



ANNUAL REPORT 2014

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VISION, VALUES & STRATEGIC THEMES

The Strategic Plan 2015–2018, developed in 2014, articulates a new vision, values and strategic themes for Box Hill Institute Group [Box Hill Institute and Centre for Adult Education].

VISION

TO BE COMMUNITY
EDUCATORS FOR INDUSTRY,
WORK AND LIFE.

VALUES

- > Professionalism
- > Loyalty
- > Integrity
- > Courage
- > Teamwork
- > Innovation

STRATEGIC 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 life-long learning.

Grow through diversification

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

ESTABLISHMENT

As an Adult Education Institution, the Centre for Adult Education (CAE) exists to provide learning to the Victorian community through a wide range of programs and services.

CAE receives government funding through the Adult, Community and Further Education Division (ACFE). This funding supports CAE to deliver accredited courses designed to help adults complete their secondary education and begin or change their career direction. CAE has been in operation for over 65 years and has adapted to meet the continually changing needs of adult learners in Melbourne.

The Ministers responsible for CAE during 2014 were:

The Hon. Peter Hall, MLC was the Minister for Higher Education and Skills from 1 January until 17 March 2014.

The Hon. Nick Wakeling, MP was the Minister for Higher Education and Skills from 17 March until 3 December 2014.

The Hon. Steve Herbert, MP was the Minister for Training and Skills, from 3 December 2014 until 31 December 2014 following the State election on 29 November 2014.

Programs & Services

CAE is a leading provider of Adult and Community Education (ACE) in Victoria. CAE has a strong focus on delivering nationally recognised and accredited training as well as non-accredited short courses, connecting with the community through socially inclusive practices that recognise diversity and creativity.

CAE receives Victorian Government funding to deliver nationally recognised and accredited courses and a range of locally developed pre-accredited programs. These programs are designed to help both young and mature adults complete their secondary education and begin or change their career direction.

CAE offers a vibrant and supportive adult learning environment, flexible learning options, skills recognition, practical training and supervised work placements. CAE also provides access to Learner Services and Learn@CAE – the Independent Learning Centre.

In addition to meeting the lifelong learning needs of individuals, CAE delivers programs in partnership with the business community and government through customised enterprise programs. CAE aims to achieve the objectives of the Victorian Government while recognising industry trends and balancing the needs of individuals, community, government and industry.

CAE provides the majority of programs and services in the following three areas:

- > Vocational Education and Training (VET) and Educational Quality.
- > Community Services, Business (Move Up! Program), Disability Support, Training and Assessment (TAE), Writing and Editing, Yoga Teaching and Visual Arts, ranging from beginner to advanced levels.
- > CAE College: Victorian Certificate of Education (VCE), Victorian Certificate of Applied Learning (VCAL), English as an Additional Language (EAL), New Pathways and General Education.
- > Short Courses: Creative Arts, Visual Arts, Living & Lifestyles, Health & Wellbeing, Business & IT, Languages, and CAE Book Groups.

Locations

An integral component of the Melbourne community, CAE delivers the majority of its courses from three central locations in the heart of the arts and café area of Melbourne's CBD. In 2014, these locations were at 253 and 278 Flinders Lane and 21 Degraves Street. CAE also offers courses at the Ola Cohn Centre in East Melbourne, at Box Hill Institute in Box Hill and in partnership with other organisations throughout Melbourne.

History

The Centre for Adult Education (CAE) was founded in 1947 (as the Council of Adult Education) under Victorian Government legislation, with the broad charter to provide adult education to the Melbourne community.

In 2001, Victorian Parliament passed an amendment to the *Adult Community and Further Education Act 1991* which established CAE as an adult education institution to be known as the Centre for Adult Education (CAE), with reporting responsibility to the Adult, Community and Further Education (ACFE) Board and the Victorian Parliament.

The functions, powers and duties of the Centre are set out in the *Education and Training Reform Act 2006*.

In November 2012, an amendment to the Education and Training Reform Act was passed to enable the operations of the CAE to be governed by the Box Hill Institute (BHI) Board.

While BHI and CAE continue to operate as separate legal entities, under legislation, the Box Hill Institute Board became the Board of the CAE, with 2014 as the second year of this joint operation. In this report the Box Hill Institute Group refers to Box Hill Institute, Centre for Adult Education and controlled entities.

Partnerships

CAE has a strong commitment to the Municipality of Melbourne and works with a number of community based organisations that enable CAE to connect with a broader learner base.



While 2014 was a challenging year for the Box Hill Institute Group, the Board continued to focus on establishing a strong base for the sustainability of the organisation.

The Group did suffer a disappointing financial result in 2014 primarily driven by a reduction in income, due to a number of factors including:

- > Lower overall demand across a range of government subsidised programs due to economic and competition factors,
- > A decline in demand for fee for service vocational programs and commercial work across the sector, and
- > Lower levels of capital grant contributions.

However, in July 2014, we transitioned from an interim Chief Executive Officer to a new Chief Executive Officer and began the task of ensuring the long-term future of Box Hill Institute (BHI) and Centre for Adult Education (CAE). The first step was the creation and approval of the Box Hill Institute Group's new Strategic Plan 2015–2018.

The Group's success in achieving its strategic goals will be measured by its financial sustainability; stakeholder feedback; organisational efficiency and the effectiveness of its staff. The ability to adapt to change will ensure that the Group continues to be a leader in education and a provider of life-long learning.

The Board is confident that management and staff can meet the ongoing challenges and deliver on our vision; to be community educators for industry, work and life.

There have been positive developments since the appointment of Mr Norman Gray AM as Chief Executive Officer in July 2014.

Mr Gray was formerly the Chief Operating Officer and Executive Director of Network Operations of Public Transport Victoria, a State Statutory Authority, and previously Chief Executive Officer and Managing Director of Thales Australia, a large systems engineering company and leading edge provider of solutions for the commercial and defence sectors.

Mr Gray has begun the not inconsiderable task of implementing the new strategy of reform and revising the structure of the executive leadership team tasked with carrying this out. His exceptional skills and experience will provide leadership to further grow and develop successful outcomes for our organisation, our students and learners, and our industry customers and partners.

In his time with the BHI Group, Mr Gray has already overseen:

- > Renewal of the \$20million training contract with the Department of Defence. Box Hill Institute was chosen due to two key factors; a six year track record delivering exceptional teaching, responsiveness, flexibility and innovation, and a plan to evolve the teaching model with a significant expansion of online and technology-based learning, delivering improved value for money for the Department of Defence and better learning outcomes for their personnel. The contract runs through to February 2018,
- > Commencement of a new campus at Lilydale, which directly embodies our strategic vision. We look forward to working with all levels of government to make the Lilydale Community Campus a success and to enrich the lives of the local and surrounding communities,
- > Achievement of CAE as a finalist in the 2014 Victorian Learn Local Awards, announced by the Minister for Higher Education and Skills in August 2014, for the Business Basics for Women program, and
- > Achievement of a successful SPLICE end-of-year exhibition (November 2014) attended by Rowena Allen (Chair of the Adult, Community and Further Education Board) and senior members of the State Government of Victoria, Royal Children's Hospital and Peter MacCallum Cancer Centre. SPLICE is

an innovative pre-accredited creative industries program for young people who have experienced cancer, developed in partnership between CAE, ONTrac at Peter Mac and the Royal Children's Hospital Education Institute.

On behalf of the Board I would like to acknowledge Mr Joe Piper who was interim Chief Executive Officer for the first half of the year.

I would also like to thank the management and staff of the Box Hill Institute Group for their work through a period of transition and their acceptance of the necessary changes to ensure the future success of the organisation.

I would like to acknowledge and thank my fellow Board members for their work during 2014 and to welcome Mary-Beth Bauer and Allan Moore who joined the Board in 2014.

I would also like to acknowledge the contribution of Janet Compton, Elizabeth White, Rod McColl and Glen Walker, directors who left the Board during 2014.

The Strategic Plan confirms the organisation's focus on our communities and details how we will utilise our strengths to secure a viable and robust future for staff and clients. I look forward to working with my fellow Board members to ensure the ongoing success of Box Hill Institute Group.



Ms Suzanne Ewart
Board Chair

20 March 2015



In 2014 we set a new direction to consolidate our position as community educators for industry, work and life.

I commenced as Chief Executive Officer of the Box Hill Institute Group in July 2014 with an initial focus on the development of a new Strategic Plan for the organisation. Following a rigorous Board and managerial review in late 2014, the Box Hill Institute Group management and staff began the implementation of the new Strategic Plan and vision set by the Board. The Plan lays out the framework to begin the Group's transformation as a necessary part of the directional change required to address the strategic challenges the sector faces.

Our priorities for 2014 were to establish a focused leadership team, reduce our overheads, engage our staff and set our asset strategy. This provided a strong foundation to transform our business, to grow and to expand; enabling the financial sustainability that will provide us with a strong return on our assets and healthy surplus to reinvest in our future and our communities.

Achieving success for the organisation will, to a significant extent, mean rebuilding the business from the bottom-up, creating opportunities for reinvestment and minimising waste whilst establishing a stable, sustainable financial basis from which to operate.

The Plan provides a unique opportunity to transform our business to deliver a better, more robust service for our students and stakeholders. The Group's new direction can consolidate and build on our reputation for academic quality and teaching excellence while providing productivity gains and controlling costs.

The Box Hill Institute Group Strategic Plan 2015–2018 was outlined during a comprehensive round of staff forums in late 2014. It is heartening to see the way staff have embraced the changes and subsequent challenges as they enact the new direction set by the Board.

In line with this, BHI began developing a campus in Lilydale. Work has commenced on upgrading the site, with the delivery of classes planned for early 2015.

By empowering and increasing the opportunities for people in our local communities, we will continue to be recognised as leading providers of education, training and lifelong learning. The Lilydale Community Campus promotes two of the key themes of the Strategic Plan; innovating to increase our market share and growing through diversification, as well as implementing one of the key strategic priorities of developing blended and online learning opportunities.

Despite the challenges experienced in 2014, there were significant achievements.

We celebrated the official opening of our \$41 million Integrated Technology Hub. The unique, five green-star rated building was a jointly-funded venture by BHI, the Federal Government, the Victorian State Government and co-investor contributions to support our pledge of delivering industry-aligned, relevant training. This building is part of our commitment to build programs and facilities that are aligned to industry requirements, working collaboratively with local businesses and industry partners to custom design a facility, providing a flexible way to deliver training for the building, construction service and maintenance industries.

