



**BOX HILL**  
INSTITUTE

# ANNUAL REPORT



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# WHO WE ARE

## OUR VISION

# TO BE COMMUNITY EDUCATORS FOR INDUSTRY, WORK AND LIFE.

## OUR PURPOSE

We are community educators providing tertiary education for employment, workforce development and industry productivity.

We build community capacity and enrich the lives of young people and adults through lifelong learning and personal development.

## OUR VALUES

We value: professionalism, loyalty, integrity, courage, teamwork and innovation.

## WHAT WE DO

Box Hill Institute Group (Box Hill Institute and the Centre for Adult Education):

- > Provide accredited, non-accredited, secondary and post-secondary vocational and higher education to students and adult learners;
- > Enrich the lives of people in our communities through lifelong learning;
- > Support micro/small/medium/large businesses through investment in learning;
- > Partner with industry to build skills and capacity;
- > Partner with schools to support student learning and provide pathways to further education and employment; and
- > Work with state and federal governments to achieve sustainable education and employment outcomes for our communities.

Box Hill Institute Group is proud to serve our communities through the education, training and lifelong learning that we offer. We work with a broad range of stakeholders in our communities to provide meaningful skills, education and employment outcomes. We transform lives.

The Box Hill Institute Group Strategic Plan 2015 – 2018 confirms our focus on our communities and outlines

how we will leverage our existing strengths to create a sustainable future for the organisation and our people. Core to our strategy is the responsible management of our business.

To achieve success, our strategy is based on four key themes:

### **Build on our reputation for academic quality**

- > We will ensure learner success and responsiveness to industry needs with the commitment of our staff, excellence of our teaching delivery and our reputation for academic quality.

### **Harness our resources for success**

- > We will drive productivity and control costs to transform our business.

### **Innovate to increase our market share**

- > We will be recognised by our community as the leading provider of education, training and lifelong learning.

### **Grow through diversification**

- > We will create opportunities for growth that add value to our community.

# ESTABLISHMENT

**Box Hill Institute is one of Australia's leading vocational and higher education providers, offering certificates, diplomas, bachelor degrees and postgraduate qualifications.**

Accordingly, the Institute is licensed and registered to operate across the secondary, vocational education and training (VET), and higher education sectors. The Institute prides itself on its ability to successfully deliver a broad range of quality vocational education and training services. It is one of the largest providers in Victoria with over 20,000 enrolments in 2015.

## **Programs**

In 2015, the Institute delivered approximately 400 courses including many delivered internationally and within industry, covering a range of certificates, diplomas, associate degrees and degrees.

## **Services**

Box Hill Institute offers a range of services including industry consultancy, project management, skills recognition and employment services.

Image: Lilydale Lakeside Campus



## Locations

Box Hill Institute is located in Victoria with sites in Box Hill and in Melbourne's central business district, where the Institute is co-located with the CAE. In 2015, the Institute commenced course delivery at a new campus in John Street, Lilydale and in 2016 will open the Lilydale Lakeside Campus in Jarlo Drive.

In 2015 the Institute delivered offshore training and services around the world including: China, Fiji, Kuwait, Vanuatu, Malaysia, Saudi Arabia and Singapore.

## Specialist Centres

The Institute is home to a number of Specialist Centres and Centres for Excellence, delivering industry-focused training solutions including the:

- > Specialist Centre for Biotechnology Training, BioSkills
- > Nursing Skills Centre of Excellence (NSCE)
- > Specialist Centre for Services for Small to Medium Enterprises
- > Specialist Centre for Information and Communications Technology (ICT)
- > Refrigeration and Climate Control Centre for Excellence.

## Training Workplaces

During 2015 Box Hill Institute operated a large number of authenticated training workplaces including:

- > Aveda Day Spa
- > Flowers on Elgar
- > Fountains Restaurant
- > Lighting and Sound Hire (LASH)
- > Music Industry Business Office (MiBO)
- > Pets on Elgar
- > Salon on Elgar
- > Whitehorse Fitness Centre.

## History

Box Hill Institute is the descendant of two Box Hill area technical schools. 'Box Hill Technical School for Girls and Women' was opened on 4th September 1924, and on 2nd February 1943 the 'Box Hill Technical School for Boys' was established. The Girls Technical School was renamed 'Whitehorse Technical School' in 1971.

Around this time the Boys Technical School separated its tertiary technical offerings from the secondary ones with the tertiary section becoming 'Box Hill Technical School'. Both schools were declared colleges of Technical and Further Education in late 1981.

Whitehorse Technical School and Box Hill Technical School merged to become 'Box Hill College of TAFE', following an amalgamation with the Whitehorse College of TAFE.

The Governor in Council approved orders changing the name of Box Hill College of TAFE to Box Hill Institute of TAFE on the 12th September 1995. The name was changed again in the new Constitution (10 April 2013) to Box Hill Institute. The functions, powers and duties of the Institute are set out in the *Education and Training Reform Act 2006* and the new Constitution of Box Hill Institute.

In November 2012, an amendment to the *Education and Training Reform Act 2006* was passed to enable the operations of CAE to be governed by the Box Hill Institute Board. In this report Box Hill Institute Group refers to Box Hill Institute, Centre for Adult Education and controlled entities.

## Relevant Minister

The relevant Minister in 2015 was:

The Hon. Steve Herbert, MP  
Minister for Training and Skills.

# CHAIR'S STATEMENT



The past year has been one of laying a strong foundation for the future of Box Hill Institute and CAE, as we strive towards our vision of being community educators for industry, work and life.

As Chair of the Box Hill Institute Group Board it is my pleasure to present the 2015 Annual Report.

The previous couple of years have represented a period of uncertainty in the Vocation Education and Training (VET) sector. Increased competition from private training providers, a decline in overall demand for government subsidised programs and other economic factors placed strain on Box Hill Institute Group and other TAFE providers.

The past year has been one of laying a strong foundation for the future of Box Hill Institute and CAE, as we strive towards our vision of being community educators for industry, work and life.

Our first year of implementing the 2015 - 2018 Strategic Plan has been a successful one. One of the key themes identified was the need to innovate and diversify, to increase our market share and remain sustainable. After a difficult year of disappointing financial results in 2014, I'm pleased to report that 2015 has seen Box Hill Institute Group gain back lost ground and achieve a solid financial performance, including the delivery of a surplus. Increased government funding in 2015 assisted in these results.

Expansion to include the Lilydale Lakeside Campus is a significant opportunity to extend our course offerings to communities in Melbourne's outer east, and is a significant milestone in the Institute's history. Payment for the acquisition of the campus will be a significant outgoing in early 2016, but the Board is confident that this is a wise investment, which will deliver long term dividends for both the community and the Box Hill Institute Group into the future.

The successful tender of two other large multi-year contracts – one working with the Department of Defence and the other delivering training in Victorian Correctional Facilities – will further improve the Group's standing and sustainability over coming years.

As the Chair of one of Victoria's largest vocational training providers, I look forward to the return of TAFE's high standing in the community. Quality vocational training which meets the needs of industry and allows people to develop rewarding careers and fulfilling lives will only benefit the Victorian economy and community. The challenge for the TAFE sector is to remain viable in today's landscape by constantly innovating. Box Hill Institute Group is well placed to lead this innovation because we know access to lifelong educational opportunities are vital to the success of the communities we serve.

On behalf of the Board, I thank Chief Executive Officer Norman Gray AM for his leadership of the organisation over the last year, as well as the dedicated management and staff of both CAE and Box Hill Institute.

I'd like to acknowledge the contribution of my fellow Board directors, including Bruce Thompson whose term expired in 2015. I extend a warm welcome to Jack Diamond, Julie Eisenbise and Tracey Cooper who joined the Board in late 2015. Together we are looking forward to a successful 2016 and beyond.

A handwritten signature in dark ink, reading "S.M. Ewart".

**Ms Suzanne Ewart**  
Board Chair

18 March 2016



**At the gateway to the Yarra Valley, Lilydale and the surrounding areas provide industry-based opportunities for new training partnerships and a young demographic looking for skills training to improve their job prospects in the future.**



When I commenced as Chief Executive Officer in July 2014, we began the implementation of a framework to undertake the directional changes needed to adapt and overcome significant challenges facing our organisation.

During 2015 we I completed the realignment of a new, more robust management structure designed to provide the agility needed to achieve our Strategic Plan. As we move into the year ahead, we expect to see this new structure deliver rewards, particularly in the areas of governance, campus modernisation, new business opportunities and improved services for students studying with us.

In February 2015 we opened the Lilydale Community Campus to provide skills training and short courses to the growing community in Melbourne's outer east. There is significant opportunity for us to work with more eastern communities who have limited access to high-quality training without undertaking significant travel. At the gateway to the Yarra Valley, Lilydale and the surrounding areas provide industry-based opportunities for new training partnerships and a young demographic looking for skills training to improve their job prospects in the future. With campuses in the CBD, Box Hill and now Lilydale, we are now providing more opportunities for members of the community to access the training they want and need.

It was with great pleasure in October 2015 that we joined Premier Daniel Andrews together with Ministers Steve Herbert and James Merlino at the former Swinburne University Campus beside Lillydale Lake to announce that Box Hill Institute Group would reopen the vacant campus in early 2016.

The announcement of the Lilydale Lakeside Campus was the culmination of many months of planning.

More than a TAFE campus, our vision is to provide a unique education-focused destination for people of all ages in the community. Partnering with others, including Deakin University, William Angliss Institute, local and state government, the site will focus on lifelong learning. An Early Childhood Education Centre will deliver child and maternal health, long day care and pre-school services, a Discovery Centre will provide opportunities for primary-school children to take part in fun learning experiences, and a Tech School will service local secondary colleges. Short courses will be run by CAE, as well as a full range of vocational TAFE training and higher education options.

Other partnerships are planned at the site, including a library, cafe, restaurant and conference centre. Existing disability services provider Melba Support Services will remain on-site, delivering support services to the community, as well as offering additional revenue streams and student training opportunities.

I express my gratitude to the Box Hill Institute Group Board for their confidence in my management team, and the staff who make CAE and Box Hill Institute great places to learn. I'd also like to acknowledge the Minister for Skills and Training, Steve Herbert, for his commitment to the VET sector.

I look forward to the year ahead working with the Board, stakeholders, staff and students to continue delivering community education for industry, work and life.

A stylized, handwritten signature in dark ink, appearing to read 'N Gray'.

**Mr Norman Gray AM**  
Chief Executive Officer

18 March 2016

# HIGHLIGHTS

## Lilydale

In 2015 Box Hill Institute Group opened the Lilydale Community Campus in John Street Lilydale, delivering a range of training opportunities. In October 2015 the Victorian Government announced that Box Hill Institute had been awarded the tender to reopen the former Swinburne Campus at Lilydale. In February 2016 Box Hill Institute opened the larger campus and will continue to develop facilities and services on site over coming years.

## Diversifying income

In 2015 Box Hill Institute Group further diversified its income through two significant multi-year contracts. A new contract with the Australian Defence Force for delivery of Information, Communication and Technology training at the Defence Force School of Signals at Simpson Barracks, in Watsonia. A second contract for the delivery of training in Victorian correctional facilities was secured in 2015 and began delivery in very early 2016.

## Skills and Jobs Centres

During late 2015 Box Hill Institute Group was awarded grants to establish and run two Victorian Government Skill and Jobs Centres opening in early 2016.

### City

Based at the CAE Degraeves Street building, the Skills and Jobs Centre will be the flagship Melbourne centre, providing a one-stop shop for the public to access retraining opportunities, career advice and education options. Conveniently located in the hustle and bustle of one of Melbourne's busiest districts, next to Flinders Street Station, the Skills and Jobs Centre will also accommodate a permanently-located representative from the Victorian Government Department of Education and the office of the newly appointed Victorian Skills Commissioner.

### Box Hill

Utilising space in a high visibility location on Elgar Road, the Box Hill Skills and Jobs Centre will complement our existing Elgar Road retail precinct. Across the road from our Aveda Institute and Day Spa, and next to Pets on Elgar and Flowers on Elgar, the centre will provide a go-to location for anyone interested in improving their skills to improve future job prospects.

## Awards

In line with developing our reputation for academic success, Box Hill Institute Group, our staff and students received dozens of awards during 2015, including:

- > 2015 eLearning Excellence Award VET Sector – Polysynchronous Delivery in Teacher Education Honourable Mention
- > 2015 eLearning Excellence Award VET Sector – iVCal Team Achievement Award
- > Victorian International Education Awards Excellence in International Education Winner
- > Benchmarking Leadership and Advancement of Standards for Sessional Teaching (BLASST) National Good Practice Awards Support for Sessional Academic Staff Finalist
- > Victorian Training Awards Victorian Large Training Provider of the Year Finalist
- > Victorian Training Awards Victorian Industry Collaboration of the Year Finalist
- > Victorian Training Awards Victorian Community Training Provider of the Year (CAE) Finalist
- > Australian Training Awards Large Training Provider of the Year Award Finalist
- > Whitehorse Excellence in Business Awards 2015 Large Business Finalist
- > Marlon Young-Healy 2015 Victorian Training Awards – Apprentice of the Year Finalist & Community Choice Award Winner
- > Aibinuomo (Hybee) Iyiade International Student of the Year – Vocational Education & Training (VET) Winner
- > Ryan Cosentino World Skills National Championship – Gold Medal, Culinary, Regional Winner



## Audit Compliance

During 2015 Box Hill Institute Group successfully completed a number of stringent and important audits by our national and state regulators. The 2015 successful audits included:

- > ASQA - CAE RTO Re-registration Audit was given the maximum unconditional RTO registration of 7 years (Nov 2021)
- > ASQA - BHI RTO Re-registration Audit was given the maximum unconditional RTO registration of 7 years (June 2022)
- > The Department of Education and Training , Victorian Training Guarantee, 2015 Contract Compliance Audit CAE Compliance with the VTG Service Agreement Audit
- > The Department of Education and Training Victorian Training Guarantee, 2015 Contract Compliance Audit BHI Compliance with the VTG Service Agreement Audit
- > VRQA - CAE Senior Secondary Registration Audit
- > VRQA - BHI Senior Secondary Registration Audit
- > TEQSA, ASQA and VRQA - BHI ESOS/CRICOS Re-registration Audit
- > ASQA - BHI and SDJU China Transnational Delivery Review Audit
- > ACFE - CAE Pre-accredited Training Ineligible Module Enrolment Audit

## Open Day

Elgar Campus opened its doors to more than 3500 visitors on Sunday 23 August 2015. The Open Day gave prospective students a taste of the diverse programs and pathway opportunities available at Box Hill Institute. Key highlights included a fashion, hair and makeup photo shoot with an international photographer, live demonstrations, food and bands.

## New Website

Recognising that online is the primary channel for prospective students to find and engage with available training opportunities, in 2015 Box Hill Institute launched a new online presence, delivering a better user experience, mobile responsiveness and improved functionality. The improvements have led to an increased number of people accessing the site, and better ability for students to apply for courses online.

## Campus Modernisation

During 2015 a number of campus modernisation initiatives were undertaken at our Elgar campus. The consolidation of office space allowed Box Hill Institute to vacate leased offices at 810 Whitehorse Road and relocate corporate staff to the newly renovated Building 9 at Elgar campus. In late 2015 the cafeteria at Elgar began a significant refurbishment to provide improved facilities for all on campus to enjoy. The Institute has also taken over operation of the cafeteria from a contracted provider, allowing more traineeship positions for our hospitality students.

### **Transnational Delivery**

Box Hill Institute has a long history in the transnational education and consulting market and currently works in partnership with colleges based in China, Vietnam, Malaysia and the Middle East. Box Hill Institute delivers both accredited and non-accredited training to students enrolled at partner colleges overseas. The close collaboration between Box Hill Institute and the partner colleges ensures the delivery of high calibre vocational education that produces work-ready graduates with improved career options and pathways to further education in Australia.

A focus in 2015 was educational quality and compliance in Box Hill Institute transnational delivery. This has included the implementation of the new 2015 Standards for Registered Training Organisations (New Standards) in all transnational accredited delivery sites. Box Hill Institute staff conducted onsite moderation/validation activities and a number of internal audits in 2015. Box Hill Institute conducted quality assurance visits in November across five campuses in China reviewing teaching practices and delivering seminars on the new standards for RTOs. Educational quality and compliance will continue to be a focus in 2016.

In November 2015 the Australian regulator Australian Skills Quality Authority (ASQA) in liaison with the China Education Association for International Exchange (CEAIE) conducted the first series of audits of transnational campuses in China. Two qualifications at the Institute's partner, Shanghai Dianji University were audited against the Standards for Registered Training Organisations 2015. This audit was conducted under the observation of representatives of the Chinese Ministry of Education.

