

Annual Report

2019 financial statements





Charles Darwin University and its Controlled Entities

2019 Financial Statements



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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 2019.

Members

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

Mr Paul Henderson AO	appointed Chancellor on 20 March 2019 and continues in office until 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
Professor Simon Maddocks	appointed a member on 24 March 2014 and continues in office until 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
Mr Ken Davies	appointed a member on 28 June 2013 and continues in office at the date of this report
Mr Alan Morris AO	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
Professor Judith Whitworth AC	appointed a member on 29 September 2015 and continues in office at the date of this report
Mr Raymond Simpson	appointed a member on 1 January 2017 and continues in office at the date of this report
Mrs Leena Kesava Panicker	appointed a member on 1 January 2018 and continued in office until resignation on 31 October 2019
Mr Mayank Sharma	appointed a member on 1 January 2019 and continued in office until the expiry of the term on 31 December 2019
Mr Benjamin Poveda-Alfonso	appointed a member on 1 January 2019 and continued in office until the expiry of the term on 31 December 2019
Associate Professor Alan Berman	appointed a member on 4 March 2020 and continues in office at the date of this report
Mr Nagendra Timilsina	appointed a member on 1 January 2020 and continues in office at the date of this report
Mr Peter Clee	appointed a member on 1 January 2020 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 meeting held during the year ended 31 December 2019, 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	
	A	B	A	B	A	B	A	B
Paul Henderson AO	6	5	5	4	3	1	2	2
Prof Simon Maddocks	7	7	6	6	3	3	2	2
Dr Aggie Wegner	7	4	-	-	-	-	2	1
Ken Davies	7	7	-	-	-	-	-	-
Alan Morris AO	7	7	6	5	3	3	-	-
Jodie Ryan	7	5	-	-	-	-	-	-
Richard Ryan AO	7	7	6	5	3	2	2	2
Prof Judith Whitworth AC	7	4	-	-	-	-	-	-
Raymond Simpson	7	6	-	-	-	-	-	-
Leena Kesava Panicker	5	5	-	-	-	-	-	-
Mayank Sharma	7	3	-	-	-	-	-	-
Benjamin Poveda-Alfonso	7	3	-	-	-	-	-	-
Alan Berman	-	-	-	-	-	-	-	-
Nagendra Timilsina	-	-	-	-	-	-	-	-
Peter Clee	-	-	-	-	-	-	-	-

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

B = Number of meetings attended.

Principal Activities

During the year, the principal continuing activities of the Group 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 501-600 category in the Times Higher Education World University Rankings 2019-20 and ranking in the 101-150 category in the top universities under 50 years old for 2019.

Capital Works

Construction was completed on the following capital projects during 2019:

- Alice Springs Building 1 Level 2 – refurbishment
- Brisbane – office fit-out
- Casuarina Purple 12 – create a new cyber security teaching area
- Waterfront – Fit-out of law offices and moot court.

Construction commenced or was continuing on the following capital projects during 2019:

- Casuarina Purple 13 – refurbishment of mechanical training building
- Casuarina Orange 11 – create the Hive virtual reality room.

Palmerston Residential Estate

The residential development, known as The Heights, Durack progressed during 2019. A total of 415 blocks were sold through to 31 December 2019 (398 - 2018). The development includes a neighbourhood centre, parklands, wetland as well as a retirement village. Works will continue during 2020 on stages 1 - 10. No common areas which includes roads and parks were transferred during the year (\$0 million 2018).

Specific Purpose Grants

Included in income from continuing operations is capital funding of \$1.5 million for capital work performed, \$2.22 million was received and is committed to fund specific capital projects. This funding was received as specific purpose grant funds from the Australian and the Northern Territory Governments. The bulk of this funding was for VET training facilities.

Significant Changes in the State of Affairs

There have been no significant changes in the Group's state of affairs during the financial year.

Matters Subsequent to the End of the Financial Year

COVID-19

The spread of Coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020, and upgraded to a global pandemic on 11 March 2020. The pandemic resulted in an unprecedented global response by governments, regulators and industry sectors. The Australian Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March; the implementation of social distancing and restrictions around freedom of movement and association; an increasing level of restrictions on corporate Australia's ability to operate; significant volatility and instability in financial markets; and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties. This has required the Group to assess whether and how the Group is affected, and the impact on ongoing operations.

In response to COVID-19 the Group implemented an alternate operational approach for Vocational Education Training (VET) to deliver teaching and support to students online, online delivery has been in place for Higher Education (HE) for a number of years. As a result, there is not a material financial impact in semester one of 2020. Whilst it is likely that new international student numbers into semester two 2020 will be lower, a larger cohort of students will be continuing their studies either on campus or online. The Group further estimates that other revenue categories such as research, rental from student accommodation, VET fee for service income and other investment income will be impacted. At the time of reporting, the estimated revenue impact for the 2020 year is in the range of \$20 million to \$30 million decline. The extent of the true financial impact is not expected to be realised until after June through to August 2020 when semester two census date occurs. A range of mitigation strategies to reduce expenditure is being implemented across the Group to respond to the financial impact.

The Group are of the view that the mitigation strategies to reduce expenditure that are being implemented are sufficient and the impact of Covid-19 does not affect the going concern basis of preparation.

Discontinued Businesses

On the 23rd March 2020, the Board of Directors of the Cairns Language Centre Pty Ltd (CLC), Cairns Business College Pty Ltd (CBC) and Cairns Education Australia Pty Limited (CEA) resolved to commence closure of the operations of CLC, CBC and CEA.

Sale of subsidiary

In December 2019, CDU Amenities Limited executed a share sale agreement to sell 100% ownership of shares in ICHM Pty Ltd to UP Education Australia Pty Ltd. Transfer of ownership occurred on 14 February 2020.

This resulted in changes to the ICHM Pty Ltd Board of Directors.

There are no other matters or circumstances which significantly affected or may affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years, refer to Note 41.

Likely Developments and Expected Results of Operations

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

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 Group. The cover for Menzies School of Health Research is \$5 million and for Charles Darwin University is \$10 million.

Environmental Regulation

The Group is subject to the following environmental regulations:

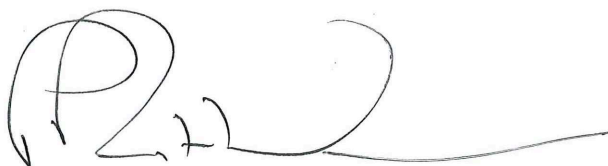
- *Gene Technology Act 2000 (amended 2008) and Gene Technology Regulations 2001*
- *Gene Technology (Northern Territory) Act 2004*
- *Radiation Protection Act 2009 and Radiation Protection Regulations 2011*
- *Dangerous Goods Act 2012 and Dangerous Goods Regulations 2012*
- *Transport of Dangerous Goods 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.*

Proceedings on behalf of the entity

There were no material proceedings ongoing against the University at the end of 2019.

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

Signed at Darwin this 25 day of June 2020



CHANCELLOR
The Hon Paul Henderson AO



VICE-CHANCELLOR AND PRESIDENT
Professor Simon Maddocks

Financial Statements

Income Statement

For the year ended 31 December 2019

	Note	Group		Parent Entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	109,099	106,548	88,294	87,536
HELP - Australian Government payments	3	28,998	24,710	28,998	24,710
NT Government financial assistance	4	76,171	65,662	66,879	59,336
HECS - HELP student payments		7,075	5,153	7,074	5,153
Fees and charges	5	54,827	52,734	46,172	44,992
Consultancy and contracts	6	22,117	20,419	14,252	15,097
Other revenue	7	19,813	21,158	16,927	18,349
Investment revenue	8	3,099	4,525	2,377	3,417
Gains on disposal of assets	31	101	96	96	30
Share of (loss) or profit on investments accounted for using the equity method	23	(220)	44	(220)	44
Total income from continuing operations		321,080	301,049	270,849	258,664
Expenses from continuing operations					
Employee-related expenses	9	196,589	191,828	162,732	161,317
Depreciation and amortisation	10	17,727	17,903	16,259	14,710
Repairs and maintenance	11	6,098	7,319	6,982	6,966
Impairment of assets	12	956	712	2,611	4,304
Other expenses	13	105,414	102,422	91,027	92,748
Total expenses from continuing operations		326,784	320,184	279,611	280,045
Net result before income tax		(5,704)	(19,135)	(8,762)	(21,381)
Income tax expense	14	-	(12)	-	-
Net result after income tax for the period		(5,704)	(19,147)	(8,762)	(21,381)
Net result from continuing operations		(5,704)	(19,147)	(8,762)	(21,381)

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

Statement of Comprehensive Income

For the year ended 31 December 2019



	Note	Group		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net result after income tax for the period		(5,704)	(19,147)	(8,762)	(21,381)
<u>Items that will not be reclassified to profit or loss</u>					
Gain on value of available for sale financial assets	32(a)	16,996	7,056	16,951	7,089
Other		(21)	-	-	-
Decrease on revaluation on property, plant & equipment	32(a)	(4,346)	-	(4,346)	-
Total other comprehensive income		12,629	7,056	12,605	7,089
Total comprehensive income		6,925	(12,091)	3,843	(14,292)
Total comprehensive income/ (loss) from continuing operations		6,925	(12,091)	3,843	(14,292)

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

Statement of Financial Position

As at 31 December 2019

	Note	Group		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	92,527	83,097	72,027	71,513
Receivables	16	7,930	7,633	3,092	3,525
Inventories	17	480	604	480	604
Other financial assets	20	5,141	8,491	5,147	8,538
Assets classified as held for sale	21	80	407	80	407
Other assets	22	7,350	6,261	6,846	6,028
Total current assets		113,508	106,493	87,672	90,615
Non-current assets					
Biological assets	18	859	1,238	859	1,238
Investment property	19	210	305	-	-
Investments accounted for using the equity method	23	984	1,205	984	1,205
Other financial assets	20	40,165	23,190	39,869	22,918
Property, plant and equipment	24	465,823	471,575	463,188	470,347
Intangible assets	26	492	27,330	-	128
Total non-current assets		508,533	524,843	504,900	495,836
Total assets		622,041	631,336	592,572	586,451
LIABILITIES					
Current liabilities					
Trade and other payables	27	11,910	8,682	9,810	7,183
Lease liability	25 (a)	2,365	-	1,692	-
Borrowings	28	400	1,400	-	1,000
Provisions	29	26,386	27,724	21,003	22,745
Other liabilities	30	18,190	12,803	41,598	41,984
Total current liabilities		59,251	50,609	74,103	72,912
Non-current liabilities					
Provisions	29	5,950	6,212	5,581	5,760
Lease liability	25 (a)	5,165	-	4,384	-
Total non-current liabilities		11,115	6,212	9,965	5,760
Total liabilities		70,366	56,821	84,068	78,672
Net assets		551,675	574,515	508,504	507,779
Equity					
Reserves	32(a)	262,499	249,472	253,208	240,867
Restricted funds	32(b)	22,063	23,581	22,063	23,581
Retained earnings	32(c)	267,113	301,462	233,233	243,331
Total equity		551,675	574,515	508,504	507,779

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

Statement of Changes in Equity

For the year ended 31 December 2019

Group

Balance at 1 January 2018

Net result

Other comprehensive income

Total comprehensive income / (loss)

Transfers (to)/from restricted reserves

Transfers (to)/from revaluation reserves

Balance at 31 December 2018

Balance at 1 January 2019

Retrospective changes

Balance as restated

Net result

Other comprehensive income

Total comprehensive income / (loss)

Transfers (to)/from restricted reserves

Transfers (to)/from revaluation reserves

Balance at 31 December 2019

Parent

Balance at 1 January 2018

Net result

Other comprehensive income

Total comprehensive income / (loss)

Transfers (to)/from restricted reserves

Transfers (to)/from revaluation reserves

Balance at 31 December 2018

Balance at 1 January 2019

Retrospective changes

Balance as restated

Net result

Other comprehensive income

Total comprehensive income / (loss)

Transfers (to)/from restricted reserves

Transfers (to)/from revaluation reserves

Balance at 31 December 2019

Restricted Funds	Reserves	Retained Earnings	Total
\$'000	\$'000	\$'000	\$'000
21,483	242,459	322,713	586,655
-	-	(19,147)	(19,147)
-	7,056	-	7,056
-	7,056	(19,147)	(12,091)
2,098	-	(2,098)	-
-	(43)	(6)	(49)
23,581	249,472	301,462	574,515
23,581	249,472	301,462	574,515
-	-	(29,765)	(29,765)
23,581	249,472	271,697	544,750
-	-	(5,704)	(5,704)
-	12,629	-	12,629
-	12,629	(5,704)	6,925
(1,518)	-	1,518	-
-	398	(398)	-
22,063	262,499	267,113	551,675
21,483	234,634	265,954	522,071
-	-	(21,381)	(21,381)
-	7,089	-	7,089
-	7,089	(21,381)	(14,292)
2,098	-	(2,098)	-
-	(856)	856	-
23,581	240,867	243,331	507,779
23,581	240,867	243,331	507,779
-	-	(3,118)	(3,118)
23,581	240,867	240,213	504,661
-	-	(8,762)	(8,762)
-	12,605	-	12,605
-	12,605	(8,762)	3,843
(1,518)	-	1,518	-
-	(263)	263	-
22,063	253,208	233,233	508,504

