

ICHM Pty Limited

ACN 080 984 738

2019 Financial Statements

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Directors' Report

The Directors of ICHM Pty Limited ("the Company") submit the annual financial report of the Company for the year ended 31 December 2019. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the Directors report as follows:

Directors

The names and qualifications of the Directors of the Company that were in office during the year:

Mr Richard Ryan AO	Is the Deputy Chancellor of Charles Darwin University. Appointed as a Director on 30 January 2017. Resigned 31 January 2020.
Ms Bodelle Francis	Is the General Manager of the Oval Hotel. Has a Bachelor Degree in International Hotel Management from ICHM. Appointed as a director on 23 August 2017.
Mr Scipio Lipman	Principal and founder of Lipman Karas. Appointed as a director on 05 July 2017. Resigned 14 February 2020.
Professor Simon Maddocks	Is the Vice-Chancellor and President of Charles Darwin University. Appointed as a Director on 30 January 2017. Resigned 31 January 2020.
Mrs Denise Von Wald	Is the Principal of St Anne's College and a professional director. She has previously held the position of Regional General Manager for the UK and Northern Europe - Tourism Australia and Chief Executive of Education Adelaide. Appointed as a Director on 15 February 2018.
Mrs Meredith Parry	Is the Deputy Vice-Chancellor and Vice President (Operations) of Charles Darwin University. Appointed as an alternate Director on 23 June 2017. Resigned 31 January 2020.

The names of the Directors of the Company that were in office at the date of this report:

Ms Bodelle Francis	Appointed as a director on 23 August 2017.
Mr Kevin Lynch	Appointed as a Director on 14 February 2020.
Mr Colm Saunders	Appointed as a Director on 23 April 2020.
Mrs Natalie Simmons	Appointed as Company Secretary on 3 February 2020 and as a Director on 23 April 2020.
Mrs Denise Von Wald	Appointed as a Director on 15 February 2018.

Directors' Report (continued)

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director). During the year five Directors' meetings were held.

		No. of Meetings held while in office	No. of Meetings attended
Mr Richard Ryan AO	Appointed 30 January 2017	5	5
Ms Bodelle Francis	Appointed 23 August 2017	5	2
Mr Scipio Lipman	Appointed 05 July 2017	5	5
Professor Simon Maddocks	Appointed 30 January 2017	5	4
Mrs Denise Von Wald	Appointed 15 February 2018	5	5
Mrs Meredith Parry	Appointed 23 June 2017 (Alternate Director)	5	2

Principal Activities

The principal activity of the Company during the year was to provide hospitality education to students.

Changes in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

Subsequent Events

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

ICHM Pty Ltd repaid the \$400,000 loan from Gerald Lipman on 30 January 2020 and the \$150,000 loan from Charles Darwin University on 28 January 2020.

In response to COVID-19 the Company implemented an alternate operational approach to deliver tuition and support to students online. As a result, there is not a financial impact in semester 1 of 2020. Whilst it is likely that new international student numbers into semester 2 2020 will be significantly lower, a larger cohort of students will be continuing their studies either on campus or online rather than undertaking industry placement. The financial result for the 2020 financial year is not expected to be materially lower than budget.

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

Directors' Report (continued)

Dividends

There were no dividends or distributions recommended or declared for payment to members during the year.

Auditor's Independence Declaration

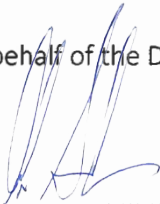
A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 6 of this financial report.

Rounding Off

The Financial Statements have been rounded off to the nearest dollar.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



.....
Director



.....
Director

Adelaide

Date: 16 June 2020



Auditor-General

Auditor's Independence Declaration to the Directors of ICHM Pty Ltd

I declare that, to the best of my knowledge and belief, during the financial year ended 31 December 2019 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

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

Julie Crisp
Auditor-General for the Northern Territory

Darwin

16 June 2020



Auditor-General

Independent Auditor's Report to the Directors of ICHM Pty Limited

Year Ended 31 December 2019

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Opinion

I have audited the accompanying Financial Report of ICHM Pty Limited ("the Company").

The Financial Report comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Statement.