Box Hill Institute continued its strategic partnering with the not-for-profit Know One Teach One (KOTO) organisation in Vietnam and 2015 saw a focus on implementing continuous improvement in the areas of course content and teaching resources, teacher skills/competency and educational quality and compliance.

2015 saw the consolidation of Box Hill Institute transnational delivery to improve alignment with organisational strategy and lay the ground work for growth in 2016.

### **International Inbound students**

After a year of consolidation in 2014, applications from prospective international students increased in 2015. Careful management of applications resulted in student visa rejections by the Department of Border Security decreasing markedly during the year. As a result of this, Box Hill Institute improved its risk rating and is now eligible for Streamlined Visa Processing (SVP).

### **Skills for Economic Growth (Vanuatu)**

The Skills for Economic Growth (Vanuatu) program is funded by the Australian Government and managed through the Department of Foreign Affairs and Trade. The purpose of the program is to assist the Government of Vanuatu to implement a national Technical and Vocational Education and Training strategy. In 2015 the program continued to support provincial economic development in Vanuatu through the facilitation of quality skill development services.

### **Australia-Pacific Technical College**

The Australia-Pacific Technical College (APTC) is an Australian Government initiative. The APTC was established in 2008 and has campuses in Fiji, Papua New Guinea, Samoa, Solomon Islands and Vanuatu. In June 2015, the Institute completed its contract with the Australia-Pacific Technical College (APTC) after seven years of successful collaboration with this Australian Government funded initiative.

The Box Hill Institute Group is governed by a board comprised of representatives from government, industry and the community. The Board's role is to oversee and govern the Box Hill Institute Group, take all reasonable steps for the advancement of the objectives of the Institute, the CAE and the Board and to ensure that the Institute operates in accordance with its objectives, strategic plan and its statement of corporate intent.

The Board is committed to ensuring that the community is serviced effectively with vocational and further education programs which are responsive to its needs.

The Board is also committed to ethical conduct in all areas of its responsibilities and authority. In so doing, it binds its members to the principles and practices determined in the Board's Charter.

The Board is ultimately responsible to the Victorian Government for the governance and management of the Box Hill Institute Group.

## Board Members

The following members served on the Board during 2015 and their attendance at meetings including out of session meetings is shown next to each Board member:

Suzanne Ewart (Chair)	10/10
Helen Buckingham (Deputy Chair)	8/10
Greg Malone	10/10
(Francis) Bruce Thompson (term expired 31/5/15)	4/4
Phillip Davies	10/10
Allan Moore	9/10
Mary-Beth Bauer	9/10
Jack Diamond (appointed 1 Dec 2015)	n/a
Julie Eisenbise (appointed 1 Dec 2015)	n/a
Tracey Cooper (appointed 1 Dec 2015)	n/a

## Board Committees

To assist the Board in fulfilling its duties, the Board has established a number of committees including:

- > Audit, Finance and Risk Committee
- > Board Remuneration Committee
- > Nominations Committee
- > Education, Quality and Effectiveness Committee

### Audit, Finance and Risk Committee

The objective of the Audit Finance and Risk Committee is to assist the Board in ensuring that the control and compliance framework operating across the Group and its controlled entities is operating effectively and that its external accountability responsibilities are being met.

Membership during 2015 included:

- > Mary-Beth Bauer (Committee Chair)
- > Bruce Thompson (part year)
- > Phillip Davies
- > Allan Moore

### Board Remuneration Committee

The objective of the Remuneration Committee is to assist the Board in ensuring that remuneration practices for the CEO and Executive Officers are in accordance with Government policy relating to Public Sector employment administered by the State Services Authority and Ministerial directions to TAFE Institutes.

Membership during 2015 included:

- > Suzanne Ewart (Committee Chair)
- > Bruce Thompson (part year)
- > Helen Buckingham
- > Greg Malone
- > Phillip Davies
- > Allan Moore
- > Mary-Beth Bauer

### **Nominations Committee**

The objective of the Nominations Committee is to assist the Board in fulfilling its responsibilities in relation to the evaluation and maintenance of appropriate skills required by the Board and the competency, selection and nomination for appointment of Board Nominee Directors.

Membership during 2015 included:

- > Suzanne Ewart (Committee Chair)
- > Bruce Thompson (part year)
- > Helen Buckingham
- > Mary-Beth Bauer
- > Phillip Davies

### **Educational Quality & Effectiveness Committee**

The objective of the Educational Quality & Effectiveness Committee is to assist the Board in fulfilling its responsibilities in relation to overseeing the maintenance of the quality and effectiveness, the profitability and relevance to market and industry needs and the development and transformation of training delivery and services in line with the Box Hill Institute Group Strategic Plan.

Membership during 2015 included:

- > Helen Buckingham (Committee Chair)
- > Greg Malone
- > Laura Steedman (external member)

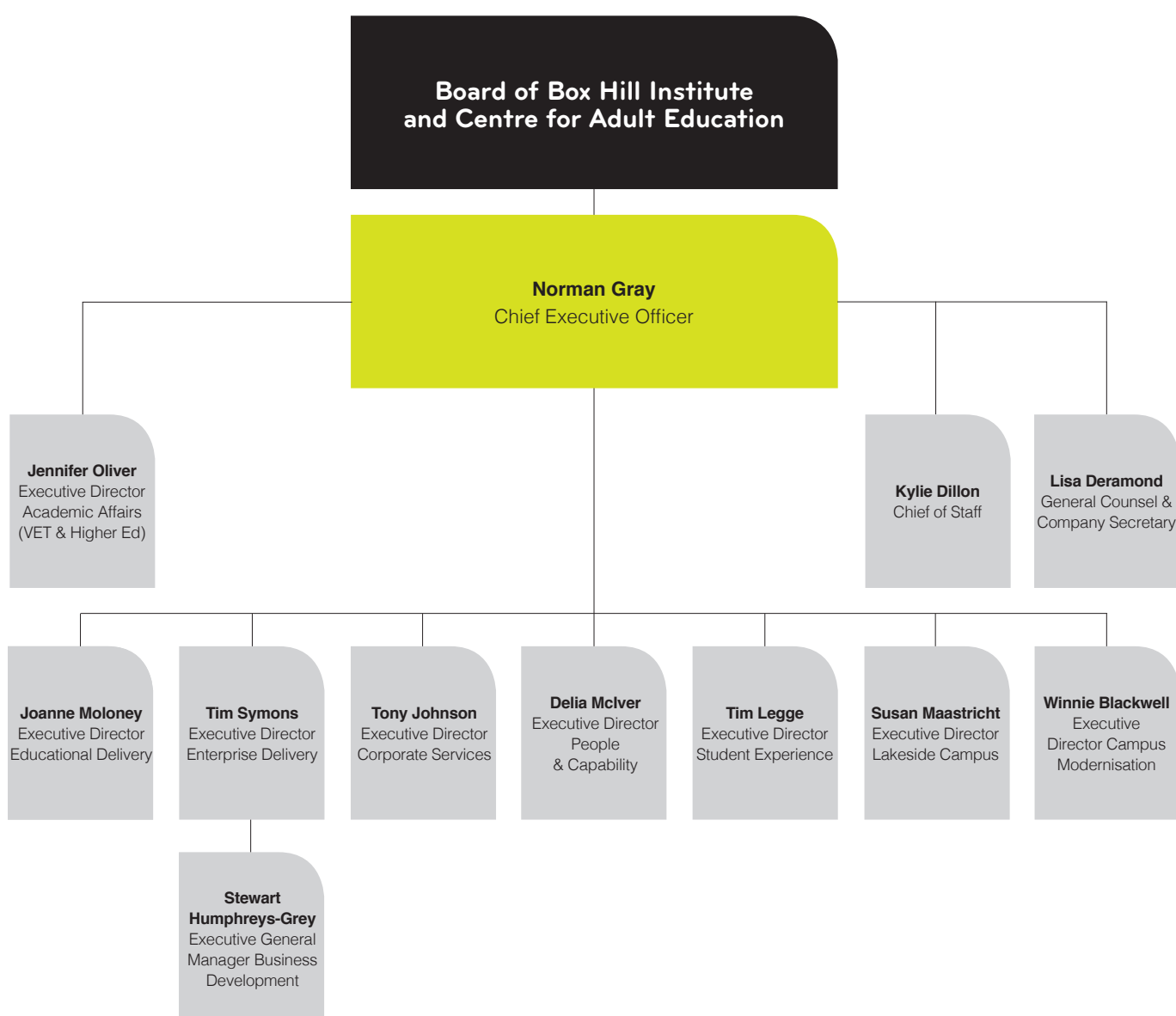
### **Directors of Box Hill Enterprises Limited**

The names and relevant details of the directors in office as of 31 December 2015 are:

- > Ms Suzanne Ewart (Chair)
- > Ms Helen Buckingham (Deputy Chair)
- > Mr Greg Malone
- > Mr Phillip Davies
- > Ms Mary Beth Bauer
- > Mr Allan Moore

# EXECUTIVE MANAGEMENT STRUCTURE 2015

## Senior Executive Management Team as at 31 December 2015



# FINANCIAL PERFORMANCE 2015

## Five Year Consolidated Financial Summary

YEAR ENDED 31 DECEMBER	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summary of Financial Performance</b>					
Government Contributions - Operating	44,979	34,323	43,441	69,113	67,021
Sale of goods and services	50,691	62,968	66,273	64,710	56,100
Other Revenue	6,282	4,830	5,430	7,352	5,441
<b>TOTAL INCOME FROM TRANSACTIONS (Excluding Capital Grants)</b>	<b>101,952</b>	<b>102,121</b>	<b>115,144</b>	<b>141,175</b>	<b>128,562</b>
<b>TOTAL EXPENSES FROM TRANSACTIONS (Excluding Depreciation and Expenditure from capital contributions)</b>	<b>(97,046)</b>	<b>(108,765)</b>	<b>(116,572)</b>	<b>(132,352)</b>	<b>(112,220)</b>
<b>EARNINGS BEFORE DEPRECIATION, CAPITAL GRANTS AND OTHER ECONOMIC FLOWS</b>	<b>4,906</b>	<b>(6,644)</b>	<b>(1,428)</b>	<b>8,823</b>	<b>16,342</b>
Government Contributions - Capital	10,000	730	3,950	5,038	9,673
Depreciation and Amortisation	(7,118)	(6,915)	(5,766)	(6,030)	(5,915)
Expenditure using government contributions - capital	-	-	(285)	(1,204)	(680)
Other economic flows included in net result	304	5,117	227	5,053	(1,556)
Net result from discontinued operations	-	-	3,466	1,360	-
<b>Net result</b>	<b>8,092</b>	<b>(7,712)</b>	<b>163</b>	<b>13,040</b>	<b>17,864</b>

## Balance Sheet

YEAR ENDED 31 DECEMBER	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summary of Balance Sheet Performance</b>					
Assets	262,811	259,926	268,469	277,161	226,418
Liabilities	(21,551)	(27,057)	(27,891)	(36,675)	(32,294)
<b>NET ASSETS</b>	<b>241,260</b>	<b>232,869</b>	<b>240,578</b>	<b>240,485</b>	<b>194,125</b>
Accumulated Surplus	100,020	89,949	97,483	90,778	77,739
Reserves	114,116	115,796	115,971	122,583	89,262
Contributed Capital	27,124	27,124	27,124	27,124	27,124
<b>NET WORTH</b>	<b>241,260</b>	<b>232,869</b>	<b>240,578</b>	<b>240,485</b>	<b>194,125</b>



The Box Hill Institute Group, comprising Box Hill Institute, Centre for Adult Education, Box Hill Enterprises Limited and Box Hill Institute Singapore, recorded a Net Result surplus of \$8.092 million (2014: \$7.712 million loss) compared with a Board approved operating budget of \$12.291 million surplus.

### **Comprehensive Operating Statement**

The higher result for 2015 compared with 2014 was primarily driven by Government grants to support investment in the Box Hill Institute Group and reductions in employee expenditure as a result of the organisational realignment that commenced in 2014.

- > Revenue from government contributions – operating increased compared with 2014 and included \$17.982 million of transitional grants to support increased investment in TAFE's (2015: \$44.979 million, 2014: \$34.323 million).
- > Capital grant contributions as a result of re-opening Lilydale campus (2015: \$10.000 million, 2014: \$0.730 million)
- > The benefits of the organisational alignment resulting in reductions in employee expenses (2015: \$67.192 million, 2014 \$77.733 million)

The additional government grants and reduction in employee expenditure was partially offset by a decline in demand for fee for service Vocational programs and commercial work (2015: \$50.691 million, 2014: \$62.698 million). The decline included the strategic exit of a significant International project (2015: \$ 3.809 million, 2014: \$11.676 million).

### **Balance Sheet**

The Box Hill Institute group's overall net worth increased by \$8.391m as a result of the recorded Net Result surplus in 2015.

- > Cash balances have increased by \$5.886 million compared with 2014, primarily due to the receipt of Government grants to support the opening of the Lilydale campus in late 2015. These funds will be used as part of the purchase of the campus in January 2016.
- > Box Hill Institute Group has invested in systems and technology in 2015 to improve the student experience and also aid process efficiencies increasing its intangible assets by \$2.640 million.
- > Property, plant and equipment has decreased by \$2.187 million compared with 2014 and includes the disposals of two excess properties.

# COMPLIANCE

## Risk Management and Attestation Statement

"I, Suzanne Ewart, attest that Box Hill Institute Group (BHIG) has met the mandatory requirements of the Victorian Government Risk Management Framework, aside from partial compliance in the following areas:

A. Risk Management Requirement – finalisation of BHIG risk management framework:

1. Partial compliance with finalising the framework has been achieved. The BHIG has applied the principles of risk management and is integrating these into its operations to align with the standard (*AS/NZS ISO31000:2009 Risk Management - Principles and Guidelines*);
2. Appropriate risk management action plans are being implemented to ensure risks are reduced and controlled to a satisfactory level across the Group; and
3. Corporate and business planning projects consider the risks of each project.

B. Insurance Requirements

BHIG complies with this requirement apart from:

- > Maintaining a current register of indemnities; and
- > Directors and Officers Indemnity Insurance for Box Hill Institute and Box Hill Enterprises will be transferred to the Victorian Managed Insurance Authority in early 2016.

The Audit, Finance and Risk Committee has verified that the risk profile of the BHIG has been critically reviewed in the past 12 months. The new 2015 requirement to review inter-agency risks has been undertaken and all such risks have been addressed."



**Suzanne Ewart**  
Board Chair

18 March 2016

## Statements of Pecuniary Interests

Box Hill Institute Group has in place policies and procedures that require relevant officers of all Box Hill Institute Group entities to complete Statements of Pecuniary Interests on an annual basis. All such statements have been duly completed.

Information about declarations of pecuniary interests by all relevant officers should be directed to:

The Freedom of Information Officer  
Box Hill Institute Group  
465 Elgar Road  
Box Hill VIC 3128

Telephone: (03) 9286 9222

## Details of Shares Held by Senior Officers

Requests for information about shares held by senior officers, as nominee or held beneficially in a statutory authority or subsidiary, if any, should be directed to The Freedom of Information Officer (contact details aforementioned).

## National Competition Policy

The Institute has in place policies and procedures to ensure compliance with the National Competition Policy which take into account the Victorian Government's Competitive Neutrality Policy requirements and the requirements of related legislation.

## Freedom of Information

Box Hill Institute Group has implemented procedures which, subject to privacy provisions, facilitate all reasonable requests for information from students, staff and the general public under the provisions in the *Freedom of Information Act 1982* allowing access to publicly available information.

Requests under the *Freedom of Information Act 1982* should be addressed to The Freedom of Information Officer (contact details on page 17).

Box Hill Institute Group may levy a charge for information provided that is subject to a Freedom of Information request, in accordance with the relevant requirements. There was no formal request for information to be supplied under the *Freedom of Information Act 1982* during the 2015 reporting period.

Any student may see their personal record by applying to:

The Registrar  
Box Hill Institute Group  
465 Elgar Road  
Box Hill VIC 3128

Any staff member may see their personal record by applying to:

Executive Director - People & Capability  
Box Hill Institute Group  
465 Elgar Road  
Box Hill VIC 3128

## Financial Reporting Directions

This report is prepared in accordance with the requirements of the Financial Reporting Directions. For further details please refer to the Financial Statements.