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

Statement of Cash Flows

For the year ended 31 December 2019

	Note	Group		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities					
Australian Government grants		136,307	130,491	115,502	111,135
OS-HELP (net)		(52)	169	(52)	169
NT Government grants		75,246	65,662	65,954	59,336
HECS-HELP student payments		7,074	5,153	7,767	5,153
Receipts from student fees and other customers		98,402	90,689	78,269	75,759
Interest received		1,751	2,327	1,201	1,279
Dividend received		2,733	805	2,714	802
Proceeds from sale of biological assets		358	264	358	264
Payments to suppliers and employees		(299,826)	(296,943)	(253,852)	(257,121)
Lease interest payments		(154)	-	(147)	-
Low value / short term lease payments		(3,214)	-	(2,521)	-
Net cash from / (used in) operating activities	42	18,625	(1,383)	15,193	(3,224)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		575	278	570	212
Payments for property, plant and equipment		(6,591)	(7,214)	(5,847)	(6,816)
Payments for biological assets		(22)	(199)	(22)	(199)
Net cash used in investing activities		(6,038)	(7,135)	(5,299)	(6,803)
Cash flows from financing activities					
Repayment of lease liabilities		(2,158)	-	(1,542)	-
Repayment of borrowings		(1,000)	(1,000)	(1,000)	(1,000)
Other financing outflows		-	-	(6,838)	(4,767)
Net cash used in financing activities		(3,158)	(1,000)	(9,380)	(5,767)
Net increase / (decrease) in cash and cash equivalents		9,430	(9,518)	514	(15,794)
Cash and cash equivalents at the beginning of the financial year		83,097	92,615	71,513	87,307
Cash and cash equivalents at the end of the financial year	15	92,527	83,097	72,027	71,513

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

Notes to the Financial Statements

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Notes to the Financial Statements

For the year ended 31 December 2019

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 Group consisting of Charles Darwin University and its controlled entities, refer Note 1(b) and Note 38.

(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 Australian Department of Education and Training 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.

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 2019

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

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

- Charles Darwin University Foundation
- Charles Darwin University Foundation Trust
- Charles Darwin University Charitable Trust
- Menzies School of Health Research, which includes:
 - Bridging the Gap Foundation Trust
 - Bridging the Gap Foundation (formerly Menzies School of Health Research Foundation)
- CDU Amenities Limited, which includes:
 - Cairns Language Centre Pty Limited
 - Cairns Education Australia Pty Limited
 - Cairns Business College Pty Limited
 - ICHM Pty Limited.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group and 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

(d) 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. Cairns Language Centre Pty Limited, Cairns Business College Pty Limited, Cairns Education Australia Pty Limited and ICHM Pty Limited completed an income tax status review on the 12 December 2017 and determined that these companies are non-profit organisations due to a change in circumstances. The effective date for the companies to be exempt from income tax is 21 June 2017 refer to Note 14.

(e) 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 Members of Council and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(f) Website costs

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

(g) 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 Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparative amounts

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

(i) 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 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 Group has decided to defer the application of AASB 2019-6 *Amendments to Australian Accounting Standards – Research Grants and Not for-Profit Entities*.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

Initial application of Australian Accounting Standards

CDU has adopted AASB15 'Revenue from Contracts with Customers', AASB1058 'Income for Not-for-Profit Entities' and AASB16 'Leases' in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Impact of initial application of AASB1058 'Income for Not-for-Profit Entities' and AASB15 'Revenue from Contracts with Customers'

The Group adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the Group recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the Group has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019. The Group has decided to defer the application of research grants from periods beginning on or after 1 July 2019 under AASB15 *Revenue from Contracts with Customers* and AASB1058 *Income for Not-for-Profit Entities*.

Overview of AASB15 and AASB1058

Under the new income recognition model applicable to not-for-profit entities, the Group shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Group applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Group shall consider whether AASB1058 applies.

The nature and effect of the changes as a result of adoption of AASB15 and AASB1058 mainly relate to contract and grant revenue being recognised either at a point in time or over time as opposed to upfront, using the modified retrospective method of transition the below changes occurred at 1 January 2019.

	Group	Parent
	1 January 2019 \$'000	1 January 2019 \$'000
ASSETS		
Total assets	-	-
LIABILITIES		
Other liabilities	3,118	3,118
Total liabilities	3,118	3,118
Total adjustment on equity		
Retained earnings	(3,118)	(3,118)
Total equity	(3,118)	(3,118)

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

AASB15 - Revenue from contracts with customers

Revenue arises mainly from course fees and charges, non-course fees and charges, capital government grants and other revenue.

To determine whether to recognise revenue, the Group follows a 5-step process:

- i. Identifying the contract with a customer
- ii. Identifying the performance obligations
- iii. Determining the transaction price
- iv. Allocating the transaction price to the performance obligations
- v. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Statement of Financial Position (see Note 30). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Course fees and charges

The course fees and charges revenue relate to undergraduate programs, graduate and professional degree programs, continuing education and vocational education training programs. The group provides education services to an enrolled student for a specific course for a defined time period.

The revenue is recognised over time as and when the course is delivered to students over the semester or over the time of the course.

When the courses or trainings have been paid in advanced by students or the Group has received the government funding in advance (e.g. before starting the academic period) the Group recognises a contract liability until the services are delivered.

The Group does have obligations to return or refund obligations or other similar obligations. This is mainly applicable under the following circumstances:

- Full refund:
 - Unsuccessful visa application
 - Withdrawal of offer by University before course commencement
 - Failure by University to provide the course
 - Withdrawal due to exceptional circumstances.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

- Partial Refund:
 - Withdrawal by the student before commencement (more than four weeks' notice)
 - Withdrawal by the student before commencement (less than four weeks' notice)
 - Withdrawal by the student within the first four weeks of commencement.

There is no significant financing component, as the period from when the student pays and the service is provided is less than 12 months and the consideration is not variable.

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB15 and AASB1058. The adoption of AASB15 did not have a material impact on Other Comprehensive Income (OCI) or the Group's operating, investing and financing cash flows.

AASB1058 Income for not-for-profit entities

Income arises mainly from grant income, research, non-course fees and charges, donations, bequests and other revenue. The group has applied the following policies in relation to AASB1058 *Income for not-for-profit entities*:

Grant income

Grant income mainly comprises of:

- Indigenous student success program (ISSP)
- NTG - other financial assistance
- Other non-government financial assistance / grants.

Income is recognised immediately when the Group has the contractual right to receive the grant as there are no identified sufficiently specific performance obligations.

Research

Research is categorised as:

- Research Support Program (RSP)
- Research Training Program (RTP)
- Other untied research

Income is recognised immediately when the Group has the contractual right to receive the grant as there are no identified sufficiently specific performance obligations.

Donations

Donations are categorised as:

- Scholarships
- Prizes
- Other donations

Income is recognised immediately when the Group receives the funds and there are no identified sufficiently specific performance obligations.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB15 and AASB1058. The adoption of AASB15 did not have a material impact on Other Comprehensive Income or the Group's operating, investing and financing cash flows.

The first column shows amounts prepared under AASB15 and AASB1058 and the second column shows what the amounts would have been had AASB15 and AASB1058 not been adopted.

Income Statement

Revenue and income from continuing operations

Australian Government financial assistance

Australian Government grants

HELP - Australian Government payments

NT Government financial assistance

HECS - HELP student payments

Fees and charges

Consultancy and contracts

Other revenue

Investment revenue

Gains on disposal of assets

Share of profit or loss on investments accounted for using the equity method

Total income from continuing operations

Expenses from continuing operations

Total expenses from continuing operations

Net result from continuing operations

	AASB15 / AASB1058 \$'000	Group Previous AAS \$'000	Increase / (decrease) \$'000	AASB15 / AASB1058 \$'000	Parent entity Previous AAS \$'000	Increase / (decrease) \$'000
Australian Government financial assistance						
Australian Government grants	109,099	109,148	(49)	88,294	88,343	(49)
HELP - Australian Government payments	28,998	29,729	(731)	28,998	29,729	(731)
NT Government financial assistance	76,171	77,719	(1,548)	66,879	68,426	(1,547)
HECS - HELP student payments	7,075	7,075	-	7,074	7,074	-
Fees and charges	54,827	55,658	(831)	46,172	47,004	(832)
Consultancy and contracts	22,117	22,540	(423)	14,252	14,676	(424)
Other revenue	19,813	21,040	(1,227)	16,927	18,153	(1,226)
Investment revenue	3,099	3,099	-	2,377	2,377	-
Gains on disposal of assets	101	101	-	96	96	-
Share of profit or loss on investments accounted for using the equity method	(220)	(220)	-	(220)	(220)	-
Total income from continuing operations	321,080	325,889	(4,809)	270,849	275,658	(4,809)
Expenses from continuing operations						
Total expenses from continuing operations	326,784	326,784	-	279,611	279,611	-
Net result from continuing operations	(5,704)	(895)	(4,809)	(8,762)	(3,953)	(4,809)

Notes to the Financial Statements

For the year ended 31 December 2019

Statement of Financial Position

As at 31 December 2019

	AASB15 / AASB1058 \$'000	Group Previous AAS \$'000	Increase / (decrease) \$'000	AASB15 / AASB1058 \$'000	Parent entity Previous AAS \$'000	Increase / (decrease) \$'000
Current assets						
Total current assets	113,508	113,508	-	87,672	87,672	-
Non-current assets						
Total non-current assets	508,533	508,533	-	504,900	504,900	-
Total assets	622,041	622,041	-	592,572	592,572	-
LIABILITIES						
Current liabilities						
Other liabilities	18,190	13,381	4,809	41,598	36,789	4,809
Total current liabilities	59,251	54,442	4,809	74,103	69,294	4,809
Non-current liabilities						
Total non-current liabilities	11,115	11,115	-	9,965	9,965	-
Total liabilities	70,366	65,557	4,809	84,068	79,259	4,809
Net assets	551,675	556,484	(4,809)	508,504	513,313	(4,809)
Equity						
Retained earnings	251,558	256,367	(4,809)	217,016	221,825	(4,809)
Total equity	551,675	556,484	(4,809)	508,504	513,313	(4,809)

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

Impact of initial application of AASB16 'Leases'

AASB16 'Leases' replaces AASB117 'Leases' along with three Interpretations (AASB Interpretation 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. The date of initial application is 1 January 2019, prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB117 and AASB Interpretation 4 and has not applied AASB16 to arrangements that were previously not identified as a lease under AASB117 and AASB Interpretation 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB16.

On transition, all leases previously accounted for as operating leases had a remaining lease term of six months to sixty months. The impact on transition is the recognition of Right of Use Assets and Lease Liabilities determined on the date of transition as the present value of the lease payments not paid at the transition date, Note 25. The Right of Use Assets have been depreciated on a straight-line basis and the implicit interest recognised in the Income Statement as Lease Interest Expense.

Leases at significantly below-market terms and conditions

In the current year, the Group has applied AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities which is effective for an annual period that begins on or after 1 January 2019.

For Not-for-Profit Entities with leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as concessionary leases or peppercorn leases), AASB 1058 and AASB 16 requires Not-for-Profit Entities to measure right-of-use assets at initial recognition at fair value (based on AASB 13), the lease liability per AASB 16 and the difference to be accounted as income upfront.

AASB 2018-8 provides a temporary option for Not-for-Profit lessees to elect to measure a class (or classes) of right-of-use assets arising under 'concessionary leases' at initial recognition, at either fair value or cost. If an entity chooses the cost option, additional disclosures are required for each material 'concessionary/ peppercorn lease' on the nature and terms and the entity's dependence on such leases.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: Summary of significant of accounting policies (continued)

For the concessionary leases, the Group has decided to make use of the temporary option under AASB 2018-8 to measure the right-of-use assets at cost on initial recognition.

Reconciliation of operating lease commitments under AASB117 and lease liabilities under AASB16

As a lessee, the weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position on the date of initial application was 2.5%.