In my opinion the accompanying Financial Report gives a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. 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 Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the Financial Report in Australia. I have fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Other Information is financial and non-financial information included in the annual report of ICHM Pty Limited which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information I obtained prior to the date of this Auditor's Report was the "*Directors' Report*" shown on page 3 to 5 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. Based upon the work I have performed on the Other Information that I obtained prior to the date of this Auditor's Report, I have nothing to report.



Auditor-General

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Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and gives a fair view in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Directors determine is necessary to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company'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 judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- 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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.



Auditor-General

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

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

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

18 June 2020


Directors' Statement

In accordance with a resolution of the Directors of the ICHM Pty Limited, the Directors state that:

1. In the Directors' opinion, there are reasonable grounds to believe that ICHM Pty Limited will be able to pay its debts as and when they become due and payable; and
2. The financial statements and notes of ICHM Pty Limited satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - a. Giving a true and fair view of its financial position as at 31 December 2019 and of its performance, for the financial year ended on that date; and
 - b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

This statement is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the Directors.



.....
Director



.....
Director

Adelaide

Date: 16 June 2020

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue	4	7,020,819	7,730,159
Cost of sales	7	(1,749,579)	(2,168,676)
Gross surplus		5,271,240	5,561,483
Interest income	5	14,056	41,153
Other revenue	6	253,983	250,975
Profit on disposal of assets		-	11,782
Administration expenses	8	(207,795)	(347,847)
Amortisation	14	(61,871)	(15,916)
Bad debt expense		-	3,562
Lease depreciation expense	25	(452,615)	-
Lease interest expense	25	(7,063)	-
Building costs	9	(72,991)	(503,462)
Depreciation	15	(99,199)	(96,587)
Employee related expenses	10	(4,578,379)	(4,632,125)
Other expenses	11	(653,280)	(734,542)
Deficit before income tax expense		(593,914)	(635,367)
Income tax expense	3	-	(4,214)
Total comprehensive loss for the year		(593,914)	(639,581)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	19(a)	1,615,311	1,126,717
Trade and other receivables	12	3,039,690	3,629,385
Right of use assets	25	424,815	0
Other assets	13	72,413	113,497
Total current assets		5,152,229	4,869,599
Non-current assets			
Intangible assets	14	100,743	162,368
Property, plant and equipment	15	184,829	246,595
Total non-current assets		285,572	408,963
Total assets		5,437,801	5,278,562
LIABILITIES			
Current liabilities			
Trade and other payables	16	366,433	491,755
Lease liability		429,382	0
Other liabilities	17	4,648,047	4,395,689
Provisions	18	601,494	511,923
Related party loan	20 (d)	550,000	400,000
Total current liabilities		6,595,356	5,799,367
Non-current liabilities			
Provisions	18	61,771	104,606
Total non-current liabilities		61,771	104,606
Total liabilities		6,657,127	5,903,973
Net liabilities		(1,219,326)	(625,412)
Equity			
Ordinary share capital		2	2
Retained earnings		(1,219,328)	(625,414)
Total equity		(1,219,326)	(625,412)

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

Statement of Changes in Equity

For the year ended 31 December 2019

	Retained earnings \$	Ordinary shares \$	Total \$
Balance at 1 January 2018	14,167	2	14,169
Deficit for the period	(639,581)	-	(639,581)
Other comprehensive income for the period	-	-	-
Balance at 1 January 2019	(625,414)	2	(625,412)
Deficit for the period	(593,914)	-	(593,914)
Other comprehensive income for the year	-	-	-
Balance at 31 December 2019	(1,219,328)	2	(1,219,326)

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

Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from student fees and other customers		8,116,855	7,723,667
Payments to suppliers and employees		(7,299,526)	(8,132,830)
Net cash provided by / (used in) operating activities	19 (b)	817,329	(409,163)
Cash flows from investing activities			
Interest received		14,056	41,153
Payments for property, plant & equipment		(37,574)	(201,637)
Payments for intangible assets		(105)	(83,245)
Proceeds from the sale of property, plant & equipment		-	11,782
Net cash used in investing activities		(23,623)	(231,947)
Cash flows from financing activities			
Payments for leases		(455,112)	-
Additional borrowing from a related party		150,000	-
Net cash used in financing activities		(305,112)	-
Net (decrease) / increase in cash and cash equivalents		488,594	(641,110)
Cash and cash equivalents at the beginning of the financial period		1,126,717	1,767,827
Cash and cash equivalents at the end of the financial period	19 (a)	1,615,311	1,126,717

