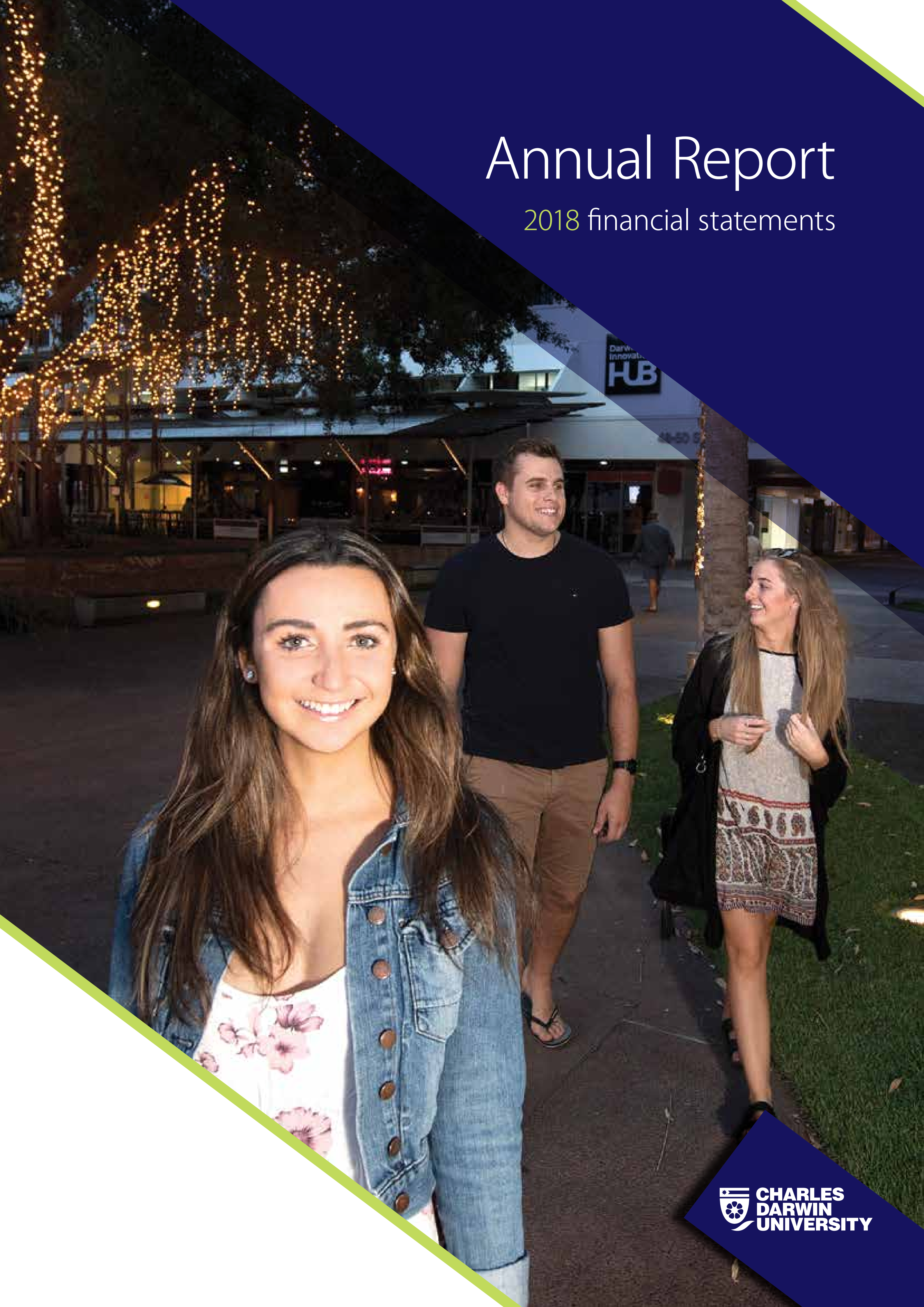
Annual Report

2018 financial statements



CHARLES DARWIN UNIVERSITY

Charles Darwin University
and its Controlled Entities

2018 Financial Statements

Contents

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 2018.

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 Neil Balnaves AO	appointed Chancellor on 22 April 2016 until his resignation on 13 December 2018
Mr Richard Ryan AO	appointed a member on 15 March 2010 and continues in office at the date of this report. Appointed as Chancellor 13 December 2018 to 20 March 2019
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
Mr Lorenzo Strano OAM	appointed a member on 29 September 2015 until the expiry of his term on 11 October 2018
Professor Judith Whitworth AC	appointed a member on 29 September 2015 and continues in office at the date of this report
Ms Rachael Jones	appointed a member on 1 January 2018 and continued in office until the expiry of the term on 31 December 2018
Mr Bryan Baker	appointed a member on 1 January 2017 and continued in office until the expiry of the term on 31 December 2018
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 continues in office at the date of this report
Mr Mayank Sharma	appointed a member on 1 January 2019 and continues in office at the date of this report
Mr Benjamin Poveda-Alfonso	appointed a member on 1 January 2019 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 2018, 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	
Council Member	A	B	A	B	A	B	A	B
Paul Henderson AO	-	-	-	-	-	-	-	-
Neil Balnaves AO	6	5	6	4	3	3	3	3
Simon Maddocks	6	6	6	6	3	2	3	3
Aggie Wegner	6	6	-	-	-	-	3	3
Ken Davies	6	6	-	-	-	-	-	-
Alan Morris	6	6	6	3	3	2	-	-
Jodie Ryan	6	3	-	-	-	-	-	-
Richard Ryan AO	6	5	6	5	3	2	3	3
Lorenzo Strano OAM	5	4	-	-	-	-	-	-
Judith Whitworth AC	6	4	-	-	-	-	-	-
Rachael Jones	6	4	-	-	-	-	-	-
Bryan Baker	6	4	-	-	-	-	-	-
Raymond Simpson	6	5	-	-	-	-	-	-
Leena Kesava Panicker	6	5	-	-	-	-	-	-
Mayank Sharma	-	-	-	-	-	-	-	-
Benjamin Poveda-Alfonso	-	-	-	-	-	-	-	-

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 consolidated entity were:

a) 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;

b) 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;

c) to undertake teaching activities to provide other education and training as determined by the Council;

d) to co-operate with other universities and with institutions of higher education, training and further education or research (whether within or outside of Australia);

e) to liaise with industry and professional organisations, training committees and the community;
f) 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 2018-19 and ranking 43rd in the top 150 universities under 50 years old for 2018.

Capital Works

Construction was completed on the following capital projects during 2018:

- Alice Springs – new trade training facility and upgrade to existing workshops
- Alice Springs Building 1, Level 2 – refurbishment
- Casuarina Green 5 – upgrade for the psychology clinic
- Casuarina – fire training and emergency response facility
- Casuarina Green 1 – demolition of the building
- Casuarina Yellow 3 – refurbishment and expansion of pharmacy classrooms
- Katherine Rural Campus – upgrade to accommodation buildings

Construction commenced or was continuing on the following capital projects during 2018:

- Alice Springs Building 2, Level 1 – refurbishment
- Casuarina Red 3 – VET student services offices
- Casuarina Orange 4 – children's services simulated training space

Palmerston Residential Estate

The residential development, known as The Heights, Durack progressed during 2018. A total of 398 blocks were sold through to 31 December 2018 (372 - 2017). The development includes a neighbourhood centre, parklands, wetland as well as a retirement village. Works will continue during 2019 on stages 1 - 10. No common areas which includes roads and parks were transferred during the year ($0 million 2017).

Specific Purpose Grants

Included in income from continuing operations is capital funding received of $1.84 million that 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

On 22 February 2018, CDU Amenities Limited's (a wholly owned subsidiary of the University) subsidiary entities were registered with the Australian Charities and Not-for-profits Commission, they are:

- Cairns Language Centre Pty Limited (CLC)
- Cairns Business College Pty Limited (CBC)
- Cairns Education Australia Pty Limited (CEA)
- ICHM Pty Limited.

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

Matters Subsequent to the End of the Financial Year

There are no other matters or circumstances which significantly affected or may affect the operations of the economic entity, the results of those operations, or the state of the affairs of the economic entity in future financial years, refer to Note 40.

Likely Developments and Expected Results of Operations

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

Environmental Regulation

The economic entity is subject to the following environmental regulations:

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

Insurance of officers

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

Proceedings on behalf of the entity

There were no material proceedings ongoing against the University at the end of 2018.

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

Signed at Darwin this 7 day of June 2019

CHANCELLOR The Hon Paul Henderson AO	VICE-CHANCELLOR AND PRESIDENT Professor Simon Maddocks

Financial Statements

Income Statement

For the year ended 31 December 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants:	3	106,548	102,609	87,536	89,200
- HELP - Australian Government payments	3	24,710	24,631	24,710	24,631
NT Government financial assistance	4	65,662	65,461	59,336	60,299
HECS - HELP student payments		5,153	5,187	5,153	5,187
Fees and charges	5	52,734	55,941	44,992	47,203
Investment revenue	6	4,525	3,031	3,417	2,005
Consultancy and contracts	7	20,419	24,979	15,097	15,764
Other revenue	8	21,158	19,937	18,349	17,601
Gains on disposal of assets	30	96	334	30	334
Share of profit or loss on investments accounted for using the equity method	23	44	558	44	558
Total income from continuing operations		301,049	302,668	258,664	262,782
Expenses from continuing operations					
Employee-related expenses	9	191,828	192,971	161,317	162,881
Depreciation and amortisation	10	17,903	18,669	14,710	15,098
Repairs and maintenance	11	7,319	8,704	6,966	8,280
Impairment of assets	12	712	547	4,304	530
Other expenses	13	102,422	100,856	92,748	90,276
Total expenses from continuing operations		320,184	321,748	280,045	277,065
Net result before income tax		(19,135)	(19,080)	(21,381)	(14,283)
Income tax expense	14	(12)	(447)	-	-
Net result after income tax for the period		(19,147)	(19,527)	(21,381)	(14,283)
Net result from continuing operations		(19,147)	(19,527)	(21,381)	(14,283)