The difference between the operating lease commitments disclosed previously by applying AASB117 and the value of the lease liabilities recognised under AASB16 on 1 January 2019 is explained as follows:

	Group 1 January 2019 \$'000	Parent 1 January 2019 \$'000
Operating lease commitments disclosed as at 31 December 2018	9,346	7,945
Discounted using CDU's weighted average incremental borrowing rate of 2.5%	(234)	(199)
Short-term / Low Value leases recognised as an expense	1,920	1,894
Lease liability recognised as at 1 January 2019	11,032	9,640

Derecognition of prepaid lease intangible asset

The Group has chosen to derecognise its intangible asset of \$26,647,836 previously recognised under AASB 138 representing the right-of-use for our JMB building on transition to AASB 16. This intangible was inflating the actual net assets of the Group and the annual amortisation had a significant impact on the Group Income Statement. The derecognition allows the consistent application of the peppercorn lease at cost applying AASB 2018-8. The impact of \$26,647,836 has been recognised in retained earnings.

At the date of the financial report, a number of Standards and Interpretations were issued but not yet effective. The Group has elected not to early adopt any of these standards. The Group's assessment of the impact of these new standards and interpretations is set out below:

Standard	Application date	Implications
AASB 2019-6 Amendments to Australian Accounting Standards – Research Grants and Not for-Profit Entities.	1-Jul-2020	Expected to reduce revenue
AASB17 'Insurance Contracts'	1-Jan-2021	There will be no material impact to the entity
2018-6 'Definition of a Business'	1-Jan-2020	There will be no material impact to the entity
2018-7 'Definition of Material'	1-Jan-2020	There will be no material impact to the entity

Notes to the Financial Statements

For the year ended 31 December 2019

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.

		Parent Entity			Parent Entity		
	Note	Higher Education	VET	Total Parent	Higher Education	VET	Total Parent
		2019	2019	2019	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT							
In come from continuing operations							
Australian Government financial assistance	3	86,084	2,210	88,294	83,129	4,407	87,536
Australian Government grants:							
- HECS - HELP Australian Gov payments	3	28,813	185	28,998	24,563	147	24,710
NT Government financial assistance	4	10,888	55,991	66,879	9,330	50,006	59,336
HECS - HELP student payments		7,074	-	7,074	5,153	-	5,153
Fees and charges	5	38,765	7,407	46,172	37,679	7,313	44,992
Consultancy and contracts	6	13,904	348	14,252	14,581	516	15,097
Other revenue	7	10,831	6,096	16,927	11,690	6,659	18,349
Investment revenue	8	1,689	688	2,377	2,411	1,006	3,417
(Loss) / Gain on disposal of assets	31	86	10	96	(45)	75	30
Share of profit or loss on investments accounted for using the equity method	23	(144)	(76)	(220)	29	15	44
Total income from continuing operations		197,990	72,859	270,849	188,520	70,144	258,665
Expenses from continuing operations							
Employee related expenses	9	106,220	56,512	162,732	104,191	57,126	161,317
Depreciation and amortisation	10	10,440	5,819	16,259	9,425	5,285	14,710
Repairs and maintenance	11	3,471	3,511	6,982	3,521	3,445	6,966
Impairment of assets	12	1,184	1,427	2,611	2,405	1,899	4,304
Other expenses	13	66,787	24,240	91,027	67,883	24,865	92,748
Total expenses from continuing operations		188,102	91,509	279,611	187,425	92,620	280,045
Net result before income tax		9,888	(18,650)	(8,762)	1,095	(22,476)	(21,381)
Net result after income tax for the period		9,888	(18,650)	(8,762)	1,095	(22,476)	(21,381)
Net result		9,888	(18,650)	(8,762)	1,095	(22,476)	(21,381)

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent) (continued)

	Note	Higher Education 2019 \$'000	VET 2019 \$'000	Total Parent 2019 \$'000	Higher Education 2018 \$'000	VET 2018 \$'000	Total Parent 2018 \$'000
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Current assets							
Cash and cash equivalents	15	142,904	(70,877)	72,027	126,446	(54,933)	71,513
Receivables	16	2,029	1,063	3,092	2,313	1,212	3,525
Inventories	17	315	165	480	396	208	604
Other financial assets	20	3,378	1,769	5,147	5,603	2,935	8,538
Non-current assets classified as held for sale	21	52	28	80	267	140	407
Other non-financial assets	22	4,493	2,353	6,846	3,957	2,071	6,028
Total current assets		153,171	(65,499)	87,672	138,982	(48,367)	90,615
Non-current assets							
Biological assets	18	-	859	859	-	1,238	1,238
Investments accounted for using the equity method	23	984	-	984	1,205	-	1,205
Other financial assets	20	39,869	-	39,869	22,918	-	22,918
Property, plant and equipment	24	303,967	159,221	463,188	308,665	161,682	470,347
Intangible assets	26	-	-	-	84	44	128
Total non-current assets		344,820	160,080	504,900	332,872	162,964	495,836
Total assets		497,991	94,581	592,572	471,854	114,597	586,451
LIABILITIES							
Current liabilities							
Trade and other payables	27	6,438	3,372	9,810	4,714	2,469	7,183
Lease liability	25(a)	1,110	582	1,692	-	-	-
Borrowings	28	-	-	-	656	344	1,000
Provisions	29	13,783	7,220	21,003	14,926	7,819	22,745
Other liabilities	30	27,299	14,299	41,598	27,552	14,432	41,984
Total current liabilities		48,630	25,473	74,103	47,848	25,064	72,912
Non-current liabilities							
Provisions	29	3,663	1,918	5,581	3,780	1,980	5,760
Lease liability	25(a)	2,877	1,507	4,384	-	-	-
Total non-current liabilities		6,540	3,425	9,965	3,780	1,980	5,760
Total liabilities		55,170	28,898	84,068	51,628	27,044	78,672
Net assets		442,821	65,683	508,504	420,226	87,553	507,779
Equity							
Reserves	32(a)	170,258	82,951	253,209	155,911	84,956	240,867
Restricted funds	32(b)	19,213	2,850	22,063	19,515	4,066	23,581
Retained earnings	32(c)	253,350	(20,118)	233,232	244,800	(1,469)	243,331
Total equity		442,821	65,683	508,504	420,226	87,553	507,779

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent) (continued)

STATEMENT OF CHANGES IN EQUITY

Parent

Balance at 1 January 2018

Net result

Other comprehensive income

Total comprehensive income

Distribution from subsidiaries

Balance at 31 December 2018

Balance at 1 January 2019

Retrospective changes

Balance as restated

Net result

Other comprehensive income

Total comprehensive income

Balance at 31 December 2019

Higher Education	VET	Total Parent
\$'000	\$'000	\$'000
413,964	108,107	522,071
1,095	(22,476)	(21,381)
7,055	34	7,089
8,150	(22,442)	(14,292)
(1,888)	1,888	-
420,226	87,553	507,779
420,226	87,553	507,779
(3,118)	-	(3,118)
417,108	87,553	504,661
9,887	(18,649)	(8,762)
15,825	(3,221)	12,604
25,713	(21,870)	3,843
442,821	65,683	508,504

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent) (continued)

	Note	Higher Education 2019 \$'000	VET 2019 \$'000	Total Parent 2019 \$'000	Higher Education 2018 \$'000	VET 2018 \$'000	Total Parent 2018 \$'000
STATEMENT OF CASH FLOWS							
Cash Flows from operating activities							
Australian Government Grants		113,107	2,395	115,502	106,581	4,554	111,135
OS-HELP (net)		(52)	-	(52)	169	-	169
NT Government Grants		9,963	55,991	65,954	9,330	50,006	59,336
HECS-HELP student payments		7,767	-	7,767	5,153	-	5,153
Receipts from student fees and other customers		65,810	12,459	78,269	62,268	13,491	75,759
Interest received		788	413	1,201	693	586	1,279
Dividend received		2,714	-	2,714	802	-	802
Proceeds from sale of biological assets		-	358	358	-	264	264
Payments to suppliers and employees		(172,536)	(81,316)	(253,852)	(163,538)	(93,583)	(257,121)
Lease interest payments		(94)	(53)	(147)	-	-	-
Low value / short term lease payments		(1,390)	(1,131)	(2,521)	-	-	-
Net cash provided by / (used in) operating activities	42	26,077	(10,884)	15,193	21,458	(24,681)	(3,224)
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		374	196	570	139	73	212
Payments for property, plant and equipment		(3,837)	(2,010)	(5,847)	(4,473)	(2,343)	(6,816)
Payments for biological assets		-	(22)	(22)	-	(199)	(199)
Net cash used in investing activities		(3,463)	(1,836)	(5,299)	(4,334)	(2,469)	(6,803)
Cash flows from financing activities							
Repayment of lease liabilities		(1,012)	(530)	(1,542)	-	-	-
Proceeds from borrowings		(656)	(344)	(1,000)	(656)	(344)	(1,000)
Other investing inflows / (outflows)		(4,488)	(2,350)	(6,838)	(3,130)	(1,637)	(4,767)
Net cash used in financing activities		(6,156)	(3,224)	(9,380)	(3,786)	(1,981)	(5,767)
Net Increase / (decrease) in cash and cash equivalents		16,458	(15,944)	514	13,338	(29,132)	(15,794)
Cash and cash equivalents at the beginning of the financial year	15	126,446	(54,933)	71,513	113,108	(25,801)	87,307
Cash and cash equivalents at the end of the financial year	15	142,904	(70,877)	72,027	126,446	(54,933)	71,513

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3: Australian Government financial assistance including Australian Government loan programs (HELP)

	Note	Group		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(a) Commonwealth grant scheme and other grants	45.1				
Commonwealth grants scheme ^{#1}		63,224	61,352	63,224	61,352
Disability performance funding ^{#2}		32	30	32	30
Higher education participation and partnership program		1,329	1,356	1,329	1,356
Indigenous student success program		1,874	2,038	1,874	2,038
Total Commonwealth grants scheme and other grants		66,459	64,776	66,459	64,776
(b) Higher Education Loan Programs	45.2				
HECS-HELP		27,317	23,213	27,317	23,213
FEE-HELP		693	674	693	674
VET FEE-HELP		185	147	185	147
SA-HELP		803	676	803	676
Total Higher education loan programs		28,998	24,710	28,998	24,710
(c) Education - research	45.3				
Research support program		10,747	9,926	10,747	9,926
Research training scheme		7,497	7,270	7,497	7,270
Total education research grants		18,244	17,196	18,244	17,196
(d) Other capital funding					
Other	45.4	-	1,184	-	1,184
Total other capital funding		-	1,184	-	1,184
(e) Australian Research Council	45.5				
Discovery		904	339	904	339
Linkages ^{#3}		174	277	174	277
Other		187	184	187	184
Total Australian Research Council		1,265	800	1,265	800

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3: Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

	Note	Group		Parent Entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(f) Other Australian Government Financial Assistance					
Non-capital					
Department of Health and Aged Care Grants		1,860	2,875	-	-
Away from Base		2,326	3,580	2,326	3,580
National Health and Medical Research Council Grants		16,581	12,422	-	-
Other		2,364	3,715	-	-
Total		23,131	22,592	2,326	3,580
Total other Australian Government financial assistance		23,131	22,592	2,326	3,580
Australian Government grants (a+c+d+e+f)		109,099	106,548	88,294	87,536
HELP - Australian Government payments (b)		28,998	24,710	28,998	24,710
Total Australian Government financial assistance		138,097	131,258	117,292	112,246

- #1 Includes the basic CGS grant amount, Regional Loading, Enabling Loading, Medical Student Loading, Allocated Places and Non-Designated Courses.
- #2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training.
- #3 ARC Linkage Infrastructure, Equipment and Facilities grants should be reported in (d) Other Capital Funding.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3: Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

Accounting Policy - 2019

Commonwealth grant scheme and other grants

Commonwealth Grant Scheme funding represents subsidies for tuition costs for higher education students. This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services.

Higher Education Participation and Partnership Program represents grants provided to undertake activities and implement strategies that improve access to undergraduate courses for people from low socio-economic status (SES) backgrounds, as well as improving the retention and completion rates of those students. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended.

Indigenous Support Program funding represents grants provided to accelerate improvements in the university enrolment, progression and award completions of Indigenous Australians. This falls under AASB1058 (as the performance obligations are not 'sufficiently specific') and the revenue is recognised when received.

Higher Education Loan Programs

HELP represents financial assistance provided by the Commonwealth Government (in the form of a loan between the government and the student) that allows eligible students to pay their student contribution amounts (HECS-HELP), tuition fees (FEE-HELP), and student services and amenities fee (SA-HELP). This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services and other amenities.