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 2019

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Notes to the Financial Statements

For the year ended 31 December 2019

Note 1: General Information

ICHM Pty Limited is a not-for-profit entity incorporated and operating in Australia. ICHM Pty Limited's registered office and principal place of business is:

Registered office at the date of the financial report:

Governance Office, Orange 12, Casuarina Campus, Ellengowan Drive
Casuarina, NT 0909, Australia

Registered office at the date of the directors' report:

137 Days Road, Regency Park, SA 5010, Australia

Principal place of business:

137 Days Road, Regency Park, SA 5010, Australia

Note 2: Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and complies with other requirements of the law.

(a) Basis of preparation

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historic costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts in the financial statements are presented in Australian dollars, which is the Company's functional currency.

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

Critical accounting estimates

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Adoption of new and revised Accounting Standards

In the current year the Company has adopted all 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.

At the date of authorisation of the financial report, a number of Standards and Interpretations were issued but not yet effective.

Impact of initial application of AASB 1058 'Income for Not-for-Profit Entities' and AASB 15 'Revenue from Contracts with Customers'

The Company adopted AASB 15 and AASB 1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the Company recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the Company has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019.

Overview of AASB 15 and AASB 1058

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Company applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, The Company shall consider whether AASB 1058 applies.

Nature of change in accounting policy from adoption of AASB 15 and AASB 1058

Under AASB 15 Revenue from contracts with customers, Revenue arises mainly from course fees and charges, research, non-course fees and charges, capital government grants and other revenue.

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

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

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

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

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Course fees and charges

The course fees and charges revenue relates to undergraduate programs, graduate and professional degree programs. The Company provides education services to an enrolled student for a specific course for a defined time period.

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

Under AASB 1058, revenue from grants and contracts is recognised when any associated performance obligation to provide goods or services is satisfied. Revenue is initially recognised as a liability (unearned revenue) in the Statement of Financial Position under this standard.

AASB 1058 also clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15.

There has been no impact from the implementation of either AASB 1058. The implementation of AASB 15 has resulted in gross Course Fees being offset by Student Scholarship with Course Fees in the Statement of Profit or Loss and Other Comprehensive Income being the net outcome. Student Scholarships were previously included in Cost of Sales.

Impact of initial application of AASB 16 'Leases'

AASB 16 'Leases' replaces AASB 117 'Leases' along with three Interpretations (AASB Interpretation 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

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

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from AASB 117 and AASB Interpretation 4 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 117 and AASB Interpretation 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

On transition, all leases previously accounted for as operating leases had a remaining lease term of greater than 12 months. The impact on transition is the recognition of Right of Use Assets and Lease Liabilities determined on the date of transition as the present value of the lease payments not paid at the transition date, Note 25. The Right of Use Assets have been depreciated on a straight line basis and the implicit interest recognised in the Statement of Profit and Loss and Other Comprehensive Income as Lease Interest Expense.

At the date of the financial report, a number of Standards and Interpretations were issued but not yet effective and have not been early adopted.

Standard	Application date	Implications
AASB17 'Insurance Contracts'	1-Jan-2021	There will be no material impact to the entity
2018-6 'Definition of a Business'	1-Jan-2020	There will be no material impact to the entity
2018-7 'Definition of Material'	1-Jan-2020	There will be no material impact to the entity

The following Significant accounting policies have been adopted in the preparation and presentation of the financial report:

(b) Cash and cash equivalents

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

(c) Going concern and economic dependency

The Company has incurred an operating loss for the current and prior year, with total and current liabilities exceeding total and current assets. Directors anticipate that the Company will return to surplus during financial year 2021 and the Company's ultimate parent entity, New Zealand Holdco 2018 Limited, has provided an undertaking of financial support to guarantee and be responsible for any financial liability or obligation of the Company until such time as its net asset deficiency is remediated and for a period of at least twelve months from the date these financial statements are signed. For these reasons, Directors have prepared these financial statements on a going concern basis.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Contributions to retirement benefits are recognised as an expense when employees have rendered services entitling them to the contributions.

