,615	131	125
Total depreciation and amortisation		24,714	25,622	22,122	23,256

Note 11: Repairs and Maintenance

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Building maintenance	982	865	982	864
Grounds maintenance	611	586	610	586
Electrical works	1,506	1,125	1,506	1,124
Air-conditioning	830	767	830	767
Building energy maintenance	605	410	605	410
Repairs and maintenance information technology	1,240	1,336	1,240	1,336
Plumbing	649	505	649	505
Repairs and maintenance general	3,144	2,147	2,916	2,079
Total repairs and maintenance	9,567	7,741	9,338	7,671

Note 12: Impairment of Assets

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
General debts	330	352	330	352
Student debts	497	542	497	542
Total impairment of assets	827	894	827	894

Notes to the Financial Statements

For the year ended 31 December 2016

Note 13: Other Expenses

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	9,634	10,743	14,499	16,152
Non-capitalised equipment	3,711	3,489	3,680	3,344
Advertising, marketing and promotional expenses	4,536	4,444	4,524	4,440
Materials	25,700	24,916	18,426	18,479
Stationery, photocopying and postage	1,615	1,516	1,296	1,116
Licenses, fees and charges	8,411	7,629	8,162	7,541
Travel, staffing and related costs	9,253	9,267	7,267	6,716
Utilities and facilities management	9,585	9,644	9,351	9,234
Equipment rent and lease expenses	2,339	2,172	2,330	2,167
Motor vehicle expenses	1,017	1,083	1,015	1,082
Insurance	1,675	1,611	1,479	1,516
Inventory used	1,941	2,099	1,939	2,095
Consultants - teaching	1,482	1,791	1,482	1,795
Consultants - general	12,640	13,356	11,805	12,490
Communications	1,361	1,427	1,256	1,312
Joint venture operations	6,551	10,661	6,551	10,661
Other	3,260	4,754	3,157	4,740
Total other expenses	104,711	110,602	98,219	104,880

Note 14: Income Tax

(a) Income tax recognised in profit or loss

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current tax				
In respect of the current year	8	-	-	-
	8	-	-	-
Deferred tax				
In respect of the current year	4	-	-	-
	4	-	-	-
Total income tax recognised in the current year	12	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2016

Note 14: Income tax (continued)

(b) The income tax for the year can be reconciled to accounting profit as follows:

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Net result before income tax	(14,102)	-	(18,734)	-
Income tax expense calculated at 30%	4,231	-	5,620	-
Effect of income that is exempt from taxation	(4,227)	-	(5,620)	-
Effect of expenses that are not deductible in determining taxable profit	8	-	-	-
Total income tax recognised in the current year	12	-	-	-

The tax rate used for the 2016 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

(c) Current tax assets and liabilities

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current tax liabilities				
Income tax payable	8	-	-	-
Total income tax recognised in the current year	8	-	-	-

(d) Deferred tax balances

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deferred tax balances are presented in the statement of financial position as follows:				
Deferred tax assets	44	-	-	-
Deferred tax liabilities	(3)	-	-	-
Net deferred tax balance	41	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2016

Note 14: Income tax (continued)

	Opening Balance \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisitions \$'000	Closing balance \$'000
Temporary differences					
Property, plant & equipment	-	(3)	-	-	(3)
Provisions	-	1	-	42	43
Accrued expenses	-	(2)	-	3	1
	-	(4)	-	45	41

Note 15: Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	21,617	19,180	18,893	15,424
Cash at bank - at call account	6,809	9,093	6,809	9,093
Cash at bank - term deposits	77,714	79,917	68,874	77,194
Total cash and cash equivalents	106,140	108,190	94,576	101,711

(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:

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balances as above	106,140	108,190	94,576	101,711
Balance per Statement of Cash Flows	106,140	108,190	94,576	101,711

(b) Cash at bank and on hand

The cash at bank and on hand include cash held in operating and replenishing bank accounts which are subject to variable interest rates between 1.27% and 1.85% (2015 - 1.68% and 2.27%).

(c) At call

The cash at bank at call account is subject to variable interest rates between 1.30% and 2.55% (2015 - 1.80% and 3.15%).

(d) Term deposits

The deposits are bearing floating interest rates between 2.20% and 3.09% (2015 - 2.60% and 3.57%). These deposits have an average maturity of 180 days (2015 - 180 days).

(e) Bank guarantees

The University has two bank guarantees totalling \$0.431 million (2015: \$0.431m) for the lease of levels 10 and 11, 815 George Street, Sydney.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 16: Receivables

Current

Trade receivables

Student Fees

Less: Provision for impaired receivables

Total receivables

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
8,925	6,948	8,373	5,663
1,621	1,885	1,621	1,885
(925)	(1,218)	(925)	(1,218)
9,621	7,615	9,069	6,330

As of 31 December 2016, trade receivables of the consolidated entity with a nominal value of \$0.62 million (2015: \$0.77 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

The ageing of these receivables is:

3 to 6 months

Over 6 months

Total

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
224	314	217	307
397	458	397	458
621	772	614	765

(a) Impaired receivables

As at 31 December 2016, current receivables of the consolidated entity with a nominal value of \$0.93 million (2015: \$1.218 million) were impaired. The individually impaired receivables mainly relate to students, whom are in unexpectedly difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered.

The ageing of these receivables is:

3 to 6 months

Over 6 months

Total

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
60	364	60	364
865	854	865	854
925	1,218	925	1,218

Notes to the Financial Statements

For the year ended 31 December 2016

Note 16: Receivables (continued)

Movements in the provision for impaired receivables are as follows:

At 1 January

Provisions for impairment during the year

Receivables written off during the year as uncollectible

Unused amount reversed

At 31 December

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
1,218	1,127	1,218	1,127
827	894	827	894
(1,110)	(801)	(1,110)	(801)
(10)	(2)	(10)	(2)
925	1,218	925	1,218

The creation and release of the provision for impaired receivables has been included in 'other expenses' 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

CDU Bookshop

Uniprint

Northern Editions

Less: Provision for impairment

Total inventories

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
526	712	526	712
55	43	55	43
573	541	573	541
(143)	(135)	(143)	(135)
1,011	1,161	1,011	1,161

Note 18: Biological Assets

Cattle

Carrying amount at 1 January

Gain/(loss) from changes to fair value less estimated point of sale costs

Purchases

Sales

Carrying amount at 31 December

Horses

Carrying amount at 1 January

Gain/(loss) from changes to fair value less estimated point of sale costs

Sales / deaths

Carrying amount at 31 December

Total biological assets

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
662	2,088	662	2,088
123	513	123	513
9	-	9	-
(349)	(1,939)	(349)	(1,939)
445	662	445	662
56	47	56	47
-	12	-	12
(3)	(3)	(3)	(3)
53	56	53	56
498	718	498	718

Notes to the Financial Statements

For the year ended 31 December 2016

Note 18: Biological Assets (continued)

There is no restriction on the title of the cattle and horses and the carrying amounts of the livestock have not been pledged as security for liabilities.

In 2016 the fair value of biological assets is based on the valuation performed by Elders Rural Services Australia Limited.

As at 31 December 2016, the University had no commitment to purchase any livestock.

As at 31 December 2016, livestock held for sale comprised 487 cattle and 25 horses (2015: 685 cattle and 26 horses).