## Compulsory Student Services and Amenities Fee

Box Hill Institute Group levy a compulsory student services and amenities fee that is determined in accordance with the Ministerial Directions on Students Fees and Charges.

The fee is fully applied to the provisions of funding for student recreation, counselling and welfare and other non-academic support services.

The processes for the collection and disbursement of the services and amenities fees are managed by BHI and CAE respectively and are not paid to any student organisations.

Total Student Services and Amenities Fees collected for the Box Hill Institute Group for the year ending 31st December 2015 were \$973,176.

Student Services and Amenities Fees collected for BHI were \$863,483. Student Services and Amenities Fees collected for CAE were \$109,693.

## Protected Disclosure Act

The *Protected Disclosure Act 2012* encourages and supports the making of protected disclosures of improper conduct. In accordance with sections 70(1) and 58(5) of the *Protected Disclosure Act 2012* the Box Hill Institute Group has in place procedures for the protection of persons who make protected disclosures against the Box Hill Institute Group its officers or employees. These procedures may be accessed at <http://www.boxhill.edu.au/about-us/policies-and-procedures/>

## Carers Recognition Act

The Box Hill Institute Group meets its obligations under the *Carers Recognition Act 2012*.

## Conduct Principles

All staff members are required to comply with the requirements set out in the Box Hill Institute Group's Code of Conduct and the Code of Conduct for the Victorian Public Sector.

## Victorian Public Sector Travel Principles

Box Hill Institute Group has in place policies and procedures in relation to domestic and international travel and accommodation, and complies with the Victorian Public Sector Travel Principles. This applies to all employees of Box Hill Institute, the Centre for Adult Education and all controlled entities and takes into account the Victorian Public Sector Travel Principles issued by the Department of Premier and Cabinet (DPC), December 2006 and Department of Education and Training Travel Policy: Overseas and Domestic Travel (2015).

## Occupational Health and Safety

Occupational Health and Safety (OHS) is incorporated into all workplace learning activities to ensure that the prevention of injury and illness and the promotion of physiological wellbeing, forms an integral component of organisational culture.

Increased focus on proactive hazard identification as well as hazard and near miss reporting has contributed to an increase in 2015 to 35.83 reports per 100 FTE, compared to 11.70 in 2014 and 20.88 in 2013. Near miss reporting increased throughout the year to an annual total of 36 reports, or 5.56 reports per 100 FTE.

An early intervention injury management and proactive claims management focus has reduced average claims costs in 2015 to \$25,045.69, with current average claims costs for 2014 and 2013 claims respectively at \$34,344.09 and \$4,799.45. This also led to a reduction in lost time days across the Box Hill Institute Group during 2015. There were three lost time standard claims in 2015, compared to four in 2014 and two in 2013. The Lost Time Injury Frequency Rate for the Group at end 2015 was 2.15, well below the target of seven.

There were four WorkSafe notifiable incidents in 2015, and no WorkSafe notices issued. There were no fatalities.

## Environmental Performance

Total energy usage, segmented by primary source	Total energy	47,953,685 megajoules
	Electricity	27,980,121 megajoules
	Natural gas	19,973,564 megajoules
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets	10,331 Tonnes	
Percentage of electricity purchased as Green Power	0 %	
Units of energy used (per effective full time employee)	12,725.48 megajoules	
Units of energy used per unit of building area (per m2)	111.5 megajoules	
Total units of office waste disposed of by destination (kg per year)	Landfill	219,000
	Comingled Recycling	120,000
	Metal Recycling	5,900
	Paper Recycling	36,420
	Timber Recycling	66,500
	Cardboard Recycling	16,160
	Liquid recycling	20,005
	TOTAL	483,985
Units of office waste disposed per full time employee by destination (per effective full time employee)	339 kg	
Recycling rate (% of total waste by weight)	42 %	
Total units of metered water consumed by water source	23,682 kilolitres (mains water)	
Units of metered water consumed in offices (per effective full time employee)	29.16 kilolitres	
Units of metered water consumed in offices per unit building area (per m2)	0.255 kilolitres	
Total greenhouse gas emissions associated with energy use	8,953 tonnes (electricity)	
Total units of A4 equivalent copy paper used	5,278,000 sheets	
Units of equivalent copy paper used per full-time employee	10.4 reams	
Percentage of recycled content in copy paper purchased	10 %	

## Environmental Performance(continued)

In relevant Requests for Tender, Box Hill Institute Group requires tenderers to provide information relating to their environmental accreditation and the environmental sustainability of the product or service being sought. During 2015 sustainability clauses were included in tenders relating to the procurement of products and services including cleaning services, sanitary services, catering products and grounds services.

## Building Services

Box Hill Institute has established policies and mechanisms to ensure that works to existing buildings conform with building standards and with statutory obligations arising from the *Building Act 1993* which relate to health and safety measures. Box Hill Institute places a strong emphasis on the provision and maintenance of high quality buildings that meet regulatory requirements of OH&S standards. All Box Hill Institute building works conform to building regulations.

## Compliance with Other Legislation

Box Hill Institute Group complies with the requirements of relevant legislation and subordinate instruments, including, but not limited to, the following:

- > *Education and Training Reform Act 2006*
- > The Constitution of the Box Hill Institute and the Centre for Adult Education
- > Directions of the Minister for Training and Skills for the State of Victoria through the Secretary of the Department of Education and Training and the Higher Education and Skills Group
- > TAFE Institute Commercial Guidelines
- > TAFE Institute Strategic Planning Guidelines
- > *Public Administration Act 2004*
- > *Financial Management Act 1994*
- > *Freedom of Information Act 1982*
- > *Building Act 1993*
- > *Protected Disclosure Act 2012*
- > *Victorian Industry Participation Policy Act 2003*
- > *Privacy & Data Protection Act 2014*
- > *Occupational Health & Safety Act 2004*

## Major Commercial Activities

In accordance with the Commercial Guidelines – TAFE Institutes, in 2015 Box Hill Institute Group undertook the following major commercial activity:

- > Box Hill Institute Group entered into a contract agreement with Swinburne University on 23 December 2015 for the acquisition of the Lilydale Lakeside Campus. The settlement of this contract happened on 18 January 2016.

## Additional information available on request

Consistent with *Financial Management Act 1994*, Box Hill Institute Group has prepared material on the following items, details of which are available on request and in accordance with the organisation's Freedom of Information Policies:

- > Publications
- > Changes in prices, fees, charges, rates and levies
- > Major external reviews
- > Major research and development activities
- > Overseas visits undertaken
- > Major promotional and marketing activities
- > Industrial relations issues, and
- > Major committees sponsored by Box Hill Institute Group.

Enquiries should be addressed to:

The Freedom of Information Officer  
Box Hill Institute Group  
465 Elgar Road  
Box Hill VIC 3128

Telephone: (03) 9286 9222

# Campaigns

Campaigns More than \$100k									
Campaign Name	Summary	Start Date	End Date	Advertising (Media) Exp 2015 (excl. GST)	Creative & Campaign Dev. Exp 2015 (excl. GST)	Research & evaluation Exp 2015 (Excl. GST)	Print & Collateral Exp 2015 (Excl. GST)	Other Campaign Exp 2015 (Excl. GST)	Total (Excl. GST)
2015 VTAC & Direct Entry - Phase 2	Student recruitment campaign VTAC & Direct Entry	1/01/2015	15/02/2015	\$142,800.87	\$ -	\$ -	\$480.00	\$10,476.23	\$153,757.10
2015 Brand Awareness	Ongoing promotion of BHL accredited courses	13/04/2015	17/05/2015	\$127,209.72	\$ -	\$ -	\$ -	\$12,512.82	\$139,722.54
2015 CAE Autumn Guide	CAE short courses for Autumn	6/04/2015	12/07/2015	\$146,731.38	\$ -	\$ -	\$46,758.29	\$8,173.98	\$201,663.65
2015 Mid Year	Student recruitment campaign for mid-year entry	17/05/2015	2/08/2015	\$343,441.68	\$ -	\$ -	\$537.60	\$24,907.94	\$368,887.22
2015 Open Day	Promotion of Open Day events at Elgar & Lilydale Campuses	26/07/2015	29/08/2015	\$117,296.12	\$33,835.00	\$ -	\$ -	\$27,290.63	\$178,421.75
2016 Enrolment Campaign: VTAC & Direct Entry - Phase 1	Student recruitment campaign VTAC & Direct Entry	15/11/2015	31/12/2015	\$130,337.76	\$26,000.00	\$ -	\$958.26	\$5,730.14	\$163,026.16
2015 CAE Summer Course Guide Campaign & Boost	CAE short courses for Summer	10/01/2015	25/05/2015	\$159,930.15	\$ -	\$ -	\$57,585.06	\$14,921.35	\$232,436.56
				\$1,167,747.68	\$59,835.00	\$ -	\$106,319.21	\$104,013.09	\$1,437,914.98



## Consultancies over \$10,000

Details of consultancies engaged during 2015 are as follows:

Consultants	Number of Engagements	Total fees Paid	Particulars of Projects involved	Estimated Future Commitments
Alibrando Consulting Pty Ltd	3	42,894	Provision of tender development services	
Allard Shelton	1	20,000	Provision of property consulting and negotiation	
Bevington Consulting	1	29,150	Provision of management consulting services	
Dragoman Proprietary Limited	1	424,110	Provision of international advisory services	55,000
Gadens Lawyers	8	41,410	Provision of legal advice pertaining to staff issues	4,773
Grant Thornton Australia Ltd	4	97,872	Provision of management consulting services	1,500
Moores Legal	7	57,030	Provision of legal advice pertaining to property issues	4,000
Persian Heights	2	29,200	Provision of course development for commercial projects	1,200
SANSTON SECURITIES AUSTRALIA PTY. LTD.	1	70,535	Provision of corporate advisory	30,828
Singh Consulting	3	33,880	Provision of course development for commercial projects	33,079
Tectura Pty Ltd	9	351,181	Provision of strategic advice and architecture services	32,739
PPB Advisory	1	222,862	Consulting services relating to board risk strategies	

## Consultancies under \$10,000

Number	19
Total Fees Incurred	45,394

Details of consultancies over \$10,000 are publicly available at the Box Hill Institute website [www.boxhill.edu.au](http://www.boxhill.edu.au)

# WORKFORCE DATA

## Workforce Data Box Hill Institute

Teaching staff									
Employment Status		Full Time 2015	Full Time 2014	Part Time 2015	Part Time 2014	Total 2015	Total 2014	EFT 2015	EFT 2014
On-going	Female	32	48	43	46	75	94	53.3	123.8
On-going	Male	59	75	16	13	75	88	64.2	95.7
Fixed Term	Female	27	27	10	18	37	45	16.7	56.0
Fixed Term	Male	44	45	8	12	52	57	34.0	65.9
Casual	Female	0	0	220	197	220	197	52.4	38.1
Casual	Male	0	0	208	181	208	181	54.7	38.7
<b>SUB-TOTAL</b>	<b>Female</b>	<b>59</b>	<b>75</b>	<b>273</b>	<b>261</b>	<b>332</b>	<b>336</b>	<b>122.4</b>	<b>217.9</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>103</b>	<b>120</b>	<b>232</b>	<b>206</b>	<b>335</b>	<b>326</b>	<b>152.9</b>	<b>200.3</b>
PACCT and Non-Teaching Staff									
Employment Status		Full Time 2015	Full Time 2014	Part Time 2015	Part Time 2014	Total 2015	Total 2014	EFT 2015	EFT 2014
Executive Officers	Female	10	5	0	0	10	5	7.4	9.0
Executive Officers	Male	6	6	0	0	6	6	5.0	5.0
Management	Female	72	10	6	0	78	10	57.9	20.0
Management	Male	68	13	0	0	68	13	52.3	23.9
General Staff On-going	Female	121	94	41	34	162	128	124.5	149.6
General Staff On-going	Male	69	53	4	6	73	59	57.3	58.5
General Staff Fixed Term	Female	33	33	17	26	50	59	26.3	75.6
General Staff Fixed Term	Male	26	23	5	7	31	30	17.8	34.3
General Staff Casual	Female	0	0	121	90	121	90	16.4	10.6
General Staff Casual	Male	0	0	63	62	63	62	7.3	7.2
<b>SUB-TOTAL</b>	<b>Female</b>	<b>236</b>	<b>142</b>	<b>185</b>	<b>150</b>	<b>421</b>	<b>292</b>	<b>232.5</b>	<b>264.8</b>
<b>SUB-TOTAL</b>	<b>Male</b>	<b>169</b>	<b>95</b>	<b>72</b>	<b>75</b>	<b>241</b>	<b>170</b>	<b>139.7</b>	<b>128.9</b>
<b>TOTAL</b>	<b>Female</b>	<b>295</b>	<b>217</b>	<b>458</b>	<b>411</b>	<b>753</b>	<b>628</b>	<b>354.9</b>	<b>482.7</b>
<b>TOTAL</b>	<b>Male</b>	<b>272</b>	<b>215</b>	<b>304</b>	<b>281</b>	<b>576</b>	<b>496</b>	<b>292.6</b>	<b>329.2</b>
<b>GRAND TOTAL</b>		<b>567</b>	<b>432</b>	<b>762</b>	<b>692</b>	<b>1329</b>	<b>1124</b>	<b>647.5</b>	<b>811.9</b>

## Employment and Conduct Principles

Box Hill Institute recruits and promotes the most suitably qualified, experienced and capable employees through an open and transparent, merit based selection process that complies with relevant legislative requirements. All employees are expected to conduct themselves in a manner consistent with the Box Hill Institute Group Code of Conduct. All employees have been correctly classified in workforce data collections.



**BOX HILL**  
INSTITUTE

# **FINANCIAL STATEMENTS**

## **31 DECEMBER 2015**

## INDEPENDENT AUDITOR'S REPORT

### To the Directors, Box Hill Institute

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 31 December 2015 of the Box Hill Institute which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by the chair of the board, chief executive officer, and chief finance and accounting officer.

#### *The Directors' Responsibility for the Financial Report*

The Directors of the Box Hill Institute are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be 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 audit procedures selected depend on 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, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

## **Independent Auditor's Report (continued)**

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Box Hill Institute as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
15 March 2016



Dr Peter Frost  
*Acting Auditor-General*

# BOX HILL INSTITUTE GROUP FINANCIAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2015

## DECLARATION BY THE CHAIR OF THE BOARD, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR CORPORATE SERVICES

We certify that the attached financial statements for the Box Hill Institute and the consolidated entity have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2015 and financial position of the Institute and the consolidated entity as at 31 December 2015.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they became due and payable.

The Board Chair and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of the Box Hill Institute Group.



**Suzanne Ewart**

Board Chair

11 March 2016

Box Hill, Melbourne



**Norman Gray AM**

Chief Executive Officer

11 March 2016

Box Hill, Melbourne



**Graham Anthony Johnson**

Executive Director Corporate Services & CFAO

11 March 2016

Box Hill, Melbourne



**BOX HILL INSTITUTE**  
**COMPREHENSIVE OPERATING STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

		Consolidated		Institute	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Income from transactions</b>					
Government contributions - operating	2(a)(i)	44,979	34,323	39,143	28,504
Government contributions - capital	2(a)(ii)	10,000	730	10,000	730
Sales of goods and services	2(b)	50,691	62,968	44,290	53,226
Interest	2(c)	748	948	554	663
Fair value of assets & services received free of charge or for nominal consideration	2(d)	-	314	49	355
Other income	2(e)	5,534	3,568	2,964	3,005
<b>Total income from transactions</b>		<b>111,952</b>	<b>102,851</b>	<b>97,000</b>	<b>86,483</b>
<b>Expenses from transactions</b>					
Employee expenses	3(a)	67,192	77,733	59,308	65,619
Depreciation and amortisation	3(b)	7,118	6,915	6,487	6,237
Supplies and services	3(c)	12,542	15,242	10,921	13,310
Other operating expenses <sup>1</sup>	3(d)	17,312	15,790	11,206	9,230
<b>Total expenses from transactions</b>		<b>104,164</b>	<b>115,680</b>	<b>87,922</b>	<b>94,396</b>
<b>Net result from transactions (net operating balance)</b>		<b>7,788</b>	<b>(12,829)</b>	<b>9,078</b>	<b>(7,913)</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on non-financial assets <sup>2</sup>	4(a)	929	4,963	1,246	4,961
Net gain/(loss) on financial instruments <sup>3</sup>	4(b)	(424)	(76)	(3,202)	(117)
Share of net profits/(losses) of associates and joint ventures excluding dividends	4(c)	597	535	-	-
Other gains/(losses) from other economic flows	4(d)	(798)	(305)	(1,215)	(655)
<b>Total other economic flows included in net result</b>		<b>304</b>	<b>5,117</b>	<b>(3,171)</b>	<b>4,189</b>
<b>Net result from continuing operations</b>		<b>8,092</b>	<b>(7,712)</b>	<b>5,907</b>	<b>(3,724)</b>
<b>Net result</b>		<b>8,092</b>	<b>(7,712)</b>	<b>5,907</b>	<b>(3,724)</b>
<b>Other economic flows – other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in physical asset revaluation surplus <sup>4</sup>	15(a)	(1,863)	(248)	(2,094)	(248)
Changes in foreign currency translation revaluation surplus	15(b)	-	3	-	-
<b>Total other economic flows – other comprehensive income</b>		<b>(1,863)</b>	<b>(245)</b>	<b>(2,094)</b>	<b>(248)</b>
<b>Comprehensive result</b>		<b>6,229</b>	<b>(7,958)</b>	<b>3,813</b>	<b>(3,972)</b>

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

<sup>1</sup> 'Other operating expenses' includes bad debts expense from transactions.

