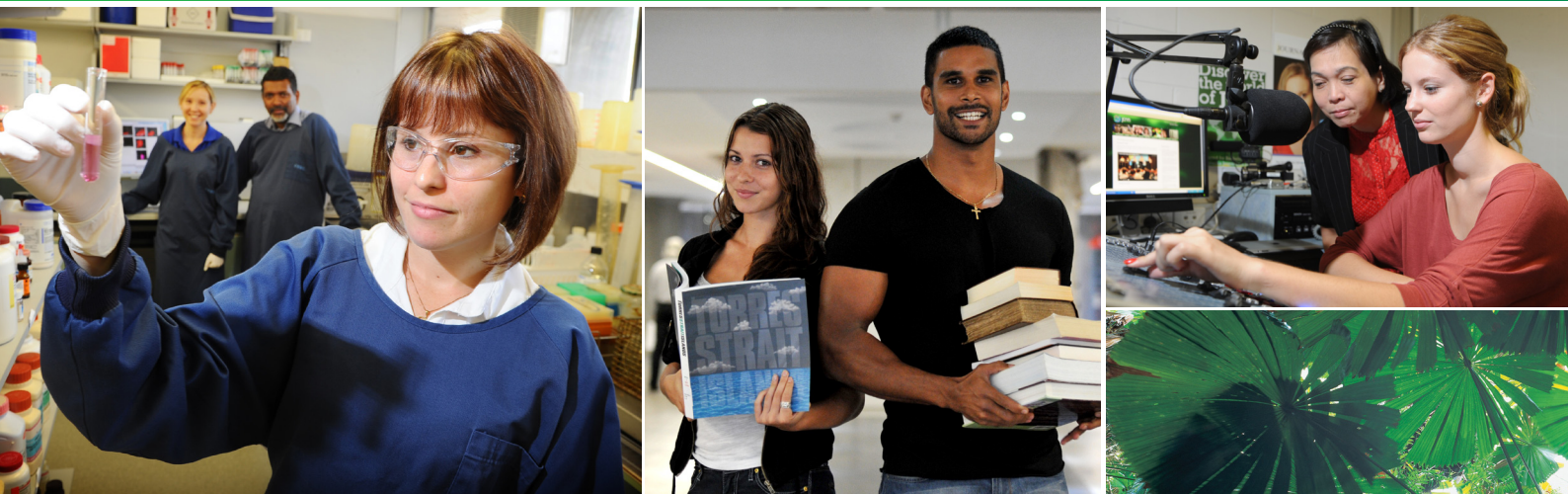


2012 Annual Report

Volume 2

Tabling Copy



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James Cook University ANNUAL REPORT 2012

This Annual Report fulfils the prescribed reporting requirements for 2012 of James Cook University to the Queensland Minister for Education, Training and Employment, and provides a comprehensive summary of the University's operations and achievements during the year. It illustrates the role of the University within the communities it serves, portrays the scope and importance of its activities and displays the University's effective utilisation of the resources available to it. The report outlines a wide range of developments, innovations and achievements which provide a yardstick by which to measure the performance of the University in 2012 against its strategic intent and purpose.

FUNCTION AND ORGANISATION

ENABLING LEGISLATION

The University was established by an Act of the Queensland Parliament, the James Cook University of North Queensland Act 1970, which provided for “the establishment and incorporation of a University at Townsville, and for purposes connected therewith”. It received assent on 20 April 1970.

In 1997 the Department of Education proceeded with the remaking of Acts of Queensland universities. As a result, the James Cook University Act 1997 received assent by the Governor in Council on 29 August 1997 and was promulgated on 1 January 1998.

STATUTORY FUNCTIONS AND OBJECTIVES

James Cook University is a statutory body within the meaning given in the *Financial Accountability Act 2009*, and adheres to the functions prescribed under Section 9(1) of the Act. The University also complies with the functions and duties prescribed by the *Financial and Performance Management Standard 2009*.

The functions of the University are defined under Section 5 of the University’s 1997 Act as follows:

- (a) to provide education at university standard;
- (b) to provide facilities for study and research generally and, in particular, in subjects of special importance to the people of the tropics;
- (c) to encourage study and research generally and, in particular, in subjects of special importance to the people of the tropics;
- (d) to provide courses of study and instruction (at the levels of achievement the Council considers appropriate) to meet the needs of the community;
- (e) to confer higher education awards;
 - (ea) to disseminate knowledge and promote scholarship; and
 - (eb) to provide facilities and resources for the wellbeing of the University’s staff, students and other persons undertaking courses at the University; and
- (f) to exploit commercially, for the University’s benefit, a facility or resource of the University, including, for example, study, research or knowledge, or the practical application of study, research or knowledge, belonging to the University, whether alone or with someone else;
- (g) to perform other functions given to the University under this or another Act.

Under Section 9 of the Act, the Council of the University may do anything necessary or convenient to be done for or in connection with its functions. This includes the power to appoint the University’s staff, manage and control the University’s affairs and property, and manage and control the University’s finances.

GOVERNING BODY

The Council is the University’s governing authority. Its primary role is to oversee the affairs of the University and, in so doing, to ensure that the appropriate structures, policies, processes and planning are in place for JCU to effectively manage its activities and achieve its goals. Council is also responsible for setting and reviewing the strategic direction of the University, as outlined in the Statement of Strategic Intent.

Consistent with the James Cook University Act 1997 and its function as the prime instrument of University governance, the Council of James Cook University has primary responsibility for:

- (a) appointing the Vice-Chancellor and monitoring his/her performance;
- (b) approving the mission and strategic direction of the University, as well as the annual budget and business plan;
- (c) overseeing and reviewing the management of the University and its performance;
- (d) establishing policy and procedural principles;
- (e) approving and monitoring systems of control and accountability;
- (f) overseeing and monitoring the assessment and management of risk across the University, including commercial undertakings;
- (g) overseeing and monitoring academic activities;
- (h) approving significant commercial activities.

Major amendments to the Act occurred as a result of the University Legislation Amendment Act 2005, which gained assent on 19 May 2005. Amendments included a reduction in the membership of Council from 25 to 22 members — comprised of 3 official members, namely, Chancellor, Vice-Chancellor, and the Chairperson of the Academic Board, 8 appointed members, 10 elected members and 1 additional member.

MEMBERSHIP — CRITERIA, REVIEW AND NOMINATION PROCEDURES

A Council is elected for a specified term of office of not more than four years. However during the term of a Council, members may resign and/or be replaced in accordance with election or appointment processes associated with their particular appointment.

The Chancellor is elected for a term of not longer than five years as fixed by the Council and the person elected need not be a member of Council. The incumbent Chancellor’s two-year term of office was extended by Council at its 3 December 2009 meeting by three years and will conclude on 25 March 2014.

The Chairperson of Academic Board is appointed, for a term of not longer than three years, by the Council. The incumbent Chairperson was appointed by Council at its 12 April 2012 meeting for an additional three-year term from 28 May 2012. The incumbent Chairperson was seconded to the new role of Deputy Vice-Chancellor (Academic), acting from November 2011 to 27 May 2012 with the Deputy Chairperson of the Academic Board acting as Chairperson.

The only executive members of Council appointed by the Council are the Vice-Chancellor and the Chair of Academic Board. The other members of staff on Council are considered non-executive and each serves on Council as an elected member of a particular constituency. There are no University policies governing the appointment and retirement of non-executive members of Council.

Official members are appointed to Council by virtue of the office they hold, whether by appointment or election. The Governor in Council appoints the eight appointed members. The University recommends appointments to the Governor-in-Council.

Elected members are those representatives who are elected on the advice of the Remuneration and Human Resources Committee, from the prescribed stakeholder groups, by ballot, to sit on Council as follows:

- Members of the Academic Staff (3)
- Members of the General Staff (2)
- Students (3), including one undergraduate student, one postgraduate student and one undergraduate or postgraduate student
- Members of the Convocation (2) other than those eligible above.

Council may appoint one (1) additional member who must not be a member of the Academic or General Staff or a student.

Council has a formal process for the review of its membership and that of its committees. The Remuneration and Human Resources Committee is responsible for the nomination of appointed members. Members of Council or of the various committees of Council do not receive remuneration for duties performed as a member of Council or a committee.

COUNCIL OF THE UNIVERSITY

Established under the *James Cook University Act 1997*. The term of the Fifteenth Council commenced on 11 November 2009 and will expire on 10 November 2013.

NUMBER OF MEETINGS

Seven meetings of Council were held during 2012.

MEMBERS OF FIFTEENTH COUNCIL AND ATTENDANCE AT MEETINGS

THE CHANCELLOR (CHAIR)

Lieutenant General John Grey, AC (Retd) attended 7 meetings of 7 held during 2012.

THE DEPUTY CHANCELLOR (DEPUTY CHAIR)

Ian David Jessup BEc *James Cook* FCPA CA 7/7

OFFICIAL MEMBERS

THE CHANCELLOR

Lieutenant General John Grey, AC (Retd) 7/7

THE VICE-CHANCELLOR

Sandra Harding BSc (Hons) ANU M.Pub.Admin UQ PhD NCSU Hon.D JIU FAICD, FAIM 7/7

THE CHAIRPERSON OF THE ACADEMIC BOARD,

Paul Gadek BSc (Hons) UNSW, PhD UNSW, GAICD 5/6

THE ACTING CHAIRPERSON OF THE ACADEMIC BOARD,

Frances Quirk BSc (Hons), PhD (London), C.Psychol (UK), PGDip (Counselling), GCertEd (TT 1/1)

APPOINTED MEMBERS:

Margaret Black (Resigned 31 May 2012) 2/3

Ian David Jessup BEc *James Cook* FCPA FCA GAICD 7/7

Campbell Charlton BComm LLB FCA MIMC

Therese Smith BSc *JamesCook* Grad Dip Teach (Secondary) QUT 4/7

Francis Mickey Tapim 5/7

Ranee-Lee Crosby LLB *James Cook* 6/7

Elisa Gilmore BEd (Hons) (Primary) QUT 6/7

Peter Phillips BBus *Curtin* CA, CIA, CFE 5/7

ELECTED MEMBERS

ACADEMIC STAFF —

Peter Leggat BMedSc Qld MBBS Qld GDipEd *Darling-Downs*IAE PGDipClinNutr IAN DTM&H *Mahidol* MMedEd *Dund* CertAddSt *Curtin* DIH *Otago* GDip CDA MPH *Otago* PGCertTravMed *JamesCook* GCertAeroMed *Griff* PhD *SAust* PGCertAeroEv *Otago* MD *Qld* MHealSc *Otago* DrPH *JamesCook* GCertAstron *JamesCook* GCertEd *JamesCook* FAFPHM FACTM FFTM ACTM FFTM RCPSG FACRRM FSIA FAICD FACE FRGS ACPHM CMSA 6/7

Janice Helen Wegner BEd-BA (Hons) *JamesCook* MA PhD 5/7

Janina Mazierska MEE PhD *Warsaw FIEEE FIET* 6/7

GENERAL STAFF —

Joseph Laurence Walker Dip Super Man *Macquarie* 7/7

John Renehan Dip Man *BRIT* 7/7

STUDENTS —

Zane Quinn (B Psych (Hons), B Eng) 6/7

Anneliese Slack 6/7

Shannon Sutherland 5/7

CONVOCATION —

Graham Kirkwood BEc (Hons) *James Cook AAUQ Qld* Dip Co Dir UNE FCPA FAICD 6/7

Ryan Haddrick LLB *JamesCook* LLM *QUT* GradDipLeg-Prac *ANU* 6/7

ADDITIONAL MEMBER

Ernest Landy BCom *JamesCook* FCPA FAIM 5/7

SECRETARY

Michael William Kern BCom *JamesCook* CA Grad DipCSP ACIS 7/7

COMMITTEES OF THE GOVERNING BODY

Academic Board

The Academic Board is the principal academic body of the University and is established by virtue of Section 40 of the James Cook University Act 1997. The Board is responsible for monitoring the assigned performance measures on behalf of Council. The Board had 19 members comprising four members appointed or elected by the Council (Chairperson and Deputy Chairperson and two students), seven ex officio members (Vice-chancellor, Senior Deputy Vice-Chancellor, Deputy Vice-Chancellor (Research and Innovation) and the four Faculty Pro-Vice-Chancellors), and eight elected faculty representatives, plus up to two co-opted members.

Audit and Compliance Committee

The Audit and Compliance Committee was established by the University under Section 11 (b) of the James Cook University Act 1997. The Audit and Compliance Committee is responsible for all audit and related matters, and for monitoring the assigned performance measures on behalf

of Council, thereby assisting the University to fulfil its responsibilities under the Financial Accountability Act 2009. The Act requires the mandatory appointment of the Auditor-General of Queensland as the University's external auditor. Accordingly the University does not have in place a procedure for the nomination of external auditors. However, it is the role of the Audit and Compliance Committee to maintain effective oversight of all internal audit functions and to manage the relationship with the University's external auditor including the review of the adequacy of existing external audit arrangements particularly the scope and quality of the audit.

The Audit and Compliance Committee also reviews annually the letter of engagement between the University and the Queensland Audit Office, which details specific areas of audit emphasis, reliance on internal audit and the audit fee. The Committee also reviews the QAO's approved audit strategy.

The Audit and Compliance Committee has seven members, comprising two ex officio members, (Chancellor and Vice-Chancellor) and four members, including the Chair, elected by and from the Council (who are neither a member of the staff nor a student of the University). Their election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. In addition, Council has the power to co-opt one additional member, external to the University, who has the appropriate skills and/or experience in relation to the business conducted by the Committee. A majority of members are not members of the Finance Committee.

The Chair of the Audit and Compliance Committee reports the findings and recommendations of the Committee to the Council after each Committee meeting and the Committee provides an annual report to Council, as soon as practicable after the end of each financial year, about the Committee's operations.

Finance Committee

The Finance Committee was established by the University under Section 11 (b) of the James Cook University Act 1997 for the primary purpose of assisting Council in the effective discharge of its financial management responsibilities imposed under legislation. The Finance Committee is responsible for the effective, efficient and economical use of the University's human, financial and physical resources and for monitoring the assigned performance measures on behalf of Council. The Finance Committee is also responsible for reviewing, monitoring and advising

Council generally on the financial affairs of the University including but not limited to the operating and capital budgets, finances, accounts, trust funds, investments, borrowings, property, insurance, business enterprises, fees, and related policies.

The Finance Committee has 11 members comprising five ex officio members: Chancellor, Deputy Chancellor, Vice-Chancellor, Senior Deputy Vice-Chancellor and Executive Director (Finance and Resource Planning) together with five members elected by and from Council (at least three of whom are neither a member of staff nor a student of the University). Their election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. In addition, Council has the power to and has co-opted one additional member, external to the University, who has the appropriate skills and/or experience in relation to the business conducted by the Committee.

Remuneration and Human Resources Committee

The University has established a Remuneration and Human Resources Committee under Section 11 (b) of the James Cook University Act 1997 for the purposes of reviewing and approving the remuneration arrangements for the Vice-Chancellor (Chief Executive Officer) and other members of the Executive Management Group, and the review of human resources policies. In addition the Remuneration and Human Resources Committee is responsible for monitoring the assigned performance measures on behalf of Council, and has responsibility for conducting search processes for the Governor in Council appointed positions and Additional Member position on the University Council. The Remuneration and Human Resources Committee has seven members, comprising three ex officio members, (Chancellor, Vice-Chancellor and DVC (University Services) & Head of Cairns Campus) and three members elected by and from the Council, whose election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. In addition, Council has the power and has co-opted one additional member, external to the University, who has the appropriate skills and/or experience in relation to the business conducted by the Committee.

Strategy Committee

The University has established a Strategy Committee under Section 11 (b) of the James Cook University Act 1997. The Strategy Committee's primary objective is to assist Council in fulfilling its responsibilities relating to the strategic development of the University. In addition, the Committee serves as an interface on strategic matters with

the management team of the University, and is responsible for monitoring the assigned performance measures on behalf of Council.

The Strategy Committee has 10 members, comprising four ex officio members, (Chancellor, Vice-Chancellor, Senior Deputy Vice-Chancellor and DVC (University Services) & Head of Cairns Campus) and four members elected by and from the Council, whose election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. In addition, Council has the power and has co-opted one additional member, external to the University, who has the appropriate skills and/or experience in relation to the business conducted by the Committee.

Ceremonial and Honorary Degrees Committee

The Ceremonial and Honorary Degrees Committee's primary objective is to advise the Council on all matters of University ceremony, and to monitor the assigned performance measures on behalf of Council. The Committee has nine members, comprising four ex officio members (Chancellor, Vice-Chancellor, Chair of the Academic Board and Deputy Vice-Chancellor (University Services) and Head of Cairns Campus) and three members elected by and from the Council, whose election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. Council also has the power to co-opt one additional member external to the University who has the appropriate skills and/or experience in relation to the business conducted by the Committee.

Estate Board

The University established an Estate Board under Section 11 (b) of the James Cook University Act 1997 by Council on 12 April 2012 which replaced the Discovery Rise Executive Steering Committee (DRESC). The Estate Board has a wider remit than DRESC covering all of the University's estate. The purpose of the Board is to advise the Council on the development and stewardship of the University's estate within the agreed Master Plans. The Board makes recommendations and reports on the University's estate to Council, Strategy Committee or Finance Committee as required.

The Estate Board has six members, comprising three ex officio members (Chancellor, Vice-Chancellor and the Executive Director, Finance and Resource Planning), two members elected by and from the Council, whose election is based on their appropriate skills and/or experience in relation to the business conducted by the Committee. In addition, Council has the power and has co-opted one additional member, external to the University, who has the appropriate skills and/or experience in relation to the business conducted by the Committee.

FIFTEENTH COUNCIL MEMBERS' ATTENDANCE AT MEETINGS OF COMMITTEES DURING 2012

	Number attended	Number during membership
Academic Board (5 meetings in 2012)		
Chair of Academic Board	5	5
Mr Quinn	5	5
*Ms Slack	4	5
Audit and Compliance Committee (5)		
Mr Phillips (Chair)	5	5
Lt General Grey	4	5
Prof Harding	4	5
Mr Tapim	2	5
Ms Smith	2	5
Mr Crosby	2	2
Mr Landy	3	5
*Mr Haddrick	1	3
*Ms Gilmore	2	3
Finance Committee (5)		
Lt General Grey (Chair)	6	6
Prof Harding	5	6
Mr Jessup	4	5
Prof Leggat	1	2
Mr Kirkwood	4	5
Mr Landy	3	5
Mr Walker	2	2
*Ms Black (resigned 31 May)	0	2
*Mr Charlton	3	4
*Ms Crosby	4	4
Remuneration and Human Resources (6)		
Lt General Grey (Chair)	6	6
Prof Harding	5	6
Ms Gilmore	1	1
Ms Crosby	5	6
*Mr Kirkwood	5	5
*Ms Smith	5	5
Strategy Committee (4 meetings)		
Lt General Grey (Chair)	4	4
Prof Harding	4	4
Prof Gadek	2	2
Mr Charlton	0	1
Dr Wegner	1	1
Mr Haddrick	1	1
Mr Renehan	1	1
Prof Quirk	2	2
*Prof Mazierska	2	3
*Ms Slack	3	3
*Mr Walker	3	3
*Prof Leggat	2	3
Ceremonial and Honorary Degrees Committee (3)		
Prof Gadek (Chair)	1	1
Lt General Grey	3	3
Prof Harding	2	3
Prof Mazierska	1	2

Mr Haddrick	1	1
Mr Walker	1	1
Prof Quirk	1	1
*Mr Renehan	2	2
*Ms Sutherland	0	2
*Ms Wegner	2	2

Estate Board (2)

Lt General Grey (Chair)	2	2
Prof Harding	2	2
Ms Crosby	2	2
Mr Walker	2	2

*Changes to Committee Membership 12 April 2012

Discovery Rise Executive Steering Committee ceased in 2012, No meetings were held

CONTROLLED PUBLIC SECTOR ENTITIES

Details of control over entities listed below, and each entity's contribution to the University's operating surplus/deficit can be found in Notes to the Financial Statements.