(e) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

(f) Loans and receivables

Trade receivables and other current financial assets that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. At initial recognition trade receivables are measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value' through profit and loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where applicable, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less reduction in impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revision to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in Profit or Loss.

(i) Trade receivables and other financial assets

Trade receivables and other financial assets are financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured as debt instruments at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(iii) Available for sale financial assets

Available-for-sale financial assets are financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. Listed shares held by the Company that are traded in an active market are classified as available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve.

De-recognition

Financial assets are de-recognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Impairment losses are recognised in the Statement of Profit or Loss.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- Significant increases in credit risk on other financial instruments of the same debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default.
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Company recognises an impairment gain or loss in the Statement of Profit or Loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at Fair Value through Other Comprehensive Income, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(h) Property, plant and equipment

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 Company and the cost of the item can be measured reliably.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2019	2018
Computer costs	2-3 years	2-3 years
Furniture and fittings	2-13 years	2-13 years
Leasehold improvements	5-13 years	5-13 years

(i) Repairs and maintenance

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

(j) Intangible assets

Degree and Masters curriculum

Degree and Masters curriculum expenditure is initially recorded as the cost of expenditure on the development of the new course curriculum and is amortised over 5 years. Degree and Masters curriculum expenditure is tested annually for impairment and carried at cost less accumulated impairment losses.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2: Significant accounting policies (continued)

(l) Revenue

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

Revenue from rendering of a service is recognised upon delivery of the service to the customers.

Fees and charges are recognised as income in the year an invoice is issued, except to the extent that fees and charges relate to courses to be held in future periods. Such invoices (or portion thereof) are 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.

(m) Taxation

The Company is income tax exempt under Subdivision 50-B of the *Income Tax Assessment Act 1997*. The Company completed an income tax status review on the 12 December 2017 and determined that the Company was a non-profit organisation due to a change in the Company's circumstances. The effective date for the Company to be exempt from income tax is 21 June 2017.

Goods and Services Tax

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

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

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

Payroll Tax

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

(n) Leasing

The Company has both IT equipment and tenancy leases. Previously these leases were classified as operating leases under AASB 117. These leases are now recognised in accordance with AASB 16 and result in Right of Use Assets and Lease Liabilities. The Right of Use Asset is initially measured at cost. The Right of Use Assets are depreciated on a straight-line basis. The depreciation expense and interest expense are recognised through the profit and loss. The Lease Liability is initially measured at the present value of the lease payments. Subsequently the lease liability is measured at amortised cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3: Income tax

(a) Income tax recognised in profit or loss

	2019 \$	2018 \$
Current tax		
In respect of the previous year	-	4,214
Total income tax recognised in the current year	-	4,214

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

	2019 \$	2018 \$
Net result before income tax	(593,914)	(635,367)
Income tax expense calculated at 30%	(178,174)	(190,610)
Effect of income that is exempt from taxation	178,174	190,610
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	4,214
Total income tax recognised in the current year	-	4,214

As of 21 June 2017, the Company is income tax exempt under Subdivision 50-B of the Income Tax Assessment Act 1997.

Note 4: Revenue

	2019 \$	2018 \$
Accommodation	828,456	820,837
Application fees	17,088	33,987
Equipment hire	22,891	40,929
Course fees	6,049,565	6,421,666
Material & resource fee	91,706	104,482
Career week income	11,113	16,635
Total revenue	7,020,819	7,438,536

Notes to the Financial Statements

For the year ended 31 December 2019

Note 5: Investment income

	2019 \$	2018 \$
Interest income	14,056	41,153
Total Investment income	14,056	41,153

Note 6: Other revenue

	2019 \$	2018 \$
Commission	2,748	8,123
Fundraising and donations	500	3,000
Licensed income	250,735	239,852
Total other revenue	253,983	250,975

Note 7: Cost of sales

	2019 \$	2018 \$
Accommodation expense	814,415	819,387
Course costs	504,237	497,101
Materials	271,986	204,168
Student related expenses	158,941	212,652
Student scholarship	-	317,588
Total cost of sales	1,749,579	2,050,895