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

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	Consolidated		Parent Entity	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Net result after income tax for the period		(19,147)	(19,527)	(21,381)	(14,283)
Items that will not be reclassified to profit or loss					
Gain/(loss) on value of available for sale financial assets	31(a)	7,056	15,817	7,089	15,830
Gain/(loss) on revaluation of land and buildings	31(a)	-	(170)	-	(136)
Total other comprehensive income		7,056	15,647	7,089	15,694
Total comprehensive income		(12,091)	(3,880)	(14,292)	1,411
Total comprehensive income from continuing operations		(12,091)	(3,880)	(14,292)	1,411

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

Statement of Financial Position

As at 31 December 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	15	**83,097**	92,615	**71,513**	87,307
Receivables	16	**7,633**	11,168	**3,525**	6,319
Inventories	17	**604**	946	**604**	946
Other financial assets	20	**8,491**	3,146	**8,538**	4,375
Assets classified as held for sale	21	**407**	11,093	**407**	11,093
Other non-financial assets	22	**6,261**	7,388	**6,028**	6,994
Total current assets		**106,493**	126,356	**90,615**	117,034
Non-current assets					
Biological assets	18	**1,238**	1,058	**1,238**	1,058
Investment property	19	**305**	310	**-**	-
Investments accounted for using the equity method	23	**1,205**	1,161	**1,205**	1,161
Other financial assets	20	**23,190**	16,127	**22,918**	15,830
Property, plant and equipment	24	**471,575**	469,546	**470,347**	467,605
Intangible assets	25	**27,330**	29,486	**128**	259
Total non-current assets		**524,843**	517,688	**495,836**	485,913
Total assets		**631,336**	644,045	**586,451**	602,947
LIABILITIES					
Current liabilities					
Trade and other payables	26	**8,682**	8,495	**7,183**	6,842
Borrowings	27	**1,400**	2,400	**1,000**	2,000
Provisions	28	**27,724**	26,425	**22,745**	21,671
Other liabilities	29	**12,803**	13,824	**41,984**	44,618
Total current liabilities		**50,609**	51,144	**72,912**	75,131
Non-current liabilities					
Provisions	28	**6,212**	6,245	**5,760**	5,745
Total non-current liabilities		**6,212**	6,245	**5,760**	5,745
Total liabilities		**56,821**	57,389	**78,672**	80,876
Net assets		**574,515**	586,655	**507,779**	522,071
Equity					
Reserves	31(a)	**249,472**	242,459	**240,867**	234,634
Restricted funds	31(b)	**23,581**	21,483	**23,581**	21,483
Retained earnings	31(c)	**301,462**	322,713	**243,331**	265,954
Total equity		**574,515**	586,655	**507,779**	522,071

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 2018

	Restricted Funds $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Consolidated				
Balance at 1 January 2017	27,609	233,808	328,950	590,366
Net result	-	-	(19,527)	(19,527)
Other comprehensive income	-	15,647	-	15,647
Total comprehensive income	**-**	**15,647**	**(19,527)**	**(3,880)**
Transfers (to)/from restricted reserves	(6,126)	-	6,126	-
Transfers (to)/from revaluation reserves	-	(6,996)	7,164	168
Balance at 31 December 2017	**21,483**	**242,459**	**322,713**	**586,655**
Balance at 1 January 2018	21,483	242,459	322,713	586,655
Net result	-	-	(19,147)	(19,147)
Other comprehensive income	-	7,056	-	7,056
Total comprehensive income	**-**	**7,056**	**(19,147)**	**(12,091)**
Transfers (to)/from restricted reserves	2,098	-	(2,098)	-
Transfers (to)/from revaluation reserves	-	(43)	(6)	(49)
Balance at 31 December 2018	**23,581**	**249,472**	**301,462**	**574,515**
Parent				
Balance at 1 January 2017	27,609	226,802	266,125	520,536
Net result	-	-	(14,283)	(14,283)
Other comprehensive income	-	15,694	-	15,694
Total comprehensive income	**-**	**15,694**	**(14,283)**	**1,411**
Transfers (to)/from restricted reserves	(6,126)	-	6,126	-
Transfers (to)/from revaluation reserves	-	(7,862)	7,986	124
Balance at 31 December 2017	**21,483**	**234,634**	**265,954**	**522,071**
Balance at 1 January 2018	21,483	234,634	265,954	522,071
Net result	-	-	(21,381)	(21,381)
Other comprehensive income	-	7,089	-	7,089
Total comprehensive income	**-**	**7,089**	**(21,381)**	**(14,292)**
Transfers (to)/from restricted reserves	2,098	-	(2,098)	-
Transfers (to)/from revaluation reserves	-	(856)	856	-
Balance at 31 December 2018	**23,581**	**240,867**	**243,331**	**507,779**

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 2018

	Note	Consolidated		Parent Entity	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Australian Government Grants		130,491	124,501	111,135	111,093
OS-HELP (net)		169	21	169	21
Superannuation supplementation		-	2	-	2
State Government grants		65,662	65,461	59,336	60,299
HECS-HELP student payments		5,153	5,187	5,153	5,187
Receipts from student fees and other customers		90,689	101,144	75,759	78,015
Interest received		2,327	2,542	1,279	1,651
Dividend received		805	25	802	-
Proceeds from sale of biological assets		264	119	264	119
Payments to suppliers and employees		(296,943)	(305,074)	(257,121)	(260,648)
Net cash used in operating activities	41	(1,383)	(6,072)	(3,224)	(4,261)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		278	459	212	459
Payments for property, plant and equipment		(7,214)	(10,787)	(6,816)	(9,233)
Payments for biological assets		(199)	(65)	(199)	(65)
Net cash used in investing activities		(7,135)	(10,393)	(6,803)	(8,839)
Cash flows from financing activities					
Repayment of borrowings		(1,000)	-	(1,000)	-
Other financing (outflows) / inflows		-	-	(4,767)	5,831
Net cash (used in) / provided by financing activities		(1,000)	-	(5,767)	5,831
Net decrease in cash and cash equivalents		(9,518)	(16,465)	(15,794)	(7,269)
Cash and cash equivalents at the beginning of the financial year		92,615	106,140	87,307	94,576
Cash acquired on acquisition		-	2,941	-	-
Cash and cash equivalents at the end of the financial year	15	83,097	92,615	71,513	87,307

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

Notes to the Financial Statements

For the year ended 31 December 2018

Notes to the Financial Statements

For the year ended 31 December 2018

Note 1: Summary of significant of accounting policies

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

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported, unless otherwise stated. The financial statements include separate statements of Charles Darwin University as the parent entity and the consolidated entity consisting of Charles Darwin University and its controlled entities, refer Note 1(b) and Note 37.

(a) Basis of preparation

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

Date of authorisation for issue

The financial statements were authorised for issue by the members' Council of Charles Darwin University on 5 June 2019.

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.

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 consolidated entity are as follows:

- Charles Darwin University Foundation
- Charles Darwin University Foundation Trust
- Charles Darwin University Charitable Trust
- Menzies School of Health Research, which includes:
    - Menzies School of Health Research Foundation Trust
    - 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.

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. However, its subsidiaries which include 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 Council Members and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(f) Website costs

Costs in relation to web sites controlled by the University are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an 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 Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the accounting policies of the Group.

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

Impact of initial application of AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments*: Recognition and Measurement which applies for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments:

i) classification and measurement;
ii) impairment; and
iii) hedge accounting.

The Group has applied AASB 9 retrospectively, with an initial application date of 1 January 2018. No differences arose from the adoption of AASB 9. As a result, no restatement of comparative information is required.

Details of these new requirements as well as their impact on the Groups' financial statements are described below.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI (FVOCI). The classification is based on two criteria: the Groups' business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Groups' business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Company.

The Group continued measuring at fair value all financial assets previously held at fair value under AASB139.

The following are the changes in the classification of the Groups' financial assets:

(a) Trade receivables and other financial assets classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

None of the reclassifications of financial assets have had any impact on the Groups' financial position, profit or loss, other comprehensive income or total comprehensive income.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Groups' financial liabilities.

(ii) Impairment

The adoption of AASB 9 has fundamentally changed the Groups' accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of AASB 9, there was no additional impairment on the Groups' trade receivables and debt.

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

(iii) Hedge accounting

Hedge accounting is not applicable to the Group.

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

AASB 15 *'Revenue from Contracts with Customers'*

AASB 15 Revenue from Contracts with Customers is effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in the Group's financial statements for the first time in 2019.

AASB 15:

- Replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:
  - establishes a new revenue recognition model
  - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
  - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
  - expands and improves disclosures about revenue.

AASB 1058 *'Income of Not-for-Profit Entities'*

AASB 1058 Income of Not-for-Profit Entities is effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in the Group's financial statements for the first time in 2019.

AASB 1058:

- Clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 *Revenue from Contracts with Customers*. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.
- Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.
- This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.
- In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 *Property, Plant and Equipment*).
- Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:
  - Contributions by owners;
  - Revenue, or a contract liability arising from a contract with a customer;
  - A lease liability;
  - A financial instrument; or
  - A provision.

  These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.

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

While the full impacts are yet to be determined, potential impacts from the initial application of AASB 15 and AASB 1058 may be material and include:

- Revenue received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue on receipt.
- Revenue from grants/contracts with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants/contracts are recognised as revenue on receipt.
- Revenue from grants/contracts that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will continue to be recognised as revenue on receipt as time restrictions on the use of funds are not sufficiently specific to create a performance obligation.
- Revenue from grants/contracts that are not enforceable or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue on receipt.

AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in the Group's financial statements for the first time in 2019.

AASB 16:

- Replaces AASB 117 Leases and some lease-related Interpretations.
- Requires the majority of leases to be recognised on the Statement of Financial other than short-term and low value asset leases.
- Provides new guidance on the application of the definition of lease and on sale and lease back accounting.
- Largely retains the existing lessor accounting requirements in AASB 117.
- Requires new and different disclosures about leases.