<sup>2</sup> 'Net gain/(loss) on non financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

<sup>3</sup> 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments, except when these are taken through the financial assets available-for-sale revaluation surplus.

<sup>4</sup> Changes in revaluation surplus excludes share of net movement in associates, which is disclosed separately.

**BOX HILL INSTITUTE**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	Consolidated		Institute	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	5	45,421	39,535	36,602	30,541
Receivables	6	6,602	9,406	4,939	9,330
Investments accounted for using the equity method	7	1,347	1,304	-	-
<b>Total financial assets</b>		<b>53,370</b>	<b>50,245</b>	<b>41,541</b>	<b>39,871</b>
<b>Non-financial assets</b>					
Inventories	8	199	366	199	317
Non-current assets classified as held-for-sale	9(a)	904	1,310	904	1,310
Property, plant and equipment	10(a)&(b)	204,389	206,576	196,547	198,607
Intangible assets	11	2,994	354	2,920	344
Other non-financial assets	12	955	1,075	766	863
<b>Total non-financial assets</b>		<b>209,441</b>	<b>209,681</b>	<b>201,336</b>	<b>201,441</b>
<b>Total assets</b>		<b>262,811</b>	<b>259,926</b>	<b>242,877</b>	<b>241,312</b>
<b>Liabilities</b>					
Payables	13	10,854	13,794	5,743	7,760
Provisions	14	10,697	13,263	9,645	11,892
<b>Total liabilities</b>		<b>21,551</b>	<b>27,057</b>	<b>15,388</b>	<b>19,652</b>
<b>Net assets</b>		<b>241,260</b>	<b>232,869</b>	<b>227,489</b>	<b>221,660</b>
<b>Equity</b>					
Contributed capital		27,124	27,124	27,124	27,124
Accumulated surplus/(deficit)		100,020	89,949	86,501	78,693
Physical asset revaluation surplus	15(a)	112,681	114,544	112,429	114,523
Foreign translation revaluation surplus	15(b)	-	(68)	-	-
Restricted funds reserve	15(c)	1,435	1,320	1,435	1,320
<b>Net Worth</b>		<b>241,260</b>	<b>232,869</b>	<b>227,489</b>	<b>221,660</b>
Commitments for expenditure	17	52,151	52,825	6,810	4,966
Contingent assets and liabilities	18	(424)	(608)	-	(198)

The balance sheet should be read in conjunction with the notes to the financial statements.

**BOX HILL INSTITUTE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**Consolidated (At 31 Dec 2015)**

		Physical asset revaluation surplus	Foreign currency translation revaluation surplus	Restricted reserve fund	Accumulated surplus	Contributions by owners	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 January 2014</b>		114,792	(71)	1,250	97,483	27,124	240,578
Net result for the year		-	-	-	(7,712)	-	(7,712)
Other comprehensive income for the year		(248)	3	-	-	-	(245)
Transfers from physical asset revaluation surplus	15(a)	-	-	-	248	-	248
Transfers from accumulated surplus	15(c)	-	-	70	(70)	-	-
<b>Year ended 31 December 2014</b>		<b>114,544</b>	<b>(68)</b>	<b>1,320</b>	<b>89,949</b>	<b>27,124</b>	<b>232,869</b>
Net result for the year		-	68	-	8,092	-	8,160
Other comprehensive income for the year		(1,863)	-	-	-	-	(1,863)
Transfers from physical asset revaluation surplus	15(a)	-	-	-	2,094	-	2,094
Transfers from accumulated surplus	15(c)	-	-	115	(115)	-	-
<b>Year ended 31 December 2015</b>		<b>112,681</b>	<b>-</b>	<b>1,435</b>	<b>100,020</b>	<b>27,124</b>	<b>241,260</b>

**Institute (At 31 Dec 2015)**

		Physical asset revaluation surplus	Foreign currency translation revaluation surplus	Restricted reserve fund	Accumulated surplus	Contributions by owners	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 January 2014</b>		114,771	-	1,250	82,239	27,124	225,384
Net result for the year		-	-	-	(3,724)	-	(3,724)
Other comprehensive income		(248)	-	-	-	-	(248)
Transfers from physical asset revaluation surplus	15(a)	-	-	-	248	-	248
Transfers from accumulated surplus	15(c)	-	-	70	(70)	-	-
<b>Year ended 31 December 2014</b>		<b>114,523</b>	<b>-</b>	<b>1,320</b>	<b>78,693</b>	<b>27,124</b>	<b>221,660</b>
Net result for the year		-	-	-	5,907	-	5,907
Other comprehensive income for the year		(2,094)	-	-	-	-	(2,094)
Adjustment to prior year employment expenses		-	-	-	(78)	-	(78)
Transfers from physical asset revaluation surplus	15(a)	-	-	-	2,094	-	2,094
Transfers from accumulated surplus	15(c)	-	-	115	(115)	-	-
<b>Year ended 31 December 2015</b>		<b>112,429</b>	<b>-</b>	<b>1,435</b>	<b>86,501</b>	<b>27,124</b>	<b>227,489</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

**BOX HILL INSTITUTE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Consolidated		Institute	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Government contributions - operating		44,826	34,166	40,026	29,201
Government contributions - capital		10,000	730	10,000	730
User fees and charges received		65,530	75,480	55,559	59,232
Interest received		748	948	554	663
Distribution received		-	-	-	1,567
<b>Total receipts</b>		<b>121,104</b>	<b>111,324</b>	<b>106,139</b>	<b>91,393</b>
<b>Payments</b>					
Payments to suppliers and employees		(106,998)	(113,262)	(92,197)	(88,825)
Goods and services tax paid to the ATO		(3,091)	(3,870)	(2,580)	(3,443)
<b>Total payments</b>		<b>(110,089)</b>	<b>(117,132)</b>	<b>(94,777)</b>	<b>(92,268)</b>
<b>Net cash flows from / (used in) operating activities</b>	<b>16</b>	<b>11,015</b>	<b>(5,808)</b>	<b>11,362</b>	<b>(875)</b>
<b>Cash flows from investing activities</b>					
Payments received from investment of associate		554	673	-	-
Purchases of non-financial assets		(8,386)	(4,550)	(8,004)	(4,423)
Sales of non-financial assets		2,703	8,053	2,703	8,050
<b>Net cash provided by / (used in) investing activities</b>		<b>(5,129)</b>	<b>4,176</b>	<b>(5,301)</b>	<b>3,627</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,886</b>	<b>(1,632)</b>	<b>6,061</b>	<b>2,752</b>
Cash and cash equivalents at the beginning of the financial year		39,535	41,164	30,541	27,789
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		-	3	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>45,421</b>	<b>39,535</b>	<b>36,602</b>	<b>30,541</b>

The cash flow statement should be read in conjunction with the notes to the financial statements.

## **1. Statement of significant accounting and policies**

The annual financial statements represent the audited general purpose financial statements for Box Hill Institute and controlled entities ('Consolidated Group'), and the separate financial statements and notes of Box Hill Institute as an individual parent entity ('Parent Entity').

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented for the year ended 31 December 2014.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

### **1.01 Statement of Compliance**

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

For the purposes of preparing financial statements, the Institute is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

### **1.02 Basis of accounting preparation and measurement**

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

In the application of AAS, judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

These financial statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- the fair value of an asset other than land is generally based on its depreciated replacement value.

## **1. Statement of significant accounting and policies (continued)**

### **1.02 Basis of accounting preparation and measurement (continued)**

Consistent with AASB 13 Fair Value Measurement, the Institute determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Institute determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the Institute's independent valuation agency.

The Institute, in conjunction with VGV (and other external valuers, if applicable), monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

### **1.03 Reporting entity**

The financial statements cover the Box Hill Institute. The Institute is a statutory body corporate, established pursuant to the act/order made by the Victorian Government under the Enacted Act 2006.

Its principal address is:

Box Hill Institute  
465 Elgar Road, VIC 3128

The financial statements include all the controlled activities of the entity.

### **1.04 Basis of consolidation**

In accordance with AASB 10 Consolidated Financial Statements, the consolidated financial statements of the Institute combine like items of assets, liabilities, equity, income, expenses and cash flows of the Institute with those of the reporting entities controlled by the Institute. Uniform accounting policies for like transactions and other events in similar circumstances are applied in the preparation of consolidated financial statements.

A controlled entity is a entity over which the Institute has exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through the use of its power over the entity.

The existence of power over an entity is established when the Institute has existing rights that give it the current ability to direct the activities of the controlled entity which would significantly affect the returns of the controlled entity.



## 1. Statement of significant accounting and policies (continued)

### 1.04 Basis of consolidation (continued)

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in full on consolidation.

If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Entities consolidated into the Institute's reporting entity include:

- Box Hill Enterprises Ltd
- Centre for Adult Education

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Institute.

#### Associated entities (associates)

Associates are those entities over which the Institute exercises significant influence, but not control, generally accompanying shareholding and voting rights of between 20% and 50%.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, the Institute's share of the post-acquisition profits or losses of associates is recognised in net result and its share of post-acquisition movements in reserves is recognised in reserves (non-owner equity) in both the statement of comprehensive income and the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the cost of the investment.

### 1.05 Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and are considered to be of material interest.

### 1.06 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

## 1. Statement of significant accounting and policies (continued)

### 1.07 Income from transactions

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Institute's major activities as follows:

#### Government contributions

Government contributions are recognised as revenue in the period when the Institute gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

#### Sale of goods and services

##### (i) Student fees and charges

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered in the following year, any non-refundable portion of the fees is treated as revenue in the year of receipt and the balance as Revenue in Advance.

##### (ii) Fee for Service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

##### (iii) Revenue from sale of goods

Revenue from sale of goods is recognised by the Institute when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the Institute retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be reliably measured;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Institute; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

#### Other income

##### (i) Dividend revenue

Dividend revenue is recognised when the right to receive payment is established. The Institute does not recognise dividends received or receivable from its associates and joint venture as income.

##### (ii) Rental income

Rental income is recognised on a time proportional basis and is brought to account when the Institute's right to receive the rental is established.

##### (iii) Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

## 1. Statement of significant accounting and policies (continued)

### 1.08 Expenses from transactions

#### Employee benefits

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

#### Retirement benefit obligations

##### (i) Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable.

##### (ii) Defined benefit plans

The amount charged to the comprehensive operating statement in respect of superannuation represents the contributions made by the Institute to the superannuation plan in respect of current services of current Institute staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Institute does not recognise any deferred liability in respect of the plan(s) because the Institute has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

#### Depreciation and amortisation

##### Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation methods and rates used for each class of depreciable assets are:

Class of asset	Method	2015	2014
		Rate/Rates	Rate/Rates
Buildings including components	Straight	1.67%-10%	1.67%-10%
Plant & equipment	Straight	4%-20%	4%-20%
Leasehold improvements	Straight	33.3%	33.3%
Computers	Straight	33.3%	33.3%
Motor vehicles	Straight	33.3% (Residual of 40%)	33.3% (Residual of 40%)

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis.

##### Amortisation

Intangible assets with finite lives are amortised on a straight line basis over the assets useful lives. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

## 1. Statement of significant accounting and policies (continued)

### 1.08 Expenses from transactions (continued)

#### Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

#### Other operating expenses

##### Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held-for-distribution are expensed when distributed.

#### Fair value of assets and services provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value.

### 1.09 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

#### Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from disposals of non-financial assets and impairments.

#### Disposal of non-financial assets

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

#### Impairment of non-financial assets

Non-financial assets are assessed annually for indications of impairment, except for inventories.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the statement of comprehensive income, except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

## 1. Statement of significant accounting and policies (continued)

### 1.09 Other economic flows included in net result (continued)

#### Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments at fair value and impairment and reversal of impairment for financial instruments at amortised cost.

#### Revaluation of financial instruments at fair value

The revaluation gain/loss on financial instruments at fair value excludes interest earned on financial assets which is reported as part of income from transactions.

#### Impairment of financial assets

Financial assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 10 per cent or more than its cost price the financial instrument is treated as impaired.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

#### Share of net profits/(losses) of associates and joint entities, excluding dividends

Investments in associates are accounted for in the financial statements using the equity method. Under this method, the Institute's share of post acquisition profits or losses of associates is recognised in the net result as other economic flows.

#### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

### 1.10 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of non-derivative financial instruments:

#### Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1.11), term deposits with maturity greater than three months, trade receivables and other receivables, but not statutory receivables.

#### Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Institute's contractual payables and advances received.

## 1. Statement of significant accounting and policies (continued)

### 1.11 Financial assets

#### Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents which are included as borrowings on the balance sheet.

#### Receivables

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services and accrued investment income.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

#### Impairment of financial assets

At the end of each reporting period, the Institute assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

## **1. Statement of significant accounting and policies (continued)**

### **1.12 Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### **Operating**

##### **Institute as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### **Institute as lessee**

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **1.13 Non-Financial Assets**

#### **Inventories**

Inventories include goods held either for sale or for consumption in the ordinary course of business operations.

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

#### **Property, plant and equipment**

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Non-financial physical assets such as Crown land are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relations to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. Existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

For accounting policy on impairment of non-financial physical assets, refer to note 1.09 on impairment of non-financial assets.



## **1. Statement of significant accounting and policies (continued)**

### **1.13 Non-Financial Assets (continued)**

#### **Leasehold improvements**

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

#### **Revaluations of non-financial physical assets**

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result, the increase is recognised as income (other economic flows) in determining the net result.

Revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except to the extent that a credit balance exists in the revaluation reserve in respect of the same class of property, plant and equipment, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

#### **Intangibles**

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

	<b>2015</b>	<b>2014</b>
Software	3-5 years	3-5 years
Capitalised software development costs	10 years	-

## 1. Statement of significant accounting and policies (continued)

### 1.13 Non-Financial Assets (continued)

#### Prepayments

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### 1.14 Liabilities

#### Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the Institute prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

#### Provisions

Provisions are recognised when the Institute has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

#### Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

##### (i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as 'current liabilities', because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- undiscounted value - if the Institute expects to wholly settle within 12 months; or
- present value - if the Institute does not expect to wholly settle within 12 months.

## 1. Statement of significant accounting and policies (continued)

### 1.14 Liabilities (continued)

#### (ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Institute does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

#### (iii) Employee benefits on-costs

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

### 1.15 Commitments

Commitments for future expenditure include operating and capital commitments arising from non-cancellable contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

## 1. Statement of significant accounting and policies (continued)

### 1.16 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

### 1.17 Equity

#### Contributed capital

Funding that is in the nature of contributions by the State Government are treated as contributed capital when designated in accordance with UIG Interpretation 1038 Contribution by Owners Made to Wholly-Owned Public Sector Entities. Commonwealth capital funds are not affected and are treated as income.

### 1.18 Foreign currency translations

#### Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The Institute's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

#### Group entities

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

- (a) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- (b) income and expenses are translated at average exchange rates on a monthly basis.

Exchange differences arising on translation of foreign operations are recognised as a separate component of equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale where applicable.

### 1.19 Materiality

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Error, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

### 1.20 Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

## 1. Statement of significant accounting and policies (continued)

### 1.21 Change in accounting policy

There were no changes in accounting policy during the year.

#### AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value

##### Disclosure of Not-for-Profit Public Sector Entities:

The Minister for Finance has approved the early adoption of AASB 2015-7. This enables Victorian not-for-profit public sector entities to benefit from some limited scope exemptions in relation to the fair value disclosure for the 2014-15 reporting period. The Institute has chosen to apply this early adoption. For fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Institute is no longer required to provide quantitative information about the 'significant unobservable inputs' used in determining the fair value measurement.