Other highlights during the year included:

- > The BHI Group initiated an organisational realignment in 2014, commenced under the interim Chief Executive Officer, with a model devised to transform the business and support a diverse commercial capability,
- > Implementation of a revised leadership structure and team aligned to the Strategic Plan,
- > The re-signing of the Agreement with the Department of Defence to deliver telecommunications and ICT training for the next three years at the Simpson Barracks in Watsonia, employing 20 staff,
- > A new first-of-its-kind Graduate Certificate in Dispute Resolution (Industry) was launched in conjunction with the Telecommunications Industry Ombudsman

(TIO) developed to fine-tune the expertise of the TIO's dispute resolution staff. Twenty two TIO officers enrolled in the course, and the first graduation is planned for 2015,

- > CAE delivering short courses to 17,765 learners as part of the Group's commitment to adding value to the communities we operate in, and
- > CAE securing the Federal Government's seasonal workers contract; delivering Australia-wide, Language, Literacy and Numeracy (LLN) and first aid courses to 147 Pacific Island and Timor students.

In conclusion, I would like to express my thanks to the Box Hill Institute Group Board Directors for their confidence in providing me with an opportunity to lead the organisation and to the Group's management and staff for their work during the year. I would also like to acknowledge Mr Joe Piper, who undertook the role of interim Chief Executive Officer for the first half of the year.

The transformational nature of delivering educational, employment and lifestyle outcomes has a positive effect on the communities we serve. I look forward to working with the Board, all staff, and other stakeholders as we lay the foundation for our future success in making our strategic vision a reality, as community educators for industry, work and life.



Mr Norman Gray AM
Chief Executive Officer

20 March 2015

HIGHLIGHTS

Box Hill Institute Group initiated an organisational realignment in 2014, with a model devised to transform the business and support a diverse commercial capability.

Organisation Realignment

Box Hill Institute Group initiated an organisational realignment in 2014, with a model devised to transform the business and support a diverse commercial capability.

Change management initiatives across business divisions established a new operational structure designed to capitalise on core strengths and build capacity.

Guided by the principles that people matter; change takes time; and process is essential, the Institute prioritised communication with employees and unions. A weekly electronic newsletter, PeopleTalk, was launched to ensure employees were provided with accurate and current communication regarding change strategies and new opportunities.

The organisation realignment established a new operating structure for 2015 in alignment with the BHI Group Strategic Plan 2015–2018.

Victorian Learn Local Awards – Business Basics for Women

A finalist in the 2014 Victorian Learn Local Awards, announced by the Minister for Higher Education and Skills in August 2014, Business Basics for Women is a supportive pre-accredited program at CAE which offers digital literacy and basic business skills development for women who have faced barriers to learning. Several participants in the program have gone on to establish their own small or online businesses or have moved into accredited training.

SPLICE Program

SPLICE is an innovative pre-accredited creative industries program for young people who have experienced cancer, developed in partnership between CAE, ONTrac at Peter Mac and the Royal Children's Hospital Education Institute. The SPLICE end-of-year exhibition (November 2014) was opened by Board Chair Suzanne Ewart and attended by Rowena Allen (Chair of the Adult, Community and Further Education Board), Norman Gray and senior members of the State Government of Victoria, Royal Children's Hospital and Peter MacCallum Cancer Centre. SPLICE is now in its fifth year and will be further expanded in 2015 through an exciting collaboration with the City of Melbourne.

Delivery of Services to the Community

In 2014, CAE continued to deliver quality education and lifestyle programs. Highlights include;

- > Delivery to approximately 365 Year 12 and 260 Year 11 learners in VCE, including 300 students sitting Year 12 final exams.
- > Pre-VCE programs were delivered that created opportunities for approximately 30 students to find a pathway into VCAL.
- > Approximately 100 learners were enrolled into three levels of VCAL with 20 completing their VCAL and the remaining learners either finding employment or moving on to other vocational studies.
- > Delivery of programs to 413 literacy students and 161 EAL (English as an Additional Language) students, including the delivery of OET (Occupational English Test) Preparation course.
- > Delivery of a blended and contextualised EAL OET professional course to 75 doctors, nurses, radiologists and specialists.
- > New Pathways program delivered a very successful program in collaboration with Victoria Police to 44 learners; 36 continued their pathway onto CAE College/BHI courses, while another 6 enrolled in external courses and/or gained meaningful employment.
- > Secured the Federal Government's seasonal workers contract; delivering Australia wide, Language, Literacy and Numeracy (LLN) and first aid courses to 147 Pacific Island and Timor students.
- > CAE established a new partnership with YWCA in 2014 to deliver pre-accredited programs through supported housing sites in Victoria.
- > CAE staff member, Marie Baird, won a Scholarship Award from the Centre for Social Impact (UNSW) for post graduate study in social impact (School of Business).

Short Courses

CAE Short Courses operate to provide a variety of educational experiences which enrich Melburnian's lives through access to diverse learning experiences.

The end of 2014 saw a change in the organisational structure; the Short Course department and Short Course Operations now consists of two areas: Short Courses and the Languages Centre of Excellence.

In 2014 Short Course Operations delivered 676 courses to 17,765 learners. The number of enrolments from CAE short courses delivered at Box Hill Institute campus was 877, an increase of 11% from 2013, delivering an increase in revenue from this program compared to 2013.

Ola Cohn Centre and the CAE Art Collection

In 1965, Ola Cohn bequeathed her studio home in Gipps Street, East Melbourne, and a significant number of her artworks to CAE. This generous donation has enabled CAE to continue her artistic legacy by keeping the doors of her studio open to successive generations of students. Her studio is used for CAE classes and is made available for clients of CAE Room Hire.

Box Hill Institute Group (Box Hill Institute, Centre for Adult Education and controlled entities) 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 Group 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.

In November 2014, the Board and CEO participated in a facilitated review of its operations. The review covered the operations of the Board as a whole, its directors and committees. The report on outcomes did not identify any areas of concern and provided some process recommendations.

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 2014 and their attendance at meetings including out of session meetings is shown next to each Board member:

Suzanne Ewart (Chair)	12/12
Helen Buckingham (Deputy Chair)	10/12
Greg Malone	12/12
(Francis) Bruce Thompson	10/12
Phillip Davies	11/12
Allan Moore (appointed 17 March 2014)	10/10
Mary-Beth Bauer (appointed 17 March 2014)	9/10
Rod McColl (resigned 25 July 2014)	3/4
Janet Compton (resigned 29 May 2014)	4/5
Glen Walker (resigned 28 February 2014)	2/2
(Barbara) Elizabeth White (resigned 28 February 2014)	0/2

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 (established mid-year)
- > Capital Planning Committee (disbanded mid-year).

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 2014 included:

- > Mary-Beth Bauer
(Current Committee Chair – part year)
- > Bruce Thompson
(former Committee Chair – part year)
- > Suzanne Ewart
- > Elizabeth White (part year)
- > Glen Walker (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 Victorian Public Sector Commission and Ministerial directions to TAFE Institutes.

Membership during 2014 included:

- > Suzanne Ewart (Current Committee Chair)
- > Elizabeth White (former Committee Chair – part year)
- > Bruce Thompson
- > Glen Walker (part year)
- > Helen Buckingham (Deputy Chair)
- > Janet Compton (part year)
- > Greg Malone
- > Phillip Davies
- > Rod McColl (part year)
- > 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 2014 included:

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

Educational Quality & Effectiveness Committee (Part year)

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, and 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 2014 included:

- > Helen Buckingham (Committee Chair)
- > Greg Malone
- > Rod McColl (part year)
- > Laura Steedman (external member).

Capital Planning Committee (Part year)

The objective of the Capital Planning Committee is to oversee and advise the Board in relation to the development and maintenance of the Strategic Asset Management Plan and to monitor the delivery of capital building projects that are included in the capital development program.

Membership during 2014 included:

- > Helen Buckingham (Committee Chair)
- > Suzanne Ewart
- > Bruce Thompson
- > Phillip Davies
- > Greg Malone
- > Christine Kilmartin (external member).

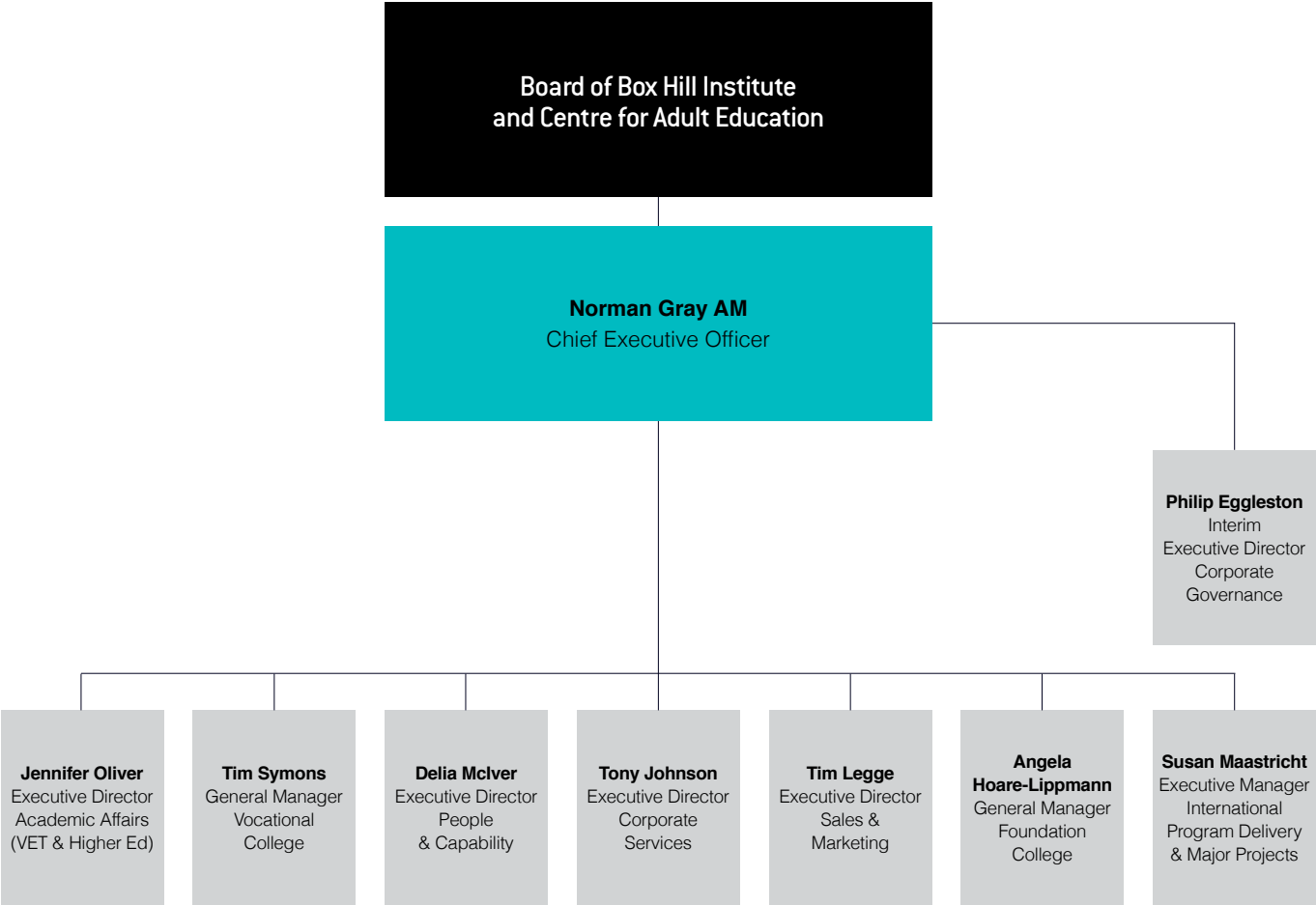
Directors of Box Hill Enterprises Limited

The names and relevant details of the directors in office as of 31 December 2014 are:

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

EXECUTIVE MANAGEMENT STRUCTURE 2014

Senior Executive Management Team
as at 31 December 2014



The Centre for Adult Education recorded a net result loss of \$2.980 million (2013: \$3.339 million surplus) compared to a Board approved operating budget of \$0.318 million surplus.