Note 19: Investment Property

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At fair value					
Opening balance at 1 January		285	300	-	-
Revaluation of assets	6	15	(15)	-	-
Closing balance at 31 December		300	285	-	-

The fair value of the investment property which is held by the Charles Darwin University Foundation was provided by an independent qualified valuer with experience in the location and category of the investment property.

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Amounts recognised in profit or loss for investment properties				
Rental income	13	12	-	-
Direct operating expenses (rent generating properties)	(6)	(6)	-	-
Total recognised in profit or loss	7	6	-	-

Note 20: Other Financial Assets

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current					
Accrued revenue		20	20	-	-
Accrued interest receivable		818	824	535	824
Advances to CDU Amenities Limited		1	-	304	-
Total current		839	844	839	824
Non-current					
Listed securities					
Opening value		307	303	-	-
- Investment revaluation reserve	31	(3)	4	-	-
Total non-current		304	307	-	-
Total other financial assets		1,143	1,151	839	824

Notes to the Financial Statements

For the year ended 31 December 2016

Note 21: Non-Current Assets Classified as Held for Sale

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land held for resale	38	11,218	16,244	11,218	16,244
Total non-current assets classified as held for sale		11,218	16,244	11,218	16,244

Charles Darwin University entered into an agreement with CIC-THD Pty Limited to develop part of Lot 9765 Town of Palmerston (known as The Heights, Durack). The development will deliver approximately 806 lots for residential purposes. The Agreement was dated 15 November 2010 and was effective from that date.

At 31 December 2016, lots from stages 1 to 11 were available for sale and are expected to be sold during the year ending 31 December 2017.

The land classified as held for sale comprises of lots from stages 1-14, with stages 12 - 14 expected to be developed subsequent to 31 December 2017.

Note 22: Other Non-Financial Assets

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Prepayments	7,500	5,136	7,260	5,066
Other assets	87	70	-	-
Total other non-financial assets	7,587	5,206	7,260	5,066

Note 23: Investments Accounted for Using the Equity Method

Individually Immaterial Joint Ventures

The Parent Entity has a 50% interest in FCD Health Limited, a company limited by guarantee, incorporated and operating in Australia. The principal activity is the provision of medical services and training.

	Joint Venture	
	2016 \$'000	2015 \$'000
Profit from continuing operations	27	148
Profit from continuing operations after income tax	27	148
Total comprehensive income	27	148

Notes to the Financial Statements

For the year ended 31 December 2016

Note 23: Investments Accounted for Using the Equity Method (continued)

Summarised financial information in respect of joint venture entity is set out below:

	Joint Venture	
	2016 \$'000	2015 \$'000
Financial Position		
Current assets	515	591
Non-current assets	428	331
Total assets	943	922
Current liabilities	340	346
Non-current liabilities	-	-
Total liabilities	340	346
Net assets	603	576
Financial Performance		
Revenues	3,525	2,983
Expenses	3,498	2,835
Net operating result before income tax	27	148

Share of partnership's commitments

Capital commitments and other expenditure commitments arising from the Group's interest in joint arrangements are disclosed in Note 35.

Contingent liabilities relating to joint ventures

There are no contingent liabilities relating to joint ventures.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 24: Property, Plant and Equipment

	Land \$'000	Land Improvements \$'000	Buildings \$'000	Demountables \$'000	Works of Art \$'000	Library Books and Periodicals \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000	Work in Progress \$'000	TOTAL \$'000
Consolidated										
At 1 January 2015										
- Cost	-	1,018	53,720	509	54	254	32,501	3,208	27,062	118,326
- Valuation	33,674	12,391	353,144	1,755	882	8,441	-	-	-	410,287
- Accumulated Depreciation	-	(71)	(2,060)	(16)	-	(863)	(20,182)	(817)	-	(24,009)
Net Book Amount	33,674	13,338	404,804	2,248	936	7,832	12,319	2,391	27,062	504,604
Year Ended 31 December 2015										
Opening Net Book Amount	33,674	13,338	404,804	2,248	936	7,832	12,319	2,391	27,062	504,604
Additions	-	79	4,655	-	33	65	5,209	-	10,724	20,765
Transfers	-	3,916	18,177	-	-	-	360	900	(23,353)	-
Transfers - intangible	-	-	-	-	-	-	-	-	(8,557)	(8,557)
Disposals	-	(564)	(270)	(375)	-	-	(2)	-	-	(1,211)
Revaluation Surplus/(Deficit)	-	(4)	617	-	47	-	-	-	-	660
Depreciation Expense	(25)	(1,106)	(14,771)	(64)	-	(871)	(6,498)	(672)	-	(24,007)
Closing Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	11,388	2,619	5,876	492,254
At 31 December 2015										
- Cost	-	4,409	76,263	119	87	319	34,929	4,108	5,876	126,110
- Valuation	33,674	12,326	352,180	1,754	929	8,441	2,838	-	-	412,142
- Accumulated Depreciation	(25)	(1,076)	(15,231)	(64)	-	(1,734)	(26,379)	(1,489)	-	(45,998)
Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	11,388	2,619	5,876	492,254

Notes to the Financial Statements

For the year ended 31 December 2016

Note 24: Property, Plant and Equipment (continued)

	Land	Land Improvements	Buildings	Demountables	Works of Art	Library Books and Periodicals	Plant and Equipment	Leasehold Improvement	Work in Progress	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated										
At 1 January 2016										
- Cost	-	4,409	76,263	119	87	319	34,929	4,108	5,876	126,110
- Valuation	33,674	12,326	352,180	1,754	929	8,441	2,838	-	-	412,142
- Accumulated Depreciation	(25)	(1,076)	(15,231)	(64)	-	(1,734)	(26,379)	(1,489)	-	(45,998)
Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	11,388	2,619	5,876	492,254
Year Ended 31 December 2016										
Opening Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	11,388	2,619	5,876	492,254
Additions	-	531	2,751	-	69	133	3,294	45	5,660	12,483
Transfers	-	354	9,192	-	-	-	-	900	(10,446)	-
Derecognised on disposal of a discontinued operation	(385)	(122)	(1,967)	-	-	-	(11)	-	-	(2,485)
Disposals	-	-	-	(119)	-	-	21	-	(23)	(121)
Revaluation Surplus/(Deficit)	(1,604)	12,005	(11,860)	(29)	511	(2,417)	-	-	-	(3,394)
Depreciation Expense	-	(905)	(14,936)	(53)	-	(882)	(5,152)	(941)	-	(22,869)
Closing Net Book Amount	31,660	27,522	396,393	1,608	1,596	3,860	9,540	2,623	1,067	475,868
At 31 December 2016										
- Cost	-	-	-	294	-	-	38,189	5,054	1,067	44,604
- Valuation	31,660	27,598	397,666	1,336	1,596	3,860	2,838	-	-	466,555
- Accumulated Depreciation	-	(76)	(1,273)	(22)	-	-	(31,487)	(2,431)	-	(35,289)
Net Book Amount	31,660	27,522	396,393	1,608	1,596	3,860	9,540	2,623	1,067	475,868

Notes to the Financial Statements

For the year ended 31 December 2016

Note 24: Property, Plant and Equipment (continued)