Note 8: Administration expenses

	2019 \$	2018 \$
Consultant fees	98,022	210,381
Insurance	16,368	29,831
Licences, fees and registrations	-	1,295
Printing, postage & stationery	33,820	64,436
Subscriptions & memberships	59,585	41,904
Total administration expenses	207,795	347,847

Notes to the Financial Statements

For the year ended 31 December 2019

Note 9: Building costs

	2019 \$	2018 \$
Rent	-	467,973
Repairs and maintenance	42,073	3,346
Telephone & internet	30,918	32,143
Total building costs	72,991	503,462

Note 10: Employee related expenses

	2019 \$	2018 \$
Salaries and wages	3,768,463	3,702,070
Superannuation	349,132	349,525
Other staff costs	460,784	580,530
Total employee related expenses	4,578,379	4,632,125

Note 11: Other expenses

	2019 \$	2018 \$
Bank fees	13,632	14,476
Computer costs	133,521	178,734
General expense	22,010	21,051
Interest	11,000	10,644
Promotions - Domestic	91,073	81,781
Promotions - General	137,274	161,440
Promotions - International	244,770	264,096
Travel	-	2,320
Total other expenses	653,280	734,542

Note 12: Trade and other receivables

	2019 \$	2018 \$
Current		
Trade receivables - students	2,952,046	3,595,817
Trade receivables - general	34,854	32,204
Provision for impairment	-	-
	2,986,900	3,628,021
Other receivables	52,790	1,365
Total current trade and other receivables	3,039,690	3,629,385

Notes to the Financial Statements

For the year ended 31 December 2019

Note 12: Trade and other receivables (continued)

The ageing analysis of trade receivables that were past due but not impaired is as follows:

	2019 \$	2018 \$
The ageing of these receivables is:		
Less than 3 months	27,028	2,000
3 to 6 months	2,000	13,254
Total	29,028	15,254

(a) Impaired receivables

As of 31 December 2019, trade receivables with a nominal value of \$29,028 (2018: \$15,254) were past due but not impaired. These relate to receivables from a benchmarking partner and a licensed school.

As at 31 December 2019, current receivables with a nominal value of \$0 (2018: \$0) were impaired. The provision for 2019 was \$0 (2018: \$0).

	2019 \$	2018 \$
Movements in the provision for impaired receivables are as follows:		
At beginning of the period	-	3,562
Provisions for impairment during the year	-	-
Receivables written off during the year as uncollectible	-	-
Unused amount reversed	-	(3,562)
At 31 December 2019	-	-

Note 13: Other assets

	2019 \$	2018 \$
Prepayments	72,413	113,497
Total other assets	72,413	113,497

Notes to the Financial Statements

For the year ended 31 December 2019

Note 14: Intangible assets

	2019 \$	2018 \$
<i>At beginning of the period</i>		
Cost	537,036	428,019
Accumulated amortisation	(374,668)	(357,540)
Net book amount	162,368	70,479
<i>Period Ended 31 December</i>		
<i>Opening Net Book Amount</i>	162,368	70,479
Additions	246	12,678
Work in progress	-	96,339
Disposals	-	-
Amortisation charge	(61,871)	(15,916)
Other	-	(1,212)
Closing net book amount	100,743	162,368
<i>At 31 December 2019</i>		
Cost	537,282	537,036
Accumulated amortisation	(436,539)	(374,668)
Net book amount	100,743	162,368

In both years intangible assets consist of the course curriculum.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 15: Property, plant and equipment

2019

	Leasehold Improvements \$	Computer Costs \$	Furniture & Fittings \$	Closing balance \$
At 1 January 2019				
- Cost	141,350	632,284	81,326	854,960
- Accumulated Depreciation	(47,557)	(531,933)	(28,874)	(608,364)
Net Book Amount	93,793	100,351	52,452	246,596
Year Ended 31 December 2019				
Opening Net Book Amount	93,793	100,351	52,452	246,596
Additions	-	33,742	3,690	37,432
Disposals	(5,766)	(148,571)	-	(154,337)
Depreciation Expense	(27,116)	(61,951)	(10,132)	(99,199)
Add back depreciation on disposal	5,766	148,571	-	154,337
Closing Net Book Amount	66,677	72,142	46,010	184,829
At 31 December 2019				
- Cost	135,584	517,455	85,016	738,055
- Accumulated Depreciation	(68,907)	(445,313)	(39,006)	(553,226)
Net Book Amount	66,677	72,142	46,010	184,829