While the full impacts are yet to be determined, potential impacts from the initial application of AASB 16 include:

- For lessees with operating leases, a right-of-use asset will now come onto the Statement of Financial Position together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Profit and Loss will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.
- For lessors, the finance and operating lease distinction remains largely unchanged. For finance leases the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.
- The impact on the Statement of Financial Position is expected to increase assets via the Right of Use asset and increase liabilities via the Lease Liability. The standard will have a significant impact on financial position and marginal impact on the operating result due to the requirement to recognise leases on balance sheet with a corresponding depreciation and finance charge recognised over the term of the lease. Certain performance metrics and ratios will be impacted as a result of the above changes. In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 31 December 2018

Note 2: Disaggregated information

(a) Industry - Dual Sector Providers (Parent)

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

	Note	Parent Entity Higher Education 2018 $'000	Parent Entity VET 2018 $'000	Parent Entity Total Parent 2018 $'000	Parent Entity Higher Education 2017 $'000	Parent Entity VET 2017 $'000	Parent Entity Total Parent 2017 $'000
INCOME STATEMENT							
Income from continuing operations							
Australian Government financial assistance	3	83,129	4,407	87,536	81,588	7,612	89,200
Australian Government grants:							
- HELP Australian Government payments	3	24,563	147	24,710	24,527	104	24,631
NT Government financial assistance	4	9,330	50,006	59,336	9,964	50,335	60,299
HECS - HELP student payments		5,153	-	5,153	5,187	-	5,187
Fees and charges	5	37,679	7,313	44,992	39,695	7,508	47,203
Investment revenue	6	2,411	1,006	3,417	1,287	718	2,005
Consultancy and contracts	7	14,581	516	15,097	15,162	602	15,764
Other revenue	8	11,690	6,659	18,349	11,179	6,422	17,601
(Loss) / Gain on disposal of assets	30	(45)	75	30	214	120	334
Share of profit or loss on investments accounted for using the equity method	23	29	15	44	558	-	558
Total income from continuing operations		188,520	70,144	258,664	189,361	73,421	262,782
Expenses from continuing operations							
Employee related expenses	9	104,191	57,126	161,317	104,537	58,344	162,881
Depreciation and amortisation	10	9,425	5,285	14,710	9,690	5,408	15,098
Repairs and maintenance	11	3,521	3,445	6,966	5,314	2,966	8,280
Impairment of assets	12	2,405	1,899	4,304	340	190	530
Other expenses	13	67,883	24,865	92,748	57,939	32,337	90,276
Total expenses from continuing operations		187,425	92,620	280,045	177,820	99,245	277,065
Net result before income tax		1,095	(22,476)	(21,381)	11,541	(25,824)	(14,283)
Net result after income tax for the period		1,095	(22,476)	(21,381)	11,541	(25,824)	(14,283)
Net result		1,095	(22,476)	(21,381)	11,541	(25,824)	(14,283)

Notes to the Financial Statements

For the year ended 31 December 2018

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent)

STATEMENT OF FINANCIAL POSITION	Note	Higher Education 2018 $'000	VET 2018 $'000	Total Parent 2018 $'000	Higher Education 2017 $'000	VET 2017 $'000	Total Parent 2017 $'000
ASSETS							
Current assets							
Cash and cash equivalents	15	126,446	(54,933)	71,513	113,108	(25,801)	87,307
Receivables	16	2,313	1,212	3,525	5,541	2,593	8,134
Inventories	17	396	208	604	644	302	946
Other financial assets	20	5,603	2,935	8,538	1,744	816	2,560
Non-current assets classified as held for sale	21	267	140	407	7,557	3,536	11,093
Other non-financial assets	22	3,957	2,071	6,028	4,765	2,229	6,994
Total current assets		138,982	(48,367)	90,615	133,359	(16,324)	117,034
Non-current assets							
Biological assets	18	-	1,238	1,238	-	1,058	1,058
Investments accounted for using the equity method	23	1,205	-	1,205	1,161	-	1,161
Other financial assets	20	22,918	-	22,918	15,830	-	15,830
Property, plant and equipment	24	308,665	161,682	470,347	318,532	149,073	467,605
Intangible assets	25	84	44	128	176	83	259
Total non-current assets		332,872	162,964	495,836	335,699	150,214	485,913
Total assets		471,854	114,597	586,451	469,058	133,890	602,947
LIABILITIES							
Current liabilities							
Trade and other payables	26	4,714	2,469	7,183	4,661	2,181	6,842
Borrowings	27	656	344	1,000	1,362	638	2,000
Provisions	28	14,926	7,819	22,745	14,762	6,909	21,671
Other liabilities	29	27,552	14,432	41,984	30,394	14,224	44,618
Total current liabilities		47,848	25,064	72,912	51,179	23,952	75,131
Non-current liabilities							
Provisions	28	3,780	1,980	5,760	3,914	1,831	5,745
Total non-current liabilities		3,780	1,980	5,760	3,914	1,831	5,745
Total liabilities		51,628	27,044	78,672	55,093	25,783	80,876
Net assets		420,226	87,553	507,779	413,965	108,106	522,071
Equity							
Reserves	31(a)	155,911	84,956	240,867	151,984	82,650	234,634
Restricted funds	31(b)	19,515	4,066	23,581	17,034	4,449	21,483
Retained earnings	31(c)	244,800	(1,469)	243,331	244,947	21,007	265,954
Total equity		420,226	87,553	507,779	413,965	108,106	522,071

Notes to the Financial Statements

For the year ended 31 December 2018

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent)

STATEMENT OF CHANGES IN EQUITY	Higher Education $'000	VET $'000	Total Parent $'000
Parent			
Balance at 1 January 2017	391,008	129,528	520,536
Net result	11,541	(25,824)	(14,283)
Other comprehensive income	15,736	(42)	15,694
Total comprehensive income	**27,277**	**(25,866)**	**1,411**
Transfers (to)/from asset revaluation reserves	85	39	124
Distribution from subsidiaries	(4,405)	4,405	-
Balance at 31 December 2017	**413,965**	**108,106**	**522,071**
Balance at 1 January 2018	413,965	108,106	522,071
Net result	1,095	(22,476)	(21,381)
Other comprehensive income	7,055	34	7,089
Total comprehensive income	**8,150**	**(22,442)**	**(14,292)**
Distribution from subsidiaries	(1,889)	1,888	-
Balance at 31 December 2018	**420,226**	**87,552**	**507,779**

Notes to the Financial Statements

For the year ended 31 December 2018

Note 2: Disaggregated information (continued)

(a) Industry - Dual Sector Providers (Parent)

STATEMENT OF CASH FLOWS	Note	Higher Education 2018 $'000	VET 2018 $'000	Total Parent 2018 $'000	Higher Education 2017 $'000	VET 2017 $'000	Total Parent 2017 $'000
Cash Flows from operating activities							
Australian Government Grants		106,581	4,554	111,135	103,377	7,716	111,093
OS-HELP (net)		169	-	169	21	-	21
Superannuation Supplementation		-	-	-	2	-	2
State Government Grants		9,330	50,006	59,336	9,964	50,335	60,299
HECS-HELP student payments		5,153	0	5,153	5,187	-	5,187
Receipts from student fees and other customers		62,268	13,491	75,759	64,524	13,491	78,015
Interest received		693	586	1,279	1,065	586	1,651
Dividend received		802	-	802	-	-	-
Proceeds from sale of biological assets		-	264	264	-	119	119
Payments to suppliers and employees		(163,538)	(93,583)	(257,121)	(167,065)	(93,583)	(260,648)
Net cash provided by operating activities	41	21,458	(24,682)	(3,224)	17,074	(21,335)	(4,261)
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		139	73	212	313	146	459
Payments for property, plant and equipment		(4,473)	(2,343)	(6,816)	(6,290)	(2,943)	(9,233)
Payments for biological assets		-	(199)	(199)	-	(65)	(65)
Net cash used in investing activities		(4,334)	(2,469)	(6,803)	(5,977)	(2,862)	(8,839)
Cash flows from financing activities							
Proceeds from borrowings		(656)	(344)	(1,000)	-	-	-
Other investing inflows / (outflows)		(3,130)	(1,637)	(4,767)	3,971	1,860	5,831
Net cash used in financing activities		(3,786)	(1,981)	(5,767)	3,971	1,860	5,831
Net Increase / (decrease) in cash and cash equivalents		13,338	(29,132)	(15,794)	15,069	(22,338)	(7,269)
Cash and cash equivalents at the beginning of the financial year	15	113,108	(25,801)	87,307	98,039	(3,463)	94,576
Cash and cash equivalents at the end of the financial year	15	126,446	(54,933)	71,513	113,108	(25,801)	87,307

Notes to the Financial Statements

For the year ended 31 December 2018

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

	Note	Consolidated		Parent Entity	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000
(a) Commonwealth grant scheme and other grants	44.1				
Commonwealth grants scheme [#1]		**61,352**	60,143	**61,352**	60,143
National Priorities pool		**-**	156	**-**	156
Disability performance funding [#2]		**30**	26	**30**	26
Higher education participation and partnership program		**1,356**	1,345	**1,356**	1,345
Superannuation program		**-**	2	**-**	2
Indigenous student success program [#3]		**2,038**	2,583	**2,038**	2,583
Total Commonwealth grants scheme and other grants		**64,776**	64,255	**64,776**	64,255
(b) Higher Education Loan Programs	44.2				
HECS-HELP		**23,213**	23,560	**23,213**	23,560
FEE-HELP		**674**	363	**674**	363
VET FEE-HELP		**147**	104	**147**	104
SA-HELP		**676**	604	**676**	604
Total Higher education loan programs		**24,710**	24,631	**24,710**	24,631
(c) Education - research	44.3				
Research support program		**9,926**	9,222	**9,926**	9,222
Research training scheme		**7,270**	6,966	**7,270**	6,966
Total education research grants		**17,196**	16,188	**17,196**	16,188
(d) Other capital funding					
Other	44.4	**1,184**	2,275	**1,184**	2,275
Total other capital funding		**1,184**	2,275	**1,184**	2,275
(e) Australian Research Council	44.5				
Discovery		**339**	567	**339**	567
Linkages [#4]		**277**	288	**277**	288
Other		**184**	102	**184**	102
Total Australian Research Council		**800**	957	**800**	957

Notes to the Financial Statements

For the year ended 31 December 2018

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

	Note	Consolidated		Parent Entity	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
(f) Other Australian Government Financial Assistance					
Non-capital					
Department of Health and Aged Care Grants		**2,875**	1,514	**-**	-
AMEP		**-**	1,767	**-**	1,767
Away from Base		**3,580**	3,758	**3,580**	3,758
National Health and Medical Research Council Grants		**12,422**	10,960	**-**	-
Other		**3,715**	935	**-**	-
Total		**22,592**	18,933	**3,580**	5,525
Total other Australian Government financial assistance		**22,592**	18,933	**3,580**	5,525
Australian Government grants (a+c+d+e+f)		**106,548**	102,609	**87,536**	89,200
HELP - Australian Government payments (b)		**24,710**	24,631	**24,710**	24,631
Total Australian Government financial assistance		**131,258**	127,240	**112,246**	113,831

#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 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

#4 ARC Linkage Infrastructure, Equipment and Facilities grants should be reported in (e) Other Capital Funding.