Comprehensive Operating Statement

The lower result for 2014 compared to 2013 is due to a combination of factors:

- > The 2013 result included the gain on sale of the Occupational English Test Business (\$3.2 million) and the net profit associated with this continued businesses (\$226,000).
- > 2014 income from transactions declining by \$4.528 million.

For 2014, operating income has been impacted by the following:

- > Lower overall demand across a range of government subsidised programs due to economic and competition factors and also increased restrictions on eligibility from the State Government (2014: \$4.884 million, 2013: \$7.932 million).
- > A decline in the sale of goods and services, in particular short course enrolments (2014: \$8.001 million, 2013: \$9.328 million).

The decline in income was partially offset by decreases in expenditure of \$1.006 million due to an organisational realignment as part of the wider Box Hill Institute Group, and a review and refinement of its operations to maximise efficiencies, with the full effect of these changes to be delivered in 2015 and beyond.

Five Year Consolidated Financial Summary

YEAR ENDED 31 DECEMBER	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Summary of Financial Performance					
Total Income from Transactions	15,006	19,264	19,487	23,342	24,656
Total Expenses from Transactions	18,822	(19,829)	(21,105)	(25,389)	(28,184)
Other Economic Flows and Discontinued Operations	836	3,904	596	-	-
Net result	(2,980)	3,339	(1,024)	(2,047)	(3,528)

Balance Sheet

The Centre for Adult Education's overall net worth declined by \$2.980 million, primarily due to a decline in cash balances of \$3.600 million resulting from the net result loss.

Receivables and payables have declined as a result of the reduction in operating income and associated expenditure. Provisions have also decreased as a result of the organisational realignment.

YEAR ENDED 31 DECEMBER	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Balance Sheet Performance					
Assets	10,971	15,907	12,975	12,782	15,281
Liabilities	5,642	7,598	8,006	6,809	7,261
NET WORTH	5,329	8,309	4,970	5,973	8,020

COMPLIANCE

Consultancies

There were no consultancies over \$10,000 engaged by CAE.

Details of consultancies over \$10,000 for BHI Group are publically available at the Box Hill Institute website www.bhtafe.edu.au.

Consultancies – Under \$10,000

Number of Engagements		2
Total Fees Incurred		\$4,400

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 provision 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 Box Hill Institute Group for the year ending 31st December 2014 was \$987,973. Student Services and Amenities Fees collected for BHI were \$816,497 with the balance of \$171,476 collected for the CAE.

Risk Management and Attestation Statement

I, Suzanne Ewart, Chair of Box Hill Institute Board, certify that the Box Hill Institute Group has a risk management process in place consistent with the *Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009)* or its successor) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

Box Hill Institute Group's risk management framework is currently being further refined as part of the organisation's continuous improvement process.



Ms Suzanne Ewart

Board Chair

20 March 2015

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.

Statements of Pecuniary Interests

Box Hill Institute Group has in place policies and procedures that require relevant officers of all the 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 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 above).

National Competition Policy

Box Hill Institute Group 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.

Major Commercial Activities

In 2014, Centre for Adult Education had 'no major commercial activities' meeting the definition under the Commercial Guidelines – TAFE Institutes.

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 should be addressed to The Freedom of Information Officer (contact details set out above).

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 were no formal requests for information to be supplied under the Freedom of Information Act during the 2014 reporting period.

Any student may see his/her personal record by applying to:

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

Telephone: (03) 9286 9572

Any staff member may see access to his/her personnel file by applying to:

Executive Director, People and Capability
Box Hill Institute Group
465 Elgar Road
Box Hill VIC 3128

Telephone: (03) 9286 9222

Protected Disclosure Act

Section 70 (1) of the *Protected Disclosure Act 2012* (Vic) requires that in its Annual Report, Centre for Adult Education provides information on how members of the public can access information on Procedures developed to meet the requirements of Section 58 (5) of that Act (procedures to protect persons making a protected disclosure from detrimental action taken in reprisal for that disclosure).

Full details of the Protected Disclosure Act policy can be found under the Policies and Procedures section of the CAE website at <http://www.cae.edu.au/about/Pages/default.aspx>.

Compliance with Government Guidelines

In accordance with the Performance Agreement as set out by the Minister, CAE has complied with circulars, directives, regulations and guidelines applicable to CAE.

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 to ensure compliance 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 Early Childhood Development Policy and Guidelines 2014.

Occupational Health & Safety

CAE continues to be committed to ensuring a safe and healthy workplace for staff and learners. The Occupational Health & Safety (OH&S) Committee ensured that all First Aid, OH&S Representative and Floor Warden positions were staffed with trained personnel and that workplace inspections were conducted in each area twice in the year.

As part of our commitment to the ongoing health and welfare of employees, CAE offered staff free flu vaccinations, and staff were given the opportunity to participate in Box Hill Institute Health and Wellbeing workshops.

Proactive risk management strategies have shown to be effective, reflected in increased incident reporting from 7, in 2013, to 34 in 2014.

End of year lost time injury frequency rate (LTIFR) was 4.2.

Environmental Performance

CAE is proudly a 'car-less' organisation and in 2014 continued to support the Commuter Club for staff, using the yearly Myki or V/Line ticket. By participating in the scheme, CAE staff can obtain these tickets at a discounted price and have payments deducted fortnightly through Payroll.

Building Services

CAE 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. CAE places a strong emphasis on the provision and maintenance of high quality buildings that meet regulatory requirements of OH&S standards.

All CAE building works conform to building regulations.

Further Information

- > statements regarding declarations of pecuniary interest by relevant officers
- > shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- > publications produced and where the publications can be obtained
- > changes in prices, fees, charges, rates and levies charged
- > major external reviews carried out
- > research and development activities undertaken
- > overseas visits undertaken
- > assessments and measures undertaken to improve the occupational health and safety of employees
- > industrial relations issues
- > major committees sponsored by CAE.

Enquiries regarding this information should be directed to The Freedom of Information Officer (contact details set out on previous page).

Compliance with Other Legislation

CAE 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 Higher Education and Skills (or predecessors)
- > 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*

Environmental Performance

CAE is committed to environmental sustainability and to meeting our targets in this respect.

The direct environmental impacts of our core business have been identified and we record activity relating to energy use, waste production, paper, water consumption and greenhouse gas emissions.

The consumption of resources and greenhouse gas emissions covering the Institute's office based operations in 2014 are summarised as follows:

Energy Use

Total energy usage segmented by primary source, including Green Power	Electricity 4,248,000 Megajoules	Natural Gas 4,498 Megajoules	Total Energy 4,252,498 Megajoules
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets	1,359.2 Tonnes		
Percentage of electricity purchased as Green Power	0%		
Units of energy used per full-time employee	34,799.5 Megajoules per FTE		
Units of energy used per unit of office area	322.7 Megajoules per m ²		

Waste production

Total units of office waste disposed of by destination (kg per year):

Destination	kg per year
Landfill	89,376
Commingled Recycling	0
Metal Recycling	0
Paper & Cardboard Recycling	6,400
Timber Recycling	0
Liquid Recycling	0

> Units of office waste disposed of per full-time employee by destination = 784kg per FTE.

> Recycling rate (% of total waste by weight) = 6.7%.

Water Consumption

> Total units of metered water consumed by water source = 3,790 Kilolitres mains water.

> Units of metered water consumed in offices per full-time employee = 31.01 Kilolitres/FTE.

> Units of metered water consumed in offices per unit of office area = 0.29 Kilolitres per m².

GFA greenhouse gas emissions

> Total greenhouse gas emissions associated with energy use = 1,346.5 Tonnes for electricity alone.

Paper Use

> Total units of A4 equivalent copy paper used = 2,065 reams.

> Units of A4 equivalent copy paper used per full-time employee = 16.9 reams per FTE.

> Percentage of recycled content in copy paper purchased = 20%.