Notes to the Financial Statements

For the year ended 31 December 2019

Note 15: Property, plant and equipment (continued)

2018

	Leasehold Improvements \$	Computer Costs \$	Furniture & Fittings \$	Closing balance \$
At 1 January 2018				
- Cost	76,346	891,896	66,041	1,034,283
- Accumulated Depreciation	(26,897)	(824,109)	(41,732)	(892,738)
Net Book Amount	49,449	67,787	24,309	141,545
Period Ended 31 December 2018				
Opening Net Book Amount	49,449	67,787	24,309	141,545
Additions	65,004	97,766	34,729	197,499
Disposals	-	(357,378)	(19,444)	(376,822)
Depreciation Expense	(20,660)	(69,340)	(6,586)	(96,587)
Other	-	4,138	-	4,138
Add back depreciation on disposal	-	357,378	19,444	376,822
Closing Net Book Amount	93,793	100,351	52,452	246,595
At 31 December 2018				
- Cost	141,350	632,284	81,326	854,960
- Accumulated Depreciation	(47,557)	(531,933)	(28,874)	(608,365)
Net Book Amount	93,793	100,351	52,452	246,595

Notes to the Financial Statements

For the year ended 31 December 2019

Note 16: Trade and other payables

	2019 \$	2018 \$
Trade payables	146,395	47,910
Accrued expenses	87,143	83,785
Other payables	13,394	239,613
Payroll payables	119,501	120,447
Total trade and other payables	366,433	491,755

Note 17: Other liabilities

	2019 \$	2018 \$
Income received in advance	4,648,047	4,395,689
Total other liabilities	4,648,047	4,395,689

Note 18: Provisions

	2019 \$	2018 \$
<i>Current provisions expected to be settled within 12 months</i>		
Employee benefits		
Annual leave	273,103	258,052
Long service leave	328,391	253,871
Total current provisions	601,494	511,923
<i>Non-current provisions</i>		
Employee benefits		
Annual Leave	-	-
Long service leave	61,771	104,606
Total non-current provisions	61,771	104,606
Total provisions	663,265	616,529

Notes to the Financial Statements

For the year ended 31 December 2019

Note 19: Note to the Statement of Cash Flows

- (a) For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in term deposits. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2019 \$	2018 \$
Cash and cash equivalents	1,615,311	1,126,717
	1,615,311	1,126,717

- (b) Reconciliation of operating result after income tax to net cash flows from operating activities.

	2019 \$	2018 \$
Surplus/ (Deficit) for the year	(593,914)	(639,581)
Amortisation	61,871	15,916
Depreciation	99,199	96,587
Profit on disposal of assets	-	(11,782)
Interest received	(14,056)	(41,153)
Lease interest expense	7,063	-
Lease depreciation	452,615	-
TEQSA Registration	-	(24,560)
<u>Changes in net assets and liabilities:</u>		
Movement in receivables	589,695	612,718
Movement in other assets	41,084	5,174
Movement in trade and other payables	(125,322)	49,728
Movement in other liabilities	252,358	(489,606)
Movement in provisions	46,736	17,396
Net cash provided by operating activities	817,329	(409,163)

Notes to the Financial Statements

For the year ended 31 December 2019

Note 20: Related party disclosures

(a) Ultimate controlling entity

The controlling entity of the Company is CDU Amenities Limited. CDU Amenities Limited is 100% owned by Charles Darwin University (the ultimate parent entity).

(b) Details of Key Management Personnel

The Directors and other members of key management personnel of the Company during the year were:

Non-Executive Directors

Ms Bodelle Francis	Appointed on 23 August 2017
Mr Scipio Lipman	Appointed on 05 July 2017
Professor Simon Maddocks	Appointed 30 January 2017
Mrs Meredith Parry	Appointed 23 June 2017
Mr Richard Ryan AO	Appointed 30 January 2017
Mrs Denise Von Wald	Appointed 15 February 2018

Executive Officer

Mr Gerald Lipman	Chief Executive
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(c) Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2019 \$	2018 \$
Short-term benefits	280,598	278,432
Post-employee benefits*	30,150	29,545
Long term benefits **	12,073	7,053
	322,821	315,030

* Superannuation is included in post-employee benefits.