Accounting Policy

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. This applies to revenue items recognised in notes 3 through 8.

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.

Notes to the Financial Statements

For the year ended 31 December 2018

Note 4: Northern Territory Government financial assistance

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-Capital				
Vocational Educational and Training	47,310	48,117	47,310	48,117
NTG - other financial assistance	15,770	15,126	9,444	9,964
Total Non-Capital	63,080	63,243	56,754	58,081
Capital				
Vocational Education and Training	2,582	2,218	2,582	2,218
Total Capital	2,582	2,218	2,582	2,218
Total Northern Territory Government Financial Assistance	65,662	65,461	59,336	60,299

Note 5: Fees and charges

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Course fees and charges				
Fee-paying onshore overseas students	36,420	38,674	36,420	38,674
Continuing education	5,580	5,703	5,580	5,703
Fee-paying domestic postgraduate students	7,078	7,492	222	342
Fee-paying domestic undergraduate students	28	75	28	75
Fee-paying domestic non-award students	900	826	900	826
Total course fees and charges	50,006	52,770	43,150	45,620
Other non-course fees and charges				
Application fees	159	197	37	52
Administration fees and charges	212	324	212	324
Other	2,357	2,650	1,593	1,207
Total other fees and charges	2,728	3,171	1,842	1,583
Total fees and charges	52,734	55,941	44,992	47,203

Accounting Policy

Student fees and charges

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

Note 6: Investment revenue

	Consolidated		Parent Entity	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest	**2,313**	2,494	**1,279**	1,505
Dividends	**2,210**	515	**2,138**	500
Investment property - Fair value movement	**(5)**	10	**-**	-
Investment property rental	**7**	12	**-**	-
Total investment revenue	**4,525**	3,031	**3,417**	2,005

Accounting Policy

Investment Revenue

Interest revenue is recognised as it is earned.

Dividend revenue is recognised on an accrual basis.

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 in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

Note 7: Consultancy and contracts

	Consolidated		Parent Entity	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Contract research	**20,419**	24,976	**15,097**	15,761
Consultancy non-research related	**-**	3	**-**	3
Total consultancy and contracts	**20,419**	24,979	**15,097**	15,764

Accounting Policy

Consultancy and Contracts/Fee for Service

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

Note 8: Other revenue

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other revenue				
Donations - CDUFT and other	**2,205**	959	**1,041**	38
Scholarships and prizes	**1,401**	2,091	**769**	1,631
Financial assistance/grants	**389**	488	**389**	488
Sales	**4,468**	4,682	**5,563**	5,590
Facility and equipment hire	**1,529**	1,358	**1,460**	1,242
Catering	**127**	169	**126**	166
Guest accommodation	**3,219**	3,968	**2,227**	2,483
Joint venture operations	**2,107**	2,350	**2,107**	2,350
Sundry income	**2,494**	1,485	**2,708**	1,448
Other	**2,946**	1,730	**1,686**	1,508
Total other revenue	**20,885**	19,280	**18,076**	16,944
Other income				
Change in fair value less point of sale cost of livestock	**273**	657	**273**	657
Total other income	**273**	657	**273**	657
Total other revenue	**21,158**	19,937	**18,349**	17,601

Accounting Policy

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.

Notes to the Financial Statements

For the year ended 31 December 2018

Note 9: Employee-related expenses

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Academic				
Salaries	**84,947**	86,914	**67,089**	68,866
Contributions to superannuation and pension schemes:				
- Funded	**12,499**	12,802	**10,335**	10,640
Payroll tax	**5,536**	5,601	**4,335**	4,484
Worker's compensation	**481**	567	**364**	457
Long service leave expense	**2,378**	1,849	**1,872**	1,365
Annual leave	**3,333**	3,542	**1,205**	1,300
Total academic	**109,174**	111,274	**85,200**	87,112
Non-academic				
Salaries	**65,194**	64,359	**60,018**	59,892
Contributions to superannuation and pension schemes:				
- Funded	**10,163**	9,863	**9,512**	9,335
Payroll tax	**3,979**	4,053	**3,850**	3,897
Worker's compensation	**363**	428	**322**	398
Long service leave expense	**1,315**	1,223	**1,296**	1,093
Annual leave	**1,540**	1,689	**1,019**	1,074
Other	**100**	82	**100**	81
Total non-academic	**82,654**	81,697	**76,117**	75,769
Total employee related expenses	**191,828**	192,971	**161,317**	162,881

Accounting Policy

Wages and salaries

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

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.

Notes to the Financial Statements

For the year ended 31 December 2018

Note 10: Depreciation and amortisation

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Depreciation				
Buildings and demountables	**10,062**	9,866	**10,062**	9,867
Plant and equipment	**3,326**	3,807	**2,306**	2,724
Leasehold improvements	**893**	1,100	**872**	1,087
Land improvements	**942**	899	**942**	899
Books and periodicals	**397**	390	**397**	390
Total depreciation	**15,620**	16,063	**14,579**	14,967
Amortisation				
Intangible asset	**2,283**	2,606	**131**	131
Total amortisation	**2,283**	2,606	**131**	131
Total depreciation and amortisation	**17,903**	18,669	**14,710**	15,098

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:

	2018	**2017**
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

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:

	2018	**2017**
Intangible assets	5-20 years	5-20 years

Note 11: Repairs and maintenance

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Building maintenance	**571**	1,286	**571**	1,286
Grounds maintenance	**653**	511	**653**	511
Electrical works	**1,183**	1,458	**1,183**	1,458
Air-conditioning	**776**	694	**776**	694
Building energy maintenance	**321**	388	**321**	388
Repairs and maintenance information technology	**338**	699	**338**	699
Plumbing	**664**	716	**664**	715
Demolition costs	**161**	-	**161**	-
Repairs and maintenance general	**2,652**	2,952	**2,299**	2,529
Total repairs and maintenance	**7,319**	8,704	**6,966**	8,280

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.

Note 12: Impairment of assets

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
General debts	**64**	35	**47**	24
Student debts	**648**	506	**648**	506
Related party debts	**-**	-	**3,609**	-
Goodwill	**-**	6	**-**	-
Total impairment of assets	**712**	547	**4,304**	530

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

	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
Scholarships, grants and prizes	**7,213**	9,141	**13,985**	14,287
Non-capitalised equipment	**3,249**	2,543	**2,991**	2,390
Advertising, marketing and promotional expenses	**5,224**	5,484	**4,620**	4,969
Materials	**21,272**	20,933	**13,230**	12,826
Stationery, photocopying and postage	**3,333**	3,573	**3,099**	3,319
Licenses, fees and charges	**8,355**	9,237	**8,125**	9,031
Travel, staffing and related costs	**12,122**	13,301	**8,192**	9,621
Utilities and facilities management	**9,425**	9,242	**9,186**	8,984
Equipment rent and lease expenses	**2,647**	3,042	**2,638**	3,034
Motor vehicle expenses	**756**	688	**756**	688
Insurance	**1,437**	1,492	**1,209**	1,258
Inventory used	**2,242**	2,444	**1,968**	2,139
Consultants - teaching	**1,688**	1,191	**1,568**	1,079
Consultants - general	**13,485**	10,996	**12,316**	10,143
Communications	**2,356**	1,312	**2,169**	1,040
Joint venture operations	**2,107**	2,363	**2,107**	2,363
Other	**5,511**	3,874	**4,589**	3,105
Total other expenses	**102,422**	100,856	**92,748**	90,276

Accounting Policy

Lease expense

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

Note 14: Income tax

(a) Income tax recognised in profit or loss

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Current tax				
In respect of the previous year	**12**	-	**-**	-
Deferred tax				
In respect of the current year	**-**	447	**-**	-
Total income tax recognised in the current year	**12**	447	**-**	-

Note 14: Income tax (continued)

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:

	Consolidated		Parent	
	2018 $	2017 $	2018 $	2017 $
Net result before income tax	**(19,135)**	(19,080)	**(21,381)**	(14,283)
Income tax expense calculated at 0%	**-**	-	**-**	-
Under provision relating to pre 21 June 2017	**12**	-	**-**	-
Effect on deferred tax balances due to the change in income tax rate from 30% to 0% (effective 21 June 2017)	**-**	447	**-**	-
Total income tax recognised in the current year	**12**	447	**-**	-

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 2018 and 2017 reconciliations above is 0%

Note 15: Cash and cash equivalents

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**17,768**	19,244	**13,031**	16,384
Cash at bank - at call account	**7,028**	6,144	**5,778**	4,889
Cash at bank - term deposits	**58,301**	67,227	**52,704**	66,034
Total cash and cash equivalents	**83,097**	92,615	**71,513**	87,307

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

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balances as above	**83,097**	92,615	**71,513**	87,307
Balance per Statement of Cash Flows	**83,097**	92,615	**71,513**	87,307

Accounting Policy

Cash and cash equivalents

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 1.34% and 1.67% (2017 - 1.24% and 1.44%)

(c) **At call**

The cash at bank at call account is subject to variable interest rates between 1.40% and 2.05% (2017 - 1.40% and 2.05%)

(d) **Term deposits**

The deposits are bearing floating interest rates between 2.15% and 2.80% (2017 - 2.15% and 2.65%) These deposits have an average maturity of 150 days (2017 - 137 days).