Education – research

Research Training Program funding represents grants provided to support both domestic and overseas students undertaking Research Doctorate and Research Masters degrees. This falls under AASB1058 (as the performance obligations are not 'sufficiently specific') and the revenue is recognised when received.

Research Support Program funding represents grants provided to support the systemic costs of research not supported directly through competitive and other grants. This falls under AASB1058 (as the performance obligations are not 'sufficiently specific') and the revenue is recognised when received.

Other capital funding

Other capital funding represents grants provided to acquire or construct a recognisable non-financial asset (e.g. land, buildings, infrastructure, plant and equipment) to be controlled by the Group. This falls under AASB1058 and the revenue is recognised over time as the asset is acquired or constructed.

Australian Research Council

Australian Research Council funding represents grants to support the highest-quality fundamental and applied research and research training. The Group has decided to defer the application of research grants from periods beginning on or after 1 July 2019 under AASB15 *Revenue from Contracts with Customers*, revenue is currently recognised on receipt.

National Health and Medical Research Council

National Health and Medical Research Council funding represents research grants to advance health and medical knowledge to improve the health status of all Australians. The Group has decided to defer the application of research grants from periods beginning on or after 1 July 2019 under AASB15 *Revenue from Contracts with Customers*, revenue is currently recognised on receipt.

Other Australian Government Financial Assistance

The remaining revenue in this category consists of a mix of other operating and research grants provided by the Commonwealth Government. This falls under AASB15 and the revenue is recognised over time as the grant funds are expended.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3: Australian Government financial assistance including Australian Government loan programs (HELP) (continued)

Accounting Policy - 2018

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.

Government grants

The Group treats operating grants received from Australian Government agencies 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.

HELP (Higher Education Loan Program) payments

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

Note 4: Northern Territory Government financial assistance

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-Capital				
Vocational Educational and Training	46,128	47,310	46,128	47,310
NTG - other financial assistance	28,541	15,770	19,249	9,444
Total Non-Capital	74,669	63,080	65,377	56,754
Capital				
Vocational Education and Training	1,502	2,582	1,502	2,582
Total Capital	1,502	2,582	1,502	2,582
Total Northern Territory Government Financial Assistance	76,171	65,662	66,879	59,336

Accounting Policy - 2019

State and local government financial assistance

The revenue in this category consists of a mix of teaching funding and operating grants provided by state and local governments. This falls under AASB15 and the revenue is recognised over time as the teaching and grant funds are expended.

Capital funding

Capital funding represents grants provided to acquire or construct a recognisable non-financial asset (e.g. land, buildings, infrastructure, plant and equipment) to be controlled by the Group. This falls under AASB1058 and the revenue is recognised over time as the asset is acquired or constructed.

Accounting Policy - 2018

The Group treats operating grants received from Northern Territory Government agencies 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 5: Fees and charges

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Course fees and charges				
Fee-paying onshore overseas students	37,896	36,420	37,896	36,420
Continuing education	5,802	5,580	5,802	5,580
Fee-paying domestic postgraduate students	7,060	7,078	37	222
Fee-paying domestic undergraduate students	11	28	11	28
Fee-paying domestic non-award students	796	900	796	900
Total course fees and charges	51,565	50,006	44,542	43,150
Other non-course fees and charges				
Application fees	137	159	44	37
Administration fees and charges	134	212	134	212
Other	2,991	2,357	1,452	1,593
Total other fees and charges	3,262	2,728	1,630	1,842
Total fees and charges	54,827	52,734	46,172	44,992

Accounting Policy - 2019

Student fees and charges

Course fees and charges relate to undergraduate programs, graduate and professional degree programs, and continuing education and executive programs. It excludes fees and charges for Commonwealth Government funded courses (this is categorised separately as Australian Government Financial Assistance). This falls under AASB15 and the revenue is recognised over time as the students receive the tuition services.

Student service and amenities fee revenue is derived when a student pays their fee up-front to the University (and does not enter into a SA-HELP loan arrangement with the Commonwealth Government if eligible to do so). This falls under AASB15 and the revenue is recognised over time as the students receive the student services and amenities.

Non-course fees and charges

Non-course fees and charges revenue relates to student services and amenities fees, use of facility charges, commercial sales, accommodation services and other miscellaneous revenue. Revenue is recognised when the Group satisfies a performance obligation by transferring a good / service to a customer.

The revenue is recognised:

- Over time when the service is provided over the defined period.
- At a point in time when the goods / service is in relation to the completion of sufficiently specific performance obligations.

Accounting Policy - 2018

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 6: Consultancy and contracts

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contract research	22,117	20,419	14,252	15,097
Total consultancy and contracts	22,117	20,419	14,252	15,097

Accounting Policy- 2019

Contract research

Contract research revenue represents grants received from non-government entities that relate to research and experimental development. The Group has decided to defer the application of research revenue from periods beginning on or after 1 July 2019 under *AASB15 Revenue from Contracts with Customers*, revenue is currently recognised on receipt.

Accounting Policy- 2018

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

Note 7: Other revenue

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Other revenue				
Donations - CDUFT and other	2,186	2,205	405	1,041
Scholarships and prizes	2,859	1,401	2,147	769
Financial assistance/grants	790	389	790	389
Sales	4,702	4,468	5,869	5,563
Facility and equipment hire	1,616	1,529	1,231	1,460
Catering	140	127	140	126
Guest accommodation	3,431	3,219	2,395	2,227
Joint venture operations	3,059	2,107	3,059	2,107
Other	1,047	5,440	908	4,392
Total other revenue	19,830	20,885	16,944	18,076
Other income				
Change in fair value less point of sale cost of livestock	(17)	273	(17)	273
Total other income	(17)	273	(17)	273
Total other revenue	19,813	21,158	16,927	18,349

Notes to the Financial Statements

For the year ended 31 December 2019

Note 7: Other revenue (continued)

Accounting Policy - 2019

Donations

Donations and bequests consist of voluntary, unencumbered gifts where no material benefit or advantage is received by the donor. All donations and bequests fall under AASB1058 (as there are no material obligations or conditions) and the revenue is recognised when received.

Scholarships and prizes

Scholarships and prizes represent funds received by the Group from non-government entities to provide support to students to further their education. This falls under AASB15 and the revenue is recognised over time as the scholarships and prizes are provided to students.

Sale of goods

Sale of goods includes the sale of livestock, books, food and drink. This falls under AASB15 and the revenue is recognised when the promised goods are provided to the customer (i.e. when the customer obtains control).

Rendering of services

Sale of services includes the provision of medical examinations, internet access and catered functions. This falls under AASB15 and the revenue is recognised when the promised service is provided to the customer.

Other revenue

Other revenue consists of other small revenue items that are not classified elsewhere. They fall under AASB1058 and the revenue is recognised when received.

Change in fair value less point of sale cost of livestock

Changes in the fair value less estimated point of sale costs are recognised in the Income Statement in the year they arise.

Accounting Policy - 2018

Donations

Donations are recorded as income of the Charles Darwin University Foundation Trust upon receipt of the cash or upon delivery of the goods or performance of service in the case of donations in kind. Pledged donations are not recorded until received.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from rendering of services is recognised only when the entity has a right to be compensated, it is probable that compensation will be received, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

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.

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.

Change in fair value less point of sale cost of livestock

Changes in the fair value less estimated point of sale costs are recognised in the income statement in the year they arise.

Volunteer Services

The Group has elected not to recognise volunteer services received as income.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 8: Investment revenue

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest	1,784	2,313	993	1,279
Dividends	1,403	2,210	1,384	2,138
Investment property - Fair value movement	(95)	(5)	-	-
Investment property rental	7	7	-	-
Total investment revenue	3,099	4,525	2,377	3,417

Accounting Policy

Investment Revenue

Interest revenue is recognised as revenue over time.

Dividend revenue is recognised at the point in time the Group's right to receive payment has been established.

Investment property is carried at fair value, changes in fair values are recorded in the Income Statement as part of investment revenue.

Rental revenue from the leasing of investment properties is recognised in the Income Statement in the periods over time, as this represents the pattern of service rendered through the provision of the properties.

Note 9: Employee-related expenses

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Academic				
Salaries	89,640	84,947	69,383	67,089
Contributions to superannuation and pension schemes:				
- Funded	12,300	12,499	9,882	10,335
Payroll tax	5,524	5,536	4,183	4,335
Worker's compensation	882	481	383	364
Long service leave expense	1,047	2,378	587	1,872
Annual leave	3,073	3,333	681	1,205
Total academic	112,466	109,174	85,099	85,200
Non-academic				
Salaries	66,087	65,194	60,961	60,018
Contributions to superannuation and pension schemes:				
- Funded	10,203	10,163	9,522	9,512
Payroll tax	4,015	3,979	3,905	3,850
Worker's compensation	12	363	362	322
Long service leave expense	2,221	1,315	2,233	1,296
Annual leave	1,511	1,540	576	1,019
Other	74	100	74	100
Total non-academic	84,123	82,654	77,633	76,117
Total employee related expenses	196,589	191,828	162,732	161,317

Notes to the Financial Statements

For the year ended 31 December 2019

Note 9: Employee-related expenses (continued)

Accounting Policy

Wages and salaries

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, worker's compensation and termination payments.

Superannuation

The Group recognises amounts payable to defined contributions schemes as an expense in the Income Statement in the period that the service has been rendered by the employee.

Annual Leave

Annual leave is classified as a current provision as the Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, however the liability is not expected to be settled in full within twelve months of the reporting period. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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.

Note 10: Depreciation and amortisation

Depreciation

Buildings and demountables

Plant and equipment

Leasehold improvements

Land improvements

Books and periodicals

Right of use assets

Total depreciation

Amortisation

Intangible asset

Total amortisation

Total depreciation and amortisation

Group		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
10,113	10,062	10,113	10,062
3,092	3,326	2,359	2,306
520	893	494	872
988	942	988	942
401	397	401	397
2,423	-	1,776	-
17,537	15,620	16,131	14,579
190	2,283	128	131
190	2,283	128	131
17,727	17,903	16,259	14,710

Notes to the Financial Statements

For the year ended 31 December 2019

Note 10: Depreciation and amortization (continued)

Accounting Policy			
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:			
	2019	2018	
Buildings including demountable	15 – 80 years	15 – 80 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	3-25 years	3-25 years	
Library books and periodicals	10 years	10 years	
Furniture and fittings	5 years	5 years	
Motor vehicles	3-4 years	3-4 years	
Right of use assets	2-5 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.			
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:			
	2019	2018	
Intangible assets	5 years	5-20 years	

Note 11: Repairs and maintenance

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Building maintenance	938	571	937	571
Grounds maintenance	596	653	596	653
Electrical works	1,379	1,183	1,379	1,183
Air-conditioning	763	776	763	776
Building energy maintenance	234	321	234	321
Repairs and maintenance information technology	365	338	365	338
Plumbing	626	664	626	664
Demolition costs	87	161	87	161
Repairs and maintenance general	1,110	2,652	1,995	2,299
Total repairs and maintenance	6,098	7,319	6,982	6,966

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 12: Impairment of assets

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
General debts	41	64	8	47
Student debts	915	648	915	648
Related party debts	-	-	1,688	3,609
Total impairment of assets	956	712	2,611	4,304

Accounting Policy

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.

For further information on accounting policies of impairment of financial assets, refer to Note 16 and Note 20.

Note 13: Other expenses

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Scholarships, grants and prizes	9,158	7,213	15,877	13,985
Non-capitalised equipment	2,429	3,249	2,186	2,991
Advertising, marketing and promotional expenses	5,962	5,224	5,342	4,620
Materials	12,293	16,035	9,245	13,230
Stationery, photocopying and postage	2,804	3,333	2,676	3,099
Licenses, fees and charges	10,647	8,355	9,179	8,125
Travel, staffing and related costs	11,921	12,122	7,691	8,192
Utilities and facilities management	9,532	9,425	9,283	9,186
Interest and low value / short term leases	3,387	2,647	2,676	2,638
Motor vehicle expenses	683	756	683	756
Insurance	1,888	1,437	1,657	1,209
Inventory used	1,569	2,242	1,142	1,968
Consultants - teaching	1,847	1,688	1,847	1,568
Consultants - general	23,202	18,722	13,754	12,316
Communications	2,008	2,356	1,890	2,169
Joint venture operations	3,059	2,107	3,059	2,107
Other	3,023	5,511	2,840	4,589
Total other expenses	105,414	102,422	91,027	92,748

Notes to the Financial Statements

For the year ended 31 December 2019

Note 14: Income tax

(a) Income tax recognised in profit or loss

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Current tax				
In respect of the previous year	-	12	-	-
Deferred tax				
In respect of the current year	-	-	-	-
Total income tax recognised in the current year	-	12	-	-

Accounting Policy

Income tax

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.