Parent Entity		Land	Land Improvements	Buildings	Demountables	Works of Art	Library Books and Periodicals	Plant and Equipment	Leasehold Improvement	Work in Progress	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015											
- Cost	-	1,018	53,720	509	54	254		25,615	3,208	19,960	104,338
- Valuation	33,674	12,391	353,144	1,755	882	8,441		-	-	-	410,287
- Accumulated Depreciation	-	(71)	(2,060)	(16)	-	(863)		(16,553)	(817)	-	(20,380)
Net Book Amount	33,674	13,338	404,804	2,248	936	7,832		9,062	2,391	19,960	494,245
Year Ended 31 December 2015											
Opening Net Book Amount	33,674	13,338	404,804	2,248	936	7,832		9,062	2,391	19,960	494,245
Additions	-	79	4,655	-	33	65		5,044	-	9,026	18,902
Transfers	-	3,916	18,177	-	-	-		-	900	(22,993)	-
Transfers - intangible	-	-	-	-	-	-		-	-	(117)	(117)
Disposals	-	(564)	(270)	(375)	-	-		(2)	-	-	(1,211)
Revaluation Surplus/(Deficit)	-	(4)	617	-	47	-		-	-	-	660
Depreciation Expense	(25)	(1,106)	(14,771)	(64)	-	(871)		(5,622)	(672)	-	(23,131)
Closing Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026		8,482	2,619	5,876	489,348
At 31 December 2015											
- Cost	-	4,409	76,263	119	87	319		30,411	4,108	5,876	121,592
- Valuation	33,674	12,326	352,180	1,754	929	8,441		-	-	-	409,304
- Accumulated Depreciation	(25)	(1,076)	(15,231)	(64)	-	(1,734)		(21,929)	(1,489)	-	(41,548)
Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026		8,482	2,619	5,876	489,348

Notes to the Financial Statements

For the year ended 31 December 2016

Note 24: Property, Plant and Equipment (continued)

Parent Entity	Land \$'000	Land Improvements \$'000	Buildings \$'000	Demountables \$'000	Works of Art \$'000	Library Books and Periodicals \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000	Work in Progress \$'000	TOTAL \$'000
At 1 January 2016										
- Cost	-	4,409	76,263	119	87	319	30,411	4,108	5,876	121,592
- Valuation	33,674	12,326	352,180	1,754	929	8,441	-	-	-	409,304
- Accumulated Depreciation	(25)	(1,076)	(15,231)	(64)	-	(1,734)	(21,929)	(1,489)	-	(41,548)
Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	8,482	2,619	5,876	489,348
Year Ended 31 December 2016										
Opening Net Book Amount	33,649	15,659	413,212	1,809	1,016	7,026	8,482	2,619	5,876	489,348
Additions	-	531	2,751	-	69	133	2,804	45	5,660	11,993
Transfers	-	354	9,192	-	-	-	-	900	(10,446)	-
Derecognised on disposal of a discontinued operation	(385)	(122)	(1,967)	-	-	-	(11)	-	-	(2,485)
Disposals	-	-	-	(119)	-	-	21	-	(23)	(121)
Revaluation Surplus/(Deficit)	(1,604)	12,005	(11,860)	(29)	511	(2,417)	-	-	-	(3,394)
Depreciation Expense	-	(905)	(14,936)	(53)	-	(882)	(4,271)	(943)	-	(21,990)
Closing Net Book Amount	31,660	27,522	396,392	1,608	1,596	3,860	7,025	2,621	1,067	473,351
At 31 December 2016										
- Cost	-	-	-	294	-	-	33,224	5,053	1,067	39,638
- Valuation	31,660	27,598	397,665	1,336	1,596	3,860	-	-	-	463,716
- Accumulated Depreciation	-	(76)	(1,273)	(22)	-	-	(26,199)	(2,432)	-	(30,002)
Net Book Amount	31,660	27,522	396,392	1,608	1,596	3,860	7,025	2,621	1,067	473,351

Notes to the Financial Statements

For the year ended 31 December 2016

Note 25: Intangible Assets

	Note	Consolidated		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 January					
Cost		33,997	16,538	655	538
Accumulated amortisation and impairment losses		(1,758)	(143)	(134)	(9)
Net book amount		32,239	16,395	521	529
Additions		167	8,902	-	-
Additions - Transfer from property, plant and equipment		-	8,557	-	117
Amortisation charge	10	(1,846)	(1,615)	(131)	(125)
Closing net book amount		30,560	32,239	390	521
At 31 December					
Cost		34,163	33,997	655	655
Accumulated amortisation and impairment losses		(3,604)	(1,758)	(265)	(134)
Net book amount		30,560	32,239	390	521

In both years, significant portion of intangible assets consist of software and the right of use of research buildings at Royal Darwin Hospital (RDH). In the current year CDU Amenities Limited acquired goodwill and other intangible assets as part of the acquisition of the Cairns Language Centre group on 11 November 2016.

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Breakdown of intangible assets is as follows:</u>				
Goodwill - CDU Amenities Limited	22	-	-	-
Other intangible assets - CDU Amenities	120	-	-	-
Software	390	521	390	521
The right to use the RDH buildings - Menzies School of Health Research	30,028	31,718	-	-
Total intangible assets	30,560	32,239	390	521

Note 26: Trade and Other Payables

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	6,885	3,420	6,079	7,083
Other payables	2,428	2,558	2,580	2,558
Total trade and other payables	9,313	5,978	8,659	9,641

Notes to the Financial Statements

For the year ended 31 December 2016

Note 27: Borrowings

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Unsecured - Non Interest Bearing				
NT Department of Education	2,000	2,000	2,000	2,000
Total current borrowings	2,000	2,000	2,000	2,000
Unsecured - Non Interest Bearing				
NT Department of Education	-	2,000	-	2,000
Total non-current borrowings	-	2,000	-	2,000
Total borrowings	2,000	4,000	2,000	4,000

The Parent has an interest free loan with the Northern Territory Government of \$6 million for the Charles Darwin University Education and Training Facility at the Darwin Waterfront Precinct. The term of the loan is five years; the first of three payments of \$2m was due 30 June 2015 and final payment is due 30 June 2017.

Note 28: Provisions

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	10,380	9,745	8,151	7,585
Long service leave	14,107	13,277	12,546	11,967
Total current provisions	24,487	23,022	20,697	19,552
Non-current provisions expected to be settled subsequent to 12 months				
Employee benefits				
Annual leave	3,226	2,844	3,226	2,844
Long service leave	2,975	2,722	2,495	2,241
Total non-current provisions	6,201	5,566	5,721	5,085
Total provisions	30,688	28,588	26,418	24,637

There were 1,426 equivalent full time and fixed period contract employees at the end of 2016 and there were 1,383 equivalent full time and fixed period contract employees at the end of 2015.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 29: Other Liabilities

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Revenue received in advance	3,932	15,777	11,194	15,414
OS-HELP liability to Australian Government*	32	11	32	11
Other	8,250	223	29,977	22,950
Total other liabilities	12,214	16,011	41,203	38,375

* The 2016 Department of Education Guidelines require OS-HELP to be recorded as a liability as it considers that the University acts as an agent on behalf of the Australian Government in distributing the loans to students.