(e) **Bank guarantees**

The University has two bank guarantees totalling $0.54 million (2017: $0.431 million) for the lease of levels 10 and 11, 815 George Street, Sydney.

Note 16: Receivables

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Trade receivables	2,154	5,657	2,251	5,117
Student fees	5,937	5,911	1,781	1,593
GST receivable	723	541	664	536
Less: Provision for impaired receivables	(1,181)	(941)	(1,171)	(928)
Total receivables	7,633	11,168	3,525	6,319

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 2018, trade receivables of the consolidated entity with a nominal value of $0.96 million (2017: $0.77 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:

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
The ageing of these receivables is:				
3 to 6 months	634	602	619	590
Over 6 months	323	163	330	75
Total	957	766	949	665

Note 16: Receivables (continued)

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

	Consolidated		Parent Entity	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	**941**	925	**928**	925
Provisions for expected credit loss	**712**	547	**695**	530
Receivables written off during the year as uncollectible	**(472)**	(531)	**(452)**	(527)
At 31 December	**1,181**	941	**1,171**	928

Set information about the credit exposures are disclosed in Note 42 Financial Risk Management.

Note 17: Inventories

	Consolidated		Parent Entity	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
CDU Bookshop	**561**	507	**561**	507
Uniprint	**43**	35	**43**	35
Northern Editions	**539**	539	**539**	539
Less: Provision for impairment	**(539)**	(135)	**(539)**	(135)
Total inventories	**604**	946	**604**	946

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cattle				
Carrying amount at 1 January	1,024	445	1,024	445
Gain from changes to fair value less estimated point of sale costs	242	676	242	676
Purchases	199	65	199	65
Sales	(264)	(119)	(264)	(119)
Deaths	(20)	(43)	(20)	(43)
Carrying amount at 31 December	1,181	1,024	1,181	1,024
Horses				
Carrying amount at 1 January	34	53	34	53
Gain/(loss) from changes to fair value less estimated point of sale costs	31	(19)	31	(19)
Sales / deaths	(8)	-	(8)	-
Carrying amount at 31 December	57	34	57	34
Total biological assets	1,238	1,058	1,238	1,058

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 plus 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 2018 the fair value of biological assets is based on the valuation performed by Elders Rural Services Australia Limited.

As at 31 December 2018, the University had no commitment to purchase any livestock.

As at 31 December 2018, livestock held for sale comprised 750 cattle and 19 horses (2017: 601 cattle and 25 horses).

Note 19: Investment property

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At fair value				
Opening balance at 1 January	310	300	-	-
Revaluation of assets	(5)	10	-	-
Closing balance at 31 December	305	310	-	-

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.

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Amounts recognised in profit or loss for investment properties				
Rental income	7	12	-	-
Direct operating expenses (rent generating properties)	(5)	(6)	-	-
Total recognised in profit or loss	2	6	-	-

Notes to the Financial Statements

For the year ended 31 December 2018

Note 20: Other financial assets

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Accrued revenue	-	41	-	-
- Accrued interest receivable	777	789	326	389
- Accrued other revenue	5,779	1,816	5,779	1,816
- Accrued dividend receivable	1,900	500	1,900	500
Advances to related parties	35	-	4,142	1,670
Less: Provision for impaired advances	-	-	(3,609)	-
Total current	8,491	3,146	8,538	4,375
Non current				
Available-for-sale	22,918	15,830	22,918	15,830
Listed securities:				
Opening value	297	303	-	-
- Investment revaluation reserve	(25)	(6)	-	-
Total listed securities	272	297	-	-
Total non-current	23,190	16,127	22,918	15,830
Total other financial assets	31,681	19,273	31,456	20,205

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 2018. 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.

(a) Allowances for debt instruments other than receivables

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At 1 January	-	-	-	-
Provisions for expected credit losses	-	-	(3,609)	-
Write-off	-	-	-	-
At 31 December	-	-	(3,609)	-

The information about the credit exposures are disclosed in Note 42 Financial risk management.

Note 20: Other financial assets (continued)

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), and 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.

i) *Financial assets at amortised costs*

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 loan to related parties.

ii) *Financial assets at fair value through other comprehensive income*

The Group measures debt 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.

Note 20: Other financial assets (continued)

Accounting Policy

For debt 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 debt instruments at fair value through OCI includes investments in quoted debt 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 debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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.

Note 20: Other financial assets (continued)

Accounting Policy

For debt 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.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. in that case, the group also recognises an associated liability. the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

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 debt instruments other than receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt 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 debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt 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 debt 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.

Note 21: Assets classified as held for sale

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Land held for resale	407	11,093	407	11,093
Total non-current assets classified as held for sale	407	11,093	407	11,093

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 2018, lots from stages 1 to 10 were available for sale and are expected to be sold during the year ending 31 December 2019.

The land classified as held for sale comprises of lots from stages 1-10, with stages 11 - 20 expected to be developed subsequent to 31 December 2018 based on stages of development and have been reclassified to 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 non-financial assets

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Prepayments	6,174	7,290	6,028	6,994
Other assets	87	98	-	-
Total other non-financial assets	6,261	7,388	6,028	6,994

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 2018 $'000	Quoted fair value 2017 $'000	Ownership interest 2018 %	Ownership interest 2017 %
FCD Health Limited	Australia	Equity method	**558**	590	**50**	50
South Australian Tertiary Admissions Centre Limited	Australia	Equity method	**647**	571	**20**	20
			1,205	1,161		

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 course at TAFE SA and the four Universities that form part of the administration agreement.

	FCD Health 2018 $'000	FCD Health 2017 $'000	SATAC 2018 $'000	SATAC 2017 $'000	Total 2018 $'000	Total 2017 $'000
Financial Position						
Current assets	**454**	495	**402**	631	**897**	1,126
Non-current assets	**332**	389	**387**	537	**776**	926
Total assets	**786**	884	**789**	1,168	**1,673**	2,052
Current liabilities	**228**	294	**142**	597	**436**	891
Non-current liabilities	**-**	-	**-**	-	**-**	-
Total liabilities	**228**	294	**142**	597	**436**	891
Net assets	**558**	590	**647**	571	**1,205**	1,161

Notes to the Financial Statements

For the year ended 31 December 2018

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	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Reconciliation of carrying amount						
Balance at 1 January	**590**	603	**571**	-	**1,161**	603
Share of profit for the year	**(32)**	(13)	**76**	571	**44**	558
Balance at 31 December	**558**	590	**647**	571	**1,205**	1,161
Financial Performance						
Revenues	**2,768**	3,630	**1,996**	1,936	**4,764**	5,566
Gain from additions	**-**	-	**-**	445	**-**	445
Expenses	**(2,800)**	(3,603)	**(1,920)**	(1,811)	**(4,720)**	(5,414)
Adjustments	**-**	(40)	**-**	-	**-**	(40)
Net operating result before income tax	**(32)**	(13)	**76**	**571**	**44**	**558**

Note 24: Property, plant and equipment

	Land	Land Improvements	Buildings	Demountables	Works of Art	Library Books and Periodicals	Plant and Equipment	Leasehold Improvements	Work in Progress	TOTAL
Consolidated	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2017										
- Cost	-	-	-	294	-	-	38,189	5,054	1,067	**44,604**
- Valuation	31,660	27,598	397,666	1,336	1,596	3,860	2,838	-	-	**466,554**
- Accumulated Depreciation	-	(76)	(1,273)	(22)	-	-	(31,487)	(2,431)	-	**(35,289)**
Net Book Amount	**31,660**	**27,522**	**396,393**	**1,608**	**1,596**	**3,860**	**9,540**	**2,623**	**1,067**	**475,869**
Year Ended 31 December 2017										
Opening Net Book Amount	31,660	27,522	396,393	1,608	1,596	3,860	9,540	2,623	1,067	**475,870**
Additions	-	2,254	3,578	50	46	77	2,637	688	269	**9,599**
Acquisition through business combinations	-	-	-	-	-	-	741	77	-	**818**
Transfers	-	-	1,080	-	-	-	-	-	(1,080)	-
Disposals	-	-	-	-	-	-	(20)	(107)	-	**(127)**
Accumulated Depreciation on acquisition	-	-	-	-	-	-	(536)	(14)	-	**(550)**
Depreciation Charge	-	(899)	(9,753)	(114)	-	(390)	(3,807)	(1,100)	-	**(16,063)**
Closing Net Book Amount	**31,660**	**28,877**	**391,298**	**1,544**	**1,642**	**3,547**	**8,555**	**2,167**	**256**	**469,546**
At 31 December 2017										
- 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**	**469,546**

For the year ended 31 December 2018

Note 24: Property, plant and equipment (continued)

Consolidated	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	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**	**469,546**
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	469,546
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 2018

Note 24: Property, plant and equipment (continued)

Parent Entity	Land $'000	Land Improvements $'000	Buildings $'000	Demountables $'000	Works of Art $'000	Library Books and Periodicals $'000	Plant and Equipment $'000	Leasehold Improvements $'000	Work in Progress $'000	TOTAL $'000
At 1 January 2017										
- Cost	-	-	-	294	-	-	33,224	5,053	1,067	**39,638**
- Valuation	31,660	27,598	397,665	1,336	1,596	3,860	-	-	-	**463,715**
- Accumulated Depreciation	-	(76)	(1,273)	(22)	-	-	(26,199)	(2,432)	-	**(30,002)**
Net Book Amount	**31,660**	**27,522**	**396,392**	**1,608**	**1,596**	**3,860**	**7,025**	**2,621**	**1,067**	**473,351**
Year Ended 31 December 2017										
Opening Net Book Amount	31,660	27,522	396,392	1,608	1,596	3,860	7,025	2,621	1,067	**473,351**
Additions	-	2,254	3,578	50	46	77	2,430	688	224	**9,347**
Transfers	-	-	1,080	-	-	-	-		(1,080)	-
Disposals	-	-	-	-	-	-	(19)	(107)	-	**(126)**
Depreciation Expense	-	(899)	(9,753)	(114)	-	(390)	(2,724)	(1,087)	-	**(14,967)**
Closing Net Book Amount	**31,660**	**28,877**	**391,297**	**1,544**	**1,642**	**3,547**	**6,712**	**2,115**	**211**	**467,605**
At 31 December 2017										
- Cost	-	2,254	4,658	344	46	77	35,635	5,634	211	**48,859**
- Valuation	31,660	27,598	397,665	1,336	1,596	3,860	-	-	-	**463,715**
- Accumulated Depreciation	-	(975)	(11,026)	(136)	-	(390)	(28,923)	(3,519)	-	**(44,969)**
Net Book Amount	**31,660**	**28,877**	**391,297**	**1,544**	**1,642**	**3,547**	**6,712**	**2,115**	**211**	**467,605**

Note 24: Property, plant and equipment (continued)

	Land	Land Improvements	Buildings	Demountables	Works of Art	Library Books and Periodicals	Plant and Equipment	Leasehold Improvements	Work in Progress	TOTAL
Parent Entity	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**

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 desktop valuation of land, buildings, demountable and land improvements as at 31 December 2018 (2017: 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 2018 have been recorded at cost which equates approximately to fair value.