JCU UniVet Pty Ltd (UniVet)

UniVet was incorporated in 2009, with objectives that include providing facilities for study, research and education in the field of Veterinary Science as well as aiding in the development or promotion of research in that field.

The board of UniVet consists of five nominees of the Vice-Chancellor acting as board members of the company. The Chair of the board is selected by the Vice-Chancellor and is currently a member of Council. The Company provides reports to Council in accordance with University policy.

JCU Enterprises Pty Ltd

The University is empowered under the Act to establish companies for the commercial exploitation of research. In 1989 a subsidiary company, JCU Technologies Pty Ltd was registered. The company's original objective was to assist the University in carrying out its purposes and in particular the development, review, monitoring, promotion, or commercial exploitation of research, develop consultancy or other service facilities or resources. This function is now that of North Queensland Commercialisation Company Pty Ltd under arrangement with UniQuest Pty Ltd. JCU Technologies Pty Ltd changes its name to JCU Enterprises Pty Ltd in 2007.

The board of JCU Enterprises Pty Ltd consists of three nominees of the Vice-Chancellor acting as directors of the company. JCU Enterprises Pty Ltd does not trade in its own right. The company and its subsidiaries provides reports to Council in accordance with University policy.

JCU Enterprises Pty Ltd previously held on behalf of the University 51% of James Cook Australia Institute of Higher Learning Pte Ltd which manages and operates JCU Singapore.

On the 23rd of May, 2011 the University acquired the remaining 49% of James Cook Australia Institute of Higher Learning Pte Ltd through JCU Enterprises Pty Ltd and its fully owned and controlled Singaporean subsidiary, James Cook Holdings Pte Ltd which owns all the shares in James Cook Australia Institute of Higher Learning Pte Ltd

James Cook Holdings Pte Ltd

James Cook Holdings Pte Ltd, a private company registered in Singapore, was established on 21st April 2011 as a holding company fully owned and controlled by JCU Enterprises Pty Ltd. James Cook Holdings Pte Ltd does not trade. 100% of the shareholding of the company is held by JCU Enterprises Pty Ltd. The board of James Cook Holdings Pte Ltd consists of four nominees of the Vice-Chancellor acting as directors of the company.

On 23rd May 2011 James Cook Holdings Pte Ltd acquired 100% of the shareholding in James Cook Australia Institute of Higher Learning Pte Ltd. Financial Statements are audited by a Singapore-based external auditor. The company provides reports to the Council in accordance with University policy.

James Cook Australia Institute of Higher Learning Pte Ltd

James Cook Australia Institute of Higher Learning Pte Ltd was registered in 2001. The company was used by the University and its joint partner in Singapore to manage and operate JCU Singapore. The University up until 23rd May 2011 owned 51% of the company via its controlled entity JCU Enterprises Pty Ltd. The University on the 23rd of May 2011 acquired 100% of James Cook Australia Institute of Higher Learning Pte Ltd via its controlled entity James Cook Holdings Pte Ltd.

Financial Statements of James Cook Australia Institute of Higher Learning Pte Ltd are audited by a Singapore-based external auditor. The company provides reports to Council in accordance with University policy. The board of James Cook Australia Institute of Higher Learning Pte Ltd currently consists of five nominees of the Vice-Chancellor acting as directors of the company.

Unicare (NQ) Limited

Unicare was registered in 1993 as a public company limited by guarantee to provide non-profit child care for children of students, staff and graduates of the University. It is also charged with providing and promoting the development, well

being and education of children and encouraging parent and community involvement in its operations.

The members of the company and the University have agreed to have the company converted from a company limited by guarantee to a company limited by shares with JCU as the sole shareholder. All necessary resolutions have been passed and filed with ASIC. It is expected that the process will be completed in early 2013.

Under the constitution effective when conversion takes place, all directors require the certificate of approval of the Vice-Chancellor. All current directors hold this certificate. The company provides reports to Council in accordance with University policy.

UniHealth (NQ) Limited

UniHealth was registered on 4th March 2002 as a public company limited by guarantee to provide non-profit medical services for students and staff of the University, staff of Queensland Health and the general public. It is also charged with providing and promoting the education and training of University staff and students in the medical, nursing and allied health fields. The promotion of medical research is also an object of the company.

The members of the company and the University have agreed to have the company converted from a company limited by guarantee to a company limited by shares with JCU as the sole shareholder. All necessary resolutions have been passed and filed with ASIC. It is expected that the process will be completed in early 2013.

Under the constitution effective when conversion takes place, all directors require the certificate of approval of the Vice-Chancellor. All current directors hold this certificate. The company provides reports to Council in accordance with University policy.

Tropical Queensland Centre for Oral Health Pty Ltd

Tropical Queensland Centre for Oral Health was incorporated on 25th October 2011 with objectives to provide students enrolled in the Bachelor of Dental Surgery and related post graduate programs within the University with the required clinical placements and to improve the availability of oral health services in Northern Queensland, particularly to disadvantaged members of the community.

The board of Tropical Queensland Centre for Oral Health Pty Ltd consists of four nominees of the Vice-Chancellor acting as directors of the company. The company provides reports to Council in accordance with University policy. The company trades as JCU Dental.

JCU CPB Pty Ltd

JCU CPB, registered on 7th October 2011, is a special purpose entity to act as trust of the CPB Trust (the Trust), with the primary objective of assisting the University in carrying out its strategic purposes and in particular the development, construction and ongoing management of the Clinical Practice Building, Townsville. This includes ensuring the building meets the clinical requirements, research, development of collaboration and consultancy or other service for dental, medical and allied health objectives. JCU is the sole beneficiary of the Trust which ensures that the University benefits from the leasing of retail areas within the building.

The board of JCU CPB Pty Ltd consists of three nominees of the Vice-Chancellor acting as directors of the company. The company does not trade and acts only as trustee for the CPB Trust. The Company provides reports to Council in accordance with University policy.

North Queensland Commercialisation Company Pty Ltd

North Queensland Commercialisation Company (NQCC) was registered in 2008 as part of a collaborative agreement with UniQuest Pty Ltd to provide research commercialisation services to JCU for a period of five years. Part of the overall arrangements included the incorporation of NQCC to act as the trustee of The JCU Asset Trust (the Trust), and any income of the Trust is to be distributed to JCU.

The Trust was formed to generally assist JCU in research commercialisation, and to hold intellectual property rights and sponsor start-up in commercialisation companies. The Trust owns 100% of GRW Industries Pty. Ltd.

The board of North Queensland Commercialisation Company Pty Ltd consists of one nominee of the Vice-Chancellor and a nominee of UniQuest Pty. Ltd. acting as directors of the company. The company provides reports to Council in accordance with University policy.

GRW Industries Pty Ltd

GRW Industries was registered in 2009 as part of a collaborative arrangement for Uniquest Pty Ltd to provide research commercialisation services to JCU. GRW Industries is a fully owned and controlled entity of North Queensland Commercialisation Company Pty Ltd acting as trustee for The JCU Asset Trust. GRW Industries was formed to commercialise the CoolMe™ technology for anatomical temperature regulation.

The board of GRW Industries consists of one nominee of the Vice-Chancellor and a nominee of UniQuest Pty Ltd acting as directors of the company. The company provides reports to Council in accordance with University policy

JCU Uninet Pty Ltd

JCU Uninet is a proprietary limited company registered on 19th April 1990 to operate marine stinger swimming enclosures on Queensland beaches designed to exclude box jellyfish and large segments of their tentacles from Queensland beaches and other waterways.

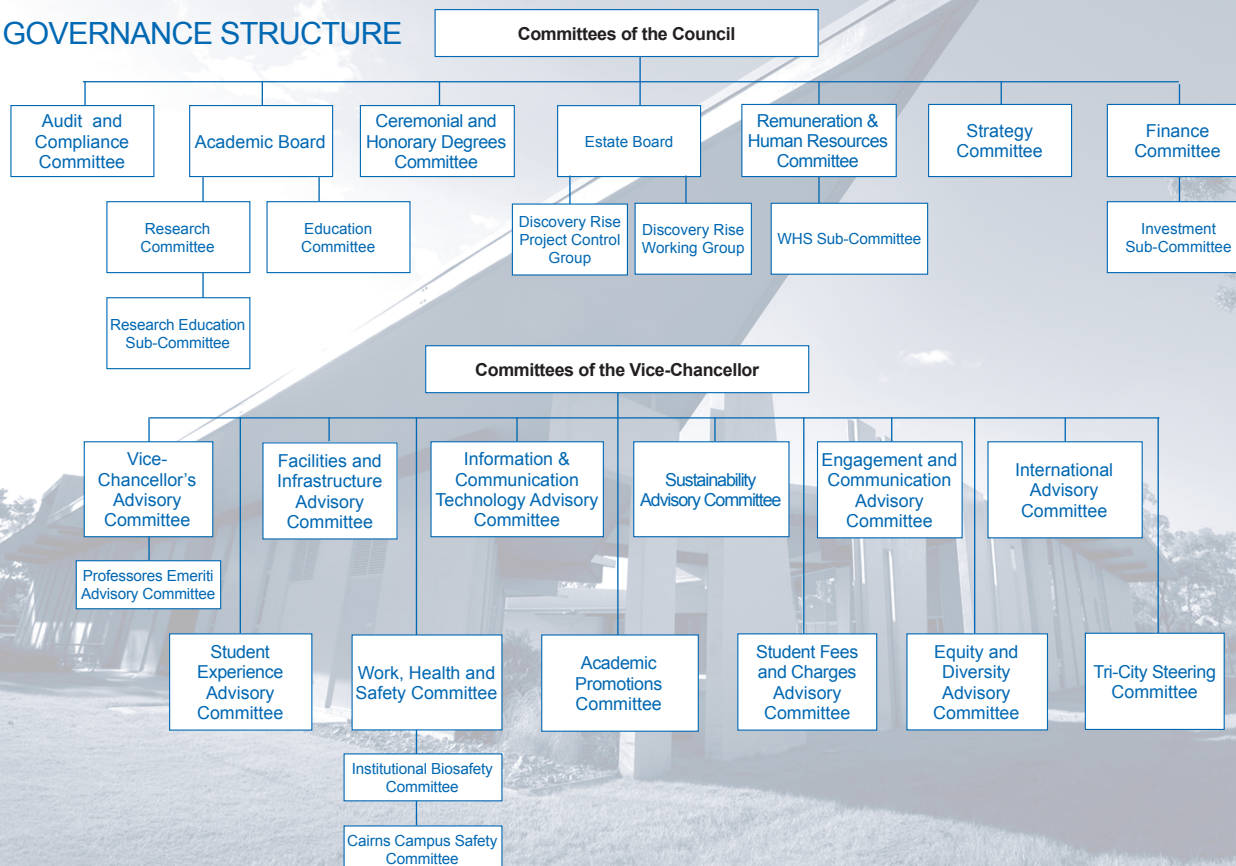
In 1997 it formed a 51/49% joint venture with the original inventor and manager's company, KJ Moss Pty Ltd. The board has four directors approved by the Vice-Chancellor. The company provides quarterly reports to the University. The auditor for the company is the Queensland Audit Office.

As at 31 December 2012 the company was not trading, following the sale of its interest in the Uninet Joint Venture. The effective date for the purpose of the sale value was 1 Jan 2011. On the 12th December 2011 the company was placed into Members' Voluntary Winding Up for the purposes of de-registration. The winding up process is not yet complete.

Australian Tropical Forest Institute Pty Ltd

Australian Tropical Forest Institute (ATFI) was a non-trading company, deregistered in 2012.

GOVERNANCE STRUCTURE



EXECUTIVE MANAGEMENT STRUCTURE

The management structure and systems of the University are organised as summarised below (as at DEcember 31), and shown in the organisational chart on p8.

The Vice-Chancellor, Sandra Harding BSc (Hons) ANU, M.Pub.Admin UQ, PhD NCSU, FAICD, FAIM, who is also the President, is the Chief Executive Officer of the University.

The Senior Deputy Vice-Chancellor, Chris Cocklin Dip-BusStud BSicSci MA, PhD, is focused on the educational agenda, teaching and learning and oversight of the faculties with Faculty PVCs reporting to that position. The role also has major portfolio responsibilities for the following Offices: Advanced Analytical Centre, ARC Centre of Excellence for Coral Reef Studies, Cairns Institute, eResearch Centre, Graduate Research School, and Research Services. The Senior Deputy Vice-Chancellor also acts as Vice-Chancellor when required.

The Deputy Vice-Chancellor (University Services) and Head of Cairns Campus, Stephen Weller BA Syd MA Comm UWS MBA UTS PhD Vic ATEM AIM, has major portfolio responsibilities for the following Directorates: Equity and Student Engagement, Governance and Corporate Services, Human Resources Management, Information Technology and Resources, James Cook International, Library and Information Services, Marketing and Engagement, Media and Communications, and Student and Academic Services.

The Deputy Vice-Chancellor and Head of Singapore Campus, Dale Anderson BEdSt (UQ), Dip Sch Couns (UQ), MEd (UNE), PhD (RMIT), FACE, FAICD is responsible for the operation of the University's Singapore Campus (formerly operated by the joint-venture James Cook Australia Institute of Higher Learning Pte Ltd, now wholly owned by the University) and its delivery of pre-university pathway, undergraduate, postgraduate and doctoral programs.

The Deputy Vice-Chancellor (Academic), Sally Kift LLB (Hons) UQ, LLM QUT, has major portfolio responsibilities for Teaching and Learning Development, Pathway College, and JCU Partner Campuses.

The Executive Director, Finance and Resource Planning, Patricia Clare Brand BCom *JamesCook*, CPA, MAICD, has major portfolio responsibilities for the Directorates of Audit and Assurance, Commercial Services, Corporate Planning and Performance, Estate Office, Financial and Business Services, Quality Enhancement, JCU Halls of Residence, and JCU Bookshop.

The Faculty Pro-Vice-Chancellors have overall responsibility for the management of their respective faculty.

FACULTY OF ARTS, EDUCATION AND SOCIAL SCIENCES

Nola Marion Alloway BEd *James Cook* PhD *James Cook*

FACULTY OF LAW, BUSINESS AND THE CREATIVE ARTS

Robyn McGuiggan BSc (Pharm) *Syd* MComm NSW PhD *Macq*

FACULTY OF MEDICINE, HEALTH AND MOLECULAR SCIENCES

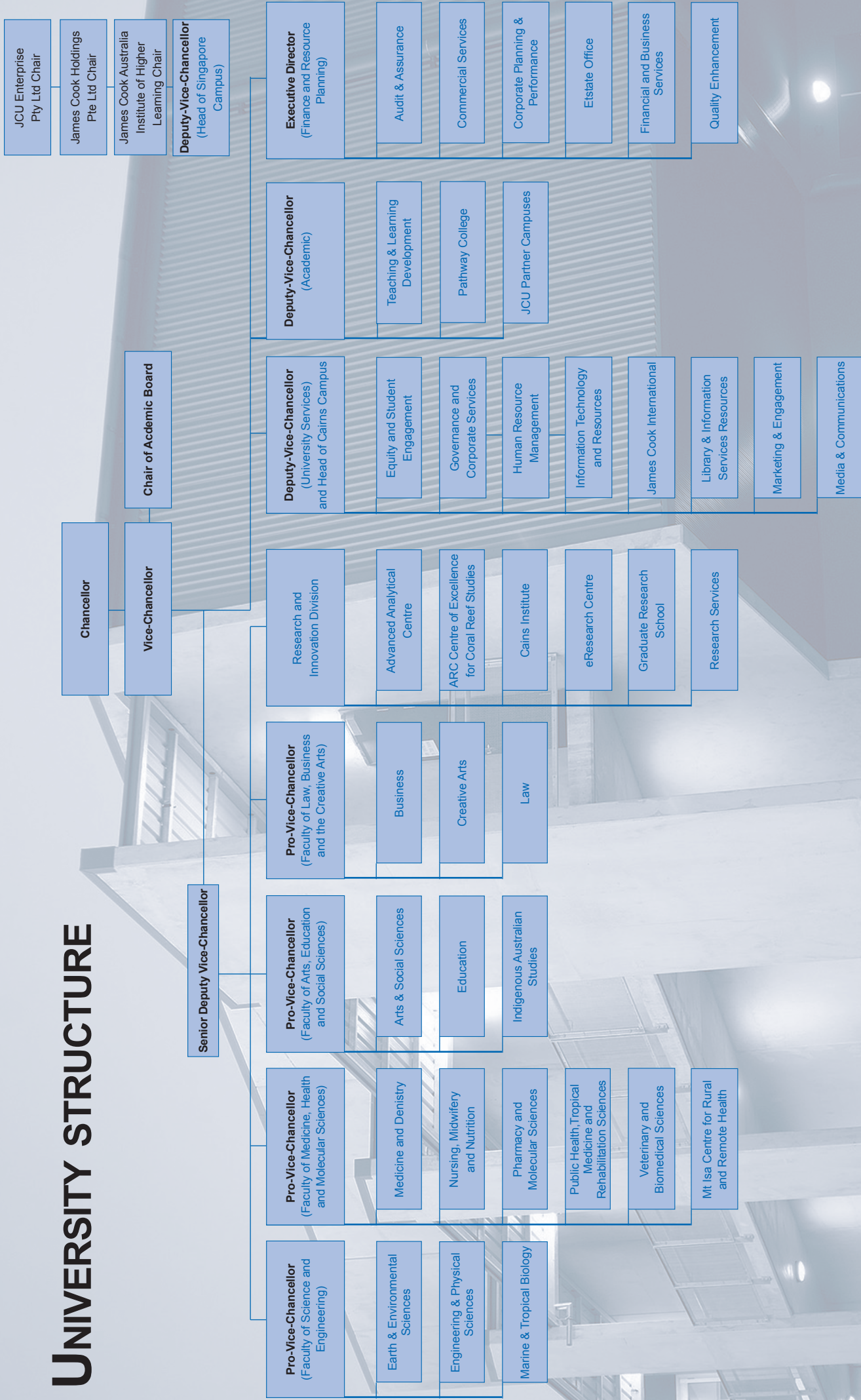
Ian Wronski MB BS *Monash* DTM&H *Liv* MPH SM *Harv* DipRACOG FRACGP FAFPHM

FACULTY OF SCIENCE AND ENGINEERING

Jeffrey Graham Loughran BEng (Mech) MEng Sc *Qld* PhD *Qld* FIEAust CPEng ManSA RPEQ

The Chairperson of the Academic Board, Paul Gadek BSc (Hons) UNSW PhD UNSW GAICD, oversees the Academic Board, which advises the Council about teaching, research and scholarship matters; formulates proposals for the academic policies; monitors the academic activities of the faculties; and promotes scholarship and research.