Note 30: Gain / (Loss) On Disposal of Assets

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Proceeds on sale of property, plant and equipment	1,170	1,679	1,162	1,679
Gain on recognition of intangible at fair value	-	8,901	-	-
Less: Carrying amount of property, plant and equipment sold	(121)	(1,211)	(121)	(1,211)
Less: Carrying amount of land held for resale	(5,026)	(733)	(5,026)	(733)
Total gain/(loss) on disposal of assets	(3,977)	8,636	(3,985)	(265)
<u>Gain/(Loss) is disclosed in the income statement as follows:</u>				
Gain on disposal of assets	-	8,636	-	-
Loss on disposal of assets	(3,977)	-	(3,985)	(265)
Total gain/(loss) on disposal of assets	(3,977)	8,636	(3,985)	(265)

Note 31: Reserves, Restricted Funds and Accumulated Funds

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Reserves				
Property, plant and equipment revaluation reserve	227,068	238,978	226,802	238,708
Capital asset reserve	6,658	5,791	-	-
Restricted reserve - building	82	201	-	-
Total reserves	233,808	244,970	226,802	238,708

Notes to the Financial Statements

For the year ended 31 December 2016

Note 31: Reserves, Restricted Funds and Accumulated Funds (continued)

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Movements				
Property, plant and equipment revaluation reserve				
Balance at 1 January	238,978	244,235	238,708	243,969
<u>Revaluation surplus/(deficit) on:</u>				
Land	(1,604)	-	(1,604)	-
Land improvements	12,005	(4)	12,005	(4)
Buildings	(11,860)	617	(11,860)	617
Demountables	(29)	-	(29)	-
Library collection	(2,417)	-	(2,417)	-
Work of art	511	47	511	47
Sub-total	(3,394)	660	(3,394)	660
Investments	(3)	4	-	-
<u>Assets retired transferred to accumulated funds:</u>				
Land, Building, Plant and equipment	(8,512)	(5,921)	(8,512)	(5,921)
Balance at 31 December	227,068	238,978	226,802	238,708
Capital asset reserve				
Balance at 1 January	5,791	4,915	-	-
Transfers from/(to) accumulated funds	867	876	-	-
Balance at 31 December	6,658	5,791	-	-
Restricted reserve - building				
Balance at 1 January	201	1,819	-	-
Transfers from/(to) accumulated funds	(119)	(1,618)	-	-
Balance at 31 December	82	201	-	-
(b) Restricted funds reserve				
Balance at 1 January	28,968	40,683	28,968	40,683
Transfers from/(to) accumulated funds or adjustments via revenue and (expenditure)	(1,359)	(11,715)	(1,359)	(11,715)
Balance at 31 December	27,609	28,968	27,609	28,968
(c) Retained earnings				
Balance at 1 January	337,124	332,642	278,170	282,541
Operating result for the period	(17,297)	(13,896)	(21,917)	(22,148)
Accumulated funds before transfers to Restricted funds	319,827	318,746	256,253	260,393
Transfers (to) / from restricted funds	1,359	11,715	1,359	11,715
Transfer of property, plant and equipment revaluation reserve for retired assets	6,744	6,663	7,493	5,921
Transfer from retained earning	1,020	-	1,020	-
Distribution from Subsidiaries	-	-	-	141
Balance at 31 December	328,950	337,124	266,125	278,170

Notes to the Financial Statements

For the year ended 31 December 2016

Note 31: Reserves, Restricted Funds and Accumulated Funds (continued)

(d) Nature and purpose of reserves

Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve arises on the revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred to accumulated funds.

Capital assets reserve

Capital assets reserve arises from the need to plan the purchase of large capital items. Amounts transferred to the capital assets reserve are calculated on an annual basis as follows:

- an amount equal to the depreciation expense recorded for that year
- an amount equal to twenty (20) percent of any surplus generated by the administration cost centre
- an amount equal to ten (10) percent of any surplus generated from the research projects that are not tied to grant funding and have been undertaken on a fee for service basis.

Restricted funds

Restricted funds arise where funds are received in advance and are subject to contractual obligations, including activity and financial acquittal.

Note 32: Key Management Personnel Disclosures

(a) Names of responsible persons and executive officers

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

Council members

The Honourable Sally Thomas AC	Chancellor until 22 April 2016
Mr Neil Balnaves AO	Chancellor appointed on 22 April 2016
Professor Simon Maddocks*	Vice-Chancellor and President
Associate Professor Steve Shanahan	Chair, Academic Board
Mr Ken Davies	Member appointed by the Administrator
Mr Alan Morris	Member appointed by the Administrator
Ms Jodie Ryan	Member appointed by the Administrator
Mr Richard Ryan AO	Member appointed by the Administrator
Ms Marion Scrymgour	Member appointed by the Administrator
Mr Lorenzo Strano OAM	Member appointed by the Administrator
Professor Judith Whitworth AC	Member appointed by the Administrator
Professor Keith Christian	Member elected by the Academic Staff (HE)
Ms Louise King	Member elected by the Academic Staff (VET)
Ms Catherine Jones	Member elected by the Undergraduate Students
Mr Jeffery Gaden	Member elected by the Postgraduate Students

Notes to the Financial Statements

For the year ended 31 December 2016

Note 32: Key Management Personnel Disclosures (continued)

(b) Executive officers

Professor Simon Maddocks	Vice-Chancellor and President
Professor Sharon Bell	Deputy Vice-Chancellor until February 2016
Professor Sue Carthew	Provost and Vice-President from July 2016
Professor Lawrence Cram	Deputy Vice-Chancellor and Vice-President, Research and Research Training
Ms Meredith Parry	Deputy Vice-Chancellor and Vice-President, Operations from November 2016
Professor Martin Carroll	Pro Vice-Chancellor, Education and Student Success
Professor Steven Larkin	Pro Vice-Chancellor, Indigenous Leadership until August 2016
Ms Wendy Ludwig	Acting Pro Vice-Chancellor, Indigenous Leadership from September 2016
Professor Peter Kell	Pro Vice-Chancellor, Faculty of Law, Education, Business and Arts from May 2016
Professor Giselle Byrnes	Pro Vice-Chancellor, Faculty of Law, Education, Business and Arts until January 2016
Associate Professor Steve Shanahan	Pro Vice-Chancellor, Faculty of Engineering, Health, Science and the Environment
Ms Christine Robertson	Pro Vice-Chancellor, Faculty of Vocational Education and Training
Ms Debra Farrelly	Chief Operating Officer until July 2016
Ms Anne Coulter	Chief Financial Officer from November 2016
Mr Ken Suter	Chief Financial Officer from February 2016 until November 2016
Mr Mark Hewitson	Chief Financial Officer until February 2016

All of the above persons were also key management persons during the year ended 31 December 2016.

* Council members may include the Group's employees who may be ex-officio members or elected staff members. No Council member (including Chancellor or Vice-Chancellor) has received any remuneration in his/her capacity as a Council member. Council members may also be executive officers of the parent entity. Where this is the case they have been included in the following executive officer remuneration bands.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 32: Key Management Personnel Disclosures (continued)

(c) Remuneration of Council members and executives

Remuneration paid or payable or otherwise made available to Council members and executives of the Group:

	Parent Entity	
	2016 Number	2015 Number
Remuneration of Council members		
Nil to \$14,999	15	14
Remuneration of executives		
Less than \$14,999	-	-
\$15,000 to \$29,999	1	-
\$30,000 to \$44,999	1	-
\$45,000 to \$59,999	1	-
\$85,000 to \$99,999	1	-
\$180,000 to \$194,999	-	1
\$195,000 to \$209,999	1	-
\$225,000 to \$239,999	1	1
\$255,000 to \$269,999	-	2
\$270,000 to \$284,999	2	2
\$300,000 to \$314,999	1	2
\$315,000 to \$329,999	1	1
\$330,000 to \$344,999	2	-
\$345,000 to \$359,999	-	1
\$360,000 to \$374,999	1	-
\$450,000 to \$464,999	1	1
\$495,000 to \$509,999	1	-
\$570,000 to \$584,999	-	1
\$645,000 to \$649,999	1	-

(d) Key management personnel compensation

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Short-term employee benefits	5,358	5,308	3,514	3,239
Termination Benefits	-	-	-	-
Post-employee benefits*	751	685	488	462
Total key management personnel compensation	6,109	5,993	4,002	3,701

* Superannuation is included in post-employee benefits.