The library assets were revalued by AssetVal Pty Limited in 2016. The basis of the valuation was fair value.

The works of art collections were revalued by Miller Fine Art in 2016. The basis of the valuation was fair value.

Note 25: Intangible assets

	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
At 1 January				
Cost	36,116	34,164	655	655
Accumulated amortisation and impairment losses	(6,630)	(3,604)	(396)	(265)
Net book amount	29,486	30,560	259	390
Additions	127	1,532	-	-
Amortisation charge	(2,283)	(2,606)	(131)	(131)
Closing net book amount	27,330	29,486	128	259
At 31 December				
Cost	36,243	36,116	655	655
Accumulated amortisation and impairment losses	(8,913)	(6,630)	(527)	(396)
Net book amount	27,330	29,486	128	259

Accounting Policy

Intangible assets

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

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

In both years, significant portions of intangible assets consist of software and the right of use of research buildings at Royal Darwin Hospital (RDH). In the prior year, CDU Amenities Limited acquired goodwill and other intangible assets as part of the acquisition of ICHM Pty Limited on 30 January 2017.

	Consolidated 2018 $'000	Consolidated 2017 $'000	Parent Entity 2018 $'000	Parent Entity 2017 $'000
Breakdown of intangible assets is as follows:				
Goodwill - ICHM Pty Limited	70	70	-	-
Course curriculum	468	464	-	-
Student list and relationships	-	136	-	-
Licensed school contracts and relationships	16	219	-	-
Software	128	259	128	259
The right to use the RDH buildings - Menzies School of Health Research	26,648	28,338	-	-
Total intangible assets	27,330	29,486	128	259

Note 26: Trade and other payables

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade payables	7,432	6,510	6,053	4,925
Other payables	1,250	1,985	1,130	1,917
Total trade and other payables	8,682	8,495	7,183	6,842

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.

Note 27: Borrowings

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Unsecured				
Borrowings - NT Treasury Corporation	1,000	2,000	1,000	2,000
Borrowings - Related Party	400	400	-	-
Total Current Borrowings	1,400	2,400	1,000	2,000
Total Borrowings	1,400	2,400	1,000	2,000

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 has an interest free loan with the Northern Territory Government of $6 million for the Charles Darwin University Education and Training Facility at the Darwin Waterfront Precinct. The term of the loan is five years; the final payment of $1 million has been extended to 31 August 2019.

Note 28: Provisions

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	11,445	11,158	8,788	8,581
Long service leave	16,279	15,267	13,957	13,090
Total current provisions	27,724	26,425	22,745	21,671
Non-current provisions				
Employee benefits				
Annual leave	3,513	3,333	3,513	3,333
Long service leave	2,699	2,913	2,247	2,412
Total non-current provisions	6,212	6,246	5,760	5,745
Total provisions	33,936	32,671	28,505	27,416

There were 1,168 equivalent full time and fixed period contract employees at the end of 2018 and there were 1,189 equivalent full time and fixed period contract employees at the end of 2017.

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.

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

(iii) Retirement benefit obligations

The Group does not have any retirement benefit obligations.

Note 28: Provisions (continued)

Accounting Policy

Employee benefits

(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.

Note 29: Other liabilities

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Revenue received in advance	12,083	13,298	7,591	7,420
OS-HELP liability to Australian Government*	222	53	222	53
Funds held in trust	-	-	33,827	36,827
Other	498	473	344	318
Total other liabilities	12,803	13,824	41,984	44,618

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

Note 30: Gain / (loss) on disposal of assets

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Proceeds on sale of property, plant and equipment	278	459	212	459
Less: Carrying amount of land held for resale	(182)	(125)	(182)	(125)
Total gain/(loss) on disposal of assets	96	334	30	334
Gain/(Loss) is disclosed in the income statement as follows:				
Gain on disposal of assets	96	334	30	334
Total gain/(loss) on disposal of assets	96	334	30	334

Note 31: Reserves, restricted funds and retained earnings

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(a) Reserves				
Property, plant and equipment revaluation reserve	218,180	219,036	217,948	218,804
Available for sale assets revaluation reserve	22,873	15,817	22,919	15,830
Capital asset reserve	8,419	7,546	-	-
Restricted reserve - building	-	60	-	-
Total reserves	249,472	242,459	240,867	234,634

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Movements				
Property, plant and equipment revaluation reserve				
Balance at 1 January	219,036	227,068	218,804	226,802
Revaluation surplus/(deficit) on:				
Land	-	(124)	-	(124)
Land improvements	-	(12)	-	(12)
Leasehold improvements	-	-	-	-
Buildings	-	-	-	-
Demountables	-	-	-	-
Library collection	-	-	-	-
Work of art	-	-	-	-
Plant and equipment	-	(34)	-	-
Sub-total	-	(170)	-	(136)
Assets retired transferred to retained earnings:				
Land, Building, Plant and equipment	(856)	(7,862)	(856)	(7,862)
Balance at 31 December	218,180	219,036	217,948	218,804
Available for sale assets revaluation reserve				
Balance at 1 January	15,817	-	15,830	-
Revaluation surplus on available for sale assets	7,056	15,817	7,089	15,830
Balance at 31 December	22,873	15,817	22,919	15,830
Capital asset reserve				
Balance at 1 January	7,545	6,658	-	-
Transfers from/(to) accumulated funds	874	888	-	-
Balance at 31 December	8,419	7,546	-	-

Note 31: Reserves, restricted funds and retained earnings (continued)

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Restricted reserve - building				
Balance at 1 January	60	80	-	-
Transfers from/(to) accumulated funds	(60)	(20)	-	-
Balance at 31 December	-	60	-	-

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(b) Restricted funds reserve				
Balance at 1 January	21,483	27,609	21,483	27,609
Transfers from/(to) accumulated funds or Adjustments via revenue and (expenditure)	2,098	(6,126)	2,098	(6,126)
Balance at 31 December	23,581	21,483	23,581	21,483

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(c) Retained earnings				
Retained earnings at 1 January	322,713	328,950	265,954	266,125
Operating result for the period	(19,147)	(19,527)	(21,381)	(14,283)
Accumulated funds before transfers to Restricted funds	303,566	309,423	244,573	251,842
Transfers (to) / from restricted funds	(2,098)	6,126	(2,098)	6,126
Transfer of property, plant and equipment revaluation reserve for retired assets	(6)	7,165	856	7,986
Total retained earnings at 31 December	301,462	322,713	243,331	265,954

(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.

Note 31: Reserves, restricted funds and retained earnings (continued)

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.

Note 32: Key management personnel disclosures

(a) Names of responsible persons and executive officers

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

Mr Neil Balnaves 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	Member appointed by the Administrator
Mr Lorenzo Strano OAM	Member appointed by the Administrator
Professor Judith Whitworth AC	Member appointed by the Administrator
Ms Rachael Jones	Member elected by the Undergraduate Students
Mr Bryan Baker	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)

Notes to the Financial Statements

For the year ended 31 December 2018

Note 32: Key management personnel disclosures (continued)

(b) Executive officers

Professor Simon Maddocks	Vice-Chancellor and President
Professor Sue Carthew	Provost and Vice-President
Professor Lawrence Cram	Deputy Vice-Chancellor and Vice-President Research and Research Training until December 2018
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
Ms Christine Robertson	Pro Vice-Chancellor, Vocational Education and Training until December 2018
Mr Ashar Ehsan	Acting Pro Vice-Chancellor, Vocational Education and Training from December 2018
Associate Professor Steve Shanahan	Pro Vice-Chancellor, Higher Education
Professor Adrian Miller	Pro Vice-Chancellor, Indigenous Leadership until June 2018
Professor Barry Judd	Pro Vice-Chancellor, Indigenous Leadership from June 2018
Mr Anthony Hornby	Pro Vice-Chancellor, Education and Student Success until July 2018
Professor Robert Fitzgerald	Pro Vice-Chancellor, Education Strategy from July 2018
Professor Philip Seltsikas	Pro Vice-Chancellor, Student Engagement and Success from July 2018

All of the above persons were also key management persons during the year ended 31 December 2018.

* 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.