** Long service leave is included in long term benefits.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 20: Related party disclosures (continued)

(d) Transaction with key management personnel

During the year, the Company entered into the following transactions with key management personnel:

	2019 \$	2018 \$
Loan interest paid to Mr Gerald Lipman	11,000	11,002

(d) Transaction with key management personnel (continued)

The following balances were outstanding at the end of the reporting period:

	2019 \$	2018 \$
Loan from Mr Gerald Lipman	400,000	400,000
Loan from Charles Darwin University	150,000	-

(e) Transactions with Related Party

During the year, the following transactions with related parties occurred:

	2019 \$	2018 \$
Charles Darwin University - Lecturer professional development and insurance	16,115	14,617
Mr Richard Ryan - Consulting fees	1,460	13,000

Note 21: Financial instruments

(a) Capital risk management

ICHM Pty Limited does not have significant exposure to capital risk as the Company does not have any investments.

(b) Financial risk management objectives

ICHM Pty Limited has an appointed Board to make all of the financial decisions for the Company.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 21: Financial Instruments (continued)

(c) Market risk

ICHM Pty Limited does not have significant exposure to market risk as the Company does not have any significant financial instruments.

(d) Credit risk

ICHM Pty Limited does not have significant exposure to credit risk.

(e) Interest rate risk management

ICHM Pty Limited exposure to interest rate risk is minimised as there are no borrowings other than the related party loan.

Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of cash, term deposits and liquid investments:

	Increase/ Decrease in Basis Points	Effect on profit
For the year ended 31 December 2019	+50	8,077
	-50	(8,077)
For the year ended 31 December 2018	+50	5,634
	-50	(5,634)

Note 22: Remuneration of auditors

Amount received, or due and receivable, by the auditors for auditing the financial report of:

	2019 \$	2018 \$
ICHM Pty Limited	30,000	32,402

The above audit services are supplied by the Auditor-General for the Northern Territory.

Note 23: Contingencies

Contingent liabilities

No claim has been made or threatened against the Company by any party. In addition, there are no known circumstances likely to give rise to any such claim.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 24: Commitments

(a) Capital Commitments

ICHM Pty Limited does not have any capital commitments as at 31 December 2019 (2018 - \$Nil).

Note 25: Leases

AASB 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

(a) Right of Use Assets

2019	Land and Buildings	Office Equipment	Total
<i>Balance as at 1 January 2019</i>	852,075	25,355	877,430
Depreciation charge for the year	(439,937)	(12,678)	(452,615)
<i>Balance as at 31 December 2019</i>	412,138	12,677	424,815

(b) Amounts recognised in profit and loss

	Land and Buildings	Office Equipment	Total
<i>2019 Leases under AASB 16</i>			
Interest on lease liabilities	6,523	540	7,063
Depreciation on lease liabilities	439,937	12,678	452,615
<i>Total recognised in profit and loss</i>	446,460	13,218	459,678
<i>2018 Operating leases under AASB 17</i>			
Lease expense	448,249	13,044	461,293

(c) Amounts recognised in Statement of Cash Flows

	Land and Buildings	Office Equipment	Total
Total cash outflow for leases	442,068	13,044	455,112

Notes to the Financial Statements

For the year ended 31 December 2019

Note 26: Events occurring after the balance sheet date

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

ICHM Pty Ltd repaid the \$400,000 loan from Gerald Lipman on 30 January 2020 and the \$150,000 loan from Charles Darwin University on 28 January 2020.

In response to COVID-19 the Company implemented an alternate operational approach to deliver tuition and support to students online. As a result, there is not a financial impact in semester 1 of 2020. Whilst it is likely that new international student numbers into semester 2 2020 will be significantly lower, a larger cohort of students will be continuing their studies either on campus or online rather than undertaking industry placement. The financial result for the 2020 financial year is not expected to be materially lower than budget.

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