Workforce Data 2014

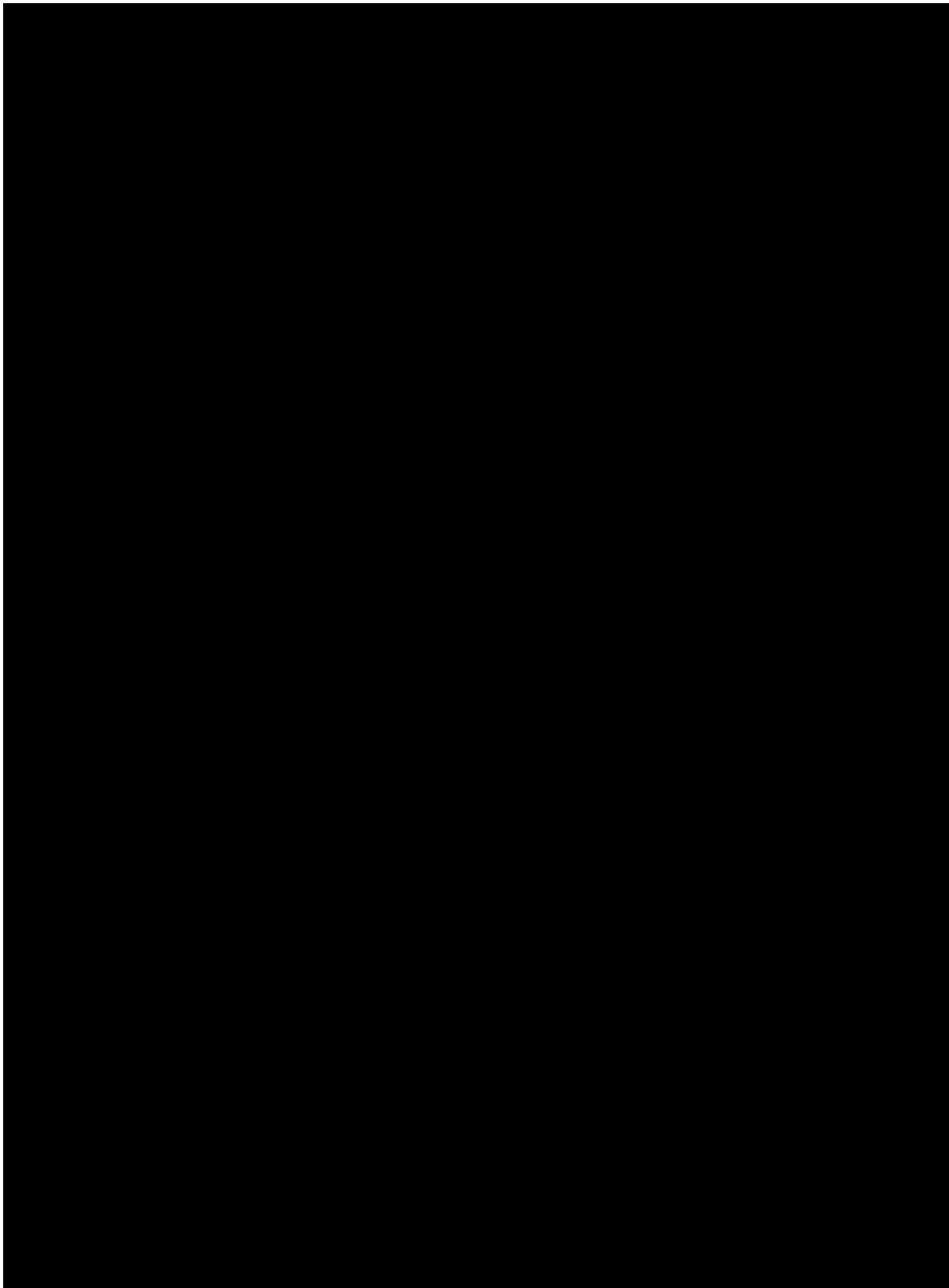
TEACHING STAFF									
Employment Status		Full Time 2014	Full Time 2013	Part Time 2014	Part Time 2013	Total 2014	Total 2013	EFT 2014	EFT 2013
On-going	Female	4	6	20	19	24	25	15.8	14.3
On-going	Male			7	7	7	7	4.3	4.8
Fixed Term	Female	0	4	2	2	2	6	5.2	5.2
Fixed Term	Male	1	1	0	0	1	0	1	1
Casual/Tutor, Sessional	Female			280	295	280	295	21.9	13.8
Casual/Tutor, Sessional	Male	0	0	117	130	117	130	9.9	5.9
SUB-TOTAL	Female	4	10	302	316	306	326	42.9	33.3
SUB-TOTAL	Male	1	1	124	137	125	138	15.2	11.7
ADMINISTRATIVE AND NON-TEACHING STAFF									
Employment Status		Full Time 2014	Full Time 2013	Part Time 2014	Part Time 2013	Total 2014	Total 2013	EFT 2014	EFT 2013
Executive Officers	Female		1		1		2		1.8
Executive Officers	Male								
Management	Female	1	3		1	1	4	1	3.6
Management	Male		1				1		1
General On-going	Female	16	28	7	7	23	35	21.2	33.3
General On-going	Male	17	16	2	4	19	20	18.6	18.8
General Fixed Term	Female	5	7	4	7	9	14	7.7	10.5
General Fixed Term	Male	2	3	1	1	3	4	2.8	3.5
General Casual	Female	0	0	85	57	85	57	9.8	10.4
General Casual	Male	0	0	17	11	17	11	3.1	1.5
SUB-TOTAL	Female	22	38	96	60	118	98	39.7	56.1
SUB-TOTAL	Male	19	20	20	16	39	36	24.5	24.8
TOTAL	Female	26	48	398	376	424	424	82.6	89.4
TOTAL	Male	20	21	144	153	164	174	39.7	36.5
GRAND TOTAL		46	69	542	529	588	598	122.3	125.9

Workforce Employees at June 2014 – CAE

	ON-GOING				FIXED TERM & CASUAL	
	Head count 2014	Head count 2013	Full Time Equivalent 2014	Full Time Equivalent 2013	Full Time Equivalent 2014	Full Time Equivalent 2013
Jun 14	99		82.2		62.9	
Jun 13		112		92.3		31.8
	ON-GOING				FIXED TERM & CASUAL	
Gender	Head count 2014	Head count 2013	Full Time Equivalent 2014	Full Time Equivalent 2013	Full Time Equivalent 2014	Full Time Equivalent 2013
M	29	33	25.9	29.2	12.3	7.7
F	69	79	52.5	63.1	50.6	24.1
AGE						
<25	2	2	2	2	8.4	2.4
25-34	22	24	20.3	22.5	15.7	7.9
35-44	22	22	17.8	17.9	11.6	6.3
45-54	22	27	18.3	22	9.4	6.1
55-64	25	30	19.8	23.3	13.1	6.6
>64	6	7	4.1	4.6	4.7	2.5
CLASSIFICATION						
Teacher	36	40	24.2	25.8	32.1	14.2
General Staff	63	72	58	66.5	30.8	8.5
Other					9.1	9.1

Employment and Conduct Principles

Box Hill Institute Group recruits and promotes the most suitably qualified, experienced and capable employees through open and transparent, merit based selection processes that comply 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.





**FINANCIAL
STATEMENTS
31 DECEMBER
2014**

INDEPENDENT AUDITOR'S REPORT

To the Board members, Centre for Adult Education

The Financial Report

The accompanying financial report for the year ended 31 December 2014 of the Centre for Adult Education which comprises the 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 chair of the board, chief executive officer, and chief finance and accounting officer has been audited.

The Board members' Responsibility for the Financial Report

The Board members of the Centre for Adult Education 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 Board members 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 Board members, 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, the Auditor-General, his staff and delegates 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 Centre for Adult Education as at 31 December 2014 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
24 March 2015



John Doyle
Auditor-General

CENTRE FOR ADULT EDUCATION

FINANCIAL REPORT

FOR YEAR ENDED 31 DECEMBER 2014

DECLARATION BY CHAIR OF THE BOARD CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE AND ACCOUNTING OFFICER

We certify that the attached financial statements for the Centre for Adult Education has 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 2014 and financial position of the Centre for Adult Education as at 31 December 2014.

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 Centre for Adult Education will be able to pay its debts as and when they become 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 Centre for Adult Education.



Suzanne Ewart

Board Chair

Date: 20 March 2015

Box Hill, Melbourne



Norman Gray AM

Chief Executive Officer

Date: 20 March 2015

Box Hill, Melbourne



Graham Anthony Johnson

Chief Finance & Accounting Officer

Date: 20 March 2015

Box Hill, Melbourne

Centre for Adult Education (CAE)
Comprehensive Operating Statement
for the year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)	4,883	7,932
Sale of goods and services	2(b)	8,001	9,328
Interest	2(c)	66	139
Fair value of assets and services received free of charge or for nominal consideration	2(d)	40	66
Other income	2(e)	2,016	1,799
Total income from transactions		15,006	19,264
Expenses from transactions			
Employee expenses	3(a)	10,622	11,292
Depreciation and amortisation	3(b)	659	653
Grants and other transfers	3(c)	135	3
Supplies and services	3(d)	2,641	2,981
Other operating expenses ¹	3(e)	4,765	4,900
Total expenses from transactions		18,822	19,828
Net result from transactions (net operating balance)		(3,816)	(565)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ²	4(a)	-	(8)
Net gain/(loss) on financial instruments ³	4(b)	16	(58)
Share of net profits of associates and joint venture entities, excluding dividends	4c & 8(a)	535	482
Other gains from other economic flows	4(d)	285	22
Total other economic flows included in net result		836	438
Net result from continuing operations		(2,980)	(127)
Net result from discontinued operations	5	-	3,466
Net result		(2,980)	3,339
Other economic flows – other comprehensive income		-	-
Total other economic flows – Other comprehensive income		-	-
Comprehensive result		(2,980)	3,339

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

¹ Other operating expenses includes bad debts expense from transactions that are mutually agreed.

² '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.

³ '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.

Centre for Adult Education (CAE)

Balance Sheet

as at 31 December 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Financial assets			
Cash and deposits	6	1,040	4,640
Receivables	7	466	1,151
Investments accounted for using the equity method	8	1,304	1,442
Total financial assets		2,810	7,233
Non-financial assets			
Property, plant and equipment	9	7,962	8,476
Intangible assets	10	11	42
Other non-financial assets	11	188	156
Total non-financial assets		8,161	8,674
Total assets		10,971	15,907
Liabilities			
Payables	12	4,549	5,896
Provisions	13	1,093	1,702
Total liabilities		5,642	7,598
Net assets		5,329	8,309
Equity			
Accumulated deficit		(4,365)	(1,385)
Reserves	14	2,076	2,076
Contributed capital		7,618	7,618
Net worth		5,329	8,309
Commitments for expenditure	16	47,858	51,355
Contingent assets and liabilities	17	(410)	(410)

The above balance sheet should be read in conjunction with the accompanying notes.

Centre for Adult Education (CAE)
Statement of Changes in Equity
as at 31 December 2014

	Physical asset revaluation surplus	Accumulated deficit	Contributions by owner	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	2,076	(4,724)	7,618	4,970
Net result for the year	-	3,339	-	3,339
Year ended 31 December 2014	2,076	(1,385)	7,618	8,309
Net result for the year	-	(2,980)	-	(2,980)
Total equity at 31 December 2014	2,076	(4,365)	7,618	5,329

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

Centre for Adult Education (CAE)
Cash Flow Statement
for the year ended 31 December 2014

		2014	2013
	<i>Note</i>	\$'000	\$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating		4,965	7,851
User fees and charges received		11,626	13,199
Interest received		66	139
Total receipts		16,657	21,189
Payments			
Payments to suppliers and employees		(20,604)	(21,005)
Goods and services tax paid to the ATO		(252)	(380)
Total payments		(20,856)	(21,385)
Net cash flows from/(used in) operating activities	15	(4,199)	(196)
Cash flows from investing activities			
Payments for non-financial assets		(74)	-
Payments received from/(for) investment in associates		673	(960)
Proceeds from sale of businesses		-	3,200
Net cash provided by/(used in) investing activities		599	2,240
Net increase (decrease) in cash and cash equivalents		(3,600)	2,044
Cash and cash equivalents at the beginning of the financial year		4,640	2,595
Cash and cash equivalents at the end of the financial year	6	1,040	4,640

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

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

The annual financial statements represent the audited general purpose financial statements for Centre for Adult Education (CAE).

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2014 and the comparative information presented for the year ended 31 December 2013.

The following is a summary of the material accounting policies adopted by the CAE 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 CAE 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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

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 CAE 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 CAE 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 CAE 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 CAE's independent valuation agency.

The CAE, 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 CAE. The CAE 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:
Centre for Adult Education
253 Flinders Lane, Melbourne 3000

1.04 Basis of consolidation

The financial statements include all the activities of the CAE. The CAE has no controlled entities.

Associated entities (associates)

Associates are those entities over which the CAE 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 CAE'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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

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 CAE 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.

1.07 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 CAE's major activities as follows:

Government contributions

Government contributions are recognised as revenue in the period when the CAE 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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.07 Income from transactions (continued)

(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 CAE when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) the CAE 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 CAE; 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

Distribution from the controlled entity revenue is brought to account when the CAE's right to receive the distribution is established.