UNIVERSITY STRUCTURE



COUNCILLORS' REPORT

MEMBERS

For a list of persons who were members of the James Cook University governing body, Council, during the whole of 2012, please refer to pages 3 and 4 of Part 2 of the Annual Report.

MEETINGS OF MEMBERS

The number of Council meetings held during 2012 attended by members of the University Council can be found on page 3 of Part 2 of the Annual Report. In addition, details of attendance by Councillors at meetings of Council's committees can be found on page 5 of Part 2 of the Annual Report.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the consolidated entity consisted of the provision of teaching, research and scholarship, with a tropical and regional focus.

REVIEW OF OPERATIONS

The University was in compliance with the Voluntary Code of Best Practice for the Governance of Australian Universities and the National Governance Protocols. The Council assessed its performance against objectives and decided to revise its objectives against strategic imperatives. New Council objectives were put in place during the second quarter of 2011 and were assessed for their efficacy in 2012.

Following on from the revised Statement of Strategic Intent and the new University Plan, the JCU – The Future Taskforce was established in 2012 to chart the course to create a University that has a sharper focus on the tropical agenda; is more impactful, more relevant and more engaged.

The aim is to deliver on the promise JCU made more than 40 years ago – to deliver programs, conduct research and provide genuine leadership on issues of importance to the peoples of the tropics in northern Queensland, northern Australia and worldwide. At the same time JCU will remain true to its commitment to provide courses of study to meet the needs of the communities we serve.

To achieve this end the University is reassessing its operations to ensure financial sustainability to support JCU's core business and give effect to "One University, Two Countries, Three Tropical Campuses". The project will be consultative with a variety of mechanisms utilized to engage with staff, students and external stakeholders. It is anticipated the project will be completed in 2013.

The Curriculum Refresh initiative to improve JCU's Teaching and Learning was completed in 2012.

JCU acquired full ownership of JCU Singapore in May 2011, which paved the way for the University to operate as a Tri-City University to further advance the Statement of Strategic Intent and to enhance the positioning of JCU as Australia's Tropical University. In 2011 the Tri-City Integration Steering and Tri-City Integration Operations Committees were established to implement a framework for the integration of JCU Singapore into JCU's academic, policy and governance structures.

Both Committees continued in operation during 2012. Two major evaluation reviews of the Division of Finance and Resource Planning and the Faculty of Arts Education and Social Sciences were conducted and each were chaired by an external Council member, maintaining an important linkage between governance and management.

The \$44 million Clinical Practice Building Project was approved as the first pioneer and prototype for the Discovery Rise development. The building is ambitious in scale and character, is a fundamental enhancement to the Townsville campus and will re-define the appearance and perception of the campus as it is approached from the main entrance.

The building consolidates all of JCU's clinical practice activity involving public patients together with additional space for companion health activity and food services. Building works commenced in 2012 and are anticipated to be complete in 2013.

The new Veterinary and Biomedical Science Administration Building reached practical completion in 2012 and works commenced on the new Specialist Teaching & Student Services Precinct in 2012 and will be completed in early 2013. Both developments are on the Townsville Campus.

On the Cairns Campus construction commenced on the \$25m Cairns Institute which will provide quality social science research facilities and a range of public spaces including conference, seminar, and an exhibition space. The new facility will also include a café, engagement spaces and next generation lecture theatre and is scheduled to be opened mid-2013.

The Tropical Queensland Centre for Oral Health building, which provides an 80-chair dentistry clinic to be utilised by dental school students and accessed by the public, became operational in early 2012.

JCU continues to partner with Townsville City Council, The Townsville Hospital and the Department of Local Government, Community Recovery and Resilience to advance the Douglas Knowledge Precinct.

The Risk Management Framework and Policy, following major review in 2011 was further embedded into the University's operations in 2012.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The consolidated entity's net operating result (before tax) for 2012, as stated in the Statement of Comprehensive Income was \$36.539m (2011 – \$43.964m).

The consolidated entity's net assets for 2012, as stated in the Statement of Financial Position was \$704.292m (2011 - \$735.415m).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to explore and expand opportunities for further development which enhance its position as being committed to excellence in teaching, research and scholarship. In particular, the University will continue with the JCU – The Future Taskforce and continue to develop its Singapore operation, pursuing high quality outcomes through the EduTrust and business excellence programs.

ENVIRONMENTAL REGULATION

Significant environmental regulations to which the University is subject include:

- The *Environmental Protection Act 1994*, under which James Cook University has a general environmental duty under Section 319 and must be a registered operator to carry out one or more Chapter 4 activities under Section 73D, which are essentially Environmentally Relevant Activities.
- The *Environmental Protection Regulations 1998*, under the Environmentally Relevant Activities listed in Schedule 1, the University has a compliance obligation that requires environmental authority or licence to legally undertake such activities. The annual return for Permit number ENRE 00874309 was submitted and the annual license fee paid with the renewal date being 31 January 2014.
- Under the *Queensland Clean Energy Act 2008*, the University submitted a Smart Energy Saving Plan on 30 June 2011 for the Townsville Campus outlining the energy management initiatives it plans to undertake from 1 July 2011 to 31 June 2015 to reduce its energy consumption.

The Queensland Government advised JCU in July 2012 that the reporting process had been suspended until a decision has been made on organisational reporting requirements under the *Clean Energy Act 2008*

INSURANCE OF OFFICERS

The University holds a Directors' and Officers' Liability insurance policy which covers:

- The Legal liability of Directors and Officers of the University and its subsidiaries for wrongful acts committed by them in the course of their duties; and
- Losses that the University is permitted or required by law to indemnify any of their Directors or Officers for the successful defence costs of an action brought against them for wrongful acts committed by them.

The geographical scope of the cover is worldwide with limitations in North America. The limit of indemnity is \$20 million in aggregate during the policy period. The last annual premium was \$24,191.76.

PROCEEDINGS ON BEHALF OF JAMES COOK UNIVERSITY

No person in 2012 has applied for leave of Court to bring proceedings on behalf of the University or intervene in any proceedings to which the University is a party for the purpose of taking responsibility on behalf of the University for all or any part of those proceedings.

This report is made in accordance with a resolution of the members of the Council of James Cook University on 28 February 2013.



J.C. Grey AC
Lieutenant General (Ret'd)

Chancellor

Council of the James Cook University

Townsville

28 February, 2013

QUALITY SYSTEMS AND STRUCTURES

The approach to quality at JCU is enhancement led. This contemporary approach has its basis in the Business Excellence Framework's the four dimensional model of 'Approach, Deployment, Results and Improvement (ADRI)' that supports a systematic and continuous cycle of improvement. Quality enhancement builds on the improvement part of the cycle with an emphasis on self reflection and critical self evaluation.

To support this approach, JCU has adopted a Quality Enhancement Framework encompassing a number of principles for enhanced outcomes.

The principles are:

1. We align our activities with the Strategic Intent, University Plan, and our values and beliefs;
2. Our activities encompass the four dimensional cycle of 'approach, deployment, results and improvement' (ADRI);
3. We encourage a culture of self reflection and peer review so that strengths and weaknesses may be identified and addressed;
4. We collaborate with our colleagues across boundaries;
5. We embrace a student-focused approach where student participation and feedback informs all phases of the 'ADRI' cycle;
6. We actively engage with the community to meet its needs;
7. We use evidence based practice, informed by scholarly review and utilising quantitative and qualitative data for effective decision making and strategy evaluation; and
8. We seek out and use relevant internal and external benchmarks and good practice to set goals and strive for improvement.

The JCU Quality Enhancement Framework has been in operation for four years with various processes adopted to embed these principles. At the University level these processes include: organisational unit reviews; annual course performance and faculty academic program reports; and monitoring of outcomes of external course accreditations.

ORGANISATIONAL UNIT REVIEWS

Regular internal and external reviews that embody the quality enhancement principles are a key feature of our quality system. In 2012 two organisational unit reviews were conducted: the Division of Finance and Resource Planning; and the Faculty of Arts, Education and Social Sciences.

The panels for both reviews were chaired by a member of the JCU Council. High calibre panel members external to JCU, a member from the Vice-

Chancellor's Advisory Committee and a member from the Quality Enhancement Office also brought independent expertise to each Review. The review reports provide future direction and opportunities for improvement. Each report and a corresponding action plan will be presented to the Vice Chancellor and Council in late 2012 or early 2013.

COURSE PERFORMANCE AND FACULTY ACADEMIC PROGRAM REPORTS

Course Performance Reports and Faculty Academic Program Reports are designed to provide a systematic approach to identifying issues and strategies within the annual Faculty planning cycle. Annual Course Performance Reports require faculties to conduct a self review of each of their courses, drawing on key quantitative and qualitative data and reflecting on previous and further strategies for improvement.

Course Performance Reports feed into an overarching Faculty Academic Program Report that informs the faculty and school plans for the coming year.

TERTIARY EDUCATION QUALITY AND STANDARDS AGENCY

In 2012 JCU has responded to requests from TEQSA through the ESOS Audit Report, TEQSA 2012 Provider Information Request, and the CRI-COS Registration. JCU has undertaken a mapping of the Threshold Standards across the University's organisational units to identify stakeholders with responsibilities for the TEQSA requirements. The AQF Transition Procedures have been developed and approved by VCAC.

The Procedures provide an implementation and transition framework to ensure that all courses will be reviewed by June 2013 with appropriate action taken to ensure compliance or appropriate teach-out arrangements before 1 January 2015 in line with AQF/TEQSA requirements.

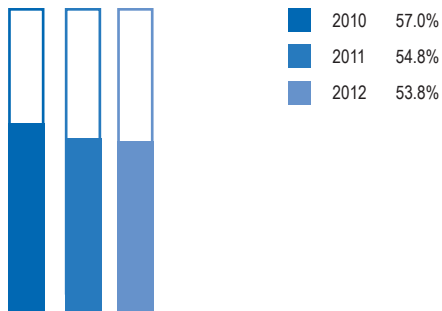
The English Language and Numeracy Policy has also been developed and approved by VCAC. This is an important aspect of our course compliance under the Threshold Standards, given the impending TEQSA quality assessment regarding English Language proficiency in 2013.

AUSTRALIAN QUALIFICATIONS FRAMEWORK

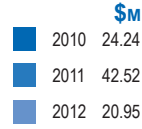
The Course Performance Review (CPR) process is currently being reviewed to ensure that we are capturing the relevant information to assure and evidence course compliance with the AQF/TEQSA requirements.

FINANCIAL OVERVIEW

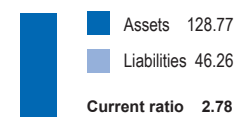
EMPLOYEE BENEFITS AS % OF TOTAL EXPENSES



NET OPERATING RESULT

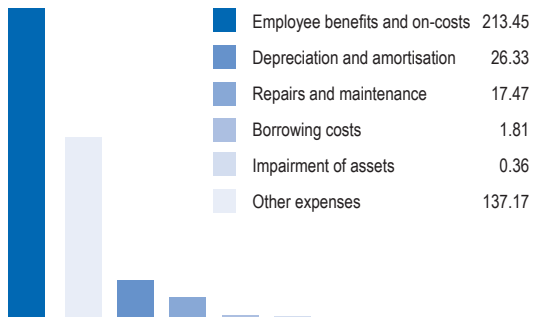


ASSETS V LIABILITIES \$M



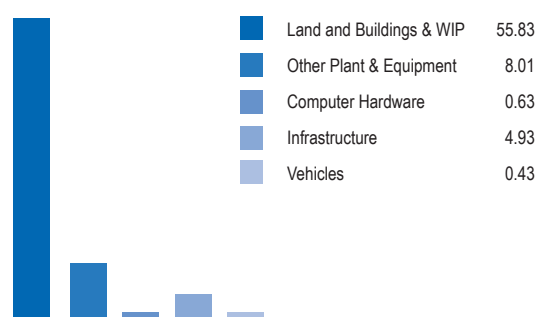
EXPENDITURE

TOTAL \$396.61M



CAPITAL EXPENDITURE

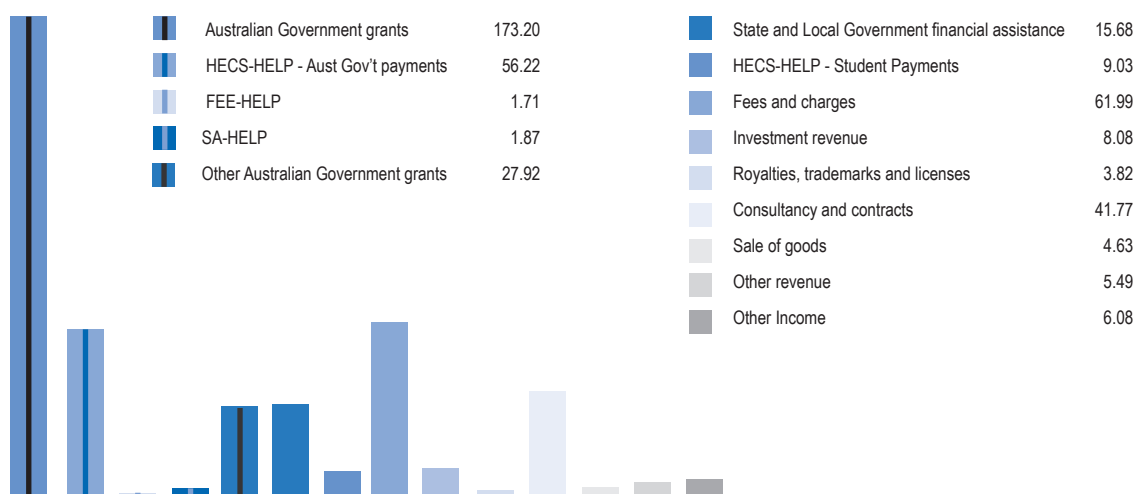
TOTAL \$69.845M



REVENUE

TOTAL \$391.18M

AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE \$M



JAMES COOK UNIVERSITY

Statement of Comprehensive Income for the year ended 31 December 2012

	Notes	Consolidated \$000		Parent Entity \$000	
		2012	2011	2012	2011
REVENUE FROM CONTINUING OPERATIONS					
Australian Government financial assistance					
Australian Government grants	2	173,207	152,948	173,207	152,947
HECS-HELP - Australian Government payments	2	56,225	50,605	56,225	50,605
FEE-HELP - Australian Government payments	2	1,719	1,206	1,719	1,206
SA-HELP - Australian Government payments	2	1,873	-	1,873	-
Other Australian Government grants	2	27,928	28,416	27,928	28,417
State and Local Government financial assistance					
HECS-HELP - student payments	3	15,681	29,079	15,681	29,079
Fees and charges	4	102,126	86,529	61,998	53,995
Investment revenue	5	8,503	9,169	8,082	9,034
Royalties, trademarks and licenses		392	15	3,820	2,659
Consultancy and contracts	6	41,779	38,370	41,779	38,370
Sale of goods		4,628	4,776	4,629	4,692
Other revenue	7	5,585	3,634	5,499	3,790
Total revenue from continuing operations		448,683	413,282	411,477	383,329
Investments accounted for using the equity method					
Investment income	19	(7)	-	-	-
Other income	5	-	391	-	12
	7	6,940	8,561	6,086	7,842
Total revenue and income from continuing operations		455,616	422,234	417,563	391,183
EXPENSES FROM CONTINUING OPERATIONS					
Employee benefits and on costs	8	228,200	204,489	213,454	193,098
Depreciation and amortisation	9	27,917	25,670	26,337	24,222
Repairs and maintenance	10	19,624	13,066	17,475	11,757
Borrowing costs		2,261	1,924	1,813	1,747
Impairment of assets	11	277	1,370	361	889
Other expenses	12	140,052	131,317	137,173	118,689
Total expenses from continuing operations		418,331	377,836	396,613	350,402
Operating result before income tax		37,285	44,398	20,950	40,781
Income tax expense	13	746	434	-	-
Operating result after income tax for the period		36,539	43,964	20,950	40,781
Other comprehensive income after income tax:					
Gain/(loss) on revaluation of land, buildings and infrastructure	21(b)	(69,567)	-	(69,567)	-
Change in fair value of available for sale financial assets	20(b)	1,866	(2,571)	1,866	(2,571)
Exchange differences on translation of foreign operations	28(b)	39	(110)	-	-
Total other comprehensive income for the period		(67,662)	(2,681)	(67,701)	(2,571)
Total comprehensive income for the period		(31,123)	41,283	(46,751)	38,210

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

JAMES COOK UNIVERSITY

Statement of Financial Position as at 31 December 2012

	Notes	Consolidated \$000		Parent Entity \$000	
		2012	2011	2012	2011
CURRENT ASSETS					
Cash and cash equivalents	16	122,811	132,568	90,244	110,648
Trade and other receivables	17	25,701	25,879	28,161	25,573
Inventories	18	1,988	2,064	1,525	1,820
Prepayments		9,023	8,532	8,844	8,495
Total current assets		159,523	169,043	128,774	146,536
NON-CURRENT ASSETS					
Trade and other receivables	17	1,217	138	15,372	5,138
Investments accounted for using the equity method	19	353	-	-	-
Other financial assets	20	27,699	24,561	28,672	25,534
Property, plant and equipment	21	644,814	652,751	618,571	646,292
Intangible assets	22	3,894	3,710	3,894	3,710
Total non-current assets		677,977	681,160	666,509	680,674
TOTAL ASSETS		837,500	850,203	795,283	827,210
CURRENT LIABILITIES					
Current tax liabilities	23	951	851	-	-
Trade and other payables	24	20,648	17,424	17,839	12,958
Borrowings	25	4,076	4,180	1,446	1,637
Employee benefit liability	26	19,046	15,338	18,779	15,054
Other liabilities	27	21,375	19,958	8,198	13,751
Total current liabilities		66,096	57,751	46,262	43,400
NON-CURRENT LIABILITIES					
Deferred tax liabilities	23	370	490	-	-
Borrowings	25	43,238	34,168	37,867	26,462
Employee benefit liability	26	23,054	22,379	22,936	22,379
Other liabilities	27	450	-	-	-
Total non-current liabilities		67,112	57,037	60,803	48,841
TOTAL LIABILITIES		133,208	114,788	107,065	92,241
NET ASSETS		704,292	735,415	688,218	734,969
EQUITY					
Parent entity interest					
Retained earnings	28(a)	503,871	467,332	487,370	466,420
Asset revaluation surplus	21(b)	198,790	268,357	198,790	268,357
Amounts recognised directly in equity relating non-current assets classified as held for sale	20(b)	2,058	192	2,058	192
Foreign currency translation reserve	28(b)	(427)	(466)	-	-
Total parent entity interest		704,292	735,415	688,218	734,969
TOTAL EQUITY		704,292	735,415	688,218	734,969