Note 32: Key management personnel disclosures (continued)

(c) Remuneration of Council members and executives

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

	Parent Entity	
	2018	2017
	$'000	$'000
Remuneration of Council members		
Nil to $14,999	15	14
Remuneration of executives		
Less than $14,999	-	-
$45,000 to $59,999	-	1
$120,000 to $134,999	-	1
$135,000 to $149,999	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	1
$270,000 to $284,999	1	1
$300,000 to $314,999	1	-
$315,000 to $329,999	-	1
$330,000 to $344,999	2	-
$345,000 to $359,999	1	2
$360,000 to $374,999	2	-
$375,000 to $389,999	-	1
$450,000 to $464,999	-	-
$495,000 to $509,999	-	-
$615,000 to $629,999	1	1

(d) Key management personnel compensation

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Short-term employee benefits	5,474	5,386	3,643	3,386
Post-employee benefits*	621	981	404	412
Other long-term benefits~	5	195	(50)	100
	6,100	6,562	3,997	3,897

** Superannuation is included in post-employee benefits.*

~ Other long term benefits have been restated to reflect the comparable current year expense for 2017.

Note 32: Key management personnel disclosures (continued)

(e) Loans to key management personnel

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

Note 33: Remuneration of auditors

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Audit services				
Fees paid to the Northern Territory Auditor-General's Office	356	295	200	159
Total remuneration for audit services	356	295	200	159

Note 34: Contingencies

Contingent liabilities
There were no material contingent liabilities as at 31 December 2018 and 2017.

Note 35: Commitments

(a) Capital commitments

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Building works				
Payable:				
Within one year	1,740	3,143	1,740	3,081
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	1,740	3,143	1,740	3,081

Notes to the Financial Statements

For the year ended 31 December 2018

Note 35: Commitments (continued)

(b) Lease commitments

All leases of the Group are operating leases.

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Operating leases				
Office equipment	**404**	499	**404**	499
Computing equipment	**1,516**	2,300	**1,490**	2,260
Property	**7,166**	8,364	**6,051**	7,750
Cancellable property	**260**	520	**-**	-
Total leases	**9,346**	11,683	**7,945**	10,509

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Within one year	**3,437**	3,411	**2,718**	3,054
Later than one year but not later than five years	**5,649**	7,752	**5,227**	7,454
Later than 5 years	**-**	-	**-**	-
Total leases	**9,086**	11,163	**7,945**	10,508

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

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Within one year	**209**	282	**-**	-
Later than one year but not later than five years	**51**	238	**-**	-
Later than 5 years	**-**	-	**-**	-
Total cancellable leases	**260**	520	**-**	-

Accounting policy

Leases

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

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

Note 35: Commitments (continued)

(c) Other expenditure commitments

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other				
Within one year	3,036	3,371	3,026	3,341
Later than one year but not later than five years	-	10	-	-
Later than five years	-	-	-	-
	3,036	3,381	3,026	3,341

(d) Revenue

Included in income from continuing operations is capital funding received of $1.84 million that is committed to fund specific capital projects.

Note 36: Related parties

(a) Parent entity

The parent entity is Charles Darwin University.

(b) Subsidiaries

Subsidiaries include:

- Menzies School of Health Research (MSHR), which includes
  - Menzies School of Health Research Foundation Trust
  - 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 directors and specified executives are set out in Note 32.

Note 36: Related parties (continued)

(d) Transactions with related parties

The following transactions took place with related parties:

Menzies School of Health Research (MSHR)

	2018 $'000	2017 $'000
Income		
Other	1,456	1,369
Student fees	-	-
Expenditure		
Student fees *	1,829	1,799
Projects	913	689
RSP, RTP and RIBG	5,095	3,955
Other	801	621
Total transactions with related parties	(7,182)	(5,695)

* 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 2018, the Parent holds $29.7 million (2017: $31.7 million) investment on behalf of Menzies School of Health Research (disclosed in Note 15).

Charles Darwin University Foundation Trust (CDUF)

	2018 $'000	2017 $'000
Income		
Donor disbursements for University activities	1,839	1,084
Expenditure		
Interest expense	117	125
Total transactions with related parties	1,722	959

Note 36: Related parties (continued)

CDU Amenities Limited (CDUA)

	2018 $'000	2017 $'000
Income		
Gym equipment hire	-	12
Expenditure		
Staff gym membership	2	13
Grant funding*	200	280
Total transactions with related parties	**(202)**	(281)

* During the year ended 31 December 2018, the Parent provided funding of $200,000 (2017: $280,000) to support the operation of CDUA.

Charles Darwin University Charitable Trust

During the year ended 31 December 2018, there were no transactions with Charles Darwin University Charitable Trust.

Cairns Language Centre Pty Ltd

During the year ended 31 December 2018, Cairns Language Centre Pty Ltd paid insurance costs of $11,333 (2017: $Nil) to the University.

ICHM Pty Ltd

During the year ended 31 December 2018, ICHM Pty Ltd paid insurance costs of $14,617 (2017: $Nil) to the University.

FCD Health Limited

During the year ended 31 December 2018, the Parent had no material transactions with FCD Health Limited.

South Australian Tertiary Admissions Centre Limited (SATAC)

During the year ended 31 December 2018, the University paid $590,050 (2017: $543,324) in member contributions to SATAC.

(e) Advances to/from related parties

As at 31 December 2018 CDU Amenities Limited had an advance owing to the University for the amount of $679,203 (2017: $679,203).

As at 31 December 2018 Cairns Language Centre Pty Limited had an advance owing to the University for the amount of $2,561,549 (2017: $793,800).

An impairment provision has been recognised by the University for the amount of $3,240,752, an expense of $3,240,752 has been recorded in the Income Statement.

During the year ended 31 December 2018, there were no other loans to/from related parties.

Note 36: Related parties (continued)

(f) Outstanding balances

As at 31 December 2018 the University had a receivable owing of $368,168 from CDU Amenities Limited (2017: $162,096 payable).

An impairment provision has been recognised by the University for the amount of $368,168, an expense of $368,168 has been recorded in the Statement of Profit and Loss.

As at 31 December 2018, the University holds $4,100,000 (2017: $5,100,000) of investments on behalf of the CDU Foundation Trust. Nil interest payable in 2018 and 2017 and $27,008 (2017: $4,992) of intercompany receivable to CDU Foundation Trust.

As at 31 December 2018, the University holds $29,700,000 (2017: $31,700,000) of investment on behalf of Menzies School of Health Research.

As at 31 December 2018, ICHM Pty Ltd had a loan payable of $400,000 (2017: $400,000) to Mr Gerald Lipmann an Executive Officer of the company.

Note 37: Subsidiaries

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

	Country of Incorporation	Equity Holding 2018 %	Equity Holding 2017 %
Charles Darwin University Foundation	Australia	100	100
Menzies School of Health Research	Australia	100	100
Menzies School of Health Research Foundation Trust	Australia	100	100
Bridging the Gap Foundation Trust	Australia	100	0
CDU Amenities Limited*	Australia	100	100
Charles Darwin University Charitable Trust	Australia	100	100

* CDU Amenities Limited purchased the shares in a college for hotel management on 30 January 2017 and a language school and its associated entities on 11 November 2016. The following entities were acquired by CDU Amenities Limited:

	Country of Incorporation	Equity Holding 2018 %	Equity Holding 2017 %
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

Note 37: 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 2018 and the results of all subsidiaries for the year/period then ended. Charles Darwin University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

Note 38: 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 2018 and 2017

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 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).

Note 38: Joint operations (continued)

Accounting policy
Joint arrangements
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.

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current assets	407	11,093	407	11,093
Non-current assets	22,130	7,630	22,130	7,630
Total assets	22,537	18,723	22,537	18,723
Net assets	22,537	18,723	22,537	18,723
Share of joint controlled operations revenues, expenses and results				
Revenues	2,107	2,363	2,107	2,363
Expenses	2,107	2,363	2,107	2,363
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 2018 and 2017 were nil.

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

Note 39: 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.

Note 40: Events subsequent to the end of the financial year

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

Note 41: Reconciliation of operating result to net cash flows from operating activities

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Operating result for the period	(19,147)	(19,527)	(21,381)	(14,283)
Depreciation and amortisation	17,903	18,669	14,710	15,098
Net (gain)/loss on disposal of non-current assets	(96)	(334)	(30)	(334)
Other	55	(715)	(112)	36
Provision for impairment - related party loan	-	-	3,241	-
Change in operating assets and liabilities on acquisition	-	(2,651)	-	-
Non-cash investment income	(44)	(558)	(44)	(558)
	(1,329)	(5,116)	(3,616)	(41)
Change in operating assets and liabilities				
(Increase)/decrease in receivables	3,534	(2,416)	2,794	1,834
(Increase)/decrease in Inventories	341	65	341	65
(Increase)/decrease in biological assets	(180)	(560)	(180)	(560)
(Increase)/decrease in other financial assets	(5,309)	(471)	(5,300)	(354)
(Increase)/decrease in other non-financial assets	1,127	198	967	266
Increase/(decrease) in trade and other payables	187	(1,765)	341	(2,715)
Increase/(decrease) in other liabilities	(1,020)	2,010	340	(3,753)
Increase/(decrease) in provisions	1,266	1,982	1,089	997
	(54)	(956)	392	(4,220)
Net cash provided by/(used in) operating activities	(1,383)	(6,072)	(3,224)	(4,261)

Note 42: Financial risk management

Financial risk management

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

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

Note 42: 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 has $1,000,000 in borrowings as at balance date. The Group's funds on deposit are at rates fixed for the term of the deposit. At balance date, all funds were deposited with ADIs with Standard and Poor's credit ratings of A-2 or higher. Movement of rates will not affect the fair value of the assets as the deposits will be held to maturity. At call funds are subject to market rate movements. During 2018 the term deposit interest rate range was 0.65%. This is compared to the interest rate range in 2017 of 0.50%. The increase in the interest rate range from 2017 to 2018 was due to was due to the average maturity increasing from 137 days in 2017 to 150 days in 2018. The interest rate outlook for 2019 is likely to remain in the target range of 1.50%.

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.