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.

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

	Group		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net result before income tax	(5,704)	(19,135)	(8,762)	(21,381)
Income tax expense calculated at 0%	-	-	-	-
Under provision relating to pre 21 June 2017	-	12	-	-
Total income tax recognised in the current year	-	12	-	-

As of 21 June 2017, the CDU Amenities Limited subsidiary companies became income tax exempt under Subdivision 50-B of the Income Tax Assessment Act 1997, the tax rate used for the 2019 and 2018 reconciliations above is 0%.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 15: Cash and cash equivalents

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and on hand	30,002	17,768	22,586	13,031
Cash at bank - at call account	13,391	7,028	12,138	5,778
Cash at bank - term deposits	49,134	58,301	37,303	52,704
Total cash and cash equivalents	92,527	83,097	72,027	71,513

(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:

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balances as above	92,527	83,097	72,027	71,513
Balance per Statement of Cash Flows	92,527	83,097	72,027	71,513

Accounting Policy

Cash and cash equivalents

For the 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.

(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 0.48% and 1.78% (2018 - 1.34% and 1.67%).

(c) At call

The cash at bank at call account is subject to variable interest rates between 0.65% and 1.80% (2018 - 1.40% and 2.05%).

(d) Term deposits

The deposits are bearing floating interest rates between 1.25% and 2.70% (2018 - 2.15% and 2.80%). These deposits have an average maturity of 111 days (2018 - 150 days).

(e) Bank guarantees

The University has three bank guarantees totalling \$0.63 million (2018: \$0.54 million) for the lease of levels 10 and 11, 815 George Street, Sydney and the lease of Level 11, 410 Ann Street, Brisbane.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 16: Receivables

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Trade receivables	4,115	2,154	2,034	2,251
Student fees	4,679	5,937	1,624	1,781
GST receivable	626	723	914	664
Less: Provision for impaired receivables	(1,490)	(1,181)	(1,480)	(1,171)
Total receivables	7,930	7,633	3,092	3,525

Accounting Policy

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.

Impairment

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

As of 31 December 2019, trade receivables of the Group with a nominal value of \$0.44 million (2018: \$0.96 million) were past due but not impaired. These relate to a number of independent customers and students for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>The ageing of these receivables is:</u>				
3 to 6 months	379	634	309	619
Over 6 months	65	323	76	330
Total	444	957	385	949

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

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	1,181	941	1,171	928
Provisions for expected credit loss	956	712	923	695
Receivables written off during the year as uncollectible	(647)	(472)	(614)	(452)
At 31 December	1,490	1,181	1,480	1,171

Set information about the credit exposures are disclosed in Note 43 Financial Risk Management.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 17: Inventories

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
CDU Bookshop	447	561	447	561
Uniprint	33	43	33	43
Northern Editions	539	539	539	539
Less: Provision for impairment	(539)	(539)	(539)	(539)
Total inventories	480	604	480	604

Accounting Policy

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.

Note 18: Biological assets

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cattle				
Carrying amount at 1 January	1,181	1,024	1,181	1,024
Gain from changes to fair value less estimated point of sale costs	(51)	242	(51)	242
Purchases	22	199	22	199
Sales	(358)	(264)	(358)	(264)
Deaths	(23)	(20)	(23)	(20)
Carrying amount at 31 December	771	1,181	771	1,181
Horses				
Carrying amount at 1 January	57	34	57	34
Gain/(loss) from changes to fair value less estimated point of sale costs	34	31	34	31
Sales / deaths	(3)	(8)	(3)	(8)
Carrying amount at 31 December	88	57	88	57
Total biological assets	859	1,238	859	1,238

Notes to the Financial Statements

For the year ended 31 December 2019

Note 18: Biological assets (continued)

Accounting Policy

Biological assets

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. Purchases of livestock are recorded as cash flows used in operating activities.

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 2019 the fair value of biological assets is based on the valuation performed by Ray White Livestock.

As at 31 December 2019, the University had no commitment to purchase any livestock.

As at 31 December 2019, livestock held for sale comprised 585 cattle and 22 horses (2018: 750 cattle and 19 horses).

Note 19: Investment property

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At fair value				
Opening balance at 1 January	305	310	-	-
Revaluation of assets	(95)	(5)	-	-
Closing balance at 31 December	210	305	-	-

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.

Accounting Policy

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 19: Investment property (continued)

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in profit or loss for investment properties				
Rental income	12	7	-	-
Direct operating expenses (rent generating properties)	(10)	(5)	-	-
Total recognised in profit or loss	2	2	-	-

Note 20: Other financial assets

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued interest receivable	117	777	117	326
Contract assets	4,415	5,779	3,723	5,779
Accrued dividend receivable	570	1,900	570	1,900
Advances to related parties	39	35	6,034	4,142
Less: Provision for impaired advances	-	-	(5,297)	(3,609)
Total current	5,141	8,491	5,147	8,538
Non current				
Available-for-sale	39,869	22,918	39,869	22,918
Listed securities:				
Opening value	272	297	-	-
- Investment revaluation reserve	24	(25)	-	-
Total listed securities	296	272	-	-
Total non-current	40,165	23,190	39,869	22,918
Total other financial assets	45,306	31,681	45,016	31,456

Charles Darwin University is one of 38 Australian Universities with equal ownership of Education Australia Limited. Education Australia Limited owns 50% of IDP Education Ltd which is listed on the Australian Stock Exchange. The investment in Education Australia has been measured at fair value at 31 December 2019. Fair value has been determined based on the market value of shares in IDP Education Ltd (as it is traded on the Australian Stock Exchange), adjusted for the net assets of Education Australia Limited and a discount of 30% applied. A discount has been applied to reflect existing restrictive Education Australia Shareholders Agreement.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 20: Other financial assets (continued)

(a) Allowances for financial instruments other than receivables

Set out below is the movement in the allowance for financial instruments other than receivables:

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At 1 January	-	-	(3,609)	-
Provisions for expected credit losses	-	-	(1,688)	(3,609)
Write-off	-	-	-	-
At 31 December	-	-	(5,297)	(3,609)

The information about the credit exposures are disclosed in Note 43 Financial risk management.

Accounting Policy

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

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), or fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through Other Comprehensive Income
- Investments in equity instruments designated at fair value through Other Comprehensive Income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 20: Other financial assets (continued)

Accounting Policy

i) *Financial assets at amortised cost*

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, and loans to related parties.

ii) *Financial assets at fair value through Other Comprehensive Income*

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

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

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

The Group's financial instruments at fair value through OCI includes investments in quoted financial instruments included under other non-current financial assets.

iii) *Investments in equity instruments designated at fair value through Other Comprehensive Income*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB9 Financial Instruments and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

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

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for financial instruments to be classified at amortised cost or at fair value through OCI, as described above, financial instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 20: Other financial assets (continued)

Accounting Policy

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Income Statement.

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

Derecognition

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

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

Offsetting

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

Impairment of financial instruments other than receivables

The Group recognises an allowance for expected credit losses (ECLs) for all financial instruments other than receivables and not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the financial instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the financial instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 21: Assets classified as held for sale

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Land held for resale	80	407	80	407
Total non-current assets classified as held for sale	80	407	80	407

The 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 2019, lots from stages 1 to 10 were available for sale and are expected to be sold during the year ending 31 December 2020.

The land classified as held for sale comprises of lots from stages 1-10, with development of stages 11 - 20 currently on hold, these lots have been classified as property, plant and equipment.

Accounting Policy

Assets classified as held for sale

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.

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.

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.

Note 22: Other assets

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Prepayments	7,096	6,174	6,846	6,028
Other assets	254	87	-	-
Total other assets	7,350	6,261	6,846	6,028

Notes to the Financial Statements

For the year ended 31 December 2019

Note 23: Investments accounted for using the equity method

(a) Associates

Name of Entity	Place of business Country of / incorporation	Measurement method	Quoted fair value		Ownership interest	
			2019 \$'000	2018 \$'000	2019 %	2018 %
FCD Health Limited	Australia	Equity method	289	558	50	50
South Australian Tertiary Admissions Centre Limited	Australia	Equity method	695	647	20	20
			984	1,205		

Accounting Policy

Associates

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

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

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.

The Parent Entity has a 20% interest in South Australian Tertiary Admissions Centre Limited (SATAC), a not for profit body operating in Australia, incorporated in July 2017. The principal activity is the processing of applications, assessing qualifications, ranking applicants and making offers to courses at TAFE SA and the four Universities that form part of the administration agreement.

	FCD Health		SATAC		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Position						
Current assets	260	454	669	402	929	856
Non-current assets	183	332	254	387	437	719
Total assets	443	786	923	789	1,366	1,517
Current liabilities	154	228	228	142	382	370
Non-current liabilities	-	-	-	-	-	-
Total liabilities	154	228	228	142	382	376
Net assets	289	558	695	647	984	1,205

Notes to the Financial Statements

For the year ended 31 December 2019

Note 23: Investments accounted for using the equity method (continued)

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

	FCD Health		SATAC		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of carrying amount						
Balance at 1 January	558	590	647	571	1,205	1,161
Share of profit for the year	(269)	(32)	48	76	(221)	44
Balance at 31 December	289	558	695	647	984	1,205
Financial Performance						
Revenues	1,530	2,768	2,114	1,996	3,644	4,764
Expenses	(1,833)	(2,800)	(2,066)	(1,920)	(3,899)	(4,720)
Adjustments	34	-	-	-	34	-
Net operating result before income tax	(269)	(32)	48	76	(221)	44

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Property, plant and equipment

Group	Land \$'000	Land Improvements \$'000	Buildings \$'000	Demountables \$'000	Works of Art \$'000	Library Books and Periodicals \$'000	Plant and Equipment \$'000	Leasehold Improvements \$'000	Right-of- use assets \$'000	Work in Progress \$'000	TOTAL \$'000
At 1 January 2018											
- Cost	-	2,254	4,658	344	46	77	41,547	5,712	-	256	54,894
- Valuation	31,660	27,598	397,666	1,336	1,596	3,860	2,838	-	-	-	466,554
- Accumulated Depreciation	-	(975)	(11,026)	(136)	-	(390)	(35,830)	(3,545)	-	-	(51,902)
Net Book Amount	31,660	28,877	391,298	1,544	1,642	3,547	8,555	2,167	-	256	469,545
Year Ended 31 December 2018											
Opening Net Book Amount	31,660	28,877	391,298	1,544	1,642	3,547	8,555	2,167	-	256	469,545
Additions	-	455	532	14	32	53	3,288	65	-	3,219	7,658
Transfers	-	1,540	1,203	-	-	-	-	-	-	(2,743)	-
Transfers from land held for resale	10,504	-	-	-	-	-	-	-	-	-	10,504
Disposals	-	(43)	(525)	-	-	-	(1,003)	-	-	-	(1,571)
Add back accumulated Depreciation	-	5	59	-	-	-	994	-	-	-	1,058
Depreciation Charge	-	(942)	(9,946)	(116)	-	(397)	(3,326)	(893)	-	-	(15,620)
Closing Net Book Amount	42,164	29,892	382,621	1,442	1,674	3,203	8,508	1,339	-	732	471,575
At 31 December 2018											
- Cost	-	4,206	5,868	358	78	130	43,832	5,777	-	732	60,981
- Valuation	42,164	27,598	397,666	1,336	1,596	3,860	2,838	-	-	-	477,058
- Accumulated Depreciation	-	(1,912)	(20,913)	(252)	-	(787)	(38,162)	(4,438)	-	-	(66,464)
Net Book Amount	42,164	29,892	382,621	1,442	1,674	3,203	8,508	1,339	-	732	471,575

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Property, plant and equipment (continued)