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

JAMES COOK UNIVERSITY

Statement of Changes in Equity for the year ended 31 December 2012

Consolidated	Retained earnings \$000	Reserves \$000	Non-controlling interest \$000	Total \$000
Balance at 1 January 2011	430,493	270,764	3,598	704,855
Transfers/reclassifications	-	-	-	-
Total comprehensive income				
Parent entity	43,964	(2,681)	-	41,283
Acquisition of non-controlling interest	(7,125)	-	(3,598)	(10,723)
Total	36,839	(2,681)	(3,598)	30,560
Balance at 31 December 2011	467,332	268,083	-	735,415
Balance at 1 January 2012	467,332	268,083	-	735,415
Transfers/reclassifications	-	-	-	-
Total comprehensive income				
Parent entity	36,539	(67,662)	-	(31,123)
Total	36,539	(67,662)	-	(31,123)
Balance at 31 December 2012	503,871	200,421	-	704,292
Parent Entity	Retained earnings \$000	Reserves \$000	Non-controlling interest \$000	Total \$000
Balance at 1 January 2011	425,639	271,120	-	696,759
Transfers/reclassifications	-	-	-	-
Total comprehensive income				
Parent entity	40,781	(2,571)	-	38,210
Total	40,781	(2,571)	-	38,210
Balance at 31 December 2011	466,420	268,549	-	734,969
Balance at 1 January 2012	466,420	268,549	-	734,969
Transfers/reclassifications	-	-	-	-
Total comprehensive income				
Parent entity	20,950	(67,701)	-	(46,751)
Total	20,950	(67,701)	-	(46,751)
Balance at 31 December 2012	487,370	200,848	-	688,218

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

JAMES COOK UNIVERSITY

Statement of Cash Flows for the year ended 31 December 2012

	Notes	Consolidated \$000		Parent Entity \$000	
		2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian Government financial assistance					
Australian Government		170,821	151,481	170,821	151,481
Capital grants - Australian Government		11,157	2,241	11,157	2,241
HECS-HELP - Australian Government payments		55,199	52,174	55,199	52,174
FEE-HELP - Australian Government payments		795	1,877	795	1,877
SA-HELP - Australian Government payments		1,846	-	1,846	-
Other Australian Government grants		16,771	28,417	16,771	28,417
HECS-HELP - student payments		9,037	8,535	9,037	8,535
FEE-HELP - student payments		2,004	1,784	2,004	1,784
Queensland State Government		4,581	6,021	4,581	6,021
Capital Grants - Queensland State Government		11,100	23,057	11,100	23,057
Interest received		9,128	6,339	8,726	6,207
Dividends and property trust distribution received		1,395	2,328	1,395	2,328
Receipts from student fees and other customers		164,883	143,048	117,815	105,153
Payments to suppliers and employees		(395,062)	(351,949)	(369,407)	(321,197)
Interest and other costs of finance		(2,141)	(1,488)	(1,423)	(1,488)
GST recovered / paid		(748)	(386)	(476)	(386)
Income tax paid		(766)	(43)	-	-
Net cash provided by / (used in) operating activities	36	60,000	73,436	39,941	66,204
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of financial assets		-	576	-	28
Proceeds from sale of property, plant and equipment		1,403	392	1,388	379
Payments for property, plant and equipment		(82,642)	(47,648)	(66,697)	(46,801)
Payments for financial assets		(1,625)	(1,850)	(1,273)	(1,850)
Payments of loans to related parties		-	-	(9,272)	(5,000)
Net cash provided by / (used in) investing activities		(82,864)	(48,530)	(75,854)	(53,244)
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of non-controlling interest	31(a)	-	(10,723)	-	-
Proceeds from borrowings		17,064	17,389	17,098	7,140
Repayments of borrowings		(3,774)	(1,923)	(1,589)	(1,015)
Net cash provided by / (used in) financing activities		13,290	4,743	15,509	6,125
Net increase / (decrease) in cash and cash equivalents		(9,574)	29,649	(20,404)	19,085
Effects of exchange rate changes on cash and cash equivalents		(180)	(75)	-	-
Cash and cash equivalents at the beginning of the financial year		132,565	102,994	110,648	91,563
Cash and cash equivalents at end of financial year	16	122,811	132,568	90,244	110,648

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

JAMES COOK UNIVERSITY

Notes to the Financial Statements *for the year ended 31 December 2012*

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JAMES COOK UNIVERSITY

Notes to the Financial Statements *for the year ended 31 December 2012*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 for James Cook University (the University) as the parent entity and the consolidated entity consisting of James Cook University and its controlled entities (the Group).

The principal address of James Cook University is: 1 James Cook Drive, Townsville, Queensland 4811.

Basis of preparation

The annual financial statements represent the audited general purpose financial statements of James Cook University and its controlled entities. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Financial Accountability Act 2009*
- Financial Reporting Requirements for Queensland Government Agencies (including Accounting Policy Guidelines)

James Cook University is a not-for-profit entity and these statements have been prepared on that basis. Some of the 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 James Cook University at the date of signing the Management Certificate.

Critical Accounting Estimates and Judgements

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 University's accounting policies. These are detailed below and in the notes that follow.

Key judgements

(i) Smart State Research Facility Fund debt forgiveness

In the financial statements the Parent and the Group recognised revenue amounting to \$2.787m for the year ended 31 December 2012 (\$2.380m for the year ended 31 December 2011), which represented one-third of the Smart State Research Facility loan that the Queensland State Government acknowledges and agrees that they will not seek, and will forgive the repayment, provided that the University complies with all of its obligations under the loan agreement between the State and the University.

The University intends to comply with all of its obligations under the loan agreement and it is therefore appropriate to recognise the debt forgiveness.

(ii) Carbon Pricing

The Australian Government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012. On information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the Group's critical accounting estimates, assumptions and management judgements.

Reporting basis and conventions

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by James Cook University as at 31 December each year.

A controlled entity of James Cook University is one where James Cook University has the power to govern the decision-making in relation to the financial and operating policies of the other entity. A list of the controlled entities of James Cook University is contained in Note 31 to the financial statements. All consolidated entities have a 31 December year-end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those policies applied by the parent entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Principles of consolidation (cont'd)

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interest in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in the statement of comprehensive income, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in the statement of comprehensive income.

(b) Taxation

James Cook University and certain controlled entities are, by virtue of Section 50-5 of the Income Tax Assessment Act 1997, exempt from the liability to pay income tax. The controlled entities subject to income tax adopt the following method of tax effect accounting.

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The University and certain controlled entities are subject to payroll tax, fringe benefits tax and goods and services tax (GST).

Revenues, expenses and assets (excluding receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

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 statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences shall be recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities within 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of a change in value.

(e) Trade receivables

Trade receivables are generally due for settlement within 30 days of the date of invoice. The carrying value less provision for impairment is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the statement of comprehensive income as 'Impairment of assets', refer Note 11.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Land, buildings and infrastructure assets

Land, buildings and infrastructure assets are valued at fair value in accordance with the Queensland Treasury's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (February 2012), less accumulated depreciation for building and infrastructure assets and accumulated impairment losses for land and building assets. Buildings under construction are recorded at cost. The asset recognition threshold for land is \$1 and \$10,000 for building and infrastructure assets.

Plant and equipment

Plant and equipment with a value of equal to or greater than \$5,000 is recorded at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment donated to the University is recorded at management's valuation in the year of donation. Additions with a value of less than \$5,000 are expensed in the year of purchase.

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 statement of comprehensive income during the financial period in which they are incurred.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment (cont'd)

Library Collections

In accordance with the "Non-Current Asset Policies for the Queensland Public Sector" (February 2012) collections are classified as a common use, reference or heritage (rare book) collection. Each collection type is subject to specific accounting treatments.

Common Use

A common use collection generally has a limited life with the greatest usage within the first year and a rapid decline in use in subsequent years. With the declining use and obsolescence, common use items are expensed on acquisition.

Reference

A reference collection generally has a longer useful life and would be replaced if lost or damaged. A recognition threshold of \$1 million applies to the collection. At balance date the University's reference collection had a carrying value of less than \$1 million. As a result, the University's reference collection has been expensed.

Rare books

Rare books are valued at fair value in accordance with Queensland Treasury's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (February 2012). The asset recognition threshold is \$5,000.

Museums and art

Museums and art are valued at fair value in accordance with Queensland Treasury's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (February 2012). Additions to the collections purchased since the last valuation date are recorded at cost. The asset recognition threshold is \$5,000.

Revaluations

Land, buildings, infrastructure and cultural assets (including the museums and art, and rare books) are revalued every five years in accordance with Queensland Treasury's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (February 2012), and are included in the financial statements at the revalued amounts. Interim revaluations of assets valued at fair value are performed using relevant indices or other reliable measures.

Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are credited directly to the asset revaluation surplus, except where the increment reverses a decrement previously recognised in the statement of comprehensive income. In such cases the increments are recognised as revenue in the statement of comprehensive income. Revaluation decrements are recognised as an expense in the statement of comprehensive income except where the decrement reverses a revaluation increment held in the asset revaluation surplus.

(h) Depreciation of property, plant and equipment

Property, plant and equipment, other than land, library (rare books), museum and art collections, are depreciated on a straight line basis over their expected useful lives at the following rates:

	2012	2011
Buildings	1.13% to 33.33%	1.13% to 33.00%
Infrastructure	1.97% to 50.00%	1.97% to 50.00%
Plant and Equipment	2.50% to 50.00%	2.50% to 50.00%

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

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

(i) Intangible assets

Computer software

Computer software with a value equal to or greater than \$100,000 is recognised at cost of acquisition less accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful life, which varies from 5-32 years. Additions with a value of less than \$100,000 are expensed in the year of acquisition.

Licences

Licences which have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which at present is 10 years. Licences which have an indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) **Intangible assets (cont'd)**

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not effect the carrying amount of goodwill. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure on research activities is recognised in the statement of comprehensive income as an expense when it is incurred.

(j) **Impairment of assets**

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is transferred to the asset revaluation surplus. The excess of the asset's carrying value over the asset revaluation surplus for that class of asset is expensed to the statement of comprehensive income.

(k) **Investments and other financial assets**

The Group classifies its investments in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period.

Investments are initially measured at cost on trade date, when the related contractual rights or obligations exist. Subsequent to initial recognition these investments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method. They are included in non-current assets where they are expected to mature later than 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally managed funds, are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are reflected at fair value which is based on the market value of investments as at 31 December. Unrealised gains and losses are recognised as other comprehensive income in the available-for-sale reserve in equity. They are included in non-current assets unless the intention is to dispose of the investment within 12 months of the statement of financial position date.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(l) **Investments in associates**

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Parent Entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

(m) **Interests in jointly controlled operations and assets**

The Group's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Group's interests are shown in Note 19.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Interests in jointly controlled operations and assets (cont'd)

The Group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The Parent Entity's interests in joint venture entities are brought to account using the cost method.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid at the end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying value is a reasonable approximation of their fair values due to the short-term nature of trade and other payables.

(o) 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 statement of comprehensive income over the period of the borrowings using the effective interest method.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(q) Leased non-current assets

Leases of property, plant and equipment where the Group has substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Finance leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(r) Employee benefits

Wages and salaries

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

Annual leave

The liability for annual leave employee benefits expected to be paid within 12 months after the end of the reporting period is recognised as a current liability and measured at the amount expected to be paid when the liability is settled.

Long service leave

The liability for long service leave is recognised for the Group's liability for employee long service leave benefits arising from services rendered by employees to balance date.

The University recognises a liability for long service leave for employees from commencement of employment. The part of the liability that is expected to be payable within 12 months of the end of the reporting period is classified as a current liability and measured at its nominal amount. That part expected to be settled more than 12 months after the end of the reporting period is recognised as a non-current liability for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) **Employee benefits (cont'd)**

Retirement benefit obligations

Employees of the University are entitled to benefits on retirement, disability or death from the University's superannuation plan. The University has a defined benefit division and a defined contribution division within its plan. The defined benefit division provides a lump sum benefit or pension based on years of service and final average salary.

The UniSuper Defined Benefit Division (DBD), the predominant plan within the University, is a defined benefit plan under superannuation law however, as a result of amendments to Clause 34 of the UniSuper Trust Deed, it is deemed a defined contribution plan under Accounting Standard AASB 119 Employee Benefits. The DBD receives fixed contributions from the University and the University's legal or constructive obligation is limited to these contributions.

Contributions made by the University to employee superannuation funds are charged as expenses when incurred.

(s) **Revenue recognition**

Revenue is measured at 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.

Government Grants

Australian Government financial assistance (excluding Commonwealth Grants Scheme Income) and State and Local Government financial assistance is recognised as revenue when the University obtains control over the income. Control over the income would normally be obtained upon the earlier of their receipt or their becoming contractually due. Commonwealth Grants Scheme income is recognised in the year in which it is earned. Financial assistance that the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) has identified as being recoverable from the University is disclosed as "Australian Government unspent financial assistance", within other liabilities.

Student fees and charges

Fees and charges are recognised as income in the year received/invoiced, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as unearned revenue within other liabilities.

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to the customers.

Interest

Interest revenue is recognised on receipt or on an accrual basis at the end of the reporting period, taking into account the interest rates applicable to the financial assets.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Royalties

Royalty revenue is recognised when the right to receive a royalty has been established.

Rendering of services

Revenue from rendering of services is recognised upon the delivery of the service to the customer.

Contributions

Grants and contributions that are non-reciprocal in nature are recognised as revenue in the year in which the Group obtains control over them. Where grants that are reciprocal in nature are received, revenue is recognised as it is earned over the term of the funding arrangements.

(t) **Comparative Figures**

Where required, comparative figures have been adjusted to conform with changes in presentation in the current financial year and so may differ from the prior year audited financial statements.

(u) **Rounding amounts**

Amounts shown in these financial statements have been rounded to the nearest thousand dollars (\$1,000).

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Correction of a prior period error

Annual leave - current liability

In the financial statements for prior years, the University recorded annual leave as a trade and other payable. The portion of annual leave expected to be paid within 12 months after the end of the reporting period was recognised in current payables and measured at the amount expected to be paid when the liability was settled. The portion of annual leave not due to be settled within 12 months after the end of the reporting period was classified as a non-current payable measured at the net present value of the amount expected to be paid when the liability was settled. This error had the effect of understating current liabilities and overstating non-current liabilities.

The employee benefit liability for annual leave is now recognised as a current liability and measured at the amount expected to be paid when the liability is settled.

Annual leave - academic

Traditionally academic annual leave in the Higher Education Sector was deemed to have been taken at the end of the reporting period. Although unused annual leave could carry forward to the following year, in practice this rarely occurred.

An upgrade to the Human Resources Information System, which manages annual leave for professional and technical employees, identified the opportunity to manage academic annual leave in the same manner. The work undertaken has resulted in quantifying an amount of unused academic annual leave, leading to an error in the reported values in employee benefits liability for academic annual leave in 2011. The prior period employee benefit liability for academic annual leave for 2010 and earlier reporting periods has not been collected in a way that allows retrospective application and it is impracticable to recreate the information.

Long service leave - reclassification

In the financial statements for prior years, the University recorded long service leave as a current and non-current provision. Long service leave has now been reclassified as a current and non-current employee benefit liability.

Consolidated	Note	2011 \$000	Increase/ (decrease) \$000	2011 Restated \$000
Statement of comprehensive income (extract) for the year ended 31 December 2011				
Expenses from continuing operations				
Employee benefits and on-costs	8	202,750	1,739	204,489
Statement of financial position (extract) as at 31 December 2011				
Current liabilities				
Trade and other payables	24	25,267	(7,843)	17,424
Employee benefit liability	26	-	15,338	15,338
Provisions		3,010	(3,010)	-
Non-current liabilities				
Trade and other payables	24	2,746	(2,746)	-
Employee benefit liability	26	-	22,379	22,379
Provisions		22,379	(22,379)	-
Equity				
Retained earnings	28(a)	469,071	(1,739)	467,332

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Correction of a prior period error (cont'd)

Parent Entity	Note	2011 \$000	Increase/ (decrease) \$000	2011 Restated \$000
Statement of comprehensive income (extract) for the year ended 31 December 2011				
Expenses from continuing operations				
Employee benefits and on-costs	8	191,359	1,739	193,098
Statement of financial position (extract) as at 31 December 2011				
Current liabilities				
Trade and other payables	24	20,580	(7,622)	12,958
Employee benefit liability	26	-	15,054	15,054
Provisions		2,947	(2,947)	-
Non-current liabilities				
Trade and other payables	24	2,746	(2,746)	-
Employee benefit liability	26	-	22,379	22,379
Provisions		22,379	(22,379)	-
Equity				
Retained earnings	28(a)	468,159	(1,739)	466,420

(w) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The Group does not anticipate early adoption of any of the following Australian Accounting Standards or Interpretations.

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 10: Consolidated Financial Standards, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendment to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

These Standards are not expected to significantly impact the Group's financial statements.

AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012)

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) New Accounting Standards and Interpretations (cont'd)

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013)

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is not expected to significantly impact the Group's financial statements.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Notes	Parent Entity and consolidated \$000	
		2012	2011
NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE including HECS-HELP, FEE-HELP and SA-HELP			
(a) Commonwealth Grants Scheme and Other Grants	37		
Commonwealth Grants Scheme #1		132,110	113,714
Indigenous Support Program		1,855	1,855
Partnership & Participation Program		3,716	2,571
Disability Support Program		34	26
Capital Development Pool		-	2,241
Transitional Cost Program		16	23
Clinical Outreach Program		2,154	2,075
Promotion of Excellence in Learning and Teaching		75	-
Reward Funding		562	-
Total Commonwealth Grants Scheme and Other Grants		140,522	122,505
(b) Higher Education Loan Programs	37		
HECS-HELP		56,225	50,605
FEE-HELP		1,719	1,206
SA-HELP		1,873	-
Total Higher Education Loan Programs		59,817	51,811
(c) Scholarships	37		
Australian Postgraduate Awards		2,650	2,254
International Postgraduate Research Scholarships		223	212
Commonwealth Education Costs Scholarships #2		898	110
Commonwealth Accommodation Scholarships #2		1,203	57
Indigenous Access Scholarships		493	264
National Priority Scholarships		-	2,767
Total Scholarships		5,467	5,664
(d) DIISRTE Research Grants	37		
Joint Research Engagement		3,580	3,630
Research Training Scheme		7,858	7,809
Sustainable Research Excellence in Universities		1,999	1,616
Research Infrastructure Block Grants		2,986	2,665
Commercialisation Training Scheme		-	-
Total DIISRTE Research Grants		16,423	15,720
(e) Australian Research Council	37		
<i>(i) Discovery</i>			
Projects		2,661	2,870
Fellowships		3,220	2,130
Indigenous Researchers Development		127	149
Early Career Researcher Award		127	-
Total Discovery		6,135	5,149
<i>(ii) Linkages</i>			
Infrastructure		630	150
Projects		954	797
Total Linkages		1,584	947
<i>(iii) Networks and Centres</i>			
Centres		3,076	2,962
Total Networks and Centres		3,076	2,962
Total Australian Research Council		10,795	9,058

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Parent Entity and consolidated \$000	
	2012	2011
NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE including HECS-HELP and FEE-HELP (cont'd)		
(f) Other Australian Government grants		
<i>Non-capital</i>		
Mt Isa Centre for Rural and Remote Health	27	2,380
Indigenous Tutorial Assistance Scheme	393	271
Rural Clinical School Program	4,374	4,441
Rural Health Multidisciplinary Training Program	2,054	-
AIMS@JCU	98	-
RATEP Away from Base	46	101
Health Workforce Australia - Clinical Training Program	9,131	2,014
Other	651	270
Total Non-capital	16,774	9,477
<i>Capital</i>		
Dept. of Innovation, Industry, Science & Research	8,870	12,500
Health Workforce Australia - Clinical Training Program	642	2,079
Rural Health Multidisciplinary Training Program	1,155	4,311
Rural Health Student Accommodation	435	-
Other	52	50
Total Capital	11,154	18,940
Total other Australian Government financial assistance	27,928	28,417
Total Australian Government financial assistance	260,952	233,175
Reconciliation		
Australian Government grants [2(a) + 2(c) + 2(d) + 2(e)]	173,207	152,947
HECS-HELP - Australian Government payments [2(b)]	56,225	50,605
SA-Help [2(b)]	1,873	-
Other Australian Government loan programs [FEE-HELP] [2(b)]	1,719	1,206
Other Australian Government financial assistance [2(f)]	27,928	28,417
Total Australian Government financial assistance reported in the statement of comprehensive income	260,952	233,175
(g) Australian Government grants received - cash basis		
CGS and other DIISRTE Grants	138,034	123,281
Higher Education Loan Programs	57,840	54,050
Learning Scholarships	5,570	5,664
DIISR Research	16,423	15,720
ARC grants - Discovery	6,135	5,149
ARC grants - Linkages	1,584	947
ARC grants - Networks and Centres	3,076	2,962
Other Australian Government grants	27,928	28,417
Total Australian Government grants received - cash basis	256,590	236,190
OS-HELP (net)	352	242
Total Australian Government funding received - cash basis	256,942	236,432

#1 Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, CGS - Facilitation Loading, Maths and Science Transition Loading.