Other income comprises mainly revenue from car parking and hiring of facilities and is recognised as revenue on receipt.

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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

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 CAE to the superannuation plan in respect of current services of current CAE staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The CAE does not recognise any deferred liability in respect of the plan(s) because the CAE 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	2014	2013
		Rate/Rates	Rate/Rates
Buildings including components	Straight	50%	50%
Plant & equipment	Straight	6.7%-20%	6.7%-20%
Leasehold improvements	Straight	5-11%	5-11%

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.

Statement of significant accounting policies

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. 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.

Statement of significant accounting policies

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 CAE'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 CAE's contractual payables and advances received.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

Statement of significant accounting policies

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 includes bank overdrafts, 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.

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

Investments accounted for using the equity method

Investments in associated entities (associates) are accounted for in the financial statements using the equity method.

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

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.11 Financial assets (Continued)

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

Impairment of financial assets

At the end of each reporting period, the CAE 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.

Statement of significant accounting policies

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 leases

CAE as lessor

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

CAE 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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.13 Non-Financial Assets (Continued)

Leasehold improvements

The cost of a leasehold improvements is 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 CAE.

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:

	2014	2013
Capitalised computer software	3-5	3-5

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.

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

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 CAE prior to the end of the financial year that are unpaid, and arise when the CAE 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 CAE 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 CAE 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 CAE expects to wholly settle within 12 months; or
- present value - if the CAE does not expect to wholly settle within 12 months.

Statement of significant accounting policies

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 CAE 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) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for termination of employment. The CAE recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iv) 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.

(v) Performance Payments

Performance payments for TAFE Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is provided for under the term of the contracts at reporting date and paid out in the next financial year.

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 comprehensive operating statement.

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.15 Commitments

Commitments for future expenditure include operating and capital commitments arising from 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.

1.16 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 17) 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 CAE'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 CAE'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.

Centre for Adult Education (CAE)
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Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.19 Materiality

In accordance with Accounting Standard AASB1031 'Materiality', accounting policies need only be identified in the summary of accounting policies where they are considered 'material'. Accounting policies will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions of users taken on the basis of the financial report; and
- (b) affect the discharge of accountability by the management or governing body of the entity.

1.20 Rounding of amounts

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

1.21 Change in accounting policy

There were no changes in accounting policy during the year.

1.22 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period. As at 31 December 2014 the following standards and interpretations (applicable to the CAE) had been issued but were not mandatory for financial year ending 31 December 2014. The CAE 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 2017	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	The preliminary assessment has identified that the financial impact of available-for-sale assets will now be reported through other comprehensive income 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.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014 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 2014 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).
- 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.
- 2013-5 Amendments to Australian Accounting Standards – Investment Entities.
- 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements.
- 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders.
- 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.
- AASB Interpretation 21 Levies.

Statement of significant accounting policies

1. Statement of Significant accounting and policies (Continued)

1.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the CAEs 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 CAEs assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability the CAE uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the CAE 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 Notes 9 and 20(v).

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.

Centre for Adult Education (CAE)

Notes to the Financial Statements

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2 Income from transactions	2014 \$'000	2013 \$'000
(a) Grants and other transfers (other than contributions by owners)		
Government financial assistance		
Government contributions - operating		
State government recurrent	4,883	7,932
Total government contributions - operating	4,883	7,932
Total government financial assistance	4,883	7,932
(b) Sales of goods and services		
Student fees and charges	722	553
Rendering of services		
Fee for service - Government	1,241	1,611
Fee for service - International operations - onshore	2	-
Fee for service - International operations - offshore	198	354
Fee for service - other	5,520	6,550
Total rendering of services	6,961	8,515
Other non-course fees and charges		
Sale of goods	318	260
Total other fees and charges	318	260
Total revenue from sale of goods and services	8,001	9,328
(c) Interest		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	66	139
Total interest revenue from financial assets not at fair value through P/L	66	139
Net interest income	66	139
(d) Fair value of assets and services received free of charge or for nominal consideration		
Assets:		
Services - Resources received free of charge	40	66
Total Assets	40	66
Total fair value of assets and services received free of charge or for nominal consideration	40	66
(e) Other income		
Donations, bequests and contributions	30	30
Other revenue	1,986	1,768
Total other income	2,016	1,799

Centre for Adult Education (CAE)
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	2014 \$'000	2013 \$'000
3 Expenses from transactions		
(a) Employee expenses		
Salaries, wages, overtime and allowances	8,190	9,340
Superannuation	761	788
Payroll tax	507	433
Worker's compensation	58	4
Long service leave	205	124
Annual leave	543	603
Termination benefits	358	-
	10,622	11,292
(b) Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	26	23
Plant and equipment	15	9
Total depreciation	41	32
Amortisation of non-current physical and intangible assets		
Leasehold improvements	587	578
Software	31	43
Total amortisation	618	620
Total depreciation, amortisation and impairment	659	653
(c) Grants and other transfers (other than contributions by owners)		
Grants and subsidies other Vet Programs	135	3
Total grants and other payments	135	3
(d) Supplies and Services		
Purchase of supplies and consumables	681	713
Communication expenses	202	272
Contract and other services	1,047	1,068
Building repairs and maintenance	633	616
Minor equipment	4	38
Fees and charges	74	274
Total supplies and services	2,641	2,981

Centre for Adult Education (CAE)
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	2014	2013
3 Expenses from transactions (Continued)	\$'000	\$'000
(e) Other Expenses		
Marketing and promotional expenses	616	792
Occupancy expenses	219	253
Audit fees and services	35	53
Staff development	53	45
Travel and motor vehicle expenses	7	24
Other expenses	458	430
Total other expenses	1,388	1,597
Operating lease rental expenses:		
Lease payments	3,377	3,303
Total operating lease rental expenses	3,377	3,303
Total other operating expenses	4,765	4,900

Centre for Adult Education (CAE)
Notes to the Financial Statements
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	2014 \$'000	2013 \$'000
4 Other economic flows included in net result		
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Net gain/(loss) on disposal of physical assets	-	(8)
Total net gain/(loss) on non-financial assets and liabilities	-	(8)
(b) Net gain/(loss) on financial instruments and statutory receivables/payables		
Impairment of loans and receivables	16	(58)
Total net gain/(loss) on financial instruments	16	(58)
(c) Share of net profits/(losses) of associates and joint venture entities excluding dividends		
Share of net profits/(losses) of associates excluding dividends	535	482
Total share of net profit(loss) of associates and joint ventures excluding dividends	535	482
(d) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	285	22
Total other gains/(losses) from other economic flows	285	22

Centre for Adult Education (CAE)
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5 Net result from discontinued operations

(a) Description

On 15 March 2013 with effect from 16 March 2013, CAE sold its Occupational English Test business and the disposal was reported in these financial statements as a discontinued operation.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are the year ended 31 December 2014 and for the period 1 January 2013 to 15 March 2013.

	2014	2013
	\$'000	\$'000
Income from transactions	-	844
Expenses from transactions	-	(578)
Gain on sale of business	-	3,200
Net result from discontinued operations	-	3,466

	2014	2013
	\$'000	\$'000
Net cash inflow from operating activities	-	266
Net cash inflow from investing activities	-	3,200
Net increase in cash generated by the discontinued operations	-	3,466

Centre for Adult Education (CAE)
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	2014 \$'000	2013 \$'000
6 Cash and deposits		
Cash at bank and on hand	1,040	284
Australian currency deposits - at call	-	2,938
Short Term Deposits - TCV	-	1,418
Total cash and cash equivalents	1,040	4,640

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

	2014 \$'000	2013 \$'000
(a) Reconciliation to cash at the end of the year		
Balances as above	1,040	4,640
Balance as per cashflow statement	1,040	4,640

Centre for Adult Education (CAE)
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	2014 \$'000	2013 \$'000
7 Receivables		
Current receivables		
Contractual		
Trade receivables ¹	445	908
Provision for doubtful contractual receivables(a) (See also Note 7(a) below)	(16)	(32)
Revenue receivable	26	118
Total contractual	455	994
Statutory		
Amounts owing from Victorian Government	-	81
GST receivable from ATO	11	14
Total statutory	11	95
Total current receivables	466	1,089
Non-current receivables		
Contractual		
Security bonds paid	-	62
Total contractual	-	62
Total non-current receivables	-	62
Total receivables	466	1,151

- ¹ 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.

	2014 \$'000	2013 \$'000
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	(32)	(6)
Reversal of unused provision recognised in the net result	30	-
Increase in provision recognised in the net result	(14)	(26)
Balance at end of the year	(16)	(32)

Centre for Adult Education (CAE)
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	2014 \$'000	2013 \$'000
8 Investments accounted for using the equity method		
At the beginning of the financial year	1,442	-
Share of operating profit of equity accounted investments	535	482
Investments in equity accounted investments	-	960
Payment received for share of operating profit	(673)	-
Total investments accounted for using the equity method	1,304	1,442

Name of entity	Ownership Interests	
	2014 %	2013 %
Cambridge Boxhill Language Assessment Unit Trust (incorporated in Australia)	30	30

	2014 \$'000	2013 \$'000
Summarised financial information of associate		
Current assets	3,100	2,530
Non-current assets	3,343	3,199
Total assets	6,443	5,729
Current liabilities	(2,048)	(2,529)
Non-current liabilities	(48)	-
Net assets	4,347	3,200
Share of associates' net assets (30%)	1,304	960
Total income	8,939	6,812
Profit/(loss) from continuing operations	1,784	1,607
Other comprehensive income	-	-
Total comprehensive income	1,784	1,607
Share of associates' net profits (30%)	535	482

Centre for Adult Education (CAE)
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9 Property, plant and equipment

	Land	Buildings	Work in progress	Plant & equipment	Leasehold improvements	Art works	Total
a)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013							
Cost	-	-	841	-	10,149	-	10,990
Valuation	1,833	53	-	35	-	456	2,377
Accumulated depreciation	-	-	-	-	(4,340)	-	(4,340)
Net book amount	1,833	53	841	35	5,809	456	9,027
Year ended 31 December 2013							
Opening net book amount	1,833	53	841	35	5,809	456	9,027
Additions	-	-	-	-	907	-	907
Disposals	-	-	-	(8)	-	-	(8)
Depreciation expense ¹	-	(23)	-	(9)	(578)	-	(610)
Transfer to assets	-	-	(841)	-	-	-	(841)
Closing net book amount	1,833	30	-	18	6,138	456	8,476
At 31 December 2013							
Cost	-	-	-	-	11,056	-	11,056
Valuation	1,833	53	-	27	-	456	2,369
Accumulated depreciation	-	(23)	-	(8)	(4,918)	-	(4,949)
Net book amount	1,833	30	-	18	6,138	456	8,476
Year ended 31 December 2014							
Opening net book amount	1,833	30	-	18	6,138	456	8,475
Additions	-	-	-	75	40	-	115
Depreciation expense	-	(26)	-	(15)	(587)	-	(628)
Transfer to assets	-	-	-	-	-	-	-
Closing net book amount	1,833	4	-	78	5,591	456	7,962
At 31 December 2014							
Cost	-	-	-	75	11,096	-	11,171
Valuation	1,833	53	-	27	-	456	2,369
Accumulated depreciation	-	(49)	-	(24)	(5,505)	-	(5,578)
Net book value at the end of the financial year	1,833	4	-	78	5,591	456	7,962