Group	Land \$'000	Land Improvements \$'000	Buildings \$'000	Demountables \$'000	Works of Art \$'000	Library Books and Periodicals \$'000	Plant and Equipment \$'000	Leasehold Improvements \$'000	Right-of- use assets \$'000	Work in P rogress \$'000	TOTAL \$'000
At 1 January 2019											
- Cost	-	4,206	5,868	358	78	130	43,832	5,777	7,820	732	70,670
- Valuation	42,164	27,598	397,666	1,336	1,596	3,860	2,838	-	-	-	477,058
- Accumulated Depreciation	-	(1,912)	(20,913)	(252)	-	(787)	(38,162)	(4,438)	-	-	(66,464)
Net Book Amount	42,164	29,892	382,621	1,442	1,674	3,203	8,508	1,339	7,820	732	481,264
Year Ended 31 December 2019											
Opening Net Book Amount	42,164	29,892	382,621	1,442	1,674	3,203	8,508	1,339	7,820	732	479,395
Additions	-	559	509	-	28	33	1,497	-	1,869	4,467	8,963
Transfers	-	-	2,140	-	-	-	500	-	-	(2,640)	-
Disposals	-	-	-	(294)	-	-	(2,651)	(906)	-	-	(3,851)
Add back accumulated depreciation	-	-	-	29	-	-	2,446	725	-	-	3,200
Revaluation Surplus/(Deficit)	1,136	2,611	(8,730)	(181)	20	798	-	-	-	-	(4,346)
Depreciation Charge	-	(988)	(9,993)	(120)	-	(401)	(3,092)	(520)	(2,423)	-	(17,537)
Closing Net Book Amount	43,300	32,074	366,547	876	1,722	3,633	7,208	638	7,266	2,559	465,823
At 31 December 2019											
- Cost	-	-	-	-	-	-	43,178	5,597	9,689	2,559	61,023
- Valuation	43,300	32,074	366,547	876	1,722	3,633	2,838	-	-	-	450,990
- Accumulated Depreciation	-	-	-	-	-	-	(38,808)	(4,959)	(2,423)	-	(46,190)
Net Book Amount	43,300	32,074	366,547	876	1,722	3,633	7,208	638	7,266	2,559	465,823

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Property, plant and equipment (continued)

	Land \$'000	Land Improvements \$'000	Buildings \$'000	Demountables \$'000	Works of Art \$'000	Library Books and Periodicals \$'000	Plant and Equipment \$'000	Leasehold Improvements \$'000	Right-of- use assets \$'000	Work in Progress \$'000	TOTAL \$'000
Parent Entity											
At 1 January 2018											
- Cost	-	2,254	4,658	344	46	77	34,892	4,940	-	211	47,422
- Valuation	31,660	27,598	397,665	1,336	1,596	3,860	-	-	-	-	463,715
- Accumulated Depreciation	-	(975)	(11,026)	(136)	-	(390)	(28,180)	(2,825)	-	-	(43,532)
Net Book Amount	31,660	28,877	391,297	1,544	1,642	3,547	6,712	2,115		211	467,605
Year Ended 31 December 2018											
Opening Net Book Amount	31,660	28,877	391,297	1,544	1,642	3,547	6,712	2,115	-	211	467,605
Additions	-	455	532	14	32	53	2,977	-	-	3,264	7,327
Transfers	-	1,540	1,203	-	-	-	-	-	-	(2,743)	-
Transfers from land held for resale	10,504	-	-	-	-	-	-	-	-	-	10,504
Disposals	-	(43)	(525)	-	-	-	(1,003)	-	-	-	(1,571)
Add back accumulated depreciation	-	5	59	-	-	-	997	-	-	-	1,061
Depreciation Expense	-	(942)	(9,946)	(116)	-	(397)	(2,306)	(872)	-	-	(14,579)
Closing Net Book Amount	42,164	29,892	382,620	1,442	1,674	3,203	7,377	1,243	-	732	470,347
At 31 December 2018											
- Cost	-	4,206	5,868	358	78	130	36,866	4,940	-	732	53,178
- Valuation	42,164	27,598	397,665	1,336	1,596	3,860	-	-	-	-	474,219
- Accumulated Depreciation	-	(1,912)	(20,913)	(252)	-	(787)	(29,489)	(3,697)	-	-	(57,050)
Net Book Amount	42,164	29,892	382,620	1,442	1,674	3,203	7,377	1,243	-	732	470,347

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Property, plant and equipment (continued)

	Land	Land Improvements	Buildings	Demountables	Works of Art	Library Books and Periodicals	Plant and Equipment	Leasehold Improvements	Right-of-use assets	Work in Progress	TOTAL
Parent Entity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019											
- Cost	-	4,206	5,868	358	78	130	36,866	4,940	6,802	732	59,980
- Valuation	42,164	27,598	397,665	1,336	1,596	3,860	-	-	-	-	474,219
- Accumulated Depreciation	-	(1,912)	(20,913)	(252)	-	(787)	(29,489)	(3,697)	-	-	(57,050)
Net Book Amount	42,164	29,892	382,620	1,442	1,674	3,203	7,377	1,243	6,802	732	477,149
Year Ended 31 December 2019											
Opening Net Book Amount	42,164	29,892	382,620	1,442	1,674	3,203	7,377	1,243	6,802	732	477,149
Additions	-	559	509	-	28	33	1,019	-	816	4,201	7,165
Transfers	-	-	2,140	-	-	-	500	-	-	(2,640)	-
Disposals	-	-	-	(294)	-	-	(2,485)	(900)	-	-	(3,679)
Add back accumulated depreciation	-	-	-	28	-	-	2,281	721	-	-	3,030
Revaluation Surplus/(Deficit)	1,136	2,611	(8,730)	(179)	20	798	-	-	-	-	(4,346)
Depreciation Expense	-	(988)	(9,993)	(120)	-	(401)	(2,359)	(494)	(1,776)	-	(16,131)
Closing Net Book Amount	43,300	32,074	366,546	877	1,722	3,633	6,333	570	5,842	2,293	463,188
At 31 December 2019											
- Cost	-	-	-	-	-	-	35,900	4,040	7,618	2,293	49,851
- Valuation	43,300	32,074	366,546	877	1,722	3,633	-	-	-	-	448,152
- Accumulated Depreciation	-	-	-	-	-	-	(29,567)	(3,470)	(1,776)	-	(34,815)
Net Book Amount	43,300	32,074	366,546	877	1,722	3,633	6,333	570	5,842	2,293	463,188

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Property, plant and equipment (continued)

Accounting Policy

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 asset 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.

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 physical valuation of land, buildings, demountable and land improvements as at 31 December 2019 (2018: desktop valuation). 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 2019 have been recorded at cost which equates approximately to fair value.

The library assets were revalued by AssetVal Pty Limited in 2019. The basis of the valuation was fair value.

The works of art collections were revalued by Miller Fine Art in 2019. The basis of the valuation was fair value.

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

A right-of-use asset associated with land and buildings is subsequently measured at fair value. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 24.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 25: Leases

All leases of the Group are operating leases.

AASB16 has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, refer to note 1 (i) for adoption of AASB 2018-8.

(a) Lease liability

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Plant & equipment	38	-	26	-
Building (tenancy)	2,327	-	1,666	-
Total lease liability - Current	2,365	-	1,692	-
Non Current				
Plant & equipment	20	-	20	-
Building (tenancy)	5,145	-	4,364	-
Total lease liability-Non Current	5,165	-	4,384	-
Total lease liability	7,530	-	6,076	-

(b) Amount recognised in profit and loss

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
2019 Leases under AASB16				
Interest on lease liabilities	155	-	149	-
Depreciation on lease liabilities	2,423	-	1,776	-
Total recognised in profit & loss	2,578	-	1,925	-

2018 Operating Leases under AASB 17

Lease expense	-	2,002	-	1,541
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(c) Amount recognised in Statement of Cash Flows

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Plant & equipment	1,677	-	1,664	-
Building (tenancy)	635	-	25	-
Total cash outflow for leases	2,312	-	1,689	-

Notes to the Financial Statements

For the year ended 31 December 2019

Note 25: Leases (continued)

Accounting Policy

Operating leases and rental expenses

The leases held are for both IT equipment and tenancy leases. Previously these leases were classified as operating leases under AASB117. These leases are now recognised in accordance with AASB16 and result in Right of Use Assets and Lease Liabilities. The Right of Use Assets are depreciated on a straight-line basis. The depreciation expense and interest expense are recognised in the Income Statement.

Lease liability

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

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

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

Right-of-use assets are presented within property, plant and equipment in Note 24 and lease liabilities are presented as Leases in Note 25.

Short-term leases and leases of low-value assets

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

Note 26: Intangible assets

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January				
Cost	2,901	36,116	655	655
Accumulated amortisation and impairment losses	(2,219)	(6,630)	(527)	(396)
Net book amount	682	29,486	128	259
Additions	-	127	-	-
Amortisation charge	(190)	(2,283)	(128)	(131)
Closing net book amount	492	27,330	-	128
At 31 December				
Cost	2,793	36,243	655	655
Accumulated amortisation and impairment losses	(2,301)	(8,913)	(655)	(527)
Net book amount	492	27,330	-	128

Notes to the Financial Statements

For the year ended 31 December 2019

Note 26: Intangible assets (continued)

Accounting Policy - 2019

Intangible assets

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.

Accounting Policy – 2018

Intangible assets

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.

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<u>Breakdown of intangible assets is as follows:</u>				
Goodwill - ICHM Pty Limited	70	70	-	-
Course curriculum	406	468	-	-
Licensed school contracts and relationships	16	16	-	-
Software	-	128	-	128
The right to use the RDH buildings - Menzies School of Health Research	-	26,648	-	-
Total intangible assets	492	27,330	-	128

A significant portions of intangible assets consist of software, in 2018 the intangible assets mainly consisted of the right of use of research buildings at Royal Darwin Hospital (RDH).

Under AASB 16 the Group have chosen to derecognise the intangible under the AASB 138 and recognise this asset at cost as a right-of-use asset under AASB 16 from 1 January 2019.

Note 27: Trade and other payables

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade payables	11,105	7,432	9,118	6,053
Other payables	805	1,250	692	1,130
Total trade and other payables	11,910	8,682	9,810	7,183

Accounting Policy

Trade and other payables

These amounts represent liabilities for goods and services supplied 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 28: Borrowings

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Unsecured				
Borrowings - NT Treasury Corporation	-	1,000	-	1,000
Borrowings - Related Party	400	400	-	-
Total Current Borrowings	400	1,400	-	1,000
Total Borrowings	400	1,400	-	1,000

Accounting Policy

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.

The University had 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 was five years; the final payment of \$1 million was paid in 2019.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 29: Provisions

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current provisions				
Employee benefits				
Annual leave	11,361	11,445	8,444	8,788
Long service leave	15,025	16,279	12,559	13,957
Total current provisions	26,386	27,724	21,003	22,745
Non-current provisions				
Employee benefits				
Annual leave	3,442	3,513	3,442	3,513
Long service leave	2,508	2,699	2,139	2,247
Total non-current provisions	5,950	6,212	5,581	5,760
Total provisions	32,336	33,936	26,584	28,505

There were 1,085 equivalent full time and fixed period contract employees at the end of 2019 and there were 1,168 equivalent full time and fixed period contract employees at the end of 2018.

Accounting Policy

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.

(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.

(iii) Retirement benefit obligations

The Group does not have any retirement benefit obligations.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 30: Other liabilities

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Contract liabilities	17,548	12,083	12,283	7,591
OS-HELP liability to Australian Government*	170	222	170	222
Funds held in trust	-	-	28,827	33,827
Other	472	498	318	344
Total other liabilities	18,190	12,803	41,598	41,984

* The 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 31: Gain on disposal of assets

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Proceeds on sale of property, plant and equipment	570	278	570	212
Less: Carrying amount of property, plant and equipment sold	(142)	-	(147)	-
Less: Carrying amount of land held for resale	(327)	(182)	(327)	(182)
Total gain on disposal of assets	101	96	96	30
Gain is disclosed in the Income Statement as follows:				
Gain on disposal of assets	101	96	96	30
Total gain on disposal of assets	101	96	96	30

Notes to the Financial Statements

For the year ended 31 December 2019

Note 32: Reserves, restricted funds and retained earnings

(a) Reserves

Property, plant and equipment revaluation reserve
Available for sale assets revaluation reserve
Capital asset reserve
Total reserves

Group		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
213,551	218,180	213,339	217,948
39,869	22,873	39,869	22,919
9,079	8,419	-	-
262,499	249,472	253,208	240,867

Movements

Property, plant and equipment revaluation reserve

Balance at 1 January
Revaluation surplus/(deficit) on:
Land
Land improvements
Buildings
Demountables
Library collection
Work of art
Sub-total
Investments
Assets retired transferred to retained earnings:
Land, Building, Plant and equipment

Group		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
218,180	219,036	217,948	218,804
1,136	-	1,136	-
2,611	-	2,611	-
(8,731)	-	(8,731)	-
(179)	-	(179)	-
797	-	797	-
20	-	20	-
(4,346)	-	(4,346)	-
(21)	-	-	-
(263)	(856)	(263)	(856)
213,551	218,180	213,339	217,948

Available for sale assets revaluation reserve

Balance at 1 January
Revaluation surplus on available for sale assets
Balance at 31 December

22,873	15,817	22,919	15,830
16,996	7,056	16,950	7,089
39,869	22,873	39,869	22,919

Capital asset reserve

Balance at 1 January
Transfers from/(to) accumulated funds
Balance at 31 December

8,419	7,545	-	-
660	874	-	-
9,079	8,419	-	-

Notes to the Financial Statements

For the year ended 31 December 2019

Note 32: Reserves, restricted funds and retained earnings (continued)

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Restricted reserve - building				
Balance at 1 January	-	60	-	-
Transfers from/(to) accumulated funds	-	(60)	-	-
Balance at 31 December	-	-	-	-

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(b) Restricted funds reserve				
Balance at 1 January	23,581	21,483	23,581	21,483
Transfers from/(to) accumulated funds or				
Adjustments via revenue and (expenditure)	(1,518)	2,098	(1,518)	2,098
Balance at 31 December	22,063	23,581	22,063	23,581

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(c) Retained earnings				
Retained earnings at 1 January	301,462	322,713	243,331	265,954
Retrospective changes for the new revenue standards	(29,766)	-	(3,118)	-
Operating result for the period	(5,704)	(19,147)	(8,762)	(21,381)
Accumulated funds before transfers to				
Restricted funds	265,992	303,566	231,451	244,573
Transfers (to) / from restricted funds	857	(2,098)	1,518	(2,098)
Transfer of property, plant and equipment				
revaluation reserve for retired assets	263	(6)	263	856
Total retained earnings at 31 December	267,113	301,462	233,233	243,331

(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 retained earnings.