#2 Includes National Education Priority and National Accommodation Priority Scholarships.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 3. STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE				
<i>Non-capital</i>				
Dental clinic operations	3,390	4,425	3,390	4,425
North Queensland clinical school	1,108	1,058	1,108	1,058
Other	83	539	83	539
Total non-capital	4,581	6,022	4,581	6,022
<i>Capital</i>				
Dental clinic teaching facility	10,400	22,200	10,400	22,200
Nursing clinical laboratories	496	-	496	-
Veterinary Infrastructure (Biosecurity Facility)	204	857	204	857
Total capital	11,100	23,057	11,100	23,057
	15,681	29,079	15,681	29,079

NOTE 4. FEES AND CHARGES

Course fees and charges

Fee paying overseas students	76,305	64,803	42,750	37,382
Fee paying domestic postgraduate students	2,004	1,780	2,004	1,780
Other domestic course fees and charges	213	339	213	339
	78,522	66,922	44,967	39,501

Other fees and charges

Library fines and fees	42	33	42	33
Parking fines and fees	322	118	322	118
Professional, testing and technical services	3,289	2,175	3,289	2,175
Rental income	1,045	568	1,045	568
Conference fee income	789	656	789	656
Student accommodation	8,669	8,580	8,669	8,580
Student amenities fee	940	-	940	-
Lecture, marking and examination fees	206	144	226	499
Fees incidental to studies	577	606	254	321
Child care fees and charges	1,666	1,550	-	-
Medical fees and charges	1,489	1,416	-	-
Veterinary fees and charges	2,930	2,109	-	-
Other	1,640	1,652	1,455	1,544
	23,604	19,607	17,031	14,494
	102,126	86,529	61,998	53,995

NOTE 5. INVESTMENT REVENUE AND INCOME

Investment revenue

Interest	7,108	6,950	6,687	6,815
Dividends	1,379	2,204	1,379	2,204
Property trust distributions	16	15	16	15
	8,503	9,169	8,082	9,034

Investment income

Net gain on sale of investments	-	391	-	12
	-	391	-	12
Net investment revenue and income	8,503	9,560	8,082	9,046

NOTE 6. CONSULTANCY AND CONTRACTS

Contract research	35,986	32,778	35,986	32,778
Research consultancy	1,566	3,012	1,566	3,012
Other consultancy	4,227	2,580	4,227	2,580
	41,779	38,370	41,779	38,370

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 7. OTHER REVENUE AND INCOME				
Other revenue				
Commission income	287	295	287	295
Donations and bequests	1,876	2,039	1,825	2,251
Non-government grants - other	2,110	262	2,075	206
Non-government grants - capital	781	337	781	337
Scholarships and prizes	446	436	446	436
Sponsorship income	85	265	85	265
	<u>5,585</u>	<u>3,634</u>	<u>5,499</u>	<u>3,790</u>
Other income				
Net foreign exchange gain (loss)	(49)	113	(49)	113
Net gain (loss) on disposal of property, plant and equipment	(743)	(291)	(729)	(291)
Net gain from change in fair value of financial liability - Smart State borrowings	3,011	3,006	3,011	3,006
Debt forgiveness - Smart State borrowings	2,787	2,380	2,787	2,380
Other income	1,934	3,353	1,066	2,634
	<u>6,940</u>	<u>8,561</u>	<u>6,086</u>	<u>7,842</u>
NOTE 8. EMPLOYEE BENEFITS AND ON-COSTS				
Academic				
Salaries	98,218	86,453	89,043	79,559
Contribution to superannuation and pension schemes (funded)	13,290	11,915	13,290	11,915
Payroll tax	4,926	4,896	4,926	4,896
Workers compensation	245	308	245	308
Long service leave	1,603	2,689	1,603	2,689
Annual leave loading	894	818	894	818
	<u>119,176</u>	<u>107,079</u>	<u>110,001</u>	<u>100,185</u>
Professional and technical				
Salaries	82,501	72,585	76,930	68,088
Contribution to superannuation and pension schemes (funded)	12,657	11,213	12,657	11,213
Payroll tax	4,640	4,109	4,640	4,109
Workers compensation	227	307	227	307
Long service leave	1,503	2,464	1,503	2,464
Annual leave	7,496	6,732	7,496	6,732
	<u>109,024</u>	<u>97,410</u>	<u>103,453</u>	<u>92,913</u>
	<u>228,200</u>	<u>204,489</u>	<u>213,454</u>	<u>193,098</u>
Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 1(v).				
NOTE 9. DEPRECIATION AND AMORTISATION				
Depreciation				
Buildings	14,453	13,752	14,407	13,706
Plant and equipment	10,155	8,950	8,621	7,548
Infrastructure	2,854	2,622	2,854	2,622
	<u>27,462</u>	<u>25,324</u>	<u>25,882</u>	<u>23,876</u>
Amortisation				
Intangible asset	455	346	455	346
	<u>27,917</u>	<u>25,670</u>	<u>26,337</u>	<u>24,222</u>
NOTE 10. REPAIRS AND MAINTENANCE				
Buildings	13,265	7,511	11,271	6,264
Grounds	508	619	497	591
Equipment	5,851	4,936	5,707	4,902
	<u>19,624</u>	<u>13,066</u>	<u>17,475</u>	<u>11,757</u>
NOTE 11. IMPAIRMENT OF ASSETS				
Impairment of trade receivables	277	833	361	671
Impairment of financial assets	-	218	-	218
Impairment of intangible asset - goodwill	-	319	-	-
	<u>277</u>	<u>1,370</u>	<u>361</u>	<u>889</u>

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 12. OTHER EXPENSES				
Advertising, marketing and promotional expenses	7,436	6,682	3,620	3,122
Bank fees and charges	277	314	255	295
Books and publications	4,795	4,892	4,795	4,892
Commissions paid	11,812	9,863	11,812	9,863
Communications	3,158	3,972	3,143	3,957
Consumables	4,663	6,199	3,823	5,384
Cost of goods sold	5,114	3,202	3,206	3,202
Donation	-	-	10,052	-
Fees and charges	3,681	3,050	1,708	1,609
Insurance	2,126	1,453	2,101	1,434
Licence fees	1,115	976	1,050	960
Motor vehicle related expenses	601	595	601	595
Non-capitalised equipment	9,487	9,676	9,469	9,671
Occupancy and utilities	10,122	9,438	9,618	8,937
Other staff related expenses	5,677	4,694	7,733	5,708
Printing and stationery	2,282	2,412	2,227	2,384
Professional fees	9,708	7,091	9,028	6,577
Rental, hire and other leasing fees	6,073	4,773	1,418	1,715
Minimum lease payments on operating leases	75	85	17	81
Grants, scholarships and prizes	17,202	20,523	20,452	20,523
Staff development and recruitment	3,885	3,480	3,824	3,433
Student accommodation catering expenses	1,050	1,104	1,050	1,104
Subscriptions and memberships	2,349	2,284	2,337	2,280
Travel expenses	12,548	12,341	12,546	12,341
Losses - public property *	131	281	131	281
Special payments - ex gratia payments	322	62	322	62
Other	14,363	11,875	10,835	8,279
	<u>140,052</u>	<u>131,317</u>	<u>137,173</u>	<u>118,689</u>

* Insurance recoveries received during the year in respect to the losses of public property: \$1.086m (2011: \$1.600m).

NOTE 13. INCOME TAX EXPENSE

Tax expense attributable to profits is made up of:

Current income tax liability	951	851	-	-
Deferred tax liability	370	490	-	-
Foreign currency translation	(575)	(907)	-	-
	<u>746</u>	<u>434</u>	-	-
Profit before tax	7,702	5,700	-	-
Tax calculated at tax rate of 17%	1,309	969	-	-
Expenses not deductible for tax purposes	169	157	-	-
Income not subject to tax	(739)	(306)	-	-
Singapore statutory stepped income exemption	(26)	(27)	-	-
Overprovision in prior year's income tax	-	(455)	-	-
(Over) / under recognition of temporary differences in prior year	8	96	-	-
Others	25	-	-	-
	<u>746</u>	<u>434</u>	-	-

NOTE 14. REMUNERATION OF AUDITORS

During the year the following fees were paid for services provided by the auditors of the Parent Entity, its related practices and non-related audit firms:

Audit services

Fees paid to Queensland Audit Office:				
Audit and review of financial statements	294	316	294	282
Fees paid to non-Queensland Audit Office audit firms:				
Audit or review of financial statements of any entity in the Consolidated Entity	27	50	27	17
	<u>321</u>	<u>366</u>	<u>321</u>	<u>299</u>

For the year ended 31 December 2012, Queensland Audit Office provided the Group with a quote of \$297,950 for the audit.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES

PARENT ENTITY

a) Names of council members and executive officers.

The names and details of the University's council membership and executive officers are located with the body of the Annual Report.

b) Key management personnel

The following details for key executive management personnel include those positions that have authority and responsibility for planning, directing and controlling the activities of the University. Further information on these positions can be found in the body of the Annual Report.

Position	Responsibilities	Current Incumbents	
		Contract Classification and appointment authority	Date appointed to position / (Date resigned from position)
Vice-Chancellor	Provides strategic leadership and management of all University activities.	Fixed term contract, appointment authority University Council	Appointed 15/01/2007
Chair of Academic Board	Responsible for quality of academic activities of the University.	Fixed term contract, appointment authority University Council	Appointed 23/02/2007 (resigned 27/05/2012)
Chair of Academic Board	Responsible for quality of academic activities of the University.	Fixed term contract, appointment authority University Council	Appointed 28/05/2012
Senior Deputy Vice-Chancellor	Leadership and management of activities of the Faculties, and the Division of Research and Innovation.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 18/01/2008 (Resigned 4/11/2011), new appointee commenced 07/11/2011
Deputy Vice-Chancellor, Research and Innovation (RI)	Leadership and management of University operations for the Research and Innovation Division.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 7/07/2008 (responsibilities incorporated into Senior Deputy Vice Chancellor position from 7/11/2011)
Pro-Vice Chancellor, Faculty Science and Engineering (FSE)	Leadership and management of activities of the Faculty of Science and Engineering.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 07/07/2008
Pro-Vice Chancellor, Faculty Medicine, Health and Molecular Science (FMHMS)	Leadership and management of activities of the Faculty of Medicine, Health and Molecular Science.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 7/04/1997
Pro-Vice Chancellor, Faculty Arts, Education and Social Science (FAESS)	Leadership and management of activities of the Faculty of Arts, Education and Social Science.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 1/09/2008
Pro-Vice Chancellor, Faculty Law, Business and Creative Arts (FLBCA)	Leadership and management of activities of the Faculty of Law, Business and Creative Arts.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 17/01/2011
Deputy Vice-Chancellor, University Services Division (USD)	Leadership and management of University operations for the University Services Division.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 11/01/2010
Deputy Vice-Chancellor, Academic	Leadership and management of University operations for the Academic Division.	Fixed term contract, appointment authority Vice-Chancellor	New position Appointed 7/11/2011 (Acting), (Resigned 27/05/2012)
Deputy Vice-Chancellor, Academic	Leadership and management of University operations for the Academic Division.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 28/05/2012
Executive Director, Finance and Resources Planning (FRP)	Leadership and management of University operations for the Finance and Resources Planning Division.	Fixed term contract, appointment authority Vice-Chancellor	Appointed 8/10/2007

b) Remuneration of council members

No council member received remuneration for duties performed in their role as a council member. No council member is entitled to any Retirement Benefit arising from their role as a council member.

The aggregate remuneration for the employees of the University elected as council members by virtue of their employment with the University for the year ended 31 December 2012 was \$1.724m (2011: \$1.341m)

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

c) Remuneration and performance payments of executive officers - 2012

The remuneration and other terms of employment for key executive management personnel are specified in employment contracts. The contracts provide performance-related cash bonuses and other benefits including motor vehicles. Remuneration packages for key personnel comprise the following components:

Short Term Benefits which include:

Base - consisting of base salary, allowances and annual leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. *Non-monetary benefits* - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit. The fringe benefit tax is for the year ended 31 March 2012.

Long term employee benefits include long service leave accrued and paid.

Post employment benefits include superannuation contributions.

Termination benefits - Contracts of employment provide only for notice periods or payments in lieu of notice on termination, regardless of the reason for the termination.

Performance Bonuses - may be paid or payable annually depending on the satisfaction of key performance criteria. Performance bonuses are calculated by reference to individual's base salary under their contract. Bonus payments are not included in the Base amount within Short Term Benefits. The maximum bonus payable to any person is 15% of base salary. The aggregate performance bonuses paid to all key executive management personnel for the year to 31 December 2012 totalled \$0.252m.

Position	Short Term Employee Benefits \$000		Long Term Employee Benefits \$000	Post Employment Benefits \$000	Termination Benefits \$000	Total Remuneration \$000	Date Bonus Paid
	Base	Non-Monetary Benefits					
Vice-Chancellor	674	22	11	70	-	777	1/06/2012
Chair of Academic Board (1/01/2012 to 27/05/2012)	84	-	2	14	-	100	
Chair of Academic Board (28/05/2012 to 31/12/2012)	141	-	3	22	-	166	4/05/2012
Senior Deputy Vice-Chancellor (also coverage of DVC (RI) position)	350	34	8	58	-	450	4/05/2012
Deputy Vice-Chancellor (RI) - all remuneration attributed to SDVC position	-	-	-	-	-	-	
Pro-Vice Chancellor (FSE)	239	32	6	41	-	318	4/05/2012
Pro-Vice Chancellor (FMHMS)	329	-	7	51	-	387	4/05/2012
Pro-Vice Chancellor (FAESS)	257	20	6	41	-	324	4/05/2012
Pro-Vice Chancellor (FLBCA)	292	13	6	45	-	356	4/05/2012
Deputy Vice-Chancellor (USD)	344	17	8	54	-	423	4/05/2012
Deputy Vice Chancellor, Academic (1/01/2012 to 27/05/2012)	100	-	2	17	-	119	
Deputy Vice Chancellor, Academic (28/05/2012 to 31/12/2012)	184	-	4	28	-	216	
Executive Director (FRP)	350	20	7	54	-	431	4/05/2012
TOTAL REMUNERATION	3,344	158	70	495	-	4,067	

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

c) Remuneration and performance payments of executive officers (cont'd) - 2011

The remuneration and other terms of employment for key executive management personnel are specified in employment contracts. The contracts provide performance-related cash bonuses and other benefits including motor vehicles. Remuneration packages for key personnel comprise the following components:

Short Term Benefits which include:

Base - consisting of base salary, allowances and annual leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit. The fringe benefit tax is for the year ended 31 March 2011.

Long term employee benefits include long service leave accrued and paid.

Post employment benefits include superannuation contributions.

Termination benefits - Contracts of employment provide only for notice periods or payments in lieu of notice on termination, regardless of the reason for the termination.

Performance Bonuses - may be paid or payable annually depending on the satisfaction of key performance criteria. Performance bonuses are calculated by reference to individual's base salary under their contract. Bonus payments are not included in the Base amount within Short Term Benefits. The maximum bonus payable to any person is 10% of base salary. The aggregate performance bonuses paid to all key executive management personnel for the year to 31 December 2011 totalled \$0.186m.

Position	Short Term Employee Benefits \$000		Long Term Employee Benefits \$000	Post Employment Benefits \$000	Termination Benefits \$000	Total Remuneration \$000	Date Bonus Paid
	Base	Non-Monetary Benefits					
Vice-Chancellor	521	21	11	57	-	610	8/04/2011
Chair of Academic Board (1/01/2011 to 6/11/2011)	175	-	4	27	-	206	22/04/2011
Chair of Academic Board (7/11/2011 to 31/12/2011)	32	-	1	5	-	38	
Senior Deputy Vice-Chancellor (resigned 4/11/2011)	285	21	6	44	58	414	22/04/2011
Senior Deputy Vice-Chancellor (appointed 7/11/2011)	53	-	1	8	-	62	
Deputy Vice-Chancellor (RI) (Note: appointed to SDVC role 7/11/2011 salary from 7/11/2011 allocated to that position)	239	22	5	37	-	303	22/04/2011
Pro-Vice Chancellor (FSE)	241	20	5	37	-	303	20/05/2011
Pro-Vice Chancellor (FMHMS)	309	-	7	48	-	364	
Pro-Vice Chancellor (FAESS)	241	19	5	37	-	302	20/05/2011
Pro-Vice Chancellor (FLBCA) (resigned 31/12/2010)	-	-	-	-	-	-	20/05/2011
Pro-Vice Chancellor (FLBCA) (appointed 17/01/2011)	254	14	4	31	-	303	
Deputy Vice-Chancellor (USD)	285	16	6	44	-	351	22/04/2011
Deputy Vice Chancellor, Academic	45	-	1	7	-	53	
Executive Director (FRP)	286	14	6	44	-	350	22/04/2011
TOTAL REMUNERATION	2,966	147	62	426	58	3,659	

(d) Loans to key management personnel

No loans were made to council members, executive officers of the University or other key management personnel of the Group, including their personally related parties.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 16. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	15,697	18,004	4,953	7,346
Short term deposits	107,114	114,564	85,291	103,302
	<u>122,811</u>	<u>132,568</u>	<u>90,244</u>	<u>110,648</u>

The above figures are included as cash and cash equivalents in the statement of cash flows.