Note 42: Financial risk management (continued)

At 31 December 2018, if interest rates had moved, as illustrated in the table below, with all the other variables held constant, the result and equity would have been affected as follows:

	Consolidated carrying amount	Interest rate risk -1.5%		Interest rate risk +1.5%	
31 December 2018	$'000	Result $'000	Equity $'000	Result $'000	Equity $'000
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
Financial liabilities					
Trade and other payables	8,682	(130)	(130)	130	130
Borrowings	1,400	(21)	(21)	21	21
Total increase/(decrease)		**(1,987)**	**(1,987)**	**1,987**	**1,987**
31 December 2017					
Financial assets					
Cash and cash equivalents	92,615	(1,389)	(1,389)	1,389	1,389
Receivables	12,984	(195)	(195)	195	195
Other financial assets	17,458	(262)	(262)	262	262
Financial liabilities					
Trade and other payables	8,495	(127)	(127)	127	127
Borrowings	2,000	(30)	(30)	30	30
Total increase/(decrease)		**(2,003)**	**(2,003)**	**2,003**	**2,003**

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 $0.11 from the lowest exchange rate received to the highest in 2018. Forecasts vary on the expectations of the exchange rate for 2019. The weighted average for 2018 was $0.74 and the Group has factored in a 10% variation ($0.10) based on the 2018 range.

Note 42: Financial risk management (continued)

(b) Credit risk

The Group's exposure to credit risk is mainly restricted to receivables. The Group does not have significant exposure to any one debtor. At balance date, all funds were deposited with Authorised Deposit-taking Institutions with Standard and Poor's credit ratings of A-2 or higher. The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the 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 43: 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	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	15	**83,097**	92,615	**83,097**	92,615
Receivables	16	**7,633**	12,984	**7,633**	12,984
Other financial assets	20	**31,681**	17,458	**31,681**	17,458
Total financial assets		**122,411**	123,057	**122,411**	123,057
Financial liabilities					
Trade and other payables	26	**8,682**	8,495	**8,682**	8,495
Borrowings	27	**1,400**	2,400	**1,400**	2,400
Total financial liabilities		**10,082**	10,895	**10,082**	10,895

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

Note 43: Fair value measurement (continued)

(b) Fair value hierarchy

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).

Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2018.

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.

Notes to the Financial Statements

For the year ended 31 December 2018

Note 43: Fair value measurement (continued)

Fair value measurements at 31 December 2018

	Note	2018 $'000	2017 $'000	Category	Valuation technique and inputs used
Available-for-sale financial assets	20	**22,918**	15,830	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	20	**272**	297	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		23,190	16,127		
Land	24	**42,164**	31,660	Level 2	Market valuation - Sales prices of comparable land adjusted for property size, location, topography, and other inherent attributes.
Land Improvements	24	**29,892**	28,877	Level 3	Application of unit rates - Unit rates are developed by summing each component which goes into producing a unit of an asset. The major components of any asset are the raw materials, plant, labour and intangibles.
Buildings	24	**384,063**	392,842	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	**305**	310	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	**4,877**	5,189	Level 3	Current Replacement Cost - estimated by determining an average fair value for each type of item and extrapolating over the number of items in each category.
Total non-financial assets		461,301	458,878		

Note 44: Acquittal of Australian Government financial assistance

1. EDUCATION - CGS AND OTHER EDUCATION GRANTS

		Parent Entity (HEP) ONLY							
		Commonwealth Grants Scheme #1		Partnership & Participation Program		Disability Performance Funding #2		National Priorities Pool	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)		60,879	60,143	1,356	1,345	30	26	-	156
Net accrual adjustments		473	-	-	-	-	-	-	-
Revenue for the period	3(a)	61,352	60,143	1,356	1,345	30	26	-	156
Surplus/(deficit) from the previous year		-	-	3,163	4,416	-	-	66	-
Total revenue including accrued revenue		61,352	60,143	4,519	5,761	30	26	66	156
Less expenses including accrued expenses		61,352	60,143	4,519	2,598	30	26	66	90
Surplus/(deficit) for reporting period		-	-	-	3,163	-	-	-	66

		Parent Entity (HEP) ONLY			
		Indigenous Student Success Program		Total	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)		2,026	2,583	64,291	64,253
Net accrual adjustments		12	-	485	-
Revenue for the period	3(a)	2,038	2,583	64,776	64,253
Surplus/(deficit) from the previous year		-	-	3,229	4,416
Total revenue including accrued revenue		2,038	2,583	68,005	68,669
Less expenses including accrued expenses		2,038	2,583	68,005	65,440
Surplus/(deficit) for reporting period		-	-	-	3,229

#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.
#3 Indigenous Student Success Program replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2018

Notes to the Financial Statements

For the year ended 31 December 2018

Note 44: Acquittal of Australian Government financial assistance (continued)

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

		Parent Entity (HEP) ONLY									
		HECS-HELP Australian Government Payments only		FEE - HELP #3		VET FEE-HELP		SA-HELP		Total	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash Payable/(Receivable) at beginning of year		-	-	-	-	-	-	-	-	-	-
Financial Assistance received in Cash during the reporting period	3 (b)	23,289	23,560	356	363	358	104	663	604	24,666	24,631
Net accrual adjustments		(76)	-	318	-	(211)	-	13	-	44	-
Cash available for period		23,213	23,560	674	363	147	104	676	604	24,710	24,631
Less: Revenue earned		23,213	23,560	674	363	147	104	676	604	24,710	24,631
Cash Payable/(Receivable) at end of year		-	-	-	-	-	-	-	-	-	-

3a. DEPARTMENT OF EDUCATION AND TRAINING RESEARCH #4

		Parent Entity (HEP) ONLY					
		Research Training Program		Research Support Program		Total	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)		7,274	6,966	9,906	9,222	17,180	16,188
Net accrual adjustments		(4)	-	20	-	16	-
Revenue for the period		7,270	6,966	9,926	9,222	17,196	16,188
Surplus/(deficit) from the previous year		2,150	2,186	-	2,510	2,150	4,696
Total revenue including accrued revenue		9,420	9,152	9,926	11,732	19,346	20,884
Less expenses including accrued expenses		7,270	7,002	9,926	11,732	17,196	18,734
Surplus/(deficit) for reporting period		2,150	2,150	-	-	2,150	2,150

#4 The reported surpluses for Research Training Program of $2.15 million for 2018 are expected to be rolled over for future use by the University.

Note 44: 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	3,879	28	3,907
Research Training Program Stipends	2,575	691	3,266
Research Training Program Allowances	88	7	95
Other	2	-	2
Total for all types of support	6,544	726	7,270

4. OTHER CAPITAL FUNDING

	Parent Entity (HEP) ONLY						
		Education Investment Fund		Other Capital Funding		Total	
	Note	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)		-	-	1,184	2,275	1,184	2,275
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period		-	-	1,184	2,275	1,184	2,275
Surplus/(deficit) from the previous year		-	-	-	-	-	-
Total revenue including accrued revenue		-	-	1,184	2,275	1,184	2,275
Less expenses including accrued expenses		-	-	1,184	2,275	1,184	2,275
Surplus/(deficit) for reporting period		-	-	-	-	-	-

Note 44: Acquittal of Australian Government financial assistance (continued)

5. AUSTRALIAN RESEARCH COUNCIL GRANTS

	Parent Entity (HEP) ONLY									
	Discovery		Linkages		Other		Linkage Infrastructure, Equipments and Facilities		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial Assistance received in Cash during the reporting period (total cash received from the Australian Government for the Programs)	339	567	277	288	184	102	-	-	800	957
Net accrual adjustments	-	-	-	-	-	-	-	6	-	6
Revenue for the period	339	567	277	288	184	102	-	6	800	963
Surplus/(deficit) from the previous year	270	217	227	176	87	-	-	-	584	393
Total revenue including accrued revenue	609	784	504	464	271	102	-	6	1,384	1,356
Less expenses including accrued expenses	445	514	374	237	271	15	-	6	1,090	772
Surplus/(deficit) for reporting period	164	270	130	227	-	87	-	-	294	584

6. OS-HELP

	Parent Entity (HEP) ONLY			
	OSOHELP		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash received during the reporting period	358	236	358	236
Cash spent during the reporting period	189	215	189	215
Net Cash received	169	21	169	21
Cash Surplus/(deficit) from the previous period	53	32	53	53
Carry forward adjustment	-	-	-	-
Cash Surplus/(deficit) for reporting period	222	53	222	74

Notes to the Financial Statements

For the year ended 31 December 2018

Note 44: Acquittal of Australian Government financial assistance (continued)

7. HIGHER EDUCATION SUPERANNUATION PROGRAM

	Parent Entity (HEP) ONLY			
	Superannuation Supplementation		Total	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash received during the reporting period	-	2	-	2
Cash spent during the reporting period	-	2	-	2
Net Cash received	-	-	-	-
Cash Surplus/(deficit) from the previous period	-	11	-	11
Carry forward adjustment	-	(11)	-	(11)
Cash Surplus/(deficit) for reporting period	-	-	-	-

8. STUDENT SERVICES AND AMENITIES FEE

	Parent Entity (HEP) ONLY			
	Student services and amenities fee		Total	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Unspent/(overspent) revenue from previous period	1,193	1,249	1,193	1,249
Carry Forward Adjustment	-	-	-	-
SA-HELP Revenue Earned	676	604	676	604
Student services fees direct from students	-	-	-	-
Total revenue expendable in period	1,869	1,853	1,869	1,853
Student services expenses during period	682	660	682	660
Underspent/(overspent) student services revenue	1,187	1,193	1,187	1,193

Members of Council Certification

1. In our opinion:

   a) the accompanying financial statements of the University and the consolidated entity are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2018, and the results for the year ended on that date, of the University and the consolidated entity; and

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

2. The accompanying financial statements and notes thereto, of the University and the economic entity have been prepared in accordance with the *Charles Darwin University Act* and Australian Accounting Standards, *Australian Charities and Not-for-profits Commission Act 2012*, Australian Charities and Not-for-profits Commission Regulation 2013, and as per the Commonwealth Department of Education Guidelines for the Preparation of Annual Financial Statements for the 2018 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 7 day of June 2019

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 2018

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 2018, 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* (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.

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.

- 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.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

7 June 2019

Charles Darwin University
Darwin NT Australia
T: +61 8 8946 6666
W: cdu.edu.au
CRICOS Provider No. 00300K (NT)
No. 03286A (NSW)
RTO provider 0373

CHARLES
DARWIN
UNIVERSITY