(e) Loans to key management personnel

There were no loans provided to Council members or other key management personnel of the Group, including their personally related parties, during the year.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 33: Remuneration of Auditors

Audit services

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

Total remuneration for audit services

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
235	188	153	139
235	188	153	139

Note 34: Contingencies

Contingent liabilities

There were no material contingent liabilities as at 31 December 2016 and 2015.

Note 35: Commitments

(a) Capital commitments

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

Building works

Payable:

Within one year

Later than one year but not later than five years

Later than five years

Total capital commitments

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
2,392	1,121	2,308	920
-	-	-	-
-	-	-	-
2,392	1,121	2,308	920

(b) Lease commitments

All leases of the Group are operating leases.

Operating leases

Office equipment

Computing equipment

Property

Cancellable property

Total lease commitments

Consolidated		Parent Entity	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000
603	537	603	537
3,157	2,443	3,157	2,443
3,816	3,475	3,816	3,475
708	111	-	-
8,284	6,566	7,576	6,455

Notes to the Financial Statements

For the year ended 31 December 2016

Note 35: Commitments (continued)

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

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	3,149	2,440	3,149	2,440
Later than one year but not later than five years	4,427	4,015	4,427	4,015
Total non-cancellable leases	7,576	6,455	7,576	6,455

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

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	244	111	-	-
Later than one year but not later than five years	465	-	-	-
Later than five years	-	-	-	-
Total cancellable leases	709	111	-	-

(c) Other expenditure commitments

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Other				
Within one year	3,357	3,989	3,357	3,989
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total other commitments	3,357	3,989	3,357	3,989
Joint Ventures				
Within one year	2,832	1,039	2,822	1,029
Later than one year but not later than five years	7,355	3,190	7,335	3,150
Later than five years	-	-	-	-
Total joint venture commitments	10,187	4,229	10,157	4,179

(d) Revenue

Included in income from continuing operations is capital funding received of \$2.28 million that is committed to fund specific capital projects.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 36: Related Parties

(a) Parent entity

The parent entity is Charles Darwin University.

(b) Subsidiaries

Subsidiaries include:

- Menzies School of Health Research (MSHR)
- Charles Darwin University Foundation Trust (CDUF)
- Charles Darwin University Charitable Trust
- CDU Amenities Limited (CDUA), which includes:
 - Cairns Language Centre Pty Limited (CLC)
 - Cairns Business College Pty Limited (CBC)
 - Cairns Education Australia Pty Limited (CEA)

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in Note 32.

(d) Transactions with related parties

The following transactions took place with related parties:

Menzies School of Health Research (MSHR)

	2016 \$'000	2015 \$'000
<u>Income</u>		
Other	1,340	1,477
Student fees	-	-
<u>Expenditure</u>		
Student fees *	1,528	1,580
Projects	774	417
JRE, SRE and RIBG	3,398	2,874
Other	525	904
Total transactions with related parties	(4,885)	(4,298)

* Student fee income was earned by Menzies School of Health Research from students enrolled with the University but undertaking course work with the Education Section of Menzies School of Health Research. The terms and conditions governing the payment of these fees are covered in Attachments one and two of the Memorandum of Understanding signed between Menzies School of Health Research and the University in March 2004.

Effective from September 2015 Menzies School of Health Research liquid investments have been pooled with Charles Darwin University investments. As at 31 December 2016, the Parent holds \$24.7m (2015: \$22.7m) investment on behalf of Menzies School of Health Research (disclosed in Note 15).

Notes to the Financial Statements

For the year ended 31 December 2016

Note 36: Related Parties (continued)

Charles Darwin University Foundation Trust (CDUF)

	2016 \$'000	2015 \$'000
<u>Income</u>		
Donor disbursements for University activities	1,383	1,486
<u>Expenditure</u>		
Interest expense	129	130
Total transactions with related parties	1,254	1,356

CDU Amenities Limited (CDUA)

	2016 \$'000	2015 \$'000
<u>Income</u>		
Gym equipment hire	12	-
<u>Expenditure</u>		
Staff gym membership	25	15
Grant funding*	595	259
Total transactions with related parties	(608)	(274)

* During the year ended 31 December 2016, the Parent provided funding of \$595,148 (2015: \$258,755) to support the operation of CDUA, \$275,430 of this funding relates to 2017.

Charles Darwin University Charitable Trust

During the year ended 31 December 2016, there were no transactions with Charles Darwin University Charitable Trust.

Centre for Remote Health

On 1 January 2016, Charles Darwin University and Flinders University South Australia terminated the Joint Venture Agreement for the Centre of Remote Health (disclosed in Note 38).

	2016 \$'000	2015 \$'000
<u>Income</u>		
Consultancy fees	-	112
<u>Expenditure</u>		
Grant funding	-	-
Total transactions with related parties	-	112

FCD Health Limited

During the year ended 31 December 2016, the Parent had no material transactions with FCD Health Limited.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 36: Related Parties (continued)

(e) Advances to/from related parties

As at 31 December 2016 CDU Amenities Limited had an advance owing to the University for the amount of \$303,648 (2015: \$0).

During the year ended 31 December 2016, there were no other loans to/from related parties.

(f) Outstanding balances

As at 31 December 2016 the Parent is holding funds of \$260,947 on behalf of CDU Amenities Limited (2015: \$13,914).

As at 31 December 2016 the University was holding \$5,100,000 (2015: \$4,300,000) of liquid investments on behalf of the CDU Foundation Trust. Nil interest payable in 2016 and 2015 and \$7 (2015: \$5) of intercompany receivable/payable to CDU Foundation Trust.

As at 31 December 2016, the Parent holds \$24,700,000 (2015: \$22,700,000) investment on behalf of Menzies School of Health Research (disclosed in Note 15).

Note 37: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b)(i):

	Country of Incorporation	Equity Holding	
		2016 %	2015 %
Charles Darwin University Foundation	Australia	100	100
Menzies School of Health Research	Australia	100	100
CDU Amenities Limited*	Australia	100	100
Charles Darwin University Charitable Trust	Australia	100	100

* On 11 November 2016, CDU Amenities Limited purchased a language school and its associated entities. The following entities were acquired by CDU Amenities Limited:

	Country of Incorporation	Equity Holding	
		2016 %	2015 %
Cairns Language Centre Pty Limited (CLC)	Australia	100	-
Cairns Business College Pty Limited (CBC)	Australia	100	-
Cairns Education Australia Pty Limited (CEA)	Australia	100	-

Note 38: Joint Operations

(a) Joint Operations

Name of Joint Operation:	Centre for Remote Health
Nature of relationship:	Jointly providing health education and training for rural and remote areas
Principal place of business:	Alice Springs, NT
Ownership interest	Discontinued for 2016, refer to Note 39. 50% for 2015

Notes to the Financial Statements

For the year ended 31 December 2016

Note 38: Joint Operations (continued)

The assets employed in the above jointly controlled operations and assets are detailed below. The amounts are included in the financial statements under their respective categories.