Within cash and cash equivalents the University holds cash reserves of \$21.960m representing unspent capital project funds (2011 - \$23.445m).

(a) Cash at bank and on hand

Cash at bank deposits yield interest at floating rates of between 0.00% and 4.25% (2011 - 0.00% and 3.25%).

(b) Cash held in trust

Cash held in trust deposits yield interest at floating rates of between 0.01% and 4.25% (2011 - 0.05% and 4.5%).

(c) Short term deposits

Short term deposits yield interest at floating rates of between 4.50% and 6.40% (2011 - 4.20% and 6.40%). These deposits range in maturity of between 30 and 365 days or at call.

NOTE 17. TRADE AND OTHER RECEIVABLES

CURRENT

Debtors	19,901	18,925	23,007	18,782
Sundry loans and advances	1,535	2,560	1,463	2,348
	<u>21,436</u>	<u>21,485</u>	<u>24,470</u>	<u>21,130</u>
Provision for impairment	(552)	(707)	(482)	(558)
	<u>20,884</u>	<u>20,778</u>	<u>23,988</u>	<u>20,572</u>
Accrued revenue	3,061	4,016	2,638	3,883
GST receivable	1,756	1,085	1,535	1,118
	<u>25,701</u>	<u>25,879</u>	<u>28,161</u>	<u>25,573</u>

NON-CURRENT

Sundry loans and advances	1,217	138	15,372	5,138
	<u>1,217</u>	<u>138</u>	<u>15,372</u>	<u>5,138</u>

(a) Impaired receivables

The provision for impairment of \$0.552m (2011 - \$0.707m) is a general provision which is based on historical experience regarding the collectability of aged debts.

As at 31 December 2012, trade and other receivables of \$8.552m (2011 - \$6.559m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

> 30 to 60 days	4,726	4,024	4,650	3,875
> 60 to 90 days	534	989	455	789
> 90 days	3,292	1,546	3,292	1,523
	<u>8,552</u>	<u>6,559</u>	<u>8,397</u>	<u>6,187</u>

Movements in the provision for impaired receivables are as follows:

At 1 January	707	939	558	375
Provision for impairment recognised during the year	277	833	361	671
Receivables written off during the year as uncollectible	(432)	(1,065)	(437)	(488)
	<u>552</u>	<u>707</u>	<u>482</u>	<u>558</u>

NOTE 18. INVENTORIES

CURRENT

Bookshop stock	1,576	1,878	1,525	1,820
Dental supplies	212	-	-	-
Veterinary supplies	200	186	-	-
	<u>1,988</u>	<u>2,064</u>	<u>1,525</u>	<u>1,820</u>

JAMES COOK UNIVERSITY

Notes to the Financial Statements *for the year ended 31 December 2012*

	Notes	Consolidated \$000		Parent Entity \$000	
		2012	2011	2012	2011

NOTE 19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Summarised financial information in respect of jointly controlled entities is set out below:

Interest in joint venture entity	19 (a)	-	-	-	-
Interest in associated entity	19 (b)	353	-	-	-
		<u>353</u>	-	-	-
Reconciliation					
Balance at 1 January		-	170	-	-
Acquisition of investment		360	-	-	-
Share of profit for the year		(7)	-	-	-
Disposal of investment		-	(170)	-	-
Balance at 31 December		<u>353</u>	-	-	-

(a) Interest in joint venture entity	Ownership Interest %	
	2012	2011

Name of Entity			
JCU Uninet Pty Ltd - Uninet Enclosure Systems Joint Venture	19 (a)	-	-

On 6 November 1997 JCU Uninet Pty Ltd entered into an unincorporated joint venture agreement (Uninet Enclosure Systems Joint Venture) with KJ Moss Pty Ltd ATF Moss Family Trust effective from 1 January 1997 and renewable at five year intervals. The principal activity of the joint venture is supplying and servicing stinger enclosure nets and related projects. JCU Uninet Pty Ltd disposed of its interest in the joint venture on 1 January 2011.

(i) The Group's share of the joint venture entity's results and financial position:

JCU Uninet Pty Ltd disposed of its interest in the joint venture on 1 January 2011. As at 31 December 2011 the Group's share of the joint venture entity's assets and liabilities was nil. For the year ended 31 December 2011 the Group's share of the joint venture entity's income and expenditure was nil.

(ii) Carrying amount of investment in joint venture

Balance at the beginning of the financial year	-	170	-	-
Disposal of interest in joint venture	-	(170)	-	-
Balance at the end of the financial year	-	-	-	-

(iii) Reserves attributable to interest in joint venture

There are no reserves attributable to interest in joint venture.

(iv) Events occurring after the end of the reporting period

Other than the following, there are no events of a material nature occurring after the end of the reporting period for the joint venture.

JCU Uninet Pty Ltd has been informed of an incident which relates to the joint venture business in which it had a controlling interest. The joint venture was terminated prior to the date of the incident. The advice provided to the company to date suggests the company has limited exposure in its own right and can not be quantified.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Notes	Consolidated \$000		Parent Entity \$000	
		2012	2011	2012	2011

NOTE 19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)

(b) Interest in associated entity	Notes	Ownership Interest %	
		2012	2011
Name of Entity			
Smart Arm Pty Ltd	19 (b)	48%	-

The principal activity of Smart Arm Pty Ltd is commercialisation of intellectual property which relates to a non-robotic device that enables stroke survivors with upper limb paralysis to recover.

North Queensland Commercialisation Company Pty Ltd as trustee for the JCU Asset trust acquired a 48% interest in Smart Arm Pty Ltd on 29 June 2012.

(i) The economic entity's share of the company's results and financial position:

Financial Position				
Total Assets		785	-	-
Total Liabilities		51	-	-
Net assets		735	-	-
Share of associates' net assets		353	-	-
Financial Performance				
Expenses		15	-	-
Profit/(loss)		(15)	-	-
Share of associates' profit/(loss)		(7)	-	-

(ii) Carrying amount of investment in associate

Balance at the beginning of the financial year		-	-	-
Acquisition of investment in associate		360	-	-
Share of profit from ordinary activities after income tax		(7)	-	-
Balance at the end of the financial year		353	-	-

(iii) Reserves attributable to interest in associated company

There are no reserves attributable to the interest in the associated company.

(iv) Events occurring after the end of the reporting period

There are no events of a material nature occurring after the end of the reporting period for the associated company.

NOTE 20. OTHER FINANCIAL ASSETS

Available-for-sale financial assets	20 (a)	27,699	24,561	28,672	25,534
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(a) Available-for-sale financial assets comprise

NON-CURRENT - AT MARKET VALUE					
Listed securities - managed funds		27,589	24,451	27,589	24,451
Unlisted securities - shares		110	110	1,083	1,083
		27,699	24,561	28,672	25,534

Available-for-sale financial assets comprise investments in units in managed funds and in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

NON-CURRENT - AT COST

Listed securities - managed funds		25,531	24,259	25,531	24,259
Unlisted securities - shares		110	110	1,083	1,083
		25,641	24,369	26,614	25,342

(b) Movements - available-for-sale financial assets revaluation reserve (amounts recognised directly in equity)

Balance at the beginning of the year		192	2,763	192	2,763
Revaluation adjustments		1,866	(2,571)	1,866	(2,571)
Balance at the end of the year		2,058	192	2,058	192

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 21. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land \$000	Buildings \$000	WIP \$000	Plant and Equipment \$000	Library Collections \$000	Museums and Art \$000	Infrastructure \$000	Total \$000
At 1 January 2011								
- Cost	-	-	31,776	74,105	-	-	-	105,881
- Fair value	118,423	589,610	-	-	500	639	82,566	791,738
Accumulated depreciation	-	(187,993)	-	(39,228)	-	-	(31,248)	(258,469)
Accumulated impairment	(2,801)	(5,342)	-	-	-	-	-	(8,143)
Net book amount	115,622	396,275	31,776	34,877	500	639	51,318	631,007
Year ended 31 December 2011								
Opening net book amount	115,622	396,275	31,776	34,877	500	639	51,318	631,007
Additions/transfers (including from WIP)	736	28,049	4,845	12,641	-	6	1,516	47,793
Depreciation expense	-	(13,752)	-	(8,950)	-	-	(2,622)	(25,324)
Disposals	-	-	-	(683)	-	-	-	(683)
Effect of foreign currency translation	-	-	-	(42)	-	-	-	(42)
Closing net book amount	116,358	410,572	36,621	37,843	500	645	50,212	652,751
At 31 December 2011								
- Cost	-	-	36,621	86,022	-	-	-	122,643
- Fair value	119,159	617,659	-	-	500	645	84,082	822,045
Accumulated depreciation	-	(201,745)	-	(48,179)	-	-	(33,870)	(283,794)
Accumulated impairment	(2,801)	(5,342)	-	-	-	-	-	(8,143)
Net book amount	116,358	410,572	36,621	37,843	500	645	50,212	652,751
Year ended 31 December 2012								
Opening net book amount	116,358	410,572	36,621	37,843	500	645	50,212	652,751
Additions/transfers (including from WIP)	531	33,218	42,821	9,516	-	-	4,931	91,017
Revaluation increments/(decrements)	(56,689)	(27,024)	-	-	-	-	14,147	(69,566)
Depreciation expense	-	(14,453)	-	(10,155)	-	-	(2,854)	(27,462)
Disposals	(598)	(1,373)	-	(187)	-	-	-	(2,158)
Effect of foreign currency translation	-	-	-	232	-	-	-	232
Closing net book amount	59,602	400,940	79,442	37,249	500	645	66,436	644,814
At 31 December 2012								
- Cost	-	-	79,442	95,583	-	-	-	175,025
- Fair value	60,352	621,168	-	-	500	645	103,160	785,825
Accumulated depreciation	-	(216,198)	-	(58,334)	-	-	(36,724)	(311,256)
Accumulated impairment	(750)	(4,030)	-	-	-	-	-	(4,780)
Net book amount	59,602	400,940	79,442	37,249	500	645	66,436	644,814

NOTE 21. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Parent Entity	Land \$000	Buildings \$000	WIP \$000	Plant and Equipment \$000	Library Collections \$000	Museums and Art \$000	Infrastructure \$000	Total \$000
At 1 January 2011								
- Cost	-	-	31,776	64,086	-	-	-	95,862
- Fair value	118,423	583,083	-	-	500	640	81,328	783,974
Accumulated depreciation	-	(181,585)	-	(36,206)	-	-	(30,010)	(247,801)
Accumulated impairment	(2,801)	(5,341)	-	-	-	-	-	(8,142)
Net book amount	115,622	396,157	31,776	27,880	500	640	51,318	623,893
Year ended 31 December 2011								
Opening net book amount	115,622	396,157	31,776	27,880	500	640	51,318	623,893
Additions/transfers (including from WIP)	736	28,049	4,845	11,793	-	6	1,516	46,945
Depreciation expense	-	(13,706)	-	(7,548)	-	-	(2,622)	(23,876)
Disposals	-	-	-	(670)	-	-	-	(670)
Closing net book amount	116,358	410,500	36,621	31,455	500	646	50,212	646,292
At 31 December 2011								
- Cost	-	-	36,621	69,541	-	-	-	106,162
- Fair value	119,159	611,132	-	-	500	646	82,845	814,282
Accumulated depreciation	-	(195,291)	-	(38,086)	-	-	(32,633)	(266,010)
Accumulated impairment	(2,801)	(5,341)	-	-	-	-	-	(8,142)
Net book amount	116,358	410,500	36,621	31,455	500	646	50,212	646,292
Year ended 31 December 2012								
Opening net book amount	116,358	410,500	36,621	31,455	500	646	50,212	646,292
Additions/transfers (including from WIP)	532	33,216	22,083	9,083	-	-	4,930	69,844
Revaluation increments/(decrements)	(56,689)	(27,024)	-	-	-	-	14,147	(69,566)
Depreciation expense	-	(14,407)	-	(8,621)	-	-	(2,854)	(25,882)
Disposals	(598)	(1,373)	-	(146)	-	-	-	(2,117)
Closing net book amount	59,603	400,912	58,704	31,771	500	646	66,435	618,571
At 31 December 2012								
- Cost	-	-	58,704	77,240	-	-	-	135,944
- Fair value	60,353	692,680	-	-	500	646	100,871	855,050
Accumulated depreciation	-	(287,738)	-	(45,469)	-	-	(34,436)	(367,643)
Accumulated impairment	(750)	(4,030)	-	-	-	-	-	(4,780)
Net book amount	59,603	400,912	58,704	31,771	500	646	66,435	618,571

Land with a total value of \$1 (2011: \$1) is subject to a Deed of Grant in Trust (DOGIT), pursuant to S35 of the Land Act 1994. The land is retained by the Crown, although the economic benefits of this land accrue to the University and the land is administered by the University. The University cannot dispose of the land without the prior consent of the Governor in Council.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 21. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Revaluation of non-current assets

In accordance with the University's policy on revaluation of assets as set out in Note 1(g), the details of the asset revaluations are as follows:

Asset Class	Full Revaluation Date	Full Valuation Basis	Interim Revaluation Date	Interim Valuation Basis
Land	15.06.2012	Independent	11.06.2010	Management
Buildings	15.06.2012	Independent	11.06.2010	Management
Infrastructure	15.06.2012	Independent	11.06.2010	Management
Museum and Art	31.12.2008	Independent	-	-
Library Collections (Rare Books)	31.12.2004	Independent	-	-

Independent valuations of land assets were performed by Knight Frank. The fair value has been assessed primarily by the Direct Comparison method. Knight Frank have provided an opinion stating that there has been no material change in value between the valuation date of 15 June 2012 and the University's financial statement reporting date of 31 December 2012.

Independent valuations of buildings and infrastructure assets were performed by Opus International Consultants (PCA) Pty Ltd using fair value principles. The valuation was based on the current gross replacement value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. Opus International Consultants (PCA) Pty Ltd have provided an opinion stating that there has been no material change in value between the valuation date of 15 June 2012 and the University's financial statement reporting date of 31 December 2012.

Interim revaluations of land are based on index factors provided by the Department of Natural Resources and Mines (formerly know as Department of Environment and Resource Management).

Buildings and infrastructure interim revaluations are based on the Implicit Price Deflator provided by the Office of Economic and Statistical Research, Queensland Treasury.

Where the application of the indices result in revaluations amounting to less than 5% of fair value of the asset class since the most recent prior revaluation; the revaluation amount is not taken to account. The indices for 2011 were less than 5% and accordingly, no revaluation adjustment was taken to account in 2011.

The independent full revaluation of the art collection was conducted by Tonnoirs of Townsville (approved valuer of the Commonwealth Government's Cultural Gifts program) and a full revaluation of the museum collection was undertaken by Mrs M Abernethy, Curator, James Cook University.

The library collections asset comprise of two rare book collections held at the University's library. The collections were donated to the University and were recognised at their fair value in 2004. One collection was received under the Cultural Gifts Program with its value independently determined through that process. The other collection was valued by Mr. Simon Taafe who is registered as an Approved Valuer with the Cultural Gifts Program.

(b) Movements - asset revaluation surplus	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
Balance at the beginning of the year	268,357	268,357	268,357	268,357
Revaluation adjustments:				
Land	(58,739)	-	(58,739)	-
Buildings	(28,337)	-	(28,337)	-
Infrastructure	14,147	-	14,147	-
Total decrement to asset revaluation surplus	(72,929)	-	(72,929)	-
Impairment:				
Land	2,050	-	2,050	-
Buildings	1,312	-	1,312	-
Total impairment to asset revaluation surplus	3,362	-	3,362	-
Balance at the end of the year	198,790	268,357	198,790	268,357

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 22. INTANGIBLES				
Computer software - at cost	10,038	9,399	10,038	9,399
Accumulated amortisation - computer software	(6,455)	(6,014)	(6,455)	(6,014)
	<u>3,583</u>	<u>3,385</u>	<u>3,583</u>	<u>3,385</u>
Licences - at cost	380	380	380	380
Accumulated amortisation - licences	(69)	(55)	(69)	(55)
	<u>311</u>	<u>325</u>	<u>311</u>	<u>325</u>
	<u><u>3,894</u></u>	<u><u>3,710</u></u>	<u><u>3,894</u></u>	<u><u>3,710</u></u>
Consolidated				
	Goodwill \$000	Computer Software \$000	Licences \$000	Total \$000
Year ended 31 December 2011				
Opening net book amount	319	3,037	337	3,694
Additions	-	681	-	681
Amortisation expense	-	(333)	(13)	(346)
	<u>(319)</u>	<u>-</u>	<u>-</u>	<u>(319)</u>
Closing net book amount	<u>-</u>	<u>3,385</u>	<u>324</u>	<u>3,710</u>
At 31 December 2011				
Cost	319	9,398	380	10,098
Accumulated amortisation	-	(6,013)	(56)	(6,069)
Accumulated impairment loss	(319)	-	-	(319)
Net book amount	<u>-</u>	<u>3,385</u>	<u>324</u>	<u>3,710</u>
Year ended 31 December 2012				
Opening net book amount	-	3,385	324	3,710
Additions	-	640	-	640
Amortisation expense	-	(442)	(13)	(455)
Impairment loss	-	-	-	-
	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>
Closing net book amount	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>
At 31 December 2012				
Cost	-	10,038	380	10,418
Accumulated amortisation	-	(6,455)	(69)	(6,524)
Net book amount	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>
Parent Entity				
	Goodwill \$000	Computer Software \$000	Licences \$000	Total \$000
Year ended 31 December 2011				
Opening net book amount	-	3,037	338	3,375
Additions	-	681	-	681
Amortisation expense	-	(333)	(13)	(346)
	<u>-</u>	<u>3,385</u>	<u>325</u>	<u>3,710</u>
Closing net book amount	<u>-</u>	<u>3,385</u>	<u>325</u>	<u>3,710</u>
At 31 December 2011				
Cost	-	9,399	380	9,779
Accumulated amortisation	-	(6,014)	(55)	(6,069)
Net book amount	<u>-</u>	<u>3,385</u>	<u>325</u>	<u>3,710</u>
Year ended 31 December 2012				
Opening net book amount	-	3,385	325	3,710
Additions	-	639	-	639
Amortisation expense	-	(441)	(14)	(455)
	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>
Closing net book amount	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>
At 31 December 2012				
Cost	-	10,038	380	10,418
Accumulated amortisation	-	(6,455)	(69)	(6,524)
Net book amount	<u>-</u>	<u>3,583</u>	<u>311</u>	<u>3,894</u>

JAMES COOK UNIVERSITY

Notes to the Financial Statements *for the year ended 31 December 2012*

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 23. TAX LIABILITIES				
Liability to be settled within 12 months	951	851	-	-
Liability to be settled after more than 12 months	370	490	-	-
	<u>1,321</u>	<u>1,341</u>	<u>-</u>	<u>-</u>

NOTE 24. TRADE AND OTHER PAYABLES

CURRENT

Trade creditors	8,801	7,636	8,319	5,485
OS-HELP liability to Australian Government	148	109	148	109
Salary and related payables	1,337	3,256	1,178	3,142
Accrued expenses and other creditors	10,362	6,423	8,194	4,222
	<u>20,648</u>	<u>17,424</u>	<u>17,839</u>	<u>12,958</u>

Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 1(v).