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.

Restricted funds

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 33: 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:

Mr Paul Henderson AO	Chancellor
Professor Simon Maddocks*	Vice-Chancellor and President
Dr Aggie Wegner	Chair, Academic Board
Mr Ken Davies	Member appointed by the Administrator
Mr Alan Morris AO	Member appointed by the Administrator
Ms Jodie Ryan	Member appointed by the Administrator
Mr Richard Ryan AO	Deputy Chancellor, Member appointed by the Administrator
Professor Judith Whitworth AC	Member appointed by the Administrator
Mr Benjamin Poveda-Alfonso	Member elected by the Undergraduate Students
Mr Mayank Sharma	Member elected by the Postgraduate Students
Mr Raymond Simpson	Members Elected by the Academic Staff (VET)
Mrs Leena Kesava Panniker	Members Elected by the Academic Staff (HE)

(b) Executive officers

Professor Simon Maddocks	Vice-Chancellor and President
Professor Sue Carthew	Provost and Vice-President
Professor John Finlay-Jones	Deputy Vice-Chancellor and Vice-President Research and Innovation until May 2019
Professor Bogdan Dlugogorski	Deputy Vice-Chancellor and Vice-President Research and Innovation from May 2019
Mr Andrew Everett	Deputy Vice-Chancellor and Vice-President Global Strategy and Advancement
Ms Meredith Parry	Deputy Vice-Chancellor and Vice-President Operations
Ms Anne Coulter	Chief Financial Officer
Mr Ashar Ehsan	Acting Pro Vice-Chancellor, Vocational Education and Training
Associate Professor Steve Shanahan	Pro Vice-Chancellor, Higher Education until September 2019
Professor Robert Fitzgerald	Pro Vice-Chancellor, Education Strategy
Professor Philip Seltsikas	Pro Vice-Chancellor, Student Engagement and Success

All of the above persons were also key management persons during the year ended 31 December 2019.

* 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 2019

Note 33: 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	
	2019 \$'000	2018 \$'000
Remuneration of Council members		
Nil to \$14,999	12	15
Remuneration of executives		
Less than \$14,999	-	-
\$15,000 to \$149,999	1	1
\$150,000 to \$164,999	-	1
\$165,000 to \$179,999	-	1
\$195,000 to \$209,999	1	1
\$210,000 to \$224,999	-	2
\$240,000 to \$254,999	1	-
\$270,000 to \$284,999	1	1
\$300,000 to \$314,999	-	1
\$330,000 to \$344,999	2	2
\$345,000 to \$359,999	1	1
\$360,000 to \$374,999	-	2
\$390,000 to \$404,999	1	-
\$435,000 to \$449,999	1	-
\$450,000 to \$464,999	1	-
\$550,000 to \$564,999	1	-
\$615,000 to \$629,999	-	1

(d) Key management personnel compensation

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Short-term employee benefits	5,270	5,474	3,444	3,643
Post-employee benefits*	560	621	343	404
Other long-term benefits	27	5	(52)	(50)
	5,867	6,100	3,735	3,997

* 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 personal related parties, during the year.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 34: Remuneration of auditors

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Audit services				
Fees paid to the Northern Territory Auditor-General's Office	397	356	194	200
Total remuneration for audit services	397	356	194	200

Note 35: Contingencies

Contingent liabilities

There were no material contingent liabilities as at 31 December 2019 and 2018.

Note 36: Commitments

(a) Capital commitments

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

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Building works				
Payable:				
Within one year	2,129	1,740	2,129	1,740
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	2,129	1,740	2,129	1,740

(b) Lease commitments

All leases of the Group are operating leases. Refer also to note 25.

	Group 2018 \$'000	Parent Entity 2018 \$'000
(i) Operating leases		
Office equipment	404	404
Computing equipment	1,516	1,490
Property	7,166	6,051
Cancellable property	260	-
Total leases	9,346	7,945

Notes to the Financial Statements

For the year ended 31 December 2019

Note 36: Commitments (continued)

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

	Group 2018 \$'000	Parent Entity 2018 \$'000
Within one year	3,437	2,718
Later than one year but not later than five years	5,649	5,227
Later than 5 years	-	-
Total leases	9,086	7,945

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

	Group 2018 \$'000	Parent Entity 2018 \$'000
Within one year	209	-
Later than one year but not later than five years	51	-
Later than 5 years	-	-
Total cancellable leases	260	-

	Group 2019 \$'000	Parent Entity 2019 \$'000
(ii) Short-term and low value leases		
Office equipment	183	183
Computing equipment	1,740	1,740
Total leases	1,922	1,922

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(c) Other				
Within one year	5,680	3,036	5,670	3,026
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	5,680	3,036	5,670	3,026

(d) Revenue

Included in income from continuing operations is capital funding of \$1.5 million for capital work performed, \$2.22 million was received and is committed to fund specific capital projects.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 37: Related parties

(a) Parent entity

The parent entity is Charles Darwin University.

(b) Subsidiaries

Subsidiaries include:

- Menzies School of Health Research (MSHR), which includes
 - Bridging the Gap Foundation Trust
 - Bridging the Gap Foundation (formerly Menzies School of Health Research Foundation)
- Charles Darwin University Foundation
- 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)
 - ICHM Pty Limited

(c) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in Note 33.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 37: Related parties (continued)

(d) Transactions with related parties

The following transactions took place with related parties:

Menzies School of Health Research (MSHR)

	2019 \$'000	2018 \$'000
Income		
Other	1,393	1,456
Expenditure		
Student fees *	1,885	1,829
Projects	675	913
RSP, RTP and RIBG	5,274	5,095
Other	1,398	801
Total transactions with related parties	(7,839)	(7,182)

* 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 2019, the Parent holds \$24.7 million (2018: \$29.7 million) investment on behalf of Menzies School of Health Research (disclosed in Note 30).

Charles Darwin University Foundation Trust (CDUF)

	2019 \$'000	2018 \$'000
Income		
Donor disbursements for University activities	870	1,839
Expenditure		
Interest expense	93	117
Total transactions with related parties	777	1,722

CDU Amenities Limited (CDUA)

	2019 \$'000	2018 \$'000
Expenditure		
Staff gym membership	-	2
Grant funding*	-	200
Total transactions with related parties	-	(202)

Notes to the Financial Statements

For the year ended 31 December 2019

Note 37: Related parties (continued)

* During the year ended 31 December 2019, the Parent provided funding of \$Nil (2018: \$200,000) to support the operation of CDUA.

Charles Darwin University Charitable Trust

During the year ended 31 December 2019, there were no transactions with Charles Darwin University Charitable Trust (2018: \$Nil).

Cairns Language Centre Pty Ltd

During the year ended 31 December 2019, Cairns Language Centre Pty Ltd paid insurance costs of \$Nil (2018: \$11,333) to the University.

ICHM Pty Ltd

During the year ended 31 December 2019, ICHM Pty Ltd paid insurance costs of \$16,115 (2018: \$14,617) to the University.

FCD Health Limited

During the year ended 31 December 2019, the Parent had no material transactions with FCD Health Limited.

South Australian Tertiary Admissions Centre Limited (SATAC)

During the year ended 31 December 2019, the University paid \$630,550 (2018: \$590,050) in member contributions to SATAC.

(e) Advances to/from related parties

As at 31 December 2019 CDU Amenities Limited had an advance owing to the University for the amount of \$679,203 (2018: \$679,203).

As at 31 December 2019 Cairns Language Centre Pty Limited had an advance owing to the University for the amount of \$4,226,979 (2018: \$2,561,549).

An impairment provision has been recognised by the University for the amount of \$4,226,979, an expense of \$1,665,430 has been recorded in the Income Statement.

Cairns Business College Pty Limited had an advance owing to the University for the amount of \$22,382 (2018: \$Nil).

ICHM Pty Limited had an advance owing to the University for the amount of \$150,000 (2018: \$Nil).

During the year ended 31 December 2019, there were no other loans to/from related parties.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 37: Related parties (continued)

(f) Outstanding balances

As at 31 December 2019 the University had a receivable owing of \$470,049 from CDU Amenities Limited (2018: \$368,168). An impairment provision has been recognised by the University for the amount of \$368,168.

As at 31 December 2019, the University holds \$4,100,000 (2018: \$4,100,000) of investments on behalf of the CDU Foundation Trust. Nil interest payable in 2019 and 2018 of intercompany receivable to CDU Foundation Trust.

As at 31 December 2019, the University holds \$24,700,000 (2018: \$29,700,000) of investment on behalf of Menzies School of Health Research.

As at 31 December 2019, ICHM Pty Ltd had a loan payable of \$400,000 (2018: \$400,000) to Mr Gerald Lipmann an Executive Officer of the company.

Note 38: 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):

	Country of Incorporation	Equity Holding	
		2019 %	2018 %
Charles Darwin University Foundation	Australia	100	100
Menzies School of Health Research	Australia	100	100
Bridging the Gap Foundation Trust	Australia	100	100
Bridging the Gap Foundation	Australia	100	100
CDU Amenities Limited	Australia	100	100
Cairns Language Centre Pty Limited (CLC)	Australia	100	100
Cairns Business College Pty Limited (CBC)	Australia	100	100
Cairns Education Australia Pty Limited (CEA)	Australia	100	100
ICHM Pty Limited	Australia	100	100
Charles Darwin University Charitable Trust	Australia	100	100

Notes to the Financial Statements

For the year ended 31 December 2019

Note 38: Subsidiaries (continued)

Accounting policy

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Charles Darwin University ("parent entity") as at 31 December 2019 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.

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.

Note 39: Joint operations

(a) Joint operations

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 2019 and 2018

The 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 sale of new lots is currently on hold.

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 2019

Note 39: Joint operations (continued)

Accounting policy			
<i>Joint arrangements</i>			
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.			

	Group		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets	80	407	80	407
Non-current assets	21,710	22,130	21,710	22,130
Total assets	21,790	22,537	21,790	22,537
Net assets	21,790	22,537	21,790	22,537
Share of joint controlled operations revenues, expenses and results				
Revenues	3,059	2,107	3,059	2,107
Expenses	3,059	2,107	3,059	2,107
Net operating result before income tax	-	-	-	-

Assets pledged as security

The 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 2019 and 2018 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 AASB11 *Joint Arrangements*.

Note 40: Economic dependency

The Group is funded predominantly by annual appropriations from both the Australian 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 41: Events subsequent to the end of the financial year

COVID-19

The spread of Coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The pandemic resulted in an unprecedented global response by governments, regulators and industry sectors. The Australian Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March; the implementation of social distancing and restrictions around freedom of movement and association; an increasing level of restrictions on corporate Australia's ability to operate; significant volatility and instability in financial markets; and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties. This has required the Group to assess whether and how the Group is affected, and the impact on ongoing operations.

In response to COVID-19 the Group implemented an alternate operational approach for Vocational Education Training (VET) to deliver teaching and support to students online, online delivery has been in place for Higher Education (HE) for a number of years. As a result, there is not a material financial impact in semester one of 2020. Whilst it is likely that new international student numbers into semester two 2020 will be lower, a larger cohort of students will be continuing their studies either on campus or online. The Group further estimates that other revenue categories such as research, rental from student accommodation, VET fee for service income and other investment income will be impacted. At the time of reporting, the estimated revenue impact for the 2020 year is in the range of \$20 million to \$30 million decline. The extent of the true financial impact is not expected to be realised until after June through to August 2020 when semester two census date occurs. A range of mitigation strategies to reduce expenditure is being implemented across the Group to respond to the financial impact.