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current assets	-	951	-	951
Non-current assets	-	2,485	-	2,485
Total assets	-	3,436	-	3,436
Current liabilities	-	115	-	115
Non-current liabilities	-	138	-	138
Total liabilities	-	253	-	253
Net assets	-	3,183	-	3,183
Revenues	-	2,194	-	2,194
Expenses	-	2,191	-	2,191
Net operating result before income tax	-	3	-	3

Share of partnership's commitments

The consolidated entity's share of capital commitments and other expenditure commitments relating to joint venture operations are disclosed in Note 35.

Name of Joint Operation:	The Heights, Durack
Nature of relationship:	Development of land for residential purposes
Principal place of business:	Palmerston, NT
Joint operation interest	50% for both 2016 and 2015

Charles Darwin University entered into an agreement with CIC-THD Pty Limited to develop part of Lot 9765 Town of Palmerston (known as The Heights, Durack). The development will deliver approximately 806 lots for residential purposes. The Agreement was dated 15 November 2010 and effective from that date. Under the Agreement, the University remains the registered proprietor of the land until the sub-divided lots are sold to the new purchasers. CIC-THD Pty Limited as the developer of the land for re-sale is responsible for the costs and liabilities associated with the project. CIC-THD Pty Limited also undertakes all marketing and sale activities.

The proceeds of the sale of land are accounted for on a net gain basis. Should the University become entitled to any distribution as a result of the project, this will be recognised by the University when the right to receive payment has been established (provided that it is probable that economic benefits will flow to the University and the amount of income can be measured reliably).

Notes to the Financial Statements

For the year ended 31 December 2016

Note 38: Joint Operations (continued)

	Consolidated		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets	11,218	16,244	11,218	16,244
Non-current assets	7,630	6,169	7,630	6,169
Total assets	18,848	22,413	18,848	22,413
Net assets	18,848	22,413	18,848	22,413
Share of joint controlled operations revenues, expenses and results				
Revenues	8,366	11,966	8,366	11,966
Expenses	6,551	10,661	6,551	10,661
Net operating result before income tax	1,815	1,305	1,815	1,305

Common areas

Common areas including roads and parks with a value of \$4.6 million were disposed from property, plant and equipment during the year.

Assets pledged as security

Charles Darwin University has entered into a mortgage in favour of the Commonwealth Bank of Australia (CBA) the effect of which is to secure repayment of the monies owing by CIC-THD Pty Limited to CBA. The land has been pledged as security for CIC-THD Pty Limited bank loans as required under the development agreement. The total borrowings of CIC-THD Pty Limited at 31 December 2016 and 2015 were nil.

(b) Other

The University also participates in other joint venture entities for which the University's interest is not considered to be material. Accordingly, they have not been taken up in the accounts on an equity or proportional consolidation basis as per Australian Accounting Standard AASB 11 *Joint Arrangements*.

Note 39: Discontinued operations

- (a) On 1 January 2016, CDU and Flinders University terminated the Joint Venture Agreement for the Centre for Remote Health resulting in a loss of \$3.183 million. The Joint Operation was not a discontinued operation or classified as held for sale at 31 December 2015 as management entered into a Deed of Collaboration immediately thereafter to continue the health education and training in rural and remote areas of the Northern Territory.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 39 Discontinued operations (continued)

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
(b) Financial performance and cash flow information				
Revenue	-	2,194	-	2,194
Expenses	-	2,191	-	2,191
Net result before income tax	-	3	-	3
Net result after income tax of discontinued operations	-	3	-	3
Loss on disposal of the operation before income tax	(3,183)	-	(3,183)	-
Loss on disposal of the operation after income tax	(3,183)	-	(3,183)	-
Profit/(loss) from discontinued operations	(3,183)	3	(3,183)	3
Net cash inflow from ordinary activities	-	3	-	3
Net increase in cash generated by the division	-	3	-	3
Carrying amounts of assets and liabilities				
Current assets	-	951	-	951
Non-current assets	-	2,485	-	2,485
Total assets	-	3,436	-	3,436
Current liabilities	-	115	-	115
Non-current liabilities	-	138	-	138
Total liabilities	-	253	-	253
Net assets	-	3,183	-	3,183
Carrying amount of net assets disposed	(3,183)	-	(3,183)	-
Loss on disposal of the operation before income tax	(3,183)	-	(3,183)	-
Income from discontinued operations				
Other revenue	-	2,194	-	2,194
Total revenue from discontinued operations	-	2,194	-	2,194
Total income from discontinued operations	-	2,194	-	2,194
Expenses from discontinued operations				
Employee related expenses	-	1,443	-	1,443
Depreciation and amortisation	-	103	-	103
Other expenses	-	645	-	645
Total expenses from discontinued operations	-	2,191	-	2,191
Net operating result before income tax	-	3	-	3

Notes to the Financial Statements

For the year ended 31 December 2016

Note 40: Economic Dependency

The Group is funded predominantly by annual appropriations from both the Commonwealth and Northern Territory Government to meet proposed cash expenditure on both operational and capital items in the current financial year. These financial statements have been prepared on a going concern basis in the expectation that such funding will continue.

Note 41: Events Subsequent to the end of the Financial Year

On 30 January 2017, CDU Amenities Limited purchased the shares of ICHM Pty Limited. Apart from this there are no other matters or circumstances which significantly affected or may affect the operations of the economic entity, the results of those operations, or the state of the affairs of the economic entity in future financial years.

Note 42: Reconciliation of Operating Result to Net Cash Flows from Operating Activities

	Consolidated		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	(17,297)	(13,896)	(21,917)	(22,148)
Depreciation and amortisation	24,714	25,622	22,122	23,256
Discontinued Operation	3,183	-	3,183	-
Net (gain)/loss on disposal of non-current assets	3,977	(8,636)	3,985	265
Other	(975)	-	(699)	-
Fair value gains on other assets at fair value through profit or loss	(15)	15	-	-
Income tax expense	12	-	-	-
Non-cash investment income	(27)	(148)	(27)	(148)
	13,572	2,957	6,647	1,225
Change in operating assets and liabilities				
Movement in receivables	(3,537)	15,458	(4,268)	14,330
Movement in inventories	149	37	149	37
Movement in biological assets	220	1,417	220	1,417
Movement in other financial assets	42	1,141	289	(48)
Movement in other non-financial assets	(2,595)	(25)	(2,194)	(151)
Movement in trade and other payables	(866)	(2,595)	(983)	288
Movement in other liabilities	2,079	2,035	4,357	24,717
Movement in provisions	1,960	1,508	1,782	1,127
	(2,548)	18,976	(648)	41,717
Net cash provided by operating activities	11,024	21,933	5,999	42,942

Notes to the Financial Statements

For the year ended 31 December 2016

Note 43: Financial Risk Management

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. There has been no significant change in the risk factors from the prior year or management thereof.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and borrowings. The main risks that the Group is exposed through financial instruments are deposit interest rate risk and credit risk. Borrowings are interest free and consequently upward risk is minimal.