### 1.22 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. As at 31 December 2015 the following standards and interpretations (applicable to the Institute) had been issued but were not mandatory for financial year ending 31 December 2015. The Institute has not, and does not intend to, adopt these standards early.

Standard/ Interpretation	Effective Date	Summary	Impact on entity financial statements
AASB 9 Financial Instruments	1-Jan-18	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: · establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; · prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	1-Jan-16	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

## 1. Statement of Significant accounting and policies (continued)

### 1.22 New accounting standards and interpretations (continued)

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2015 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2015 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

### 1.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Institutes accounting policies, judgements, estimates and assumption about the carrying amounts of assets and liabilities must be made. The estimates and associated assumptions are based on (historical experience and other factors that are considered to be relevant). Actual results may differ from these estimates.

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

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Fair value measurements and valuation processes

Some of the Institutes assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability the Institute uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Institute engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is summarised below and at note 10.

In addition, the following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 1.24 Comparative information

Where practicable comparative amounts are presented and classified on a basis consistent with the current year.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>2 Income from transactions</b>				
<b>(a) Grants and other transfers (other than contributions by owners)</b>				
<b>Government financial assistance</b>				
<b>(i) Government contributions - operating</b>				
State Government recurrent	25,861	33,200	21,745	27,893
Other contributions by State Government	19,118	1,123	17,398	611
<b>Total government contributions - operating</b>	<b>44,979</b>	<b>34,323</b>	<b>39,143</b>	<b>28,504</b>
<b>(ii) Government contributions - capital</b>				
Commonwealth capital	-	-	-	-
State capital	10,000	730	10,000	730
<b>Total government contributions - capital</b>	<b>10,000</b>	<b>730</b>	<b>10,000</b>	<b>730</b>
<b>Total government financial assistance</b>	<b>54,979</b>	<b>35,053</b>	<b>49,143</b>	<b>29,234</b>
<b>(b) Sales of goods and services</b>				
Student fees and charges	10,264	11,094	9,790	10,372
<b>Rendering of services</b>				
Fee for service - Government	4,959	5,986	4,720	5,680
Fee for service - International operations - onshore	4,033	4,545	2,653	2,418
Fee for service - International operations - offshore	9,500	19,397	9,469	18,583
Fee for service - other	18,338	18,852	14,140	13,398
<b>Total rendering of services</b>	<b>36,830</b>	<b>48,780</b>	<b>30,982</b>	<b>40,079</b>
<b>Other non-course fees and charges</b>				
Sales of Goods	3,597	3,094	3,518	2,775
<b>Total other fees and charges</b>	<b>3,597</b>	<b>3,094</b>	<b>3,518</b>	<b>2,775</b>
<b>Total revenue from sale of goods and services</b>	<b>50,691</b>	<b>62,968</b>	<b>44,290</b>	<b>53,226</b>
<b>(c) Interest</b>				
<b>Interest from financial assets</b>				
Interest on bank deposits	748	948	554	663
<b>Net interest income</b>	<b>748</b>	<b>948</b>	<b>554</b>	<b>663</b>
<b>(d) Fair value of assets and services received free of charge or for nominal consideration:</b>				
<b>Assets:</b>				
Plant & Equipment	-	314	-	314
<b>Total Assets</b>	<b>-</b>	<b>314</b>	<b>-</b>	<b>314</b>
<b>Services</b>				
	-	-	49	41
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>-</b>	<b>314</b>	<b>49</b>	<b>355</b>
<b>(e) Other income</b>				
Dividends from Controlled Entity	-	-	-	1,567
<b>Total Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567</b>
Donations, bequests and contributions	220	188	220	159
Other revenue	5,314	3,380	2,744	1,279
<b>Total other income</b>	<b>5,534</b>	<b>3,568</b>	<b>2,964</b>	<b>3,005</b>



	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>3 Expenses from transactions</b>				
<b>(a) Employee expenses</b>				
Salaries, wages, overtime and allowances	52,837	59,917	46,793	50,542
Superannuation	5,180	5,798	4,625	4,912
Payroll tax	2,941	3,435	2,473	2,850
Worker's compensation	230	457	167	392
Long service leave	1,063	1,280	951	1,055
Annual leave	3,426	4,205	3,092	3,606
Termination benefits	1,500	2,494	1,194	2,120
Other	15	147	13	142
<b>Total employee expenses</b>	<b>67,192</b>	<b>77,733</b>	<b>59,308</b>	<b>65,619</b>
<b>(b) Depreciation and amortisation</b>				
<b>Depreciation of non-current assets</b>				
Buildings	4,378	4,226	4,372	4,200
Plant and equipment	1,175	1,158	1,164	1,145
Motor vehicles	60	168	60	168
Computer Equipment	433	371	411	357
<b>Total depreciation</b>	<b>6,046</b>	<b>5,923</b>	<b>6,007</b>	<b>5,870</b>
<b>Amortisation of non-current physical and intangible assets</b>				
Leasehold improvements	995	940	404	353
Software	77	52	76	14
<b>Total amortisation</b>	<b>1,072</b>	<b>992</b>	<b>480</b>	<b>367</b>
<b>Total depreciation and amortisation</b>	<b>7,118</b>	<b>6,915</b>	<b>6,487</b>	<b>6,237</b>
<b>(c) Supplies and services</b>				
Purchase of supplies and consumables	2,545	2,242	2,171	2,775
Communication expenses	685	1,214	534	911
Contract and other services	3,398	3,220	2,628	2,140
Cost of goods sold/distributed (ancillary trading)	561	1,064	561	739
Building repairs and maintenance	1,777	4,316	1,574	3,673
Minor equipment	457	306	432	294
Fees and charges	3,119	2,880	3,021	2,778
<b>Total supplies and services</b>	<b>12,542</b>	<b>15,242</b>	<b>10,921</b>	<b>13,310</b>
<b>(d) Other operating expenses</b>				
<b>General expenses</b>				
Marketing and promotional expenses	4,402	2,736	3,397	1,651
Occupancy expenses	1,580	1,499	1,268	1,273
Audit fees and services (Note 24)	98	153	93	112
Staff development	802	453	768	373
Travel and motor vehicle expenses	2,281	3,018	2,257	2,953
Other expenses	2,232	2,083	1,395	1,029
<b>Total other expenses</b>	<b>11,395</b>	<b>9,942</b>	<b>9,178</b>	<b>7,391</b>
<b>Operating lease rental expenses:</b>				
Lease payments	5,917	5,848	2,028	1,839
<b>Total operating lease rental expenses</b>	<b>5,917</b>	<b>5,848</b>	<b>2,028</b>	<b>1,839</b>
<b>Total other operating expenses</b>	<b>17,312</b>	<b>15,790</b>	<b>11,206</b>	<b>9,230</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>4 Other economic flows included in net result</b>				
<b>(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)</b>				
Impairment of non-financial assets	(328)	(23)	(11)	(23)
Write off of intangible and property, plant and equipment assets	(36)	(27)	(36)	(25)
Net gain/(loss) on disposal of physical assets	1,293	5,013	1,293	5,009
<b>Total net gain/(loss) on non-financial assets and liabilities</b>	<b>929</b>	<b>4,963</b>	<b>1,246</b>	<b>4,961</b>
<b>(b) Net gain/(loss) on financial instruments</b>				
Impairment of loans and receivables	(340)	24	(3,153)	(4)
Net FX gain/(loss) arising from financial instruments	(84)	(100)	(49)	(113)
<b>Total net gain/(loss) on financial instruments</b>	<b>(424)</b>	<b>(76)</b>	<b>(3,202)</b>	<b>(117)</b>
<b>(c) Share of net profits/(losses) of associates and joint venture entities excluding dividends</b>				
Share of net profits/(losses) of associates excluding dividends	597	535	-	-
<b>Total share of net profit(loss) of associates and joint ventures excluding dividends</b>	<b>597</b>	<b>535</b>	<b>-</b>	<b>-</b>
<b>(d) Other gains/(losses) from other economic flows</b>				
Net gain/(loss) arising from revaluation of long service leave liability	(798)	(305)	(1,215)	(655)
<b>Total other gains/(losses) from other economic flows</b>	<b>(798)</b>	<b>(305)</b>	<b>(1,215)</b>	<b>(655)</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>5 Cash and deposits</b>				
Cash at bank and on hand	5,396	5,065	3,510	2,837
Deposits - at call with TCV	40,025	34,470	33,092	27,704
<b>Total cash and cash equivalents</b>	<b>45,421</b>	<b>39,535</b>	<b>36,602</b>	<b>30,541</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>6 Receivables</b>				
<b>Current receivables</b>				
<b>Contractual</b>				
Trade receivables <sup>1</sup>	6,267	5,607	4,767	5,255
Provision for doubtful contractual receivables (Refer note 6 (a) below)	(375)	(142)	(375)	(126)
Revenue receivable <sup>2</sup>	649	3,449	490	3,371
Amount receivable from related parties	-	-	5	352
<b>Total contractual</b>	<b>6,541</b>	<b>8,914</b>	<b>4,887</b>	<b>8,852</b>
<b>Statutory</b>				
Amounts owing from Victorian Government	-	432	-	431
GST receivable from ATO	9	13	-	-
FBT receivable	5	-	5	-
<b>Total statutory</b>	<b>14</b>	<b>445</b>	<b>5</b>	<b>431</b>
<b>Total current receivables</b>	<b>6,555</b>	<b>9,359</b>	<b>4,892</b>	<b>9,283</b>
<b>Non-current receivables</b>				
Security bonds paid	47	47	47	47
<b>Total contractual</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Total non-current receivables</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Total receivables</b>	<b>6,602</b>	<b>9,406</b>	<b>4,939</b>	<b>9,330</b>

<sup>1</sup> The average credit period on sales of goods and services is 30 days. No interest is charged on receivables. A provision has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

<sup>2</sup> Revenue receivable includes \$Nil (2014: \$2.6m) owing in respect of the Asia Pacific Technical College contract.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>(a) Movement in the provision for doubtful contractual receivables</b>				
Balance at beginning of the year	(142)	(262)	(126)	(186)
Reversal of unused provision recognised in the net result	38	89	23	48
Increase in provision recognised in the net result	(375)	(64)	(375)	(50)
Reversal of provision as payment collected	20	-	20	-
Reversal of provision for receivables written off during the year as uncollectible	84	95	83	62
<b>Balance at end of the year</b>	<b>(375)</b>	<b>(142)</b>	<b>(375)</b>	<b>(126)</b>

The Institute has an investment in an associate entity, Cambridge Boxhill Language Assessment Unit Trust. The main business activities include conducting occupational English tests.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>7 Investments accounted for using the equity method</b>				
At the beginning of the financial year	1,304	1,442	-	-
Share of operating profit of equity accounted investments	597	535	-	-
Payment received for share of operating profit	(554)	(673)	-	-
<b>Total investments accounted for using the equity method</b>	<b>1,347</b>	<b>1,304</b>	<b>-</b>	<b>-</b>

Name of entity	Ownership Interests		Published fair value	
	2015 %	2014 %	2015 \$'000	2014 \$'000
Cambridge Boxhill Language Assessment Unit Trust (incorporated in Australia)	30	30	-	-

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>(a) Summarised financial information of associate</b>				
Current assets	2,633	3,100	-	-
Non-current assets	3,380	3,343	-	-
Total assets	6,013	6,443	-	-
Current liabilities	(1,505)	(2,048)	-	-
Non-current liabilities	(19)	(48)	-	-
<b>Net assets</b>	<b>4,489</b>	<b>4,347</b>	<b>-</b>	<b>-</b>
<b>Share of associates' net assets (30%)</b>	<b>1,347</b>	<b>1,304</b>		
Total income	10,171	8,939	-	-
Profit/(loss) from continuing operations	1,988	1,784	-	-
Total comprehensive income	<b>1,988</b>	<b>1,784</b>	<b>-</b>	<b>-</b>
<b>Share of associates' net profits (30%)</b>	<b>597</b>	<b>535</b>		

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>8 Inventories</b>				
<b>Current</b>				
Supplies and consumables - at cost	-	49	-	-
Inventories held-for-sale - at cost	199	317	199	317
<b>Total current inventories</b>	<b>199</b>	<b>366</b>	<b>199</b>	<b>317</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>9(a) Non financial physical assets classified as held for sale</b>				
Non-current assets:				
Freehold land held-for-sale <sup>1</sup>	904	1,310	904	1,310
<b>Total non financial physical assets classified as held for sale</b>	<b>904</b>	<b>1,310</b>	<b>904</b>	<b>1,310</b>

<sup>1</sup> On 18 November 2015, one parcel of land 103 Victoria Crescent, Mont Albert was auctioned and sold. Settlement for this property will occur on 18 January 2016.

	Carrying amount as at 31 Dec 2015 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Un- observable inputs
<b>9(b) Fair value measurement of non financial physical assets held for sale</b>				
The following table provides the fair value measurement hierarchy of the Institute's non financial physical assets held for sale.				
Free hold land held for sale	904	-	904	-
<b>Total</b>	<b>904</b>	<b>-</b>	<b>904</b>	<b>-</b>

	Carrying amount as at 31 Dec 2014 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Un- observable inputs
<b>9(b) Fair value measurement of non financial physical assets held for sale</b>				
The following table provides the fair value measurement hierarchy of the Institute's non financial physical assets held for sale.				
Free hold land held for sale	1,310	-	1,310	-
<b>Total</b>	<b>1,310</b>	<b>-</b>	<b>1,310</b>	<b>-</b>

Freehold land held for sale is reported at the lower of carrying amount or fair value less costs to sell. Refer to Note 10d (Property, plant and equipment) for the valuation technique applied to non specialised land.

# 10 Property, plant and equipment

In accordance with government purpose classifications, the Institute's property, plant and equipment are assets used for the purpose of education. Property, plant & equipment includes all operational assets.

	Land	Buildings	Work in progress	Plant & equipment	Motor vehicles	Leasehold improvements	Artworks	Computers	Total
(a) Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>									
Cost	-	30,385	1,152	754	144	13,803	-	549	46,787
Valuation	61,285	109,493	-	5,502	863	-	456	730	178,329
Accumulated depreciation	-	(3,265)	-	(1,004)	(210)	(7,213)	-	(242)	(11,934)
<b>Net book amount</b>	<b>61,285</b>	<b>136,613</b>	<b>1,152</b>	<b>5,252</b>	<b>797</b>	<b>6,590</b>	<b>456</b>	<b>1,037</b>	<b>213,182</b>
<b>Year ended 31 December 2014</b>									
Opening net book amount	61,285	136,613	1,152	5,252	797	6,590	456	1,037	213,182
Additions	-	521	2,070	494	52	976	-	546	4,659
Disposals	(2,817)	-	-	(1)	(242)	-	-	-	(3,060)
Transfers from/(to)	(1,310)	474	(2,061)	1,587	-	-	-	-	(1,310)
Impairment loss through profit and loss	-	-	-	(16)	-	-	-	-	(16)
Depreciation and amortisation expense <sup>1</sup>	-	(4,226)	-	(1,158)	(168)	(940)	-	(370)	(6,862)
Write off	-	-	-	(17)	-	-	-	-	(17)
<b>Closing net book amount</b>	<b>57,158</b>	<b>133,382</b>	<b>1,161</b>	<b>6,141</b>	<b>439</b>	<b>6,626</b>	<b>456</b>	<b>1,213</b>	<b>206,576</b>
<b>At 31 December 2014</b>									
Cost	-	31,373	1,161	2,832	196	13,636	-	1,096	50,294
Valuation	57,158	109,493	-	5,463	489	-	456	727	173,786
Accumulated depreciation	-	(7,484)	-	(2,154)	(246)	(7,010)	-	(610)	(17,504)
<b>Net book amount</b>	<b>57,158</b>	<b>133,382</b>	<b>1,161</b>	<b>6,141</b>	<b>439</b>	<b>6,626</b>	<b>456</b>	<b>1,213</b>	<b>206,576</b>
<b>Year ended 31 December 2015</b>									
Opening net book amount	57,158	133,382	1,161	6,141	439	6,626	456	1,213	206,576
Additions	-	2,423	4,102	973	-	878	-	72	8,449
Net revaluation increments/decrements	231	-	-	-	-	-	-	-	231
Transfers from/(to)	(904)	128	(4,224)	1,003	-	154	-	164	(3,680)
Impairment loss through profit and loss	-	-	-	(2)	(8)	-	-	-	(10)
Depreciation and amortisation expense <sup>1</sup>	-	(4,378)	-	(1,175)	(60)	(995)	-	(433)	(7,041)
Write off	-	-	-	(36)	-	-	-	-	(36)
<b>Closing net book amount</b>	<b>56,485</b>	<b>131,555</b>	<b>1,039</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>	<b>204,389</b>
<b>At 31 December 2015</b>									
Cost	-	33,870	1,039	4,950	85	13,889	-	1,334	55,167
Valuation	56,485	109,542	-	5,166	393	-	456	728	172,770
Accumulated depreciation	-	(11,857)	-	(3,212)	(207)	(7,226)	-	(1,046)	(23,548)
<b>Net book amount</b>	<b>56,485</b>	<b>131,555</b>	<b>1,039</b>	<b>6,904</b>	<b>271</b>	<b>6,663</b>	<b>456</b>	<b>1,016</b>	<b>204,389</b>

<sup>1</sup> The useful lives of assets as stated in Note 1 are used in the calculation of depreciation and amortisation as shown in note 3(b).