The Group are of the view that the mitigation strategies to reduce expenditure that are being implemented are sufficient and the impact of Covid-19 does not affect the going concern basis of preparation.

Discontinued Businesses

On the 23rd March 2020, the Board of Directors of the Cairns Language Centre Pty Ltd (CLC), Cairns Business College Pty Ltd (CBC) and Cairns Education Australia Pty Limited (CEA) resolved to commence closure of the operations of CLC, CBC and CEA.

Sale of subsidiary

In December 2019, CDU Amenities Limited executed a share sale agreement to sell 100% ownership of shares in ICHM Pty Ltd to UP Education Australia Pty Ltd. Transfer of ownership occurred on 14 February 2020.

The sale resulted in changes to the ICHM Pty Ltd Board of Directors.

There are no other matters or circumstances which significantly affected or may affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 42: Reconciliation of operating result to net cash flows from operating activities

	Group		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Operating result for the period	(5,704)	(19,147)	(8,762)	(21,381)
Depreciation and amortisation	17,727	17,903	16,259	14,710
Retrospective change for AASB 15	(3,118)	-	(3,118)	-
Payments for Biological Assets	(22)	-	(22)	(199)
Net (gain)/loss on disposal of non-current assets	(101)	(96)	(96)	(30)
Other	110	55	(10)	87
Provision for impairment - related party loan	-	-	1,688	3,241
Non-cash investment income	220	(44)	220	(44)
	9,112	(1,329)	6,159	(3,616)
Change in operating assets and liabilities				
(Increase)/decrease in receivables	(297)	3,534	433	2,794
Decrease in Inventories	124	341	124	341
Decrease/(Increase) in biological assets	379	(180)	379	(180)
Decrease/(increase) in other financial assets	3,355	(5,309)	3,596	(5,300)
(Increase)/decrease in other assets	(1,089)	1,127	(819)	967
Increase in trade and other payables	3,228	187	2,627	341
Increase/(decrease) in other liabilities	5,413	(1,020)	4,615	340
(Decrease)/increase in provisions	(1,600)	1,266	(1,921)	1,089
	9,513	(54)	9,034	392
Net cash provided by / (used in) operating activities	18,625	(1,383)	15,193	(3,224)

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 43: Financial risk management (continued)

(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'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 2019 the term deposit interest rate range was 1.45%. This is compared to the interest rate range in 2018 of 0.65%. The decrease in the interest rate range from 2018 to 2019 was due to the average maturity decreasing from 150 days in 2018 to 111 days in 2019. The interest rate outlook for 2020 is likely to remain in the target range of 1.25%.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 43: Financial risk management (continued)

At 31 December 2019, 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:

	Group carrying amount \$'000	Interest rate risk			
		-1.25%		+1.25%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2019					
Financial assets					
Cash and cash equivalents	92,527	(1,157)	(1,157)	1,157	1,157
Receivables	7,930	(99)	(99)	99	99
Other financial assets	45,306	(566)	(566)	566	566
Other assets	7,350	(92)	(92)	92	92
Financial liabilities					
Trade and other payables	11,910	(149)	(149)	149	149
Other liabilities	18,190	(227)	(227)	227	227
Borrowings	400	(5)	(5)	5	5
Total increase/(decrease)		(2,295)	(2,295)	2,295	2,295
31 December 2018*					
Financial assets					
Cash and cash equivalents	83,097	(1,246)	(1,246)	1,246	1,246
Receivables	7,633	(115)	(115)	115	115
Other financial assets	31,681	(475)	(475)	475	475
Other assets	6,261	(94)	(94)	94	94
Financial liabilities					
Trade and other payables	8,682	(130)	(130)	130	130
Other liabilities	12,803	(192)	(192)	192	192
Borrowings	1,400	(21)	(21)	21	21
Total increase/(decrease)		(2,273)	(2,273)	2,273	2,273

*2018 Interest rate risk was 1.5%

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 in US dollar which has been subject to a range of \$0.06 from the lowest exchange rate received to the highest in 2019. Forecasts vary on the expectations of the exchange rate for 2019. The weighted average for 2019 was \$0.69 and the Group has factored in a 10% variation (\$0.10) based on the 2019 range.

Notes to the Financial Statements

For the year ended 31 December 2019

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 Group'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 Statement of Financial Position.

(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	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assets					
Cash and cash equivalents	15	92,527	83,097	92,527	83,097
Receivables	16	7,930	7,633	7,930	7,633
Other financial assets	20	45,306	31,681	45,306	31,681
Other assets	22	7,350	6,261	6,846	6,028
Total financial assets		153,112	128,671	152,609	128,439
Financial liabilities					
Trade and other payables	27	11,910	8,682	11,910	8,682
Other liabilities	30	18,190	12,803	18,190	12,803
Borrowings	28	400	1,400	400	1,400
Total financial liabilities		30,500	22,885	30,500	22,885

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 2019

Note 44: Fair value measurement (continued)

(b) Fair value hierarchy

Accounting policy

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.

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.

The following tables categorise 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).

Notes to the Financial Statements

For the year ended 31 December 2019

Note 44: Fair value measurement (continued)

Recognised fair value measurements

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 31 December 2019.

Fair value measurements at 31 December 2019

	Note	2019 \$'000	2018 \$'000	Category	Valuation technique and inputs used
Available-for-sale financial assets		39,869	22,918	Level 1	Market valuation - The fair value of assets traded in active markets is based on quoted market prices at the end of the reporting year.
Listed securities		296	271	Level 1	Market valuation - The fair value of assets traded in active markets is based on quoted market prices at the end of the reporting year.
Total other financial assets		40,165	23,189		
Land	24	43,300	42,164	Level 2	Market valuation - Sales prices of comparable land adjusted for property size, location, topography, and other inherent attributes.
Land improvements	24	32,074	29,892	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 and demountables	24	367,423	384,063	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	210	305	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	5,355	4,877	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		448,362	461,301		

Notes to the Financial Statements

For the year ended 31 December 2019

Note 45: Acquittal of Australian Government financial assistance

1. EDUCATION - CGS AND OTHER EDUCATION GRANTS

Note	Commonwealth Grants Scheme #1		Parent Entity (HEP) ONLY				National Priorities Pool	
			Partnership & Participation Program		Disability Performance Funding #2			
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	63,417	60,879	1,329	1,356	32	30	-	-
Net accrual adjustments	(193)	473	-	-	-	-	-	-
Revenue for the period	63,224	61,352	1,329	1,356	32	30	-	-
Surplus/(deficit) from the previous year	-	-	-	3,163	-	-	-	66
Total revenue including accrued revenue	63,224	61,352	1,329	4,519	32	30	-	66
Less expenses including accrued expenses	63,224	61,352	1,329	4,519	32	30	-	66
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-

Note	Parent Entity (HEP) ONLY			
	Indigenous Student Success Program		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	1,892	2,026	66,670	64,291
Net accrual adjustments	(18)	12	(211)	485
Revenue for the period	1,874	2,038	66,459	64,776
Surplus/(deficit) from the previous year	-	-	-	3,229
Total revenue including accrued revenue	1,874	2,038	66,459	68,005
Less expenses including accrued expenses	1,874	2,038	66,459	68,005
Surplus/(deficit) for reporting period	-	-	-	-

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 45: Acquittal of Australian Government financial assistance (continued)

2. HIGHER EDUCATION LOAN PROGRAMS (excl OS-HELP)

Note	Parent Entity (HEP) ONLY									
	HECS-HELP Australian Government Payments only		FEE - HELP		VET FEE-HELP		SA-HELP		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash Payable/(Receivable) at beginning of year	-	-	-	-	-	-	-	-	-	-
Financial Assistance received in Cash during the reporting period	27,133	23,289	412	356	185	358	790	663	28,520	24,666
Net accrual adjustments	184	(76)	281	318	-	(211)	13	13	478	44
Cash available for period	27,317	23,213	693	674	185	147	803	676	28,998	24,710
Less: Revenue earned	27,317	23,213	693	674	185	147	803	676	28,998	24,710
Cash Payable/(Receivable) at end of year	-	-	-	-	-	-	-	-	-	-

3a. DEPARTMENT OF EDUCATION AND TRAINING RESEARCH #4

Note	Parent Entity (HEP) ONLY					
	Research Training Program		Research Support Program		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	7,497	7,274	10,747	9,906	18,244	17,180
Net accrual adjustments	-	(4)	-	20	-	16
Revenue for the period	7,497	7,270	10,747	9,926	18,244	17,196
Surplus/(deficit) from the previous year	2,150	2,150	-	-	2,150	2,150
Total revenue including accrued revenue	9,647	9,420	10,747	9,926	20,394	19,346
Less expenses including accrued expenses	7,497	7,270	10,747	9,926	18,244	17,196
Surplus/(deficit) for reporting period	2,150	2,150	-	-	2,150	2,150

#3 The reported surpluses for Research Training Program of \$2.15 million for 2019 are expected to be rolled over for future use by the University.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 45: Acquittal of Australian Government financial assistance (continued)

3b. TOTAL HIGHER EDUCATION PROVIDER RESEARCH TRAINING PROGRAM EXPENDITURE

	Total domestic students \$'000	Total overseas students \$'000	Total RTP expenses \$'000
Research Training Program Fees offsets	4,473	4	4,477
Research Training Program Stipends	2,187	742	2,929
Research Training Program Allowances	89	2	91
Total for all types of support	6,749	748	7,497

4. OTHER CAPITAL FUNDING

	Note	Other Capital Funding		Total	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)		-	1,184	-	1,184
Net accrual adjustments		-	-	-	-
Revenue for the period	3 (d)	-	1,184	-	1,184
Surplus/(deficit) from the previous year		-	-	-	-
Total revenue including accrued revenue		-	1,184	-	1,184
Less expenses including accrued expenses		-	1,184	-	1,184
Surplus/(deficit) for reporting period		-	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2019

Note 45: Acquittal of Australian Government financial assistance (continued)

5. AUSTRALIAN RESEARCH COUNCIL GRANTS

Notes	Discovery		Linkages		Other		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	895	339	174	277	187	184	1,256	800
Net accrual adjustments	9	-	-	-	-	-	9	-
Revenue for the period	904	339	174	277	187	184	1,265	800
Surplus/(deficit) from the previous year	164	270	130	227	-	87	294	584
Total revenue including accrued revenue	1,068	609	304	504	187	271	1,559	1,384
Less expenses including accrued expenses	534	445	203	374	142	271	879	1,090
Surplus/(deficit) for reporting period	534	164	101	130	45	-	680	294

6. OS-HELP

	Parent Entity (HEP) ONLY			
	OS0HELP		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash received during the reporting period	58	358	58	358
Cash spent during the reporting period	110	189	110	189
Net Cash received	(52)	169	(52)	169
Cash Surplus/(deficit) from the previous period	222	53	222	53
Carry forward adjustment	-	-	-	-
Cash Surplus/(deficit) for reporting period	170	222	170	222

Notes to the Financial Statements

For the year ended 31 December 2019

Note 45: Acquittal of Australian Government financial assistance (continued)

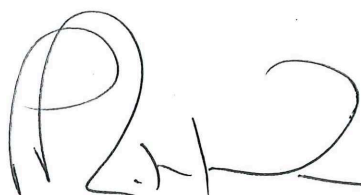
7. STUDENT SERVICES AND AMENITIES FEE

	Parent Entity (HEP) ONLY			
	Student services and amenities fee		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Unspent/(overspent) revenue from previous period	1,187	1,193	1,187	1,193
Carry Forward Adjustment	-	-	-	-
SA-HELP Revenue Earned	790	676	790	676
Student services fees direct from students	-	-	-	-
Total revenue expendable in period	1,977	1,869	1,977	1,869
Student services expenses during period	911	682	911	682
Underspent/(overspent) student services revenue	1,066	1,187	1,066	1,187

Members of Council Certification

1. In our opinion:
 - a) the accompanying financial statements of the University and the Group are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2019, and the results for the year ended on that date, of the University and the Group; 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 Group 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 2019 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 ²⁵ day of June 2020



CHANCELLOR
The Hon Paul Henderson AO



VICE-CHANCELLOR AND PRESIDENT
Professor Simon Maddocks



Auditor-General

Independent Auditor's Report to the Minister for Education

Charles Darwin University and its Controlled Entities

Year Ended 31 December 2019

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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 2019, 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 Members of Council Certification.

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 (including Independence Standards)* (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 pages 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

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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 the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the 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 to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in 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 conclusions are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause the Group and the University to cease to continue as a going concern.



Auditor-General

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- 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

25 June 2020

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