(a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises from overseas sources of income for research and consultancies and payments to creditors for overseas sourced supplies. The main currencies the Group is exposed to are the US dollar followed by British pounds and the Euro. The level of exposure to foreign exchange risk is not considered to be material. The Group does not engage in hedge contracts or other hedging instruments.

ii) Price risk

The Group has limited exposure to financial instruments subject to price risk. The parent's investment policy is limited to deposits in Authorised Deposit-taking Institutions (ADIs). Some of the entities controlled by the Group have exposure to shares. The level of exposure is not considered material.

iii) Cash flow and fair value interest rate risk

The Group has \$2,000,000 in borrowings as at balance date. The Group's funds on deposit are at rates fixed for the term of the deposit. At balance date, all funds were deposited with ADIs with Standard and Poor's credit ratings of A-2 or higher. Movement of rates will not affect the fair value of the assets as the deposits will be held to maturity. At call funds are subject to market rate movements. During 2016 the term deposit interest rate range was 0.89%. This is compared to the interest rate range in 2015 of 0.97%. The decrease in the interest rate range from 2015 to 2016 was due to the change in the cash rate from 2.00% at the end of 2015 to 1.50% at the end of 2016. The interest rate outlook for 2017 is likely to remain in the target range of 1.50%.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 43: Financial Risk Management (continued)

iv) Summarised sensitivity analysis

The table below summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. There have been no changes from the previous period in the methods and assumptions used.

At 31 December 2016, if interest rates had moved, as illustrated in the table below, with all the other variables held constant, the result and equity would have been affected as follows:

	Consolidated Carrying amount \$'000	Interest rate risk			
		-1.5%		+1.5%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2016					
<i>Financial assets</i>					
Cash and cash equivalents	106,140	(1,592)	(1,592)	1,592	1,592
Total increase/(decrease)		(1,592)	(1,592)	1,592	1,592
31 December 2015					
<i>Financial assets</i>					
Cash and cash equivalents	108,190	(1,623)	(1,623)	1,623	1,623
Total increase/(decrease)		(1,623)	(1,623)	1,623	1,623

The assumptions used in the interest rate sensitivity analysis include, potential movements in interest rates based on the Group's mix of investments in Australia, relationships with financial institutions as well as the last two year's historical movements and economists expectations.

The movements in the result are due to higher/lower interest revenue from variable rate cash balances. Borrowings are interest free.

As the Group does not engage in hedging, it is subject to market variations in foreign exchange. The majority of its income and expenditure for foreign currency is the US dollar which has been subject to a range of \$0.09 from the lowest exchange rate received to the highest in 2016. Forecasts vary on the expectations of the exchange rate for 2017. The weighted average for 2016 was \$0.73 and the Group has factored in a 10% variation (\$ 0.10) based on the 2016 range.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 43: Financial Risk Management (continued)

(b) Credit risk

The Group's exposure to credit risk is mainly restricted to receivables. The Group does not have significant exposure to any one debtor. At balance date, all funds were deposited with Authorised Deposit-taking Institutions with Standard and Poor's credit ratings of A-2 or higher. The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

(c) Liquidity risk

There is no significant risk associated with the Group meeting its obligations associated with financial liabilities. Cash flow to meet ongoing commitments is monitored daily. Strict budgeting and forecasting procedures are in place.

Note 44: Fair Value Measurements

(a) Fair value measurements

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

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

	Note	Carrying Amount		Fair Value	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets					
Cash and cash equivalents	15	106,140	108,190	106,140	108,190
Receivables	16	9,621	7,615	9,621	7,615
Other financial assets	20	839	844	839	844
Total financial assets		116,600	116,649	116,600	116,649
Financial liabilities					
Trade and other payables	26	9,313	5,978	9,313	5,978
Borrowings	27	2,000	4,000	2,000	4,000
Total financial liabilities		11,313	9,978	11,313	9,978

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

- land (including improvements) and buildings
- demountables
- library books and periodicals
- works of art
- investment properties
- investment in shares

Notes to the Financial Statements

For the year ended 31 December 2016

Note 44: Fair Value Measurement (continued)

(b) Fair value hierarchy

The following tables categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement. The different levels of the fair value hierarchy are defined below:

- level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 - inputs other than quoted prices 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).

Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2016.

Fair value measurements at 31 December 2016

	Note	2016 \$'000	2015 \$'000	Category	Valuation technique and inputs used
Land	24	31,660	33,649	Level 2	Market valuation - Sales prices of comparable land adjusted for property size, location, topography, and other inherent attributes.
Land Improvements	24	27,522	15,659	Level 3	Application of unit rates - Unit rates are developed by summing each component which goes into producing a unit of an asset. The major components of any asset are the raw materials, plant, labour and intangibles.
Buildings	24	396,393	413,212	Level 3	Current Replacement Cost - construction costs of replacement assets having similar service potential including preliminaries and professional fees, adjusted for the consumed economic benefit and / or obsolescence of the asset.
Investment properties	19	300	285	Level 3	Current Replacement Cost - construction costs of replacement assets having similar service potential including preliminaries and professional fees, adjusted for the consumed economic benefit and / or obsolescence of the asset.
Library books and works of art	24	5,456	8,042	Level 3	Current Replacement Cost - estimated by determining an average fair value for each type of item and extrapolating over the number of items in each category.
Total non-financial assets		461,331	470,847		

Notes to the Financial Statements

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance

1. EDUCATION - CGS AND OTHER EDUCATION GRANTS

Note	Commonwealth Grants Scheme #1		Indigenous Support Fund		Partnership & Participation Program #2		Parent Entity (HEP) ONLY		Disability Support Program		Diversity & Structural Adjustment Fund #3		Promo of Exc in Learn and Teaching	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	61,634	56,516	1,173	1,156	4,286	1,478	14	11	-	-	-	-	-	40
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	61,634	56,516	1,173	1,156	4,286	1,478	14	11	-	-	-	-	-	40
Surplus/(deficit) from the previous year	-	-	-	-	6,324	5,763	-	-	-	-	2,905	2,905	13	162
Total revenue including accrued revenue	61,634	56,516	1,173	1,156	10,610	7,241	14	11	-	-	2,905	2,905	13	202
Less expenses including accrued expenses	61,634	56,516	1,173	1,156	6,194	917	14	11	-	-	2,905	2,905	13	189
Surplus/(deficit) for reporting period	-	-	-	-	4,416	6,324	-	-	-	-	-	-	-	13

3(a)

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

#2 Includes Equity Support Program.

#3 Includes Collaboration and Structural Adjustment Program.