NOTE 25. BORROWINGS

CURRENT

Unsecured				
Interest bearing	4,076	4,180	1,446	1,637
	<u>4,076</u>	<u>4,180</u>	<u>1,446</u>	<u>1,637</u>

NON-CURRENT

Unsecured				
Interest bearing	33,029	28,061	27,658	20,355
Non interest bearing	10,209	6,107	10,209	6,107
	<u>43,238</u>	<u>34,168</u>	<u>37,867</u>	<u>26,462</u>

The consolidated interest bearing liabilities represent outstanding loans of \$29.104m with the Queensland Treasury Corporation (QTC) (Parent Entity) and \$8.001m with ANZ (Singapore). The payout value at 31 December 2012 of the QTC loans outstanding is \$31.953m (2011 - \$23.969m). In addition, the University has an approved overdraft facility with QTC of \$3.000m.

Non-current assets pledged as security for these liabilities: Nil

The non interest bearing borrowings relate to three 30 year loans (with a 10 year moratorium on repayments) from the Queensland Government's Smart State Research Facility Fund. At 31 December 2012, the cumulative borrowed funds totalled \$38.362m with a net present value of \$10.209m (2011 - cumulative funds \$26.031m net present value \$6.107m).

Maturity Analysis

Borrowings are payable:

- not later than one year	4,076	4,180	1,446	1,637
- later than one year and not later than five years	13,031	14,174	7,660	6,468
- later than five years	30,207	19,994	30,207	19,994
	<u>47,314</u>	<u>38,348</u>	<u>39,313</u>	<u>28,099</u>

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 26. EMPLOYEE BENEFIT LIABILITY				
CURRENT				
Annual leave	15,821	12,328	15,614	12,107
Long service leave	3,225	3,010	3,165	2,947
	<u>19,046</u>	<u>15,338</u>	<u>18,779</u>	<u>15,054</u>
NON-CURRENT				
Long service leave	23,054	22,379	22,936	22,379
	<u>23,054</u>	<u>22,379</u>	<u>22,936</u>	<u>22,379</u>
	<u>42,100</u>	<u>37,717</u>	<u>41,715</u>	<u>37,433</u>

Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 1(v).

Liability for employee benefits

In calculating the present value of future cash flows in respect of employee benefits relating to long service leave, the probability of long service being taken is based on historical data. The measurement and recognition criteria has been included in Note 1 (r).

NOTE 27. OTHER LIABILITIES

CURRENT				
Unearned revenue	15,079	12,181	7,829	5,974
Funds held in trust	5,596	3,995	369	3,995
Other liability	700	-	-	-
Australian Government unspent financial assistance	-	3,782	-	3,782
	<u>21,375</u>	<u>19,958</u>	<u>8,198</u>	<u>13,751</u>
NON-CURRENT				
Deferred remuneration	450	-	-	-
	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 28. RESERVES AND RETAINED EARNINGS

(a) Retained Earnings

Balance at the beginning of the year	467,332	430,493	466,420	425,639
Operating result attributable to parent entity	36,539	43,964	20,950	40,781
Acquisition of non-controlling interest (Note 31 - (a))	-	(7,125)	-	-
Balance at the end of the year	<u>503,871</u>	<u>467,332</u>	<u>487,370</u>	<u>466,420</u>

Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 1(v).

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
NOTE 28. RESERVES AND RETAINED EARNINGS (cont'd)				
(b) Foreign currency translation reserve				
Balance at the beginning of the year	(466)	(356)	-	-
Foreign currency exchange difference on translation	39	(110)	-	-
Balance at the end of the year	<u>(427)</u>	<u>(466)</u>	-	-
(c) Non-controlling interest				
Share capital	-	403	-	-
Balance at the beginning of the year	-	3,195	-	-
Acquisition of non-controlling interest (Note 31 - (a))	-	(3,598)	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 29. COMMITMENTS FOR EXPENDITURE				
Capital expenditure commitments				
Contracted but not provided for and payable:				
- not later than one year	35,758	20,826	21,458	20,826
- later than one year and not later than five years	120	28,634	120	28,634
	<u>35,878</u>	<u>49,460</u>	<u>21,578</u>	<u>49,460</u>
Operating lease commitments				
Future operating lease rentals of plant and equipment not provided for and payable:				
- not later than one year	3,189	3,058	334	321
- later than one year and not later than five years	2,238	3,613	1,685	1,345
- later than five years	3,011	3,214	3,011	3,214
	<u>8,438</u>	<u>9,885</u>	<u>5,030</u>	<u>4,880</u>
Total commitments for expenditure	<u>44,316</u>	<u>59,345</u>	<u>26,608</u>	<u>54,340</u>
NOTE 30. CONTINGENT LIABILITIES				
Rehabilitation expenses				
There exists an obligation for the University to dismantle a major equipment item and address any resulting rehabilitation issues.				

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 31. INVESTMENTS IN CONTROLLED ENTITIES

	Note	Reporting date	Country of incorporation	Class of shares	Holding 2012 %	Holding 2011 %
JCU Enterprises Pty Ltd		31 Dec	Australia	Ordinary	100	100
James Cook Holdings Pte Ltd		31 Dec	Singapore	Ordinary	100	100
James Cook Australia Institute of Higher Learning Pte Ltd (a)		31 Dec	Singapore	Ordinary	100	100
UniCare (NQ) Limited		31 Dec	Australia	Limited by guarantee		
UniHealth (NQ) Limited		31 Dec	Australia	Limited by guarantee		
Australian Tropical Forest Institute Pty Ltd (ATFI)	(b)	31 Dec	Australia	Ordinary	-	100
JCU Uninet Pty Ltd	(c)	31 Dec	Australia	Ordinary	-	-
JCU Univet Pty Ltd		31 Dec	Australia	Ordinary	100	100
North Queensland Commercialisation Company Pty Ltd (d)		31 Dec	Australia	Ordinary	100	100
JCU Asset Trust		31 Dec	-	-	-	-
GRW Industries Pty Ltd		31 Dec	Australia	Ordinary	100	100
JCU CPB Pty Ltd	(e)	31 Dec	Australia	Ordinary	100	100
CPB Trust	(e)	31 Dec	-	-	-	-
Tropical Queensland Centre for Oral Health Pty Ltd	(f)	31 Dec	Australia	Ordinary	100	100

(a) On 23 May 2011 the Group acquired the remaining 49% interest in James Cook Australia Institute of Higher Learning Pte Ltd. A cash contribution of \$10.723m was paid to the non-controlling interest shareholders. The carrying value of the net assets of James Cook Australia of Higher Learning Pte Ltd at the acquisition date was \$3.598m. The difference of \$7.125m between the consideration and the carrying value of the interest acquired has been recognised in retained earnings within equity.

(b) Australian Tropical Forest Institute Pty Ltd is a dormant company and has no assets or liabilities. The company was deregistered on 12 December 2012.

(c) JCU Uninet Pty Ltd sold its interest in an unincorporated joint venture (Uninet Enclosure Systems Joint Venture) on 1 January 2011. The company was placed into voluntary liquidation on 13 December 2011 as the company's sole purpose was holding the interest in the joint venture.

(d) North Queensland Commercialisation Company Pty Ltd acts as trustee for the JCU Asset Trust.

(e) JCU CPB Pty Ltd acts as trustee of the CPB Trust.

(f) Tropical Queensland Centre for Oral Health Pty Ltd commenced trading on 1 January 2012. The company did not trade for the year ended 31 December 2011 and had no assets or liabilities.

NOTE 32. JOINTLY CONTROLLED OPERATIONS AND ASSETS

(i) AIMS@JCU

On 17 June 2004, James Cook University entered into an unincorporated joint venture agreement (AIMS@JCU) with the Australian Institute of Marine Science (AIMS). The principal activity of the joint venture is to facilitate collaboration between the University and AIMS. In particular, it will increase research activities, capabilities, outputs and outcomes by the two organisations.

James Cook University holds a 50% interest in the AIMS@JCU unincorporated joint venture. The venture is controlled by a Board, comprising an independent Chairperson and equal representation from both organisations, which determines the research objective for funding. The agreement specifies that the share that each participant is to receive from the joint venture is to be determined by the Board.

The University has recorded the share of the investment that directly relates to the University.

Financial Performance	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
Reserves	-	199	-	-
Income	98	-	-	-
Expenses	(98)	(199)	-	-
Profit / (loss)	-	-	-	-

(ii) Tropical Landscapes Joint Venture (TLJV)

On 20 January 2006, James Cook University entered into an unincorporated joint venture agreement (TLJV) with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The principal activity of the joint venture is to encourage relevant collaborative research and consultancy work in the field of sustainable management of tropical landscapes.

The venture is controlled by a Board, comprising an independent Chairperson and equal representation from both organisations. The Board approves the budget and the research plan.

As the TLJV Fund Manager, the University has recorded the cash contributions received and expenses incurred, in respect of the TLJV, in the statement of comprehensive income.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 32. JOINTLY CONTROLLED OPERATIONS AND ASSETS (cont'd)

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
Financial Performance				
Income	379	364	-	-
Expenses	(480)	(293)	-	-
Profit / (loss)	(101)	71	-	-
Share of jointly controlled entity profit / (loss)	(51)	36		
Financial Position				
Accumulated funds	91	192	-	-
Share of jointly controlled entity net assets	46	96		

NOTE 33. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity is James Cook University.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 31.

(c) Key management personnel

Disclosures relating to Council members and executive officers are set out in Note 15.

(d) Transactions with related parties

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
The following transactions occurred with related parties:				
Revenue				
Donations received from subsidiaries	-	500	-	500
Royalties received from subsidiaries	3,786	2,645	3,786	2,645
Fees and charges received from subsidiaries in relation to teaching	21	356	21	356
Expenses				
Donation to subsidiary	10,067	990	10,067	990
Fees paid to subsidiaries for seconded staff	1,214	39	1,214	39

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables - subsidiaries	-	-	3,459	374
Current payables - subsidiaries	-	-	977	154

No provision for impairment of trade receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Loans to / from related parties

Loans to subsidiaries				
Balance at the beginning of the year	5,113	-	-	-
Loan advanced	8,850	5,000	-	-
Interest charged	309	113	-	-
Balance at the end of the year	14,272	5,113	-	-
Loans to other related parties				
Balance at the beginning of the year	-	218	-	218
Loan repayments received	-	(218)	-	(218)
Balance at the end of the year	-	-	-	-

A provision for impairment of trade receivables raised in a prior year in relation to the loan due from related parties has been reversed. The loan has been fully repaid in the form of Convertible Notes.

No expense has been recognised in respect of bad or doubtful debts due from related parties in the current year (2011 - \$ Nil).

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 34. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short term deposits, managed funds, interest bearing securities and liabilities, accounts receivable and payable and non interest bearing liabilities.

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk).

(a) Credit risk

The Group has no significant concentrations of credit risk. The 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 financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

Cash transactions are limited to Australian Prudential Regulatory Authority (APRA) regulated financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution, according to the institutions' ratings. Significant use is made of the Federal Government Deposit Guarantee.

(b) Liquidity risk

The Group manages liquidity risk by the application of stringent budget principles, monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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

	Average interest %	Variable interest rate \$000	Less than 1 year \$000	1 to 5 years \$000	5+ years \$000	Non interest \$000	TOTAL \$000
31 December 2012							
Financial Assets							
Cash	4.89	15,697	107,114	-	-	-	122,811
Receivables	-	-	-	-	-	26,918	26,918
Other financial assets	-	-	-	-	-	27,699	27,699
		15,697	107,114	-	-	54,617	177,428
Financial Liabilities							
Payables	-	-	-	-	-	20,648	20,648
Borrowings	5.90	-	4,076	13,032	19,997	10,209	47,314
		-	4,076	13,032	19,997	30,857	67,962
31 December 2011							
Financial Assets							
Cash	5.67	18,004	114,564	-	-	-	132,568
Receivables	-	-	-	-	-	26,017	26,017
Other financial assets	-	-	-	-	-	24,561	24,561
		18,004	114,564	-	-	50,578	183,146
Financial Liabilities							
Payables	-	-	-	-	-	17,424	17,424
Borrowings	6.51	-	4,180	14,174	13,887	6,107	38,348
		-	4,180	14,174	13,887	23,531	55,772

(c) Market risk

(i) Foreign exchange risk

The Group's main foreign exchange risk arises from currency exposures to the Singapore dollar, as a result of related party transactions between the Parent Entity and a subsidiary. The foreign currency gains and losses associated with these transactions are contained within the Group.

As at 31 December 2012, the translation adjustment of the foreign subsidiary's net assets to the Parent Entity's functional currency amounted to (\$0.427m) (2011 - (\$0.466m)). The Group does not hedge foreign currency denominated shareholders' equity as the foreign exchange movements are immaterial.

Foreign exchange exposures relating to receipts from other organisations and purchases from foreign suppliers are predominantly immaterial and are usually transacted at the exchange rates prevailing at the date of the transaction. For significant purchases the University maintains foreign currency accounts to mitigate exchange fluctuation risk.

NOTE 34. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Interest rate risk

The Group's interest rate risk arises from interest-bearing assets and long-term borrowings.

Interest-bearing assets

An Investment Sub-Committee meets on a regular basis to evaluate investment management strategies in the context of the most recent economic conditions and forecasts and to ensure compliance with the parent entity's investment policies.

For other entities within the Group, their respective Boards monitor interest rate risk.

Long-term borrowings

Interest rate risk is managed with a mixture of fixed and floating rate debt. Floating rate debt is primarily used as it allows the flexibility of excess liquidity to be used to reduce interest-bearing debt.

The Parent Entity has interest-bearing borrowings obtained from Queensland Treasury Corporation, which provides cost-effective financing, independent external advice and management of debt pools. The Group also has interest-bearing borrowings with ANZ.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

NOTE 34. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(iii) Summarised sensitivity analysis (cont'd)

Consolidated

31 December 2012

Financial Assets

Cash and cash equivalents
Trade and other receivables
Available for sale financial assets

Financial Liabilities

Interest-bearing liabilities
Non interest-bearing liabilities
Trade and other payables

Carrying Amount \$000	Interest rate risk		Foreign exchange risk		Other price risk	
	-2.00% Result \$000	+2.00% Equity \$000	-10.00% Result \$000	+10.00% Equity \$000	-1.00% Result \$000	+1.00% Equity \$000
122,811	(2,456)	2,456	-	-	-	-
26,917	-	-	(2,692)	2,692	-	-
27,699	-	-	-	-	-	-
177,427	(2,456)	2,456	(2,692)	2,692	-	-
37,105	(742)	742	-	-	-	-
10,209	-	-	-	-	-	-
20,649	-	-	(2,065)	2,065	-	-
67,963	(742)	742	(2,065)	2,065	-	-

31 December 2011

Financial Assets

Cash and cash equivalents
Trade and other receivables
Available for sale financial assets

Financial Liabilities

Interest-bearing liabilities
Borrowings
Trade and other payables

Carrying Amount \$000	Interest rate risk		Foreign exchange risk		Other price risk	
	-2.00% Result \$000	+2.00% Equity \$000	-10.00% Result \$000	+10.00% Equity \$000	-1.00% Result \$000	+1.00% Equity \$000
132,568	(2,651)	2,651	-	-	-	-
26,017	-	-	(2,602)	2,602	-	-
24,561	-	-	-	-	-	-
183,146	(2,651)	2,651	(2,602)	2,602	-	-
32,241	(645)	645	-	-	-	-
6,107	-	-	-	-	-	-
17,424	-	-	(1,742)	1,742	-	-
55,772	(645)	645	(1,742)	1,742	-	-

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 34. FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Fair Value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of unlisted shares are measured at cost less impairment if no active market exists for those shares to be traded in and no fair value can be determined.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither part due nor impaired will be received when due.

Smart State borrowings received from the Queensland Government are non-interest bearing and are recorded at amortised cost.

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

	Carrying Amount		Fair Value	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Financial Assets				
Cash	122,811	132,568	122,811	132,568
Receivables	26,918	26,017	26,918	26,017
Other financial assets	27,699	24,561	27,699	24,561
	<u>177,428</u>	<u>183,146</u>	<u>177,428</u>	<u>183,146</u>
Financial Liabilities				
Payables	20,648	17,424	20,648	17,424
Borrowings	47,314	38,348	47,314	38,348
	<u>67,962</u>	<u>55,772</u>	<u>67,962</u>	<u>55,772</u>

Fair value measurements recognised in the statement of financial position are categorised into the following levels:

	2012	Level 1 ¹	Level 2 ²	Level 3 ³
		\$000	\$000	\$000
Financial Assets				
Other financial assets - managed funds	27,589	27,589	-	-
Other financial assets - unlisted shares	110	-	-	110
	<u>27,699</u>	<u>27,589</u>	<u>-</u>	<u>110</u>
Financial Liabilities				
Financial liabilities - Smart State borrowings	10,209	-	-	10,209
	<u>10,209</u>	<u>-</u>	<u>-</u>	<u>10,209</u>
	2011	Level 1 ¹	Level 2 ²	Level 3 ³
		\$000	\$000	\$000
Financial Assets				
Other financial assets - managed funds	24,451	24,451	-	-
Other financial assets - unlisted shares	110	-	-	110
	<u>24,561</u>	<u>24,451</u>	<u>-</u>	<u>110</u>
Financial Liabilities				
Financial liabilities - Smart State borrowings	6,107	-	-	6,107
	<u>6,107</u>	<u>-</u>	<u>-</u>	<u>6,107</u>

¹ Level 1 - Quoted prices (unadjusted in active markets for identical assets or liabilities).

² Level 2 - Quoted prices in active markets for similar items or valuation techniques where significant inputs are based on observable market data.

³ Level 3 - Valuation technique where a significant input is not based on observable market data.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 35. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no events occurring after the balance sheet date of a material nature.