Centre for Adult Education (CAE)
Notes to the Financial Statements
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9 Property, plant and equipment (continued)

	Carrying amount as at 31 Dec 2014 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices \$'000	Observable price inputs \$'000	Un-observable inputs \$'000
Fair value measurement hierarchy for b) assets as at 31 December 2014 Classified in accordance with the fair value hierarchy, see Note 1.23.				
Land at fair value:				
- Specialised land	1,833	-	-	1,833
Total of land at fair value	1,833	-	-	1,833
Buildings at fair value:				
- Specialised land	4	-	-	4
Total buildings at fair value	4	-	-	4
Plant & equipment at fair value	2	-	-	2
Total plant & equipment at fair value	2	-	-	2
Artworks at fair value	456	-	456	-
Total Artworks at fair value	456	-	456	-
	2,295	-	456	1,839

	Carrying amount as at 31 Dec 2013 \$'000	Fair value hierarchy		
		Level 1	Level 2	Level 3
		Quoted prices \$'000	Observable price inputs \$'000	Un-observable inputs \$'000
Fair value measurement hierarchy for b) assets as at 31 December 2013 Classified in accordance with the fair value hierarchy, see Note 1.23.				
Land at fair value				
- Specialised land	1,833	-	-	1,833
Total of land at fair value	1,833	-	-	1,833
Buildings at fair value:				
- Specialised land	30	-	-	30
Total buildings at fair value	30	-	-	30
Plant & Equipment at fair value	18			18
Total plant & equipment at fair value	18	-	-	18
- Artworks at fair value	456	-	456	-
Total Artworks at fair value	456	-	456	-
	2,337	-	456	1,881

There were no transfers between Levels during the year.

9 Property, plant and equipment (continued)

c) Valuations of property, plant and equipment

Fair value assessments have been performed at 31 December 2014 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 2014 the CAE used the Valuer General's land indices to establish if these values had materially moved. No materially movement was observed.

The fair value of buildings and 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 2014 the CAE 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 instances.

The fair value of cultural assets 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 cultural assets as well as the artists reputation. The CAE considers that the carrying amount represents a fair approximation of fair value for cultural assets as at 31 December 2014.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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9 Property, plant and equipment (continued)

c) Valuations of property, plant and equipment (continued)

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.

	Specialised Land	Specialised Buildings	Plant & Equipment
	\$'000	\$'000	\$'000
Reconciliation of Level 3 fair value as			
d) at 31 December 2014			
Opening balance	1,833	30	18
Depreciation	-	(26)	(16)
Closing balance	1,833	4	2

Centre for Adult Education (CAE)
Notes to the Financial Statements
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9 Property, plant and equipment (continued)

(e) Description of significant unobservable inputs to Level 3 valuations

	Valuation Technique	Significant unobservable input(s)	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised Land	Market approach	Community Service Obligation (CSO) adjustment	10%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
		Heritage Registration	30%	A significant increase or decrease in the Heritage adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	\$3,500	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of buildings	2 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant & equipment	Depreciated replacement cost	Cost per unit	\$541-\$8,987 (\$2,347)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	5-15 years (5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Centre for Adult Education (CAE)
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for the year ended 31 December 2014

	2014	2013
	\$'000	\$'000
10 Intangible assets		
Computer software at cost		
Gross carrying amount		
Opening balance	154	154
Additions	-	-
Closing balance	154	154
Accumulated depreciation, amortisation and impairment		
Opening balance	(112)	(70)
Amortisation	(31)	(42)
Closing balance	(143)	(112)
Net book value at the end of the financial year	11	42

	2014	2013
	\$'000	\$'000
11 Other non-financial assets		
Current other non-financial assets		
Prepayments	188	156
Total other non-financial assets	188	156

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

	2014	2013
	\$'000	\$'000
12 Payables		
Current		
Contractual		
Supplies and services ¹	497	1,529
Accrued expenses	382	763
Lease liabilities	259	242
Related Party Payable- Parent Entity	379	25
Revenue in Advance	1,000	1,082
Statutory		
Amounts owing to Victorian Government	29	-
Total current payables	2,546	3,641
Non-Current		
Lease Liabilities	2,003	2,255
Total non-current payables	2,003	2,255
Total payables	4,549	5,896

¹ 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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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	2014 \$'000	2013 \$'000
13 Provisions		
Current provisions		
Employee benefits (Note 13(a))¹		
Annual leave (Note 13(a))		
Unconditional and expected to settle within 12 months ²	233	367
Unconditional and expected to settle after 12 months ²	27	47
Long service leave (Note 13(a))		
Unconditional and expected to settle within 12 months ²	31	78
Unconditional and expected to settle after 12 months ²	491	478
Provisions for on-costs (Note 13(a)) and Note 13(b))		
Unconditional and expected to settle within 12 months ²	37	58
Unconditional and expected to settle after 12 months ²	88	97
Other provisions	11	354
Total current provisions	918	1,479
Non-current provisions		
Long service leave (Note 13(a)) ¹	151	192
On costs (Note 13(a)) ¹ and Note 13(b))	24	31
Total non-current provisions	175	223
Total provisions	1,093	1,702

¹ 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.

² Amounts are measured at present values.

	2014 \$'000	2013 \$'000
(a) Employee benefits and on costs¹		
Current employee benefits		
Annual leave		
Long service leave	260	413
	522	556
Non current employee benefits		
Long service leave	151	192
Total employee benefits	933	1,161
Current on costs	125	155
Non-current on costs	24	31
Total on costs	149	186
Total employee benefits and oncosts	1,082	1,347

¹ 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.

	\$'000			
	2014			
(b) Movement in provisions	Make good	On-costs	Other	Total
Opening balance	-	186	354	540
Adjustment to provisions recognised	-	(37)	(343)	(380)
Closing balance		149	11	160
Current	-	125	11	136
Non Current	-	24	-	24
		149	11	160

Centre for Adult Education (CAE)
Notes to the Financial Statements
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	2014 \$'000	2013 \$'000
14 Reserves		
Physical asset revaluation surplus		
Balance at 1 January	2,076	2,076
Transfers from/(to) accumulated surplus	-	-
Balance at 31 December	2,076	2,076

	2014 \$'000	2013 \$'000
15 Cash flow information		
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in balance sheet	1,040	4,640
Balance as per cash	1,040	4,640

	2014 \$'000	2013 \$'000
(b) Reconciliation of operating result after income tax to net cash		
Net result for the year	(2,980)	3,339
Non-cash flows in operating result		
Depreciation and amortisation of non-current assets	659	653
Net gain/(loss) on disposal of non-current assets	-	8
Fair value of assets received free of charge	(40)	(66)
Gain on sale of business	-	(3,200)
Total non-cash flows in operating result	619	(2,605)
Movements included in investing and financing activities		
Share of associate's (profits)/losses, excluding dividends	(535)	(482)
Total movements included in investing and financing activities	(535)	(482)
Movements in operating assets and liabilities		
Decrease /(Increase) in trade receivables	685	7
Decrease/(increase) in other assets	(32)	(47)
Increase/(decrease) in payables	(1,347)	(754)
Increase/(decrease) in provisions	(609)	347
Total movement in operating assets and liabilities	(1,303)	(447)
Net cash flows provided by/(used in) operating activities	(4,199)	(196)

Centre for Adult Education (CAE)
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	2014 \$'000	2013 \$'000
16 Commitments for expenditure		
Non-cancellable operating lease commitments payable		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	3,655	3,563
Later than one year but not later than five years	18,861	14,713
Later than five years	30,128	38,215
Total minimum lease payments in relation to non-cancellable operating leases	52,644	56,491
GST reclaimable on the above	(4,786)	(5,136)
Net commitments Operating leases	47,858	51,355

Centre for Adult Education (CAE)
Notes to the Financial Statements
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	2014 \$'000	2013 \$'000
17 Contingent assets and contingent liabilities		
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:		
Contingent Liabilities		
In respect of Business Undertakings		
Bank Guarantees issued at reporting date:		
271 Collins Street Pty Ltd.	(238)	(238)
Trust Co.Ltd	(172)	(172)
Total Contingent Liabilities	(410)	(410)
Net Estimated Contingent Liabilities	(410)	(410)

18 Leases

(a) Operating leases - Institute as lessee

Refer to Note 16 (Commitments for expenditure)

(b) Operating leases - Institute as lessor

Leasing arrangements

CAE sub leases out space in certain leased buildings which is excess to current requirements, at current market rates.

	2014 \$'000	2013 \$'000
As at the reporting date the CAE leased out the following assets:		
253 Flinders Lane Melbourne- City Library	5,762	6,036
253 Flinders Lane Melbourne- Shopfront Cafes	742	801
278 Flinders Lane Melbourne- Kangan Batman Institute of TAFE	-	78
Gross amount of leased assets	6,504	6,915
Operating Lease Receivables		
Non-cancellable operating lease receivables		
Payments due		
Within one year	1,139	978
Later than one year but not later than five years	5,365	3,850
Later than five years	-	2,087
Total operating lease receivables	6,504	6,915
GST reclaimable on the above	(590)	(629)
Net operating leases receivables	5,914	6,286

Centre for Adult Education (CAE)
Notes to the Financial Statements
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19 Superannuation

Employees of CAE 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.

CAE 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 Statement of Comprehensive Income of CAE.

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

	2014 \$'000	2013 \$'000
Superannuation		
Paid Contribution for the Year		
Defined benefit plans :		
Emergency Services State Superannuation Fund – revised and new	47	76
Total defined benefit plans	47	76
Defined contribution plans:		
VicSuper	454	478
Other	259	250
Total defined contribution plans	713	728
Total paid contribution for the year	760	804
Contribution Outstanding at Year End		
Defined contribution plans :		
VicSuper	18	19
Other	11	18
Total defined benefit plans	29	37

1 The bases for contributions are determined by the various schemes.

2 The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the years ended 30 June.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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20 Financial Instruments

(i) Financial risk management objectives and policies

The CAE's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and finance lease payables. The CAE's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and finance lease 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 CAE'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 CAE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of CAE.

The CAE's 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 CAE under policies approved by the Board.