10 Property, plant and equipment (continued)

	Land	Buildings	Work in progress	Plant & equipment	Motor vehicles	Leasehold improvements	Artworks	Computers	Total
(b) Institute	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2014</b>									
Cost	-	30,385	1,152	754	144	2,747	-	549	35,731
Valuation	59,452	109,440	-	5,455	863	-	-	711	175,921
Accumulated depreciation	-	(3,242)	-	(986)	(210)	(2,295)	-	(234)	(6,967)
<b>Net book amount</b>	<b>59,452</b>	<b>136,583</b>	<b>1,152</b>	<b>5,223</b>	<b>797</b>	<b>452</b>	<b>-</b>	<b>1,026</b>	<b>204,685</b>
<b>Year ended 31 December 2014</b>									
Opening net book amount	59,452	136,583	1,152	5,223	797	452	-	1,026	204,685
Additions	-	521	2,069	477	52	936	-	489	4,544
Disposals	(2,817)	-	-	-	(242)	-	-	-	(3,059)
Transfers from/(to)	(1,310)	474	(2,061)	1,587	-	-	-	-	(1,310)
Impairment loss through profit and loss	-	-	-	(15)	-	-	-	-	(15)
Depreciation and amortisation expense <sup>1</sup>	-	(4,200)	-	(1,145)	(168)	(353)	-	(357)	(6,223)
Write off	-	-	-	(15)	-	-	-	-	(15)
<b>Closing net book amount</b>	<b>55,325</b>	<b>133,378</b>	<b>1,160</b>	<b>6,112</b>	<b>439</b>	<b>1,035</b>	<b>-</b>	<b>1,158</b>	<b>198,607</b>
<b>At 31 December 2014</b>									
Cost	-	31,373	1,160	2,788	196	2,540	-	1,036	39,093
Valuation	55,325	109,440	-	5,453	489	-	-	711	171,418
Accumulated depreciation	-	(7,435)	-	(2,129)	(246)	(1,505)	-	(589)	(11,904)
<b>Net book amount</b>	<b>55,325</b>	<b>133,378</b>	<b>1,160</b>	<b>6,112</b>	<b>439</b>	<b>1,035</b>	<b>-</b>	<b>1,158</b>	<b>198,607</b>
<b>Year ended 31 December 2015</b>									
Opening net book amount	55,325	133,378	1,160	6,112	439	1,035	-	1,158	198,607
Additions	-	2,345	4,072	884	-	808	-	67	8,177
Disposals	-	-	-	-	(100)	-	-	-	(100)
Transfers from/(to)	(904)	128	(4,224)	1,003	-	154	-	164	(3,680)
Impairment loss through profit and loss	-	-	-	(2)	(8)	-	-	-	(11)
Depreciation and amortisation expense <sup>1</sup>	-	(4,372)	-	(1,164)	(60)	(404)	-	(411)	(6,410)
Write off	-	-	-	(36)	-	-	-	-	(36)
<b>Closing net book amount</b>	<b>54,421</b>	<b>131,479</b>	<b>1,008</b>	<b>6,797</b>	<b>271</b>	<b>1,593</b>	<b>-</b>	<b>978</b>	<b>196,547</b>
<b>At 31 December 2015</b>									
Cost	-	33,792	1,008	4,846	85	2,724	-	1,269	43,724
Valuation	54,421	109,489	-	5,130	393	-	-	709	170,142
Accumulated depreciation	-	(11,802)	-	(3,179)	(207)	(1,131)	-	(1,000)	(17,319)
<b>Net book amount</b>	<b>54,421</b>	<b>131,479</b>	<b>1,008</b>	<b>6,797</b>	<b>271</b>	<b>1,593</b>	<b>-</b>	<b>978</b>	<b>196,547</b>

<sup>1</sup> The useful lives of assets as stated in Note 1 are used in the calculation of depreciation and amortisation as shown in note 3(b).



10 Property, plant and equipment (continued)

	Carrying amount as at 31 Dec 2015	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Un- observable inputs
	\$'000	\$'000	\$'000	\$'000
<b>(c) Consolidated - Fair value measurement hierarchy for assets as at 31 December 2015</b>				
Classified in accordance with the fair value hierarchy, see Note 1.23				
Land at fair value:				
- Non specialised land	7,081	-	7,081	-
- Specialised land	49,404	-	-	49,404
Total of land at fair value	56,485	-	7,081	49,404
Buildings at fair value:				
- Non specialised buildings	28,463	-	28,463	-
- Specialised buildings	103,092	-	-	103,092
Total buildings at fair value	131,555	-	28,463	103,092
Plant, equipment and vehicles at fair value:				
- Plant & Equipment	6,904	-	-	6,904
- Motor Vehicles	271	-	-	271
- Computers	1,016	-	-	1,016
Total plant, equipment and vehicles at fair value	8,191	-	-	8,191
- Artworks at fair value	456	-	-	456
Total Artworks at fair value	456	-	-	456
	<b>196,687</b>	<b>-</b>	<b>35,544</b>	<b>161,143</b>

	Carrying amount as at 31 Dec 2014	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices	Observable price inputs	Un- observable inputs
	\$'000	\$'000	\$'000	\$'000
<b>(c) Consolidated - Fair value measurement hierarchy for assets as at 31 December 2014</b>				
Classified in accordance with the fair value hierarchy, see Note 1.23				
Land at fair value				
- Non specialised land	7,985	-	7,985	-
- Specialised land	49,173	-	-	49,173
Total of land at fair value	57,158	-	7,985	49,173
Buildings at fair value:				
- Non specialised buildings	29,433	-	29,433	-
- Specialised buildings	103,949	-	-	103,949
Total buildings at fair value	133,382	-	29,433	103,949
Plant and Equipment at fair value:				
- Plant & Equipment	6,141	-	-	6,141
- Motor Vehicles	439	-	-	439
- Computers	1,213	-	-	1,213
Total plant, equipment and vehicles at fair value	7,793	-	-	7,793
- Artworks at fair value	456	-	-	456
Total Artworks at fair value	456	-	-	456
	<b>198,789</b>	<b>-</b>	<b>37,418</b>	<b>161,371</b>

There were no transfers between Levels during the year.

## **10 Property, plant and equipment (continued)**

### **(d) Valuations of property, plant and equipment**

Fair value assessments have been performed at 31 December 2015 for all classes of assets. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose will be conducted in 2017.

The fair value of land was determined after applying the fair value derived by the Valuer General as at 31 December 2012. The Valuer General in determining this adopted the market approach whereby subject land is compared to recent comparable land sales or sales of land with no added or nominal value improvement value, making adjustments for points of difference to fair value. Valuation of the subject land was determined by analysing land sales in comparable proximity to the subject property and allowing for shape, size, topography, location and other relevant factors specific to the land being valued. From the sales analysed, an appropriate rate per square meter has been applied to the subject property. As at 31 December 2015 the Institute used the Valuer General's land indices to establish if these values had material moved. No material movement was observed.

The fair value of buildings (excluding works in progress), plant and equipment (excluding leasehold improvements) was determined after applying the fair value derived by the Valuer General as at 31 December 2012. The Valuer General in determining this adopted the cost approach whereby subject assets were valued at replacement cost of assets after applying the appropriate depreciation rate, on a useful life basis after making adjustments for condition and general maintenance. This approach was used as market approach was considered not suitable as the assets are rarely sold except as part of a continuing business, or alternatively, the improvements are of a specialised nature and the market buying price would differ materially to the market selling price as the asset is normally bought as a new asset but could only be sold for its residual value. As at 31 December 2015, the Institute used the Valuer General's building indices to establish if these building values had materially moved and used the Valuer General to assist in establishing whether the plant and equipment values had moved materially. No material movement was observed in either instance.

The fair value of artworks was determined after applying the valuation adopted by a Valuer as at 31 December 2012. In determining the fair value the Valuer took into consideration the historical significance, age and condition of artworks as well as the artists reputation. The Institute considers that the carrying amount represents a fair approximation of fair value for artworks as at 31 December 2015.

#### **Specialised land and specialised building**

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

An independent valuation of the Institute's specialised land was performed by the Valuer General Victoria. The valuation was performed as at 31 December 2012 using the market approach adjusted for CSO.

10 Property, plant and equipment (continued)

	Specialised Land	Specialised Buildings	Plant & equipment	Motor Vehicle	Computers
(e) Reconciliation of Level 3 fair value as at 31 December 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	49,173	103,949	6,141	439	1,213
Purchases (sales)	-	2,423	973	-	72
Transfers from/(to)	-	128	1,003	-	164
Net revaluation increments/decrements	231				
Depreciation	-	(3,409)	(1,175)	(60)	(433)
Impairment loss	-	-	(2)	(8)	-
Write off	-	-	(36)	-	-
Disposals	-	-	-	(100)	-
<b>Closing balance</b>	<b>49,404</b>	<b>103,092</b>	<b>6,904</b>	<b>271</b>	<b>1,016</b>

	Specialised Land	Specialised Buildings	Plant & equipment	Motor Vehicle	Computers
(e) Reconciliation of Level 3 fair value as at 31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	49,173	106,692	5,252	797	1,037
Purchases (sales)	-	521	494	52	546
Transfers from/(to)	-	-	1,587	-	-
Depreciation	-	(3,264)	(1,158)	(168)	(370)
Impairment loss	-	-	(16)	-	-
Write off	-	-	(17)	-	-
Disposals	-	-	(1)	(242)	-
<b>Closing balance</b>	<b>49,173</b>	<b>103,949</b>	<b>6,141</b>	<b>439</b>	<b>1,213</b>

**10 Property, plant and equipment (continued)**

**(f) Description of significant unobservable inputs to Level 3 valuations**

The disclosures below are for both 2014 and 2015.

	Valuation Technique	Significant unobservable input(s)
Specialised Land	Market approach	Community Service Obligation (CSO) adjustment
		Heritage Registration
Specialised Buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of buildings
Plant & equipment	Depreciated replacement cost	Cost per unit
		Useful life of plant and equipment
Motor vehicles	Depreciated replacement cost	Cost per unit
		Useful life of motor vehicle
Computer	Depreciated replacement cost	Cost per unit
		Useful life of computer

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>11 Intangible assets</b>				
Computer software at cost				
Gross carrying amount				
Opening balance	1,865	1,711	1,554	1,400
Additions <sup>1</sup>	2,717	230	2,652	230
Write offs <sup>2</sup>	-	(76)	-	(76)
Closing balance	<b>4,582</b>	<b>1,865</b>	<b>4,206</b>	<b>1,554</b>
Accumulated depreciation, amortisation and impairment				
Opening balance	(1,511)	(1,535)	(1,210)	(1,272)
Amortisation <sup>3</sup>	(77)	(52)	(76)	(14)
Write offs <sup>2</sup>	-	76	-	76
Closing balance	<b>(1,588)</b>	<b>(1,511)</b>	<b>(1,286)</b>	<b>(1,210)</b>
Net book value at end of financial year	<b>2,994</b>	<b>354</b>	<b>2,920</b>	<b>344</b>

<sup>1</sup> The Institute has capitalised software development expenditure in respect of a new Student Management System. The carrying amount of the capitalised software development expenditure is \$2.7 million. Its useful life is 10 years.

<sup>2</sup> Write offs are included the line item 'net gain/(loss) on non financial assets' in the comprehensive operating statement.

<sup>3</sup> The consumption of intangible produced assets is included in 'depreciation and amortisation' line item, where the consumption of the intangible non produced assets is included in 'net gain/(loss) on non financial assets' line item on the comprehensive operating statement.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>12 Other non-financial assets</b>				
Current other non-financial assets				
Prepayments	945	1,000	756	788
Deferred Expenditure	10	75	10	75
Total current other non-financial assets	<b>955</b>	<b>1,075</b>	<b>766</b>	<b>863</b>
Total other non-financial assets	<b>955</b>	<b>1,075</b>	<b>766</b>	<b>863</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>13 Payables</b>				
Current				
Contractual				
Supplies and services	2,458	3,140	2,067	2,466
Accrued expenses	3,338	3,571	2,801	3,077
Lease incentive liabilities	276	259	-	-
Revenue in Advance	2,544	4,038	506	1,464
Statutory				
Amount owing to government and agencies	331	29	207	-
FBT Payable	-	23	-	22
GST payable	179	731	162	731
Total current payables	<b>9,126</b>	<b>11,791</b>	<b>5,743</b>	<b>7,760</b>
Non-current				
Lease incentive liabilities	1,728	2,003	-	-
Total non-current payables	<b>1,728</b>	<b>2,003</b>	<b>-</b>	<b>-</b>
Total payables	<b>10,854</b>	<b>13,794</b>	<b>5,743</b>	<b>7,760</b>

<sup>1</sup> The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at various percentage rates per year on the outstanding balance.

**(a) Maturity analysis of contractual payables**

Please refer to Note 21(iii) for the maturity analysis of contractual payables.

**(b) Nature and extent of risk arising from contractual payables.**

Please refer to Note 21(iii) for the nature and extent of risks arising from contractual payables.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>14 Provisions</b>				
<b>Current provisions</b>				
<b>Employee benefits (Note 14(a))<sup>1</sup></b>				
<b>Annual leave (Note 14(a))</b>				
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	1,256	1,535	1,158	1,271
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	899	149	734	121
<b>Long service leave (Note 14(a))</b>				
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	1,887	401	1,719	358
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	4,237	6,263	3,938	5,603
<b>Provisions for on costs (Note 14(a) and Note 14(b))</b>				
Unconditional and expected to wholly settle within 12 months <sup>2</sup>	310	244	283	202
Unconditional and expected to wholly settle after 12 months <sup>2</sup>	697	1,085	648	969
<b>Other provisions</b>	334	2,101	222	2,076
<b>Total current provisions</b>	<b>9,620</b>	<b>11,778</b>	<b>8,702</b>	<b>10,600</b>
<b>Non-current provisions</b>				
Long service leave (Note 14(a)) <sup>1</sup>	742	1,103	627	936
On costs (Note 14(a)) <sup>1</sup>	122	175	103	149
Other	213	207	213	207
<b>Total non-current provisions</b>	<b>1,077</b>	<b>1,485</b>	<b>943</b>	<b>1,292</b>
<b>Total provisions</b>	<b>10,697</b>	<b>13,263</b>	<b>9,645</b>	<b>11,892</b>

<sup>1</sup> Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

<sup>2</sup> Refers to note 1.14(ii) for the measurement of provision.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>(a) Employee benefits and on costs<sup>1</sup></b>				
<b>Current employee benefits</b>				
Annual leave	2,155	1,684	1,892	1,392
Long service leave	6,124	6,664	5,657	5,961
<b>Non current employee benefits</b>				
Long service leave	742	1,103	627	936
<b>Total employee benefits</b>	<b>9,021</b>	<b>9,451</b>	<b>8,176</b>	<b>8,289</b>
Current on costs	1,007	1,329	931	1,171
Non-current on costs	122	175	103	149
<b>Total on costs</b>	<b>1,129</b>	<b>1,504</b>	<b>1,034</b>	<b>1,320</b>
<b>Total employee benefits and oncosts</b>	<b>10,150</b>	<b>10,955</b>	<b>9,210</b>	<b>9,609</b>

<sup>1</sup> Employee benefits consist of annual leave and long service leave accrued by employees. On costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

14 Provisions (continued)

	000's 2015		
	On-costs	Other	Total
<b>(b(i)) Movement in provisions - Consolidated</b>			
Opening balance	1,504	2,308	3,812
Reductions arising from payments	(238)	(2,130)	(2,368)
Reductions resulting from re measurement	(137)	35	(102)
Additional provisions recognised	-	334	334
<b>Closing balance</b>	<b>1,129</b>	<b>547</b>	<b>1,676</b>
Current	1,007	334	1,341
Non-current	122	213	335
	<b>1,129</b>	<b>547</b>	<b>1,676</b>

	000's 2015		
	On-costs	Other	Total
<b>(b(ii)) Movement in provisions - Institute</b>			
Opening balance	1,320	2,283	3,603
Reductions arising from payments	(222)	(2,105)	(2,327)
Reductions resulting from re measurement	(101)	35	(66)
Additional provisions recognised	-	222	222
Transfer in	37	-	37
<b>Closing balance</b>	<b>1,034</b>	<b>435</b>	<b>1,469</b>
Current	931	222	1,153
Non-current	103	213	316
	<b>1,034</b>	<b>435</b>	<b>1,469</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>15 Reserves</b>				
<b>(a) Physical asset revaluation surplus <sup>1</sup></b>				
Balance at 1 January	114,544	114,792	114,523	114,771
Revaluation increments/(decrements)	231	-	-	-
Transfers from/(to) accumulated surplus	(2,094)	(248)	(2,094)	(248)
<b>Balance at 31 December</b>	<b>112,681</b>	<b>114,544</b>	<b>112,429</b>	<b>114,523</b>
<b>(b) Foreign currency revaluation surplus <sup>2</sup></b>				
Balance at 1 January	(68)	(71)	-	-
Deconsolidation of Box Hill Singapore	36	-	-	-
Exchange differences arising on translating the net assets of foreign operations	32	3	-	-
<b>Balance at 31 December</b>	<b>-</b>	<b>(68)</b>	<b>-</b>	<b>-</b>
<b>(c) Restricted funds reserve <sup>3</sup></b>				
Balance at 1 January	1,320	1,250	1,320	1,250
Transfer from/(to) accumulated surplus	115	70	115	70
<b>Balance at 31 December</b>	<b>1,435</b>	<b>1,320</b>	<b>1,435</b>	<b>1,320</b>
<b>Net changes in reserves</b>	<b>114,116</b>	<b>115,796</b>	<b>113,864</b>	<b>115,843</b>

<sup>1</sup> The physical assets revaluation surplus arises on the revaluation of property, plant and equipment assets outlined in note 10.