NOTE 36. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING RESULT

	Consolidated \$000		Parent Entity \$000	
	2012	2011	2012	2011
Operating result	36,539	43,964	20,950	40,781
Non-cash items				
Depreciation and amortisation	27,917	25,670	26,337	24,222
Net / (gain) loss on sale of property, plant and equipment	743	291	729	291
Net / (gain) loss on disposal of investments	-	(391)	-	(12)
Net gain from change in fair value of financial liability - Smart State borrowings	(3,011)	(3,006)	(3,011)	(3,006)
Debt forgiveness	(2,787)	(2,380)	(2,787)	(2,380)
Impairment of financial asset	-	218	-	218
Impairment of intangible asset	-	319	-	-
Smart State interest expense	390	259	390	259
Changes in assets and liabilities associated with operating activities				
Decrease / (Increase) in receivables	(4,854)	(7,339)	(3,608)	(8,275)
Decrease / (Increase) in inventories	76	(262)	295	(245)
Decrease / (Increase) in other assets	(494)	(839)	(349)	(916)
Increase / (Decrease) in creditors	4,949	1,600	2,290	1,370
Increase / (Decrease) in tax liability	(20)	391	-	-
Increase / (Decrease) in other liabilities	(3,825)	10,712	(5,555)	9,666
Increase / (Decrease) in employee benefits liability	4,377	4,229	4,260	4,231
Net cash inflow from operating activities	60,000	73,436	39,941	66,204

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 37. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

DIIRSTE - CGS and Other DIIRSTE Grants	Commonwealth Grants Scheme		Indigenous Support Program		Partnership & Participation Program		Disability Support Program		Capital Development Pool	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial assistance received in cash during the reporting period	130,507	114,490	1,855	1,855	2,782	2,571	34	26	-	2,241
Net accrual adjustment	1,603	(776)	-	-	934	-	-	-	-	-
Revenue for the period	132,110	113,714	1,855	1,855	3,716	2,571	34	26	-	2,241
Surplus / (deficit) from the previous year	-	-	403	552	1,026	477	-	8	6,452	5,908
Total revenue including accrued revenue	132,110	113,714	2,258	2,407	4,742	3,048	34	34	6,452	8,149
Less expenses including accrued expenses	(132,110)	(113,714)	(1,898)	(2,004)	(4,742)	(2,022)	(34)	(34)	(6,294)	(1,697)
Surplus / (deficit) for reporting period	-	-	360	403	-	1,026	-	-	158	6,452

DIIRSTE - CGS and Other DIIRSTE Grants (cont'd)	Learning & Teaching Performance Fund		Diversity & Structural Adjustment Fund		Transitional Cost Program		Clinical Outreach Program		Promo of Exc In Learn and Teaching		Reward Funding		Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Financial assistance received in cash during the reporting period	-	-	-	-	16	23	2,154	2,075	124	-	562	-	138,034
Net accrual adjustment	-	-	-	-	-	-	-	-	(49)	-	-	-	2,488
Revenue for the period	-	-	-	-	16	23	2,154	2,075	75	-	562	-	140,522
Surplus / (deficit) from the previous year	43	274	3,472	5,735	-	-	1,597	537	-	-	-	-	12,993
Total revenue including accrued revenue	43	274	3,472	5,735	16	23	3,751	2,612	75	-	562	-	153,515
Less expenses including accrued expenses	-	(231)	-	(2,263)	(16)	(23)	(3,751)	(1,015)	-	-	(562)	-	(149,407)
Surplus / (deficit) for reporting period	43	43	3,472	3,472	-	-	-	1,597	75	-	-	-	4,108

Higher Education Loan Programmes (excl OS-HELP)	HECS-HELP Australian Gov't Payments only		FEE-HELP		SA-HELP		Total
	2012	2011	2012	2011	2012	2011	
Cash payable / (receivable) at beginning of year	833	(736)	667	(4)	-	-	(740)
Financial assistance received in cash during the reporting period	55,199	52,174	795	1,877	1,846	-	57,840
Cash available for period	56,032	51,438	1,462	1,873	1,846	-	59,340
Revenue earned	56,225	50,605	1,719	1,206	1,873	-	59,817
Cash payable / (receivable) at end of year	(193)	833	(257)	667	(27)	-	(477)

NOTE 37. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Learning Scholarships	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships		Commonwealth Accommodation Scholarships		Indigenous Access Scholarships		Indigenous Staff Scholarships		National Priority Scholarships		Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Financial assistance received in cash during the reporting period	2,650	2,254	223	212	442	110	228	57	328	264	-	-	1,699	2,767	5,570
Net accrual adjustment	-	-	-	-	456	-	975	-	165	-	-	-	(1,699)	-	(103)
Revenue for the period	2,650	2,254	223	212	898	110	1,203	57	493	264	-	-	-	2,767	5,467
Surplus / (deficit) from the previous year	292	172	-	-	-	-	-	-	-	-	11	21	-	-	303
Total revenue including accrued revenue	2,942	2,426	223	212	898	110	1,203	57	493	264	11	21	-	2,767	5,770
Less expenses including accrued expenses	(2,505)	(2,134)	(223)	(212)	(898)	(110)	(1,203)	(57)	(493)	(264)	(11)	(10)	-	(2,767)	(5,554)
Surplus / (deficit) for reporting period	437	292	-	-	-	-	-	-	-	-	-	-	-	-	437

Commonwealth Research

	Joint Research Engagement		Research Training Scheme		Sustainable Research Excellence in Universities		Research Infrastructure Block Grants	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial assistance received in cash during the reporting period	3,580	3,630	7,858	7,809	1,999	1,616	2,986	2,665
Net accrual adjustment	-	-	-	-	-	-	-	-
Revenue for the period	3,580	3,630	7,858	7,809	1,999	1,616	2,986	2,665
Surplus / (deficit) from the previous year	-	-	-	-	-	-	273	308
Total revenue including accrued revenue	3,580	3,630	7,858	7,809	1,999	1,616	3,259	2,973
Less expenses including accrued expenses	(3,580)	(3,630)	(7,858)	(7,809)	(1,999)	(1,616)	(2,912)	(2,700)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	347	273

Commonwealth Research (continued)

	Commercialisation Training Scheme		AusT Higher Education Repositories		Total	
	2012	2011	2012	2011	2012	2011
Financial assistance received in cash during the reporting period	-	-	-	-	16,423	15,720
Transfers / return of grant	-	-	-	-	-	-
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	-	-	-	-	16,423	15,720
Surplus / (deficit) from the previous year	127	127	(284)	(255)	116	180
Total revenue including accrued revenue	127	127	(284)	(255)	16,539	15,900
Less expenses including accrued expenses	-	-	284	(29)	(16,065)	(15,784)
Surplus / (deficit) for reporting period	127	127	(284)	(284)	474	116

The reported surplus for Research Infrastructure Block Grants of \$0.347m for 2012 is expected to be rolled over for future use by DIISRTE and the surplus for Commercialisation Training Scheme of \$0.127m for 2012 is expected to be returned to DIISRTE.

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 37. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Other Capital Funding	Better Universities Renewal Funding				Teaching and Learning Capital Fund				Total									
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011						
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000						
Financial assistance received in cash during the reporting period	-	-	-	-	-	-	-	-	-	-	-	-						
Net accrual adjustment	-	-	-	-	-	-	-	-	-	-	-	-						
Revenue for the period	-	-	-	-	-	-	-	-	-	-	-	-						
Surplus / (deficit) from the previous year	1,987	6,553	2,848	6,300	4,835	12,853												
Total revenue including accrued revenue	1,987	6,553	2,848	6,300	4,835	12,853												
Less expenses including accrued expenses	(1,987)	(4,566)	(2,848)	(3,452)	(4,835)	(8,018)												
Surplus / (deficit) for reporting period	-	1,987	-	2,848	-	4,835												
Australian Research Council Grants	Projects	Fellowships	Future Fellowships	Indigenous Researchers Development	Super Science Fellowship	Laureate Fellowship	Early Career Researcher Award	Total										
(a) Discovery																		
Financial assistance received in cash during the reporting period	2,605	3,020	548	702	1,104	542	88	127	216	515	330	884	468	127	-	5,910	5,278	
Transfers / return of grant	56	(150)	-	-	169	88	-	-	(67)	-	-	-	-	-	-	-	225	(129)
Net accrual adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	2,661	2,870	548	702	1,273	630	88	127	149	515	330	884	468	127	-	6,135	5,149	
Surplus / (deficit) from the previous year	1,481	1,639	312	283	394	182	191	130	99	53	53	335	222	-	-	2,812	2,509	
Total revenue including accrued revenue	4,142	4,509	860	985	1,667	812	318	318	279	614	383	1,219	690	127	-	8,947	7,658	
Less expenses including accrued expenses	(2,894)	(3,028)	(632)	(673)	(756)	(418)	(164)	(164)	(88)	(446)	(284)	(526)	(355)	(14)	-	(5,432)	(4,846)	
Surplus / (deficit) for reporting period	1,248	1,481	228	312	911	394	154	154	191	168	99	693	335	113	-	3,515	2,812	
Australian Research Council Grants	Infrastructure	Projects	Total															
(b) Linkages																		
Financial assistance received in cash during the reporting period	630	150	897	1,039	1,527	1,189	(242)	-	-	-	-	-	-	-	-	-	-	
Transfers / return of grant	-	-	57	(242)	57	(242)	-	-	-	-	-	-	-	-	-	-	-	
Net accrual adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue for the period	630	150	954	797	1,584	947	-	-	-	-	-	-	-	-	-	-	-	
Surplus / (deficit) from the previous year	11	-	611	937	622	937												
Total revenue including accrued revenue	641	150	1,565	1,734	2,206	1,884												
Less expenses including accrued expenses	(405)	(139)	(698)	(1,123)	(1,103)	(1,262)												
Surplus / (deficit) for reporting period	236	11	867	611	1,103	622												

JAMES COOK UNIVERSITY

Notes to the Financial Statements for the year ended 31 December 2012

NOTE 37. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Australian Research Council Grants

(c) Networks and Centres

	Centres		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Financial assistance received in cash during the reporting period	3,076	2,962	10,513	9,429
Transfers / return of grant	-	-	282	(371)
Net accrual adjustment	-	-	-	-
Revenue for the period	3,076	2,962	10,795	9,058
Surplus / (deficit) from the previous year	1,101	1,314	4,535	4,760
Total revenue including accrued revenue	4,177	4,276	15,330	13,818
Less expenses including accrued expenses	(2,714)	(3,175)	(9,249)	(9,283)
Surplus / (deficit) for reporting period	1,463	1,101	6,081	4,535

OS-Help

	2012 \$000	2011 \$000
Cash received during the reporting period	352	242
Cash spent during the reporting period	(217)	(378)
Net cash received	135	(136)
Cash surplus / (deficit) from the previous period	13	(123)
Cash surplus / (deficit) for the reporting period	135	136
	148	13

Student Services and Amenities Fee

	2012 \$000	2011 \$000
Unspent / (overspent) revenue from previous period	-	-
SA-HELP revenue earned	1,873	-
Student Services Fees direct from students	940	-
Total revenue expendable in period	2,813	-
Student Services expenses in period	1,918	-
Unspent / (overspent) Student Services revenue	895	-

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Notes to the Financial Statements *for the year ended 31 December 2012*

	Revenue \$000		Results \$000		Assets \$000	
	2012	2011	2012	2011	2012	2011
NOTE 38. DISAGGREGATED INFORMATION						
Geographical - Consolidated Entity						
Australia	420,836	393,784	32,492	40,478	806,593	823,378
Singapore	34,780	28,450	4,047	3,486	30,907	26,825
	<u>455,616</u>	<u>422,234</u>	<u>36,539</u>	<u>43,964</u>	<u>837,500</u>	<u>850,203</u>

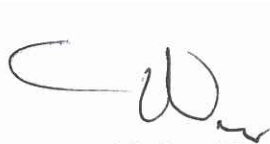
The University reports revenue, results and assets by geographical regions in accordance with the Financial Statement Guidelines for Australian Higher Education Providers for the 2012 reporting period issued by the Department of Industry, Innovation, Science, Research and Tertiary Education.

JAMES COOK UNIVERSITY

Management Certificate

We have prepared the annual financial statements pursuant to the provisions of the *Financial Accountability Act 2009*, the *Financial Management and Performance Standard 2009* and other prescribed requirements and we certify that -

- (a) the financial statements and consolidated financial statements are in agreement with the accounts and records of James Cook University and its controlled entities;
- (b) in our opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied within all material respects;
 - (ii) the financial statements have been drawn up to present a true and fair view of the transactions of James Cook University and controlled entities for the period 1 January 2012 to 31 December 2012, and the financial position as at 31 December 2012 in accordance with prescribed accounting standards and conform with the Financial Statement Guidelines for Australian Higher Education Providers for the 2012 reporting period issued by the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education;
 - (iii) at the time of this Certificate there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
 - (iv) the amount of Australian Government financial assistance expended during the year was for the purpose(s) for which it was intended;
 - (v) James Cook University has complied with applicable legislation, contracts, agreements and programme guidelines in making that expenditure.



J.C. Grey AC
Chancellor

Date 28 February, 2013



S.L. Harding
Vice-Chancellor

Date 28 February, 2013



P.C. Brand
Executive Director,
Finance and Resource Planning

Date 28 February, 2013

INDEPENDENT AUDITOR'S REPORT

To the Council of James Cook University

Report on the Financial Report

I have audited the accompanying financial report of James Cook University, which comprises the statements of financial position as at 31 December 2012, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chancellor, Vice-Chancellor and the Executive Director, Finance and Resource Planning, of the entity and the consolidated entity comprising James Cook University and the entities it controlled at the year's end or from time to time during the financial year.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of James Cook University and the consolidated entity for the financial year 1 January 2012 to 31 December 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of James Cook University and the consolidated entity for the year ended 31 December 2012. Where the financial report is included on James Cook University's website the Council is responsible for the integrity of James Cook University's website and I have not been engaged to report on the integrity of James Cook University's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



J F WELSH FCPA
As Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

JAMES COOK UNIVERSITY

Financial Information for the year ended 31 December 2012

UNDERLYING OPERATING RESULTS

The annual financial statements represent the audited general purpose financial statements of James Cook University and its controlled entities. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Financial Accountability Act 2009*
- Financial Reporting Requirements for Queensland Government Agencies (including Accounting Policy Guidelines)

James Cook University is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements. The Summary of Significant Accounting Policies in Note 1 of the financial statements reflects these standards and requirements.

Under these standards included as income are grants and other funding committed to specific capital and research projects that are not available for general operations. This statement has been constructed to reflect the Accounting Standards that apply to for-profit organisations, but those standards have not been strictly applied in all aspects. The statement discloses adjustments to the operating result to determine a clearer view of the underlying operating result.

The adjustments are made on the following basis:

(a) Unspent Committed Research Grant Funds

The nature of grant funding is such that income is recognised as revenue when received while the expenditure may not be recognised in the same reporting period. The expenditure may be incurred over a number of reporting periods depending on the terms of the funding agreements. The result is that the income from research grant funding may not match the expenditure when incurred. The following is a summary of the unspent committed research grant funding for the parent entity. The results for 2012 reveal that the expenditure during the reporting period is matching revenue received in prior periods.

	Parent Entity \$000	
	2012	2011
Unspent committed research grant funds	(1,895)	2,420

(b) Capital Grant Income and Expense

Capital grant income is such that much of the associated expenditure is not recorded in the statement of comprehensive income, but rather as assets in the statement of financial position. The following is a summary of the income and expenses (excluding capitalised expenditure) associated with capital grant projects undertaken, which have been included in the statement of comprehensive income.

	Parent Entity			
	2012 \$000	2012 \$000	2011 \$000	2011 \$000
	Income	Expenditure	Income	Expenditure
Australian Government Capital Grants				
Capital Development Pool	-	129	2,241	1,098
Teaching and Learning Capital Fund	-	630	-	1,738
Dept. of Education, Employment & Workplace Relations	-	-	50	46
Dept. of Innovation, Industry, Science & Research	8,870	796	12,500	10
Rural Health Multidisciplinary Training Program	1,642	2,495	4,311	9,479
Health Workforce Australia - Clinical Training Program	642	365	2,079	3
	<u>11,154</u>	<u>4,415</u>	<u>21,181</u>	<u>12,374</u>
Other Australian and State Government Capital Grants				
Expanded Medical School Facilities	-	-	-	60
Queensland Health	10,896	9,753	22,200	503
Dept. of Employment, Economic Development & Innovation	204	-	857	-
	<u>11,100</u>	<u>9,753</u>	<u>23,057</u>	<u>563</u>
Other				
Commonwealth Scientific and Industrial Research Organisation (CSIRO)	-	-	148	-
Ergon Energy	781	-	189	-
	<u>781</u>	<u>-</u>	<u>337</u>	<u>-</u>
	<u>23,035</u>	<u>14,168</u>	<u>44,575</u>	<u>12,937</u>
Capital grant income less expenses (net)		<u>8,867</u>		<u>31,638</u>

JAMES COOK UNIVERSITY

Financial Information for the year ended 31 December 2012

(c) Smart State Borrowings Income and Expense

Accounting standards require the Smart State borrowings (i.e. interest free, 30 year term, 10 year repayment moratorium and debt forgiveness on one-third of the loan balance) to be carried at their net present value. The following is a summary of the income and expenses associated with the Smart State borrowings which have been included in the statement of comprehensive Income.

	Parent Entity			
	2012 \$000 Income	2012 \$000 Expenditure	2011 \$000 Income	2011 \$000 Expenditure
Australian Tropical Forest Institute (ATFI)				
Interest expense	-	-	-	120
Australian Tropical Science Innovation Precinct (ATSIP)				
Interest expense	-	-	-	139
Net gain from change in fair value of financial liability	-	-	1,448	-
Debt forgiveness	-	-	1,167	-
	-	-	2,615	139
Queensland Tropical Health Alliance (QTHA)				
Interest expense	-	6	-	-
Net gain from change in fair value of financial liability	3,011	-	1,558	-
Debt forgiveness	2,787	-	1,213	-
	5,798	6	2,771	-
	5,798	6	5,386	259
Smart State income less expenses (net)		5,792		5,127

Operating result adjusted for capital grant income and associated expenses and Smart State income and expenses

	Parent Entity \$000	
	2012	2011
Net operating result as per statement of comprehensive income	20,950	40,781
(a) less: unspent committed grant funds	(1,895)	2,420
(b) less: capital grant income less expenses (net)	8,867	31,638
(c) less: Smart State income less expenses (net)	5,792	5,127
Adjusted net underlying operating result	8,186	1,596

- KEY STATISTICS OVER 10 YEARS -

YEAR	03	04	05	06	07	08	09	10	11	12
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NUMBER OF COURSES

U/G AWARDS	177	181	176	249	171	214	162	145	150	136
P/G AWARDS	126	145	150	208	162	187	152	122	133	129

AWARDS CONFERRED	2016	2198	2817	2586	3540	3279	3455	3318	4086	3832
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ENROLMENTS

UNDERGRADUATE	11669	12034	11890	12090	12015	12222	13271	14490	15347	16231
POSTGRADUATE	1918	2361	2948	3319	2887	3422	3799	3880	3989	4424
TOTAL	13587	14395	14838	15409	14902	15644	17070	18370	19336	20655
UNDERGRADUATE EFTSL	8694	9850	9032	9050	9124	9183	9997	11004	11590	12345
POSTGRADUATE EFTSL	1062	1250	1666	1795	1569	1976	2229	2140	2051	2270
TOTAL EFTSL	9756	10200	10698	10845	10693	11159	12226	13142	13640	14615

RESEARCH

POSTGRADUATE RESEARCH STUDENTS EFTSL	497	500	492	515	503	520	537	550	540	555
PhDs CONFERRED	69	63	80	72	88	82	60	80	99	102

FINANCIAL (rounded \$m)

ASSETS	480.0	434.7	483.1	652.1	692.2	769.8	769.0	772.0	827.2	795.2
REVENUE	191.8	189.6	209.7	241.6	281.4	310.8	306.7	326.6	391.2	417.5
EXPENSES	188.8	197.6	204.9	221.7	229.8	260.5	286.7	308.6	348.6	396.6

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