Note	Reward Funding		Parent Entity (HEP) ONLY		Other		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	-	-	-	327	67,107	59,528	-	-
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	-	-	-	327	67,107	59,528	-	-
Surplus/(deficit) from the previous year	-	430	79	-	6,416	9,260	-	-
Total revenue including accrued revenue	-	430	79	327	73,523	68,788	-	-
Less expenses including accrued expenses	-	430	79	248	69,107	62,372	-	-
Surplus/(deficit) for reporting period	-	-	-	79	4,416	6,416	-	-

3(a)

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance (continued)

[illegible]

	Parent Entity (HEP) ONLY										Total
	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships ^{#5}		Commonwealth Accommodation ^{#5} Scholarships		Indigenous Access Scholarship		
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	
Note											
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	1,874	1,842	137	135	522 (235)	(47)	99 (42)	(90)	289 (49)	273 108	2,921 (326)
Net accrual adjustments											
Revenue for the period	1,874	1,842	137	135	287	276	57	(60)	240	381	2,595
Surplus/(deficit) from the previous year	4,029	2,187	98	125	-	463	-	30	-	108	4,127
Total revenue including accrued revenue	5,903	4,029	235	260	287	739	57	(30)	240	489	6,722
Less expenses including accrued expenses	3,717	-	235	162	287	739	57	(30)	240	489	4,536
Surplus/(deficit) for reporting period	2,186	4,029	-	98	-	-	-	-	-	-	2,186
											4,127

^{#5} Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance (continued)

4. EDUCATION RESEARCH

Note	Joint Research Engagement #6		Research Training Scheme		Parent Entity (HEP) ONLY				Sustainable Research Excellence in Universities		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	Infrastructure Grants	Research Infrastructure Block	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	3,244	3,316	4,643	4,559	2,510	2,582	2,143	1,938	12,540	12,395		
	3,244	3,316	4,643	4,559	2,510	2,582	2,143	1,938	12,540	12,395		
	3,244	3,316	4,643	4,559	2,510	3,174	2,143	1,938	12,540	12,987		
	3,244	3,316	4,643	4,559	-	3,174	2,143	1,938	10,030	12,987		
	-	-	-	-	2,510	-	-	-	2,510	-		

Financial Assistance received in Cash during the 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

#6 Includes Institutional Grants Scheme

5. EDUCATION RESEARCH OR OTHER CAPITAL FUNDING

	Parent Entity (HEP) ONLY			
	Education Investment Fund	2016 \$'000	2015 \$'000	Total
	55	3,931	55	3,931
	-	(2,846)	-	(2,846)
	55	1,085	55	1,085
	-	2,846	-	2,846
	55	3,931	55	3,931
	55	3,931	55	3,931
	-	-	-	-

Financial Assistance received in Cash during the 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

#6 Includes Institutional Grants Scheme

Notes to the Financial Statements

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance (continued)

6. AUSTRALIAN RESEARCH COUNCIL GRANTS

a) Discovery

Financial Assistance received in Cash during the 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

	Parent Entity (HEP) ONLY				
	Reward Funding 2016 \$'000	2015 \$'000	Other 2016 \$'000	2015 \$'000	Total 2016 \$'000
	276	226	36	36	312
	-	-	-	-	-
	276	226	36	36	312
	147	11	31	-	178
	423	237	67	36	490
	215	90	58	5	273
	208	147	9	31	217
					178

b) Linkages

Financial Assistance received in Cash during the 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

	Parent Entity (HEP) ONLY				
	Reward Funding 2016 \$'000	2015 \$'000	Other 2016 \$'000	2015 \$'000	Total 2016 \$'000
	-	143	216	151	216
	-	-	-	-	-
	-	143	216	151	216
	143	147	93	489	236
	143	290	309	640	452
	143	147	133	547	276
	-	143	176	93	176
					236

Notes to the Financial Statements

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance (continued)

7. OS-HELP

	Parent Entity (HEP) ONLY			
	OS-HELP 2016 \$'000	2015 \$'000	2016 \$'000	Total 2015 \$'000
Cash received during the reporting period	174	9	174	9
Cash spent during the reporting period	153	24	153	24
Net Cash received	21	(15)	21	(15)
Cash Surplus/(deficit) from the previous period	11	26	11	26
Carry forward adjustment	-	-	-	-
Cash Surplus/(deficit) for reporting period	32	11	32	11

8. HIGHER EDUCATION SUPERANNUATION

	Parent Entity (HEP) ONLY			
	Superannuation Supplementation 2016 \$'000	2015 \$'000	2016 \$'000	Total 2015 \$'000
Cash received during the reporting period	11	29	11	29
Cash spent during the reporting period	-	-	-	-
Net Cash received	11	29	11	29
Cash Surplus/(deficit) from the previous period	-	-	-	-
Carry forward adjustment	11	29	11	29
Cash Surplus/(deficit) for reporting period	11	29	11	29

Notes to the Financial Statements

For the year ended 31 December 2016

Note 45: Acquittal of Australian Government Financial Assistance (continued)


9. STUDENT SERVICES AND AMENITIES FEE

	Parent Entity (HEP) ONLY			
	Superrannuation Supplementation 2016 \$'000	2015 \$'000	2016 \$'000	Total 2015 \$'000
Unspent/(overspent) revenue from previous period	1,581	1,510	1,581	1,510
Carry Forward Adjustment	-	-	-	-
SA-HELP Revenue Earned	548	537	548	537
Student services fees direct from students	-	-	-	-
Total revenue expendable in period	2,129	2,047	2,129	2,047
Student services expenses during period	880	466	880	466
Underspent/(overspent) student services revenue	1,249	1,581	1,249	1,581

Members of Council Certification

1. In our opinion:
 - a) the accompanying financial statements of the University and the consolidated entity 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 the University and the consolidated entity; and
 - b) at the date of this statement there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due.
2. The accompanying financial statements and notes thereto, of the University and the economic entity have been prepared in accordance with the *Charles Darwin University Act* and Australian Accounting Standards, *Australian Charities and Not-for-profits Commission Act 2012*, Australian Charities and Not-for-profits Commission Regulation 2013, and as per the Commonwealth Department of Education Guidelines for the Preparation of Annual Financial Statements for the 2016 Reporting Period by Australian Higher Education Institutions.
3. The amount of Commonwealth Government financial assistance expended during the reporting period was for the purpose(s) for which it was provided.
4. Charles Darwin University has complied with the requirements of various program guidelines that apply to the Commonwealth Government financial assistance identified in the financial statements.
5. Charles Darwin University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

Signed at Darwin this 27 day of April 2017



CHANCELLOR



VICE-CHANCELLOR



Auditor-General

Independent Auditor's Report to the Minister for Education

Charles Darwin University and its Controlled Entities

Year Ended 31 December 2016

Page 1 of 3

Opinion

I have audited the accompanying Financial Report of Charles Darwin University and its Controlled Entities ("the Group") and Charles Darwin University ("the University").

The Financial Report comprises the statement of financial position as at 31 December 2016, the income statement, the statement of comprehensive income, the 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 Report by the Members of the Council.

In my opinion, the accompanying Financial Report gives a true and fair view of financial position of the Group and University and of its performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012* and Division 60 of *Australian Charities and Not-for-profit 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 Group and the University 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 University's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Vice-Chancellor 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 Council" shown on page 3 to 7 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.

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.



Auditor-General

Page 2 of 3

Responsibilities of the Vice-Chancellor for the Financial Report

The Vice-Chancellor of the University is responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards, *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Charities and Not-for-profit Regulation 2013*, 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 Vice-Chancellor is responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Vice-Chancellor is responsible for overseeing the Group and the University's Financial Reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are 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 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 judgment 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 Group and the University'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 Group and the University's ability to continue as 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 opinion. My conclusion are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause the Group and the University 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 represent 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 my audit.

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

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory
4 May 2017



Charles Darwin University
Darwin NT 0909 Australia
T. +61 8 8946 6666
W. cdu.edu.au

CRICOS Provider No. 00300K (NT) 03286A (NSW)
RTO Provider No. 0373