<sup>2</sup> The foreign currency translation reserve is used to accumulate exchange differences relating to the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian Dollars).

<sup>3</sup> This reserve reflects net surpluses derived from donations by external parties which can only be applied to restricted purposes.



	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>16 Cash flow information</b>				
<b>(a) Reconciliation of cash and cash equivalents</b>				
Total cash and deposits disclosed in balance sheet	45,421	39,535	36,602	30,541
<b>Balance as per cash flow statement</b>	<b>45,421</b>	<b>39,535</b>	<b>36,602</b>	<b>30,541</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>(b) Reconciliation of operating result after income tax to net cash</b>				
Net result for the year	8,092	(7,712)	5,907	(3,724)
<b>Non-cash movements</b>				
Depreciation and amortisation of non-current assets	7,118	6,915	6,487	6,237
Net (gain) / loss on sale of non-current assets	(1,293)	(5,013)	(1,293)	(5,009)
Fair value of assets received free of charge	-	(313)	(49)	(355)
Write-off of property, plant & equipment	36	27	36	25
Impairment and forgiveness of loans and receivables	340	(24)	3,153	4
Impairment of non-current assets	328	23	11	23
<b>Total non-cash flows in operating result</b>	<b>6,529</b>	<b>1,615</b>	<b>8,345</b>	<b>925</b>
Share of associate's (profits)/losses, excluding dividends	(597)	(535)	-	-
<b>Total movements included in investing and financing activities</b>	<b>(597)</b>	<b>(535)</b>	<b>-</b>	<b>-</b>
<b>Change in operating assets and liabilities</b>				
Decrease / (increase) in trade receivables	2,464	1,426	1,237	(431)
Decrease / (increase) in inventories	167	124	118	120
Decrease / (increase) in other non financial assets	120	108	97	46
Increase / (decrease) in payables	(3,194)	65	(2,095)	2,413
Increase/ (decrease) in provisions	(2,566)	(899)	(2,247)	(224)
<b>Total change in operating assets and liabilities</b>	<b>(3,009)</b>	<b>824</b>	<b>(2,890)</b>	<b>1,924</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>11,015</b>	<b>(5,808)</b>	<b>11,362</b>	<b>(875)</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>17 Commitments for expenditure</b>				
<b>(a) Capital commitments</b>				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
<b>Property, Plant and Equipment</b>				
<b>Payable:</b>				
Within one year	5,185	2,164	5,150	2,164
<b>Total Property, Plant and Equipment</b>	<b>5,185</b>	<b>2,164</b>	<b>5,150</b>	<b>2,164</b>
GST reclaimable on the above	(471)	(197)	(468)	(197)
<b>Net Commitments Property, Plant and Equipment</b>	<b>4,714</b>	<b>1,967</b>	<b>4,682</b>	<b>1,967</b>
<b>Total capital expenditure commitments</b>	<b>4,714</b>	<b>1,967</b>	<b>4,682</b>	<b>1,967</b>

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>17 Commitments for expenditure (continued)</b>				
(b) Non-cancellable operating lease commitments payable				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable <sup>1</sup> :				
Within one year	4,410	4,850	488	1,188
Later than one year but not later than five years	20,131	20,336	1,226	1,470
Later than five years	27,640	30,759	627	641
<b>Total minimum lease payments in relation to non-cancellable operating leases</b>	<b>52,181</b>	<b>55,945</b>	<b>2,341</b>	<b>3,299</b>
GST payable on the above	(4,744)	(5,087)	(213)	(300)
<b>Net commitments non-cancellable operating leases</b>	<b>47,437</b>	<b>50,858</b>	<b>2,128</b>	<b>2,999</b>
<b>Total commitments for expenditure</b>	<b>52,151</b>	<b>52,825</b>	<b>6,810</b>	<b>4,966</b>

<sup>1</sup> The Institute leases motor vehicles, property, digital multifunction devices and associated services and digital document systems under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. Also the Institute leases a bridge over Elgar Road. This lease is due to expire in thirty one years.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>18 Contingent assets and contingent liabilities</b>				
Details and estimates of maximum amounts of contingent assets and contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:				
<b>Contingent liabilities</b>				
In respect of business undertakings:				
Bank guarantee held at reporting date:				
271 Collins Street Pty Ltd	(238)	(238)	-	-
Mutual Consolidated Investments Pty Ltd	(186)	(172)	-	-
Hanex Investments Limited	-	(198)	-	(198)
<b>Total estimated contingent assets and (liabilities)</b>	<b>(424)</b>	<b>(608)</b>	<b>-</b>	<b>(198)</b>

## 19 Leases

### (a) Operating leases - Institute as lessee

Refer to Note 17 (Commitments for expenditure)

### (b) Operating leases - Institute as lessor

#### Leasing arrangements

CAE sub leases out space in certain leased buildings (253 Flinders Lane Melbourne and 278 Flinders Lane, Melbourne), which is excess to current requirements, at current market rates.

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-cancellable operating lease receivables</b>				
Payments due				
Within one year	2,574	1,263	8	124
Later than one year but not later than five years	5,703	5,365	-	-
<b>Total non-cancellable operating leases receivables</b>	<b>8,277</b>	<b>6,628</b>	<b>8</b>	<b>124</b>
GST payable on the above	(750)	(601)	-	(11)
<b>Net operating leases receivables</b>	<b>7,527</b>	<b>6,027</b>	<b>8</b>	<b>113</b>

## 20 Superannuation

Employees of the Institute are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Institute does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute.

The name and details of the major employee superannuation funds and contributions made by the Institute are as follows:

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Paid Contribution for the Year</b>				
<b>Defined benefit plans:</b>				
State Superannuation Fund – revised and new	470	603	449	543
Other	-	1	-	-
<b>Total defined benefit plans</b>	<b>470</b>	<b>604</b>	<b>449</b>	<b>543</b>
<b>Defined contribution plans:</b>				
VicSuper	2,640	3,174	2,314	2,660
Other	2,070	2,021	1,862	1,709
<b>Total defined contribution plans</b>	<b>4,710</b>	<b>5,195</b>	<b>4,176</b>	<b>4,369</b>
<b>Total paid contribution for the year</b>	<b>5,180</b>	<b>5,799</b>	<b>4,625</b>	<b>4,912</b>
<b>Contribution Outstanding at Year End</b>				
<b>Defined benefit plans:</b>				
State Superannuation Fund – revised and new	16	20	15	19
<b>Total defined benefit plans</b>	<b>16</b>	<b>20</b>	<b>15</b>	<b>19</b>
<b>Defined contribution plans:</b>				
VicSuper	97	112	84	93
Other	74	62	68	50
<b>Total defined contribution plans</b>	<b>171</b>	<b>174</b>	<b>152</b>	<b>143</b>
<b>Total</b>	<b>187</b>	<b>194</b>	<b>167</b>	<b>162</b>

1. The bases for contributions are determined by the various schemes.
2. The above amounts were measured as at 31 December each year.

## 21 Financial Instruments

### (i) Financial risk management objectives and policies

The Institute's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and lease incentive payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements.

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

The Institute's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute.

The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a section within the Finance Centre of the Institute under policies approved by the Board.

The carrying amounts of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Carrying amount of financial instruments by category:</b>				
<b>(a) Financial assets</b>				
<b>Cash and deposits (Note 5)</b>	45,421	39,535	36,602	30,541
<b>Receivables<sup>1</sup></b>				
Trade receivables (Note 6)	5,892	5,465	4,392	5,129
Revenue receivables (Note 6)	649	3,449	490	3,371
Amounts receivable from related parties (Note 6)	-	-	5	352
Security deposits (Note 6)	47	47	47	47
<b>Total financial assets</b>	<b>52,009</b>	<b>48,496</b>	<b>41,536</b>	<b>39,440</b>
<b>(b) Financial liabilities at amortised cost</b>				
<b>Payables<sup>1</sup></b>				
Supplies and services (Note 13)	2,458	3,140	2,067	2,466
Other payables (Note 13)	5,342	5,833	2,801	3,077
<b>Total financial liabilities</b>	<b>7,800</b>	<b>8,973</b>	<b>4,869</b>	<b>5,543</b>

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable) and related parties.

## 21 Financial Instruments (continued)

### (i) Financial risk management objectives and policies (continued)

The net holding gains or losses of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Net holding gains/(loss) on financial instruments by category</b>				
<b>(a) Interest income/(expense)</b>				
Financial assets - loans and receivables	748	948	554	663
<b>Total interest income/(expense)</b>	<b>748</b>	<b>948</b>	<b>554</b>	<b>663</b>
<b>(b) Impairment loss</b>				
Financial assets - loans and receivables	(340)	24	(3,153)	(4)
<b>Total interest income/(expense)</b>	<b>(340)</b>	<b>24</b>	<b>(3,153)</b>	<b>(4)</b>

### (ii) Credit risk

Credit risk arises from the contractual financial assets of the Institute, which comprise cash and deposits and non-statutory receivables. The Institute's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Institute.

Credit risk is measured at fair value and is monitored on a regular basis by Finance. Finance monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers over \$25,000 are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Institute's strict credit policies may only purchase in cash or using recognised credit cards.

The Institute does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

The trade receivables balance at 31 December 2015 and 31 December 2014 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The Institute does not undertake credit checks on students who apply for loans. As at 31 December 2015 student loans are minimal.

In addition, the Institute does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Institute will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired. Currently the Institute does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

21 Financial Instruments (continued)

(ii) Credit risk (continued)

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing credit risk or the methods used to measure this risk from the previous reporting period.

	Financial institutions (AA- rating) \$'000	Gov't agencies (AAA rating) \$'000	Other counter-party \$'000	Total \$'000
<b>Consolidated</b>				
<b>2015</b>				
Cash and deposits	5,386	40,025	10	45,421
Receivables	-	1,712	4,876	6,588
<b>Total contractual financial assets 2015</b>	<b>5,386</b>	<b>41,737</b>	<b>4,886</b>	<b>52,009</b>
<b>2014</b>				
Cash and deposits	5,057	34,470	8	39,535
Receivables	-	2,333	6,629	8,962
<b>Total contractual financial assets 2014</b>	<b>5,057</b>	<b>36,803</b>	<b>6,637</b>	<b>48,497</b>

- <sup>1</sup> The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable) and related parties.

## 21 Financial Instruments (continued)

### (ii) Credit risk (continued)

#### Ageing analysis of financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the contractual maturity analysis for the Institute's financial assets.

	Carrying amount	Not past due and not impaired	Maturity dates				Impaired financial assets
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015 Financial assets</b>							
<b>Receivables<sup>1</sup></b>							
Trade receivables	6,267	3,699	382	345	1,461	5	375
Revenue receivables	649	649	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2015 financial assets</b>	<b>6,962</b>	<b>4,396</b>	<b>382</b>	<b>345</b>	<b>1,461</b>	<b>5</b>	<b>375</b>
<b>2014 Financial assets</b>							
<b>Receivables<sup>1</sup></b>							
Trade receivables	5,607	2,266	2,181	624	302	92	142
Revenue receivables	3,449	3,449	-	-	-	-	-
Security bonds	47	47	-	-	-	-	-
<b>Total 2014 financial assets</b>	<b>9,103</b>	<b>5,762</b>	<b>2,181</b>	<b>624</b>	<b>302</b>	<b>92</b>	<b>142</b>

<sup>1</sup> Receivables disclosed here exclude statutory receivables (e.g. amounts receivables from Victorian Government).

### (iii) Liquidity risk

Liquidity risk is the risk that the Institute would be unable to meet its financial obligations as and when they fall due. The Institute operates under payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Institute's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 18.

The responsibility for liquidity risk management rests with the Institute's governing body, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. The Institute manages liquidity risk by:

- maintaining an adequate level of reserves and uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations by matching the maturity profiles of financial assets and liabilities, and continuously monitoring forecast and actual cash flows.

The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from cash deposits held with the Treasury Corporation of Victoria.

## 21 Financial Instruments (continued)

### (iii) Liquidity risk (continued)

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

#### Maturity analysis of financial liabilities

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, is \$424,000 (2014: \$608,000) in relation to financial guarantees (refer to Note 18), represents the Institute's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for the Institute's financial liabilities.

	Carrying amount	Nominal Amount	Maturity dates				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015 Financial liabilities</b>							
<b>Payables<sup>1</sup></b>							
Supplies and services	2,458	2,458	2,446	9	1	2	-
Other payables	5,342	5,342	3,422	55	202	1,278	450
<b>Total 2015 financial liabilities</b>	<b>7,800</b>	<b>7,800</b>	<b>5,868</b>	<b>64</b>	<b>203</b>	<b>1,280</b>	<b>450</b>
<b>2014 Financial liabilities</b>							
<b>Payables<sup>1</sup></b>							
Supplies and services	3,140	3,140	2,687	402	51	-	-
Other payables	5,833	5,833	3,588	34	208	2,003	-
<b>Total 2014 financial liabilities</b>	<b>8,973</b>	<b>8,973</b>	<b>6,275</b>	<b>436</b>	<b>259</b>	<b>2,003</b>	<b>-</b>

<sup>1</sup> Payables disclosed here exclude statutory payables (e.g. amounts owing to Victorian Government and taxes payable).

### (iv) Market risk

The Institute in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse affect on the operating result and /or net worth of the Institute. e.g. an adverse movement in interest rates or foreign currency exchange rates.

The Institute's exposures to market risk are primarily through foreign currency risk, interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

The Board ensures that all market risk exposure is consistent with the Institute's business strategy and within the risk tolerance of the Institute. Regular risk reports are presented to the Board.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.



**21 Financial Instruments (continued)**

**(iv) Market risk (continued)**

**Foreign currency risk**

The Institute is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar and payables relating to purchases of supplies and consumables from overseas. The risk is minimal due to the limited amount of transactions and low value denominated in foreign currencies, and a relatively short timeframe between commitment and settlement.

The Institute's exposures are mainly against the Chinese Yuan (CNY) and Vanuatu (VUV) and are managed through continuous monitoring of movements in exchange rates against the CNY, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Institute to enter into any hedging arrangements to manage foreign currency risk.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing foreign currency risk or the methods used to measure this risk from the previous reporting period.

**Interest rate risk**

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Institute does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Institute has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

The Institute manages cash flow interest rate risk through having amounts of financial instruments at floating rate. Management monitors movement in interest rates on monthly basis.

There has been no significant change in the Institute's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Institute's year end result.