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

	2014 \$'000	2013 \$'000
Carrying amount of financial instruments by category:		
(a) Loans and receivables		
Cash and Deposits (Note 6)	1,040	4,640
Receivables ⁽¹⁾	430	876
Revenue Receivables (Note 7)	26	118
Security deposits (Note 7)	-	62
Total financial assets	1,496	5,696
(b) Financial liabilities at amortised costs		
Payables ⁽¹⁾		
Supplies and services (Note 12)	497	1,529
Other payables (Note 12)	2,644	3,260
Total financial liabilities	3,141	4,788

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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20 Financial Instruments (Continued)

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

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

	2014 \$'000	2013 \$'000
Net holding gain/(loss) on financial instruments by category		
(a) Interest income/(expense)		
Financial assets - loans and receivables	66	139
Total interest income/(expense)	66	139
(b) Impairment loss		
Financial assets - loans and receivables	16	(58)
Total impairment loss	16	(58)

(ii) Credit risk

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

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 \$10,000 are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the CAE's strict credit policies may only purchase in cash or using recognised credit cards.

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

The trade receivables balance at 31 December 2014 and 31 December 2013 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The CAE does not undertake credit checks on students who apply for loans. As at 31 December 2014 student loans are minimal.

In addition, the CAE 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 CAE'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 CAE 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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
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20 Financial Instruments (Continued)

(ii) Credit risk (Continued)

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the CAE'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 CAE does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There has been no significant change in the In'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.

Credit quality of contractual financial assets that are neither past due nor applied ¹

	Financial institutions	Gov't agencies	Other counter-party	Total
	(AAA rating) '000	(AAA rating) '000	\$'000	\$'000
2014				
Cash and deposits	1,038	-	2	1,040
Receivables	-	315	140	455
Total contractual financial assets 2014	1,038	315	142	1,495
2013				
Cash and deposits	3,221	1,418	1	4,640
Receivables	-	251	805	1,056
Total contractual financial assets 2013	3,221	1,669	806	5,696

¹ The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Centre for Adult Education (CAE)
Notes to the Financial Statements
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20 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 CAE's financial assets and financial liabilities.

The following table discloses the contractual maturity analysis for the CAE's financial assets.

	Maturity dates						Impaired financial assets
	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2014 Financial assets							
Receivables ¹							
Trade receivables	445	342	84	6	(4)	1	16
Revenue receivables	26	26	-	-	-	-	-
Total 2014 financial assets	471	368	84	6	(4)	1	16
2013 Financial liabilities							
Receivables ¹							
Trade receivables	908	508	17	343	3	5	32
Revenue receivables	118	118	-	-	-	-	-
Security bonds	62	62	-	-	-	-	-
Total 2013 financial assets	1,088	688	17	343	3	5	32

¹ Receivables disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

(iii) Liquidity risk

Liquidity risk is the risk that the CAE would be unable to meet its financial obligations as and when they fall due. The CAE 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 CAE'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 17.

The responsibility for liquidity risk management rests with the CAE'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 CAE manages liquidity risk by:

Centre for Adult Education (CAE)
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20 Financial Instruments (Continued)

(iii) Liquidity risk (Continued)

- 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 CAE'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.

There has been no significant change in the CAE'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, and \$410,000 (2013: \$410,000) in relation to financial guarantees (refer to Note 17), represents the CAE's maximum exposure to liquidity risk.

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

	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014 Financial liabilities							
Payables ¹							
Supplies and services	497	497	446	41	6	4	-
Other payables	2,644	2,644	399	34	208	2,003	-
Total 2014 financial liabilities	3,141	3,141	845	75	214	2,007	-
2013 Financial liabilities							
Payables ¹							
Supplies and services	1,529	1,529	1,529	-	-	-	-
Other payables	3,260	3,260	780	31	195	2,254	-
Total 2013 financial liabilities	4,789	4,789	2,309	31	195	2,254	-

¹ Payables disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST payables).

20 Financial Instruments (Continued)

(iv) Market risk

The CAE 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 CAE. e.g. an adverse movement in interest rates or foreign currency exchange rates.

The CAE'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 CAE's business strategy and within the risk tolerance of the CAE. Regular risk reports are presented to the Board.

There has been no significant change in the CAE'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.

Foreign currency risk

The CAE 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 CAE's exposures are mainly against the Chinese Yuan (CNY) 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 CAE to enter into any hedging arrangements to manage foreign currency risk.

There has been no significant change in the CAE'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 CAE 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 CAE has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

20 Financial instruments (Continued)

(iv) Market risk (Continued)

Interest rate risk (Continued)

There has been no significant change in the CAE'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 CAE's year end result.

The CAE'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.

Financial instrument composition and interest rate exposure

	Weighted average effective rate	Total Carrying Amount per Balance	Maturity dates				Non- interest bearing
			Floating interest rate	Within 1 year	1-5 years	More than 5 years	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014 Financial assets							
Cash and deposits	1.50%	1,040	1,038	-	-	-	2
Receivables ¹							
Trade receivables	-	430	-	-	-	-	430
Revenue receivables	-	26	-	-	-	-	26
Total 2014 financial assets		1,496	1,038	-	-	-	458
2014 Financial liabilities							
Payables ¹							
Supplies and services	-	497	-	-	-	-	497
Other payables	7.9%	2,644	-	259	2,003	-	382
Total 2014 financial liabilities		3,141	-	259	2,003	-	879
2013 Financial assets							
Cash and deposits	2.4%	4,640	4,640	-	-	-	-
Receivables ¹							
Trade receivables	-	876	-	-	-	-	876
Revenue receivables	-	118	-	-	-	-	118
Security bond paid	-	62	-	-	-	-	62
Total 2013 financial assets		5,696	4,640	-	-	-	1,056
2013 Financial liabilities							
Payables ¹							
Supplies and services	-	1,529	-	-	-	-	1,529
Other payables	7.9%	3,260	-	242	2,255	-	763
Total 2013 Financial liabilities		4,789	-	242	2,255	-	2,292

¹ 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).

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

20 Financial instruments (Continued)

(iv) Market risk (Continued)

Sensitivity analysis and assumptions

The CAE'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 CAE'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 (2013:100 basis points up and down) in market interest rates (AUD); and
- proportional exchange rate movement of 15 per cent down (2013: 10 per cent, depreciation of AUD) and 15 per cent up (2013: 10 per cent, appreciation of AUD) against the CNY, from the year-end rate.

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

	Carrying amount	Interest rate risk			
		-50bps		+50bps	
		Result	Equity	Result	Equity
31 December 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual Financial assets					
Cash and Deposits	1,040	(5)	(5)	5	5
Receivables ¹	455	-	-	-	-
Total increase/ (decrease) in financial assets	1,495	(5)	(5)	5	5
Contractual Financial liabilities					
Payables ¹	497	-	-	-	-
Other financial liabilities	2,644	-	-	-	-
Total increase/ (decrease) in financial liabilities	3,141	-	-	-	-
Total increase/ (decrease)	(1,646)	(5)	(5)	5	5

	Carrying amount	Interest rate risk			
		-100bps		200bps	
		Result	Equity	Result	Equity
31 December 2013	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual Financial assets					
Cash and Deposits	4,640	(46)	(46)	93	93
Receivables ¹	994	-	-	-	-
Total increase/ (decrease) in financial assets	5,634	(46)	(46)	93	93
Contractual Financial liabilities					
Payables ¹	1,529	-	-	-	-
Other financial liabilities	3,260	-	-	-	-
Total increase/ (decrease) in financial liabilities	4,789	-	-	-	-
Total increase/ (decrease)	845	(46)	(46)	93	93

¹ Receivables and payables disclosed here as financial instruments exclude statutory receivables and statutory payables.

20 Financial instruments (Continued)

(v) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement 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 CAE 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 CAE 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 CAE'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.

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

21 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.

We note, on 10 April 2013, the Box Hill Institute and CAE constitution was updated and a Board was established to govern both entities. The Chief Executive Officer and each of the Board members were employed/contracted by Box Hill Institute and therefore no remuneration was paid by CAE in connection with their services.

(i) Minister

The relevant Minister was The Hon. Peter Hall, MLC, Minister for Higher Education and Skills until his retirement from parliament on 17 March 2014. The Hon. Nick Wakeling, MP, was the Minister for Higher Education and Skills from 18 March 2014 to 3 December 2014. The Hon. Steve Herbert, MP was the Minister for Training and Skills from 3 December 2014 until 31 December 2014 following the State election on 29 November 2014.

Remuneration of the relevant Minister 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 Joe Piper	Board Nominee	01/01/2014 - 11/07/2014
Mr Norman Gray AM	Board Nominee	14/07/2014 - 31/12/2014

(iii) Members of the Board of Centre for Adult Education (CAE)

The following persons were responsible persons and executive officers of CAE during the year.

Name	Category of appointment	Relevant Period
Ms Suzanne Ewart (Chair of the Board)	GIC Appointed	01/01/2014 - 31/12/2014
Mr Greg Malone	Board Nominee	01/01/2014 - 31/12/2014
Mr Francis Bruce Thompson	Ministerial Nominee	01/01/2014 - 31/12/2014
Mr Phillip Davies	Ministerial Nominee	01/01/2014 - 31/12/2014
Ms Helen Buckingham	Ministerial Nominee	01/01/2014 - 31/12/2014
Ms Janet Compton	Board Nominee	01/01/2014 - 29/05/2014
Mr Glen Walker	Board Nominee	01/01/2014 - 28/02/2014
Ms Barbara Elizabeth White	Ministerial Nominee	01/01/2014 - 28/02/2014
Mr Allan Moore	Board Nominee	17/03/2014 - 31/12/2014
Ms Mary Beth Bauer	Ministerial Nominee	17/03/2014 - 31/12/2014
Mr Rod McColl	Board Nominee	17/03/2014 - 25/07/2014

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

21 Key management personnel 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 officers over the reporting period.

	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
	No.	No.	No.	No.
Income range				
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:				
\$140,001-\$150,000	-	1	-	1
\$160,001-\$170,000	-	1	-	1
Total number of executive officers	0	2	0	2
Total annualised employee equivalent (AEE)	0	2	0	2
Total amount of remuneration (\$'000)	0	304	0	293

Other transactions

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

Centre for Adult Education (CAE)
Notes to the Financial Statements
for the year ended 31 December 2014

22 Related parties

Key management personnel

A number of CAE key management personnel and the Accountable Officer are also key management of the Box Hill Group. None of the BHI key personnel have received any remuneration from the CAE for the reporting period.

	2014 \$'000	2013 \$'000
23 Remuneration of auditors		
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	35	34
Total remuneration of Victoria Auditor General's Office	35	34
Remuneration of other auditors		
Internal audit	-	11
Total remuneration of other auditors of subsidiaries	-	11
Total Remuneration of auditors	35	45

24 Subsequent events

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

25 Economic dependency

As an adult education institution, CAE provides training on behalf of the Adults, Community and Further Education (ACFE) and Higher Education Skills Group (HESG). The CAE is dependant on the ACFE Board and Higher Education Skills Group (HESG) for a significant volume of revenue and financial support. The contribution from ACFE Board and Higher Education Skills Group (HESG) represents 32.5% (2013:41.8%) of the CAE's total revenue.

Box Hill Institute, its' holding company has undertaken to provide financial support to CAE so that it can meet its obligations and liabilities as and when they fall due.