The Institute's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

21 Financial Instruments (continued)  
(iv) Market risk (continued)  
Interest rate risk (continued)

Financial instrument composition and interest rate exposure

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Within 1 year	1-5 years	More than 5 years	Non- Interest Bearing
Consolidated 2015		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
<b>Cash and deposits</b>							
Cash at bank and on hand	2.00%	5,396	5,312	-	-	-	84
Deposits (at call)	2.18%	40,025	40,025	-	-	-	-
<b>Receivables<sup>1</sup></b>							
Trade receivables	-	5,892	-	-	-	-	5,892
Revenue receivables	-	649	-	-	-	-	649
Security bond paid	-	47	-	-	-	-	47
<b>Total financial assets</b>		<b>52,008</b>	<b>45,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,671</b>
<b>Payables<sup>1</sup></b>							
Supplies and services	-	2,458	-	-	-	-	2,458
Other payables	-	5,342	-	-	-	-	5,342
<b>Total financial liabilities</b>	<b>-</b>	<b>7,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,800</b>

	Weighted average effective rate	Total Carrying Amount per Balance Sheet	Floating interest rate	Within 1 year	1-5 years	More than 5 years	Non- Interest Bearing
Consolidated 2014		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
<b>Cash and deposits</b>							
Cash at bank and on hand	2.50%	5,065	4,982	-	-	-	83
Deposits (at call)	2.71%	34,470	34,470	-	-	-	-
<b>Receivables<sup>1</sup></b>							
Trade receivables	-	5,465	-	-	-	-	5,465
Revenue receivables	-	3,449	-	-	-	-	3,449
Security bonds paid	-	47	-	-	-	-	47
<b>Total financial assets</b>		<b>48,496</b>	<b>39,452</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,044</b>
<b>Payables<sup>1</sup></b>							
Supplies and services	-	3,140	-	-	-	-	3,140
Other payables	-	5,833	-	-	-	-	5,833
<b>Total financial liabilities</b>	<b>-</b>	<b>8,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,973</b>

<sup>1</sup> Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

21 Financial Instruments (continued)

(iv) Market risk (continued)

**Sensitivity analysis and assumptions**

The Institute's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Institute's Finance Centre cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down (2014:100 basis points up and down) in market interest rates (AUD); and
- proportional exchange rate movement of 15 per cent down (2014: 10 per cent, depreciation of AUD) and 15 per cent up (2014: 10 per cent, appreciation of AUD) against the CNY and VUV, from the year-end rate.

The following tables show the impact on the Institute's net result and equity for each category of financial instrument held by the Institute at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

Consolidated 31 December 2015	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-50bps		+50bps		-15%		+15%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Contractual financial assets</b>									
Cash and deposits	45,421	(227)	(227)	227	227	(1)	(1)	1	1
Receivables	6,588	(33)	(33)	33	33	-	-	-	-
<b>Total increase/(decrease) in financial assets</b>	<b>52,008</b>	<b>(260)</b>	<b>(260)</b>	<b>260</b>	<b>260</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>1</b>
<b>Contractual financial liabilities</b>									
Payables	7,800	39	39	(39)	(39)	-	-	-	-
<b>Total increase/ (decrease) in financial liabilities</b>	<b>7,800</b>	<b>39</b>	<b>39</b>	<b>(39)</b>	<b>(39)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/ (decrease)</b>	<b>44,208</b>	<b>(220)</b>	<b>(220)</b>	<b>220</b>	<b>220</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>1</b>

31 December 2014	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-100bps		+100bps		-10%		+10%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Contractual financial assets</b>									
Cash and deposits	39,535	(198)	(198)	198	198	(1)	(1)	1	1
Receivables	8,961	(45)	(45)	45	45	-	-	-	-
<b>Total increase/ (decrease) in financial assets</b>	<b>48,496</b>	<b>(243)</b>	<b>(243)</b>	<b>243</b>	<b>243</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>1</b>
<b>Contractual financial liabilities</b>									
Payables	8,973	45	45	(45)	(45)	-	-	-	-
<b>Total increase/ (decrease) in financial liabilities</b>	<b>8,973</b>	<b>45</b>	<b>45</b>	<b>(45)</b>	<b>(45)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase/ (decrease)</b>	<b>39,523</b>	<b>(198)</b>	<b>(198)</b>	<b>198</b>	<b>198</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>1</b>

**21 Financial Instruments (continued)**

**(v) Fair value estimation**

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

Fair values of financial instrument asset and liabilities are determined using the fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Institute considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables and the expectation that they will be paid in full.

The Institute's contractual financial liabilities are measured at amortised costs; non of the classes of financial liabilities are readily traded on organised markets in standardised form; hence the fair value disclosure are not required. (see Note 1.10)

## 22 Key management personnel disclosures

### Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

#### (i) Minister

The relevant Minister is The Hon. Steve Herbert MP, Minister for Training and Skills. Remuneration of the Ministers is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members interests which is completed by each member of the Parliament.

#### (ii) Chief Executive Officer (accountable officer)

Name	Category of Appointment	Relevant Period
Mr Norman Gray AM	Board Appointment	01/01/2015 - 31/12/2015

#### (iii) Members of the board

Name	Category of Appointment	Relevant Period
Ms Suzanne Ewart (Chair of the Board)	GIC Appointed	01/01/2015 - 31/12/2015
Mr Greg Malone	Board Nominee	01/01/2015 - 31/12/2015
Mr Francis Bruce Thompson	Ministerial Nominee	01/01/2015 - 31/05/2015
Mr Phillip Davies	Ministerial Nominee	01/01/2015 - 31/12/2015
Ms Helen Buckingham	Ministerial Nominee	01/01/2015 - 31/12/2015
Mr Allan Moore	Board Nominee	01/01/2015 - 31/12/2015
Ms Mary Beth Bauer	Ministerial Nominee	01/01/2015 - 31/12/2015
Mr Jack Diamond	Ministerial Nominee	01/12/2015 - 31/12/2015
Ms Tracey Cooper	Board Nominee	01/12/2015 - 31/12/2015
Ms Julie Eisenbise	Board Nominee	01/12/2015 - 31/12/2015

Remuneration of the chief executive officer and board members in connection with the management of the Institute are disclosed below.

	2015 No.	2014 No.
<b>Income range</b>		
The number of responsible persons whose total remuneration from the Institute was within the specified income bands are as follows:		
\$0	-	1
Less \$10,000	3	2
\$10,000 - \$19,999	1	1
\$30,000 - \$39,999	-	6
\$40,000 - \$49,999	5	-
\$50,000 - \$59,999	-	-
\$70,000 - \$79,999	1	1
\$110,000 - \$119,999	-	1
\$230,000 - \$239,999	-	1
\$350,000 - \$359,999	1	-
<b>Total number of responsible persons</b>	<b>11</b>	<b>13</b>
<b>Total remuneration of responsible persons (\$'000)</b>	<b>661</b>	<b>672</b>

**22 Key management personnel disclosures (continued)**  
**Responsible persons related disclosures (continued)**

**(iv) Executive officers**

**Remuneration of executive officers**

The number of executive officers and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive offices over the reporting period.

	Total Remuneration		Base Remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
<b>Income range</b>				
The number of executive officers whose total remuneration from the Institute exceeded \$100,000, separately identifying base remuneration and total remuneration, disclosed within the income band of \$10,000 in a table format:				
\$80,000-\$89,999	-	-	-	1
\$90,000-\$99,999	-	-	-	1
\$100,000-\$109,999	-	-	-	1
\$110,000-\$119,999	-	-	-	1
\$140,000-\$149,999	1	-	1	-
\$150,000-\$159,999	-	-	-	1
\$160,000-\$169,999	1	2	1	1
\$190,000-\$199,999	-	2	2	2
\$200,000-\$209,999	3	-	2	-
\$210,000-\$219,999	2	2	1	1
\$220,000-\$229,999	1	1	2	1
\$230,000-\$239,999	-	1	-	1
\$240,000-\$249,999	2	-	1	-
\$270,000-\$279,999	-	1	-	-
\$280,000-\$289,999	-	1	-	-
\$300,000-\$309,999	-	1	-	-
<b>Total number of executive officers</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>11</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>9.8</b>	<b>8.7</b>	<b>9.8</b>	<b>8.7</b>
<b>Total amount of remuneration (\$'000)</b>	<b>2,052</b>	<b>2,468</b>	<b>2,009</b>	<b>1,785</b>

**(v) Payments to other personnel**

There is no contractor charged with significant management responsibilities, to whom the total expenses paid by the Institute exceeded \$100,000 per person.

**Other transactions**

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

## 23 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy in Note 1.04:

	Country of incorporation	Class of Shares	Equity holding	
			2015 \$'000	2014 \$'000
Box Hill Enterprises Ltd	Australia	Limited by guarantee	100%	100%
Centre for Adult Education	Australia	-	100%	100%

## 24 Remuneration of auditors

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Remuneration of Victorian Auditor General's Office for:</b>				
Audit of the financial statements	87	81	44	40
<b>Total remuneration of Victorian Auditor General's Office</b>	<b>87</b>	<b>81</b>	<b>44</b>	<b>40</b>
<b>Remuneration of other auditors</b>				
Other assurance services	44	72	44	72
<b>Total remuneration of other auditors</b>	<b>44</b>	<b>72</b>	<b>44</b>	<b>72</b>
<b>Total Remuneration of auditors</b>	<b>131</b>	<b>153</b>	<b>88</b>	<b>112</b>

## 25 Ex-gratia expenses

	Consolidated		Institute	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Ex-gratia expenses</b>				
Ex-gratia payments on termination of employment <sup>1</sup>	158	14	120	-
<b>Total ex-gratia expenses</b>	<b>158</b>	<b>14</b>	<b>120</b>	<b>-</b>

<sup>1</sup> Included in Note 3(a) under employee expenses

## 26 Subsequent events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operation of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

## 27 Economic dependency

As identified in the Comprehensive Operating Statement, a significant volume of income from transactions is generated through the Institute's performance and service agreements with State and Commonwealth Governments.



**BOX HILL**  
INSTITUTE

# **PERFORMANCE STATEMENT**



## INDEPENDENT AUDITOR'S REPORT

### To the Directors, Box Hill Institute

#### *The Statement of Performance*

The accompanying statement of performance for the year ended 31 December 2015 of Box Hill Institute comprises the statement, the related notes and the declaration by the chair of the board, chief executive officer, and chief finance and accounting officer has been audited.

#### *The Directors' Responsibility for the Statement of Performance*

The Directors of Box Hill Institute are responsible for the preparation and fair presentation of the statement of performance and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the statement of performance based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the statement of performance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of performance. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the statement of performance, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the statement of performance 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. An audit also includes evaluating the overall presentation of the statement of performance.

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

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the statement of performance of the Box Hill Institute in respect of the 31 December 2015 financial year presents fairly, in all material respects.

MELBOURNE  
15 March 2016



Dr Peter Frost  
Acting Auditor-General

# BOX HILL INSTITUTE PERFORMANCE STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2015

In our opinion, the accompanying Statement of Performance of Box Hill Institute and the consolidated entity in respect of the 2015 financial year is presented fairly in accordance with the Financial Management Act.

The Statement includes the performance indicators as determined by the responsible Minister, predetermined targets where applicable and the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.



**Suzanne Ewart**  
Board Chair

10 March 2016



**Norman Gray**  
Chief Executive Officer

10 March 2016



**Graham Anthony Johnson**  
Executive Director Corporate Services & CFAO

10 March 2016

# BOX HILL INSTITUTE PERFORMANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

## Key Performance Indicators

Indicator title	Description and methodology	Metric	2015 Target	2015 Actual	Explanation of variances	Prior year result
Training Revenue diversity	Breakdown of training revenue split by Government funded and Fee for Service	Percentage	34%	36%	Mix of training revenue was consistent with 2015 targets	36%
	<i>Training revenue split by:</i>					
	> Victorian Training Guarantee (VTG)		66%	64%		64%
	> Fee for Service (FFS)					
Employment costs as a proportion of training revenue	Employment and Third Party training delivery costs as a proportion of training revenue (VTG and FFS)	Percentage	63%	89%	Shortfall in training revenue targets, and also training revenue declining at a greater rate than reductions in employment costs	80%
	<i>Employment costs + 3rd party training delivery costs / Training Revenue</i>					
Training revenue per teaching FTE	Training Revenue (excl. revenue delivered by third parties) per Teaching FTE	\$'000s	\$334.4	\$217.4	Shortfall in training revenue targets, with minimal increases in training revenue per teaching FTE from 2014	\$216.8
	<i>Training Revenue (excl. revenue delivered by 3rd parties) / Teaching FTE</i>					
Operating margin percentage	Operating margin %	Percentage	10%	-2%	Lower than expected enrolments	-13%
	<i>EBIT (excluding Capital Contributions) / Total Revenue (excluding Capital Contributions)</i>					
Return on non current assets	EBIT including Capital Contributions/ Non Current Assets	Percentage	6%	4%	Actual EBIT including Capital Contributions were lower than target.	-6%
Net result	EBIT including Capital Contributions	\$ million	\$12.3	\$7.8	Lower than expected enrolments	-\$12.8
Surplus margin per employee	EBIT including Capital Contributions per Teaching FTE	\$'000s	\$36.4	\$23.1	Higher than expected non-training revenue	(\$29.7)
Student retention	Actual module completion/expected	Percentage	86%	86%	Target achieved	84%
Student net promoter score	% of students who are Promoters (rate 9-10%)- % who are Detractors (rate 0-6). Data sourced from BHI student surveys December 2015.	Rating	> 3	4.5	Target is a long term measure as part of the BHI Group Strategic Plan for 2018.	3.0

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# DISCLOSURE INDEX

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27	FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> <li>1. Total number of consultancies of \$10,000 or more (excluding GST)</li> <li>2. Location (eg website) of where details of these consultancies over \$10,000 have been made publicly available</li> <li>3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period</li> </ol> <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> <li>&gt; Consultant engaged</li> <li>&gt; Brief summary of project</li> <li>&gt; Total project fees approved (excluding GST)</li> <li>&gt; Expenditure for reporting period (excluding GST)</li> <li>&gt; Any future expenditure committed to the consultant for the project</li> </ul>	19
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40	SD 4.2(b)	<p>The financial statements are to comprise the following:</p> <ul style="list-style-type: none"> <li>&gt; income statement;</li> <li>&gt; balance sheet;</li> <li>&gt; statement of recognised income and expense;</li> <li>&gt; cash flows statement; and</li> <li>&gt; notes to the financial statements.</li> </ul>	25-73
<b>Other Requirements under Standing Direction 4.2 / Financial Management Act 1994 (Fma)</b>			
41	SD 4.2(c) and FMA s 49	<p>The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion:</p> <ul style="list-style-type: none"> <li>&gt; the financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period;</li> <li>&gt; the financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and</li> <li>&gt; the financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views).</li> </ul>	24
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57	FRD 119A	Transfers through contributed capital	27, 41
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59	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>&gt; Education and Training Reform Act 2006 (ETRA)</li> <li>&gt; TAFE institute constitution</li> <li>&gt; Directions of the Minister for Training and Skills (or predecessors)</li> <li>&gt; TAFE institute Commercial Guidelines</li> <li>&gt; TAFE institute Strategic Planning Guidelines</li> <li>&gt; Public Administration Act 2004</li> <li>&gt; Financial Management Act 1994</li> <li>&gt; Freedom of Information Act 1982</li> <li>&gt; Building Act 1983</li> <li>&gt; Protected Disclosure Act 2012</li> <li>&gt; Victorian Industry Participation Policy Act 2003</li> </ul>	17
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2015	15
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	15
62	Key Performance Indicators	<p>See table on page 6 of the guidelines for required formatting.</p> <p>Institutes to report against:</p> <ul style="list-style-type: none"> <li>&gt; KPIs set out in the annual Statement of Corporate Intent; and</li> <li>&gt; Employment costs as a proportion of training revenue;</li> <li>&gt; Training revenue per teaching FTE;</li> <li>&gt; Operating margin percentage;</li> <li>&gt; Training Revenue diversity.</li> </ul>	77-78
63	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> <li>&gt; Financial and other information on initiatives taken or strategies relating to the institute's overseas operations</li> <li>&gt; Nature of strategic and operational risks for overseas operations</li> <li>&gt; Strategies established to manage such risks of overseas operations</li> <li>&gt; Performance measures and targets formulated for overseas operations</li> <li>&gt; The extent to which expected outcomes for overseas operations have been achieved.</li> </ul>	62-73

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## **Box Hill Institute**

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