26 CAE details

The registered office and principal place of business of CAE is 253 Flinders Lane Melbourne 3000. The CAE Australian Business Number (ABN) is 84 434 201 642.



PERFORMANCE STATEMENT

CENTRE FOR ADULT EDUCATION PERFORMANCE STATEMENT FOR YEAR ENDED 31 DECEMBER 2014

In our opinion, the accompanying Statement of Performance of the Centre for Adult Education in respect of the 2014 financial year is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined 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

Date: 20 March 2015

Box Hill, Melbourne



Norman Gray AM

Chief Executive Officer

Date: 20 March 2015

Box Hill, Melbourne



Graham Anthony Johnson

Chief Finance & Accounting Officer

Date: 20 March 2015

Box Hill, Melbourne

CENTRE FOR ADULT EDUCATION

PERFORMANCE STATEMENT

FOR YEAR ENDED 31 DECEMBER 2014

KEY PERFORMANCE INDICATOR	NOTE	DEFINITION	2014 ACTUAL	2014 TARGET	VARIANCE	2013 ACTUAL
Student employment outcomes	1	Proportion of graduates employed after training (as at 30 May 2014)	n/a	n/a	n/a	n/a
Learner engagement	1	NQI LQ overall satisfaction	n/a	n/a	n/a	n/a
Competency completions	1	Module load completion rate (MLCR)	n/a	n/a	n/a	n/a
Employer satisfaction	1	NQI EQ overall satisfaction	n/a	n/a	n/a	n/a
Student satisfaction	1	Proportion of graduates satisfied with the overall quality of learning.	n/a	n/a	n/a	n/a
Revenue	2	Revenue including government contribution - operating and capital, sale of goods and services, interest income, fair value of assets & services received free of charge or for nominal consideration and other income	15,006	18,057	(3,051)	19,264
Net result	3	Total income less total expenses from transactions, add other economic flows and discontinued operations.	(2,980)	318	(3,298)	3,339
Net result as % of revenue (operating margin)	4	Net result / revenue	(19.9%)	1.8%	(21.6%)	17.3%
Return on non-current assets (RONCA)	5	Net result / non-current assets	(32.1%)	3.6%	(35.7%)	33.5%
Employee costs as % of revenue	6	Employee costs / net result	70.8%	54.6%	(16.1%)	58.6%

Notes: Explanation of Variances.

Note 1. The Performance Statement reports on the Centre for Adult Education's performance against targets set out in the Box Hill Institute Group's Statement of Corporate Intent. These specific targets relate to the Box Hill Institute Group's core activity which is primarily delivered out of the Box Hill Institute and not the Centre for Adult Education. Accordingly, these Key Performance Indicators have excluded from the Centre for Adult Education Annual Report, however they have been presented separately within the 2014 Box Hill Institute Annual Report.

Note 2.1. Lower overall demand across a range of government subsidised programs due to economic and competition factors and also increased restrictions on eligibility from the Government (2014: \$4.884 million, 2013: \$7.932 million).

Note 2.2. A decline in the sale of goods and services, in particular short course enrolments (2014: \$8.001 million, 2013: \$9.328 million).

Note 3. The decreases in income (as outlined in Note 2 above) were only partially offset by decreases in expenditure of \$1.006 million, resulting in the \$3.5 million negative variance to the target. During the year, the Centre for Adult Education, as part of the wider Box Hill Institute Group embarked on an organisational realignment, and a review and refinement of its operations to maximise efficiencies, with the full effect of these changes to be delivered in 2015 and beyond.

Note 4. Unfavourable variance as a result of the recorded Net Result loss of \$2.98 million.

Note 5. Unfavourable variance as a result of the recorded Net Result loss of \$2.98 million.

Note 6. Unfavourable variance as revenue declined at a greater rate than expenditure decreased. As noted above, the Box Hill Institute Group embarked on an organisational realignment, with the full effect to be delivered in 2015 and beyond.

DISCLOSURE INDEX

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REPORT OF OPERATIONS			
Charter and Purpose			
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2	FRD 22E	Objectives, functions, powers and duties	2-3
3	FRD 22E	Nature and range of services provided including communities served	2-9
Management and Structure			
4	FRD 22E	Organisational structure and chart, including accountabilities	12
5	FRD 22E	Names of Board members	10,74
Financial and Other Information			
6	FRD 03A	Accounting for Dividends	N/A
7	FRD 07A	Early adoption of authoritative accounting pronouncements	43
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10	FRD 19	Private provision of public infrastructure	N/A
11	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
12	FRD 22E	Operational and budgetary objectives, performance against objectives and achievements	8-9, 13
13	FRD 22E	Occupational health and safety statement including performance indicators, performance against those indicators and how they affected outputs	16
14	FRD 22E	Workforce data for current and previous reporting period including a statement on employment and conduct principles	18-19
15	FRD 22E	Summary of the financial results for the year including previous 4 year comparisons	13
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17	FRD 22E	Major changes or factors affecting performance	13
18	FRD 22E	Post-balance sheet date events likely to significantly affect subsequent reporting periods	76
19	FRD 22E	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	15
20	FRD 22E	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	16
21	FRD 22E	Statement on National Competition Policy	15
22	FRD 22E	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	15
23	FRD 22E	Summary of Environmental Performance	16

ITEM NO	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	IDENTIFY RELEVANT PAGE(S)
REPORT OF OPERATIONS (Continued)			
24	FRD 22E	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ol style="list-style-type: none"> 1. Total number of consultancies over \$10,000 2. Location (e.g. website) of where details of these consultancies over \$10,000 have been made publicly available 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p>AND publication on TAFE institute website required, for each consultancy more than \$10,000, of a schedule listing:</p> <ul style="list-style-type: none"> > Consultant engaged > Brief summary of project > Total project fees approved > Expenditure for reporting period > Any future expenditure committed to the consultant for the project 	14
25	FRD 22E	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	N/A
26	FRD 22E	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) – (l) in the FRD)	16
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31	SD 4.5.5	Provide an attestation that risk identification and management is consistent with AS/NZS ISO31000:2009 or equivalent	14
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33	SD 4.2 (h)	The Report must be prepared in accordance with requirements of the relevant Financial Reporting Directions	24
34	SD 4.2 (j)	The Report of Operations must be signed and dated by a member of the Responsible Body	78
35	CG 10 (clause 27)	Major Commercial Activities	15
36	CG 12 (clause 33)	Controlled Entities	N/A

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ITEM NO	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	IDENTIFY RELEVANT PAGE(S)
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37	SD 4.2(a)	<p>The financial statements must be prepared in accordance with:</p> <p>Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views);</p> <ul style="list-style-type: none"> > Financial Reporting Directions; and > Business rules 	29
38	SD 4.2(b)	<p>The financial statements are to comprise the following:</p> <ul style="list-style-type: none"> > income statement; > balance sheet; > statement of recognised income and expense; > cash flows statement; and > notes to the financial statements 	22-76
Other Requirements under Standing Direction 4.2			
39	SD 4.2(c)	<p>The financial statements must where applicable be signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body, stating whether, in their opinion the:</p> <ul style="list-style-type: none"> > financial statements present fairly the financial transactions during the reporting period and the financial position at the end of the period; > financial statements are prepared in accordance with this direction and applicable Financial Reporting Directions; and > financial statements comply with applicable Australian accounting standards (AAS and AASB standards) and other mandatory professional reporting requirements (including urgent issues group consensus views) 	24
40	SD 4.2(d)	Rounding of amounts	43
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43	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	74-75
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ITEM NO	SOURCE REFERENCE	SUMMARY OF REPORTING REQUIREMENT	IDENTIFY RELEVANT PAGE(S)
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54	FRD 113	Investment in subsidiaries, jointly controlled entities and associates	35, 52
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Part 7 of the <i>Financial Management Act 1994</i> (FMA)			
58	FMA s49(a)	Must contain such information as required by the Minister	24-76
59	FMA s49(b)	Must be prepared in a manner and form approved by the Minister	24-76
60	FMA s49(c)	Must present fairly the financial transactions of an institute during the financial year to which they relate	24-76
61	FMA s 49 (d)	Must present fairly the financial position of an institute as at the end of the year	24-76
62	FMA s 49 (e)	Must be certified by the Accountable Officer for an institute in the manner approved by the Minister	24
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
63	Legislation	<p>The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation and subordinate instruments, including, but not limited to, the following:</p> <ul style="list-style-type: none"> > <i>Education and Training Reform Act 2006</i> (ETRA) > TAFE institute constitution > Directions of the Minister for Higher Education and Skills (or predecessors) > TAFE institute Commercial Guidelines > TAFE institute Strategic Planning Guidelines > <i>Public Administration Act 2004</i> > <i>Financial Management Act 1994</i> > <i>Freedom of Information Act 1982</i> > <i>Building Act 1993</i> > <i>Protected Disclosure Act 2012</i> > <i>Victorian Industry Participation Policy Act 2003</i> 	16
64	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2014	14
65	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	16

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Audited Statements of Key Performance Measures (KPIs) must include an audited statement of performance for certain KPIs			
66	FRD 27B	Reporting and performance should be presented using KPIs as set out in the Statement of Corporate Intent agreed with the Minister, comparing 2014 actual performance against the 2014 target and 2013 actual performance, and providing an explanation of any variance between the 2014 actual performance and 2014 target for each KPI. The KPIs must also include the Return on Investment.	79
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
67	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> > Financial and other information on initiatives taken or strategies relating to the institute's overseas operations > Nature of strategic and operational risks for overseas operations > Strategies established to manage such risks of overseas operations > Performance measures and targets formulated for overseas operations > The extent to which expected outcomes for overseas operations have been achieved 	N/A

ACE	Adult and Community Education
ACFE	Adult Community and Further Education Division
ATAR	Australian Tertiary Admission Rank
Auslan	Australian Sign Language
BHI	Box Hill Institute
BHI Group	Comprising Box Hill Institute, Centre for Adult Education, Box Hill Enterprises Limited, and Box Hill Institute Singapore
CABS	Central Auslan Booking Service
CAE	Centre for Adult Education
DPC	Department of Premier and Cabinet
EAL	English as an Additional Language
ICT	Information and Communication Technology
ITH	Information Technology Hub
LLEN	Local Learning and Employment Network
LLN	Literacy and Numeracy
LLO	Learn Local Organisations
OET	Occupational English Test
OH&S	Occupational Health & Safety
ONTrac	Peter Mac Victorian Adolescent & Young Adult Cancer Service
SRAS-R	School Refusal Assessment Scale
TAE	Training and Assessment
TAFE	Technical and Further Education
TIO	Telecommunications Industry Ombudsman
UNSW	University of New South Wales
VCAL	Victorian Certificate of Applied Learning
VET	Vocational Education and Training
YWCA	YWCA Victoria (formerly Young Women's Christian Association)



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Melbourne City

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Melbourne Victoria 3000

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Melbourne Victoria